Procedures for Post-Award Administration of Cost Sharing

These procedures are issued in accordance with Research Policy 306, Cost Sharing. They are intended for guidance on post-award administration of cost sharing expenditures.

Cost shared resources and costs must be proposed, tracked, expensed, and recorded per Rice policy and procedures and per sponsor guidelines.

**General Information**

The Principal Investigator (PI) bears primary responsibility for management of the sponsored programs that are awarded to him/her. Management involves budgetary and cost compliance as well as technical compliance. This includes not only staying within the total program budget and time period, but also staying within specific budget guidelines contained in the award. While all providers of committed cost sharing are responsible for honoring their cost sharing commitments, the main/contact PI is expected to monitor and coordinate the funding and recording of cost sharing expenditures. The main/contact PI should request assistance from the Chair and Dean as needed to resolve variances between agreed-upon cost sharing commitments and funding or expenditures.

Commitments of University resources, including academic year time, must be approved in accordance with the cost sharing policy and the cost sharing proposal procedures of the Office of Sponsored Research (OSR) prior to proposal submission.

Research and Cost Accounting (RCA) will assist the PIs and department administrators (DAs) in tracking cost shared costs. A review of cost sharing procedures and reports is a part of the annual Office of Management and Budget (OMB) Circular A-133 audit and is required by the federal government.

**Definitions**

Cost sharing is that portion of total project costs not provided by the sponsoring agency. Matching has the same meaning as cost sharing. Cost shared effort may also be referred to as contributed effort. Per OMB Circular A-110, all costs that are reported as cost sharing must be allowable, allocable, reasonable, incurred within the project period, derived from non-federal sources, used as cost sharing for only one project, and verifiable through university accounting records.

There are three types of cost sharing: mandatory, voluntary committed and voluntary uncommitted.

- **Mandatory Cost Sharing** is required by the sponsor as a condition of funding. It is described in an agency's program announcement and noted in the award document or the approved budget. It must be included in the proposal as a condition of submission and receipt of award. This type of cost sharing is also referred to as Required Cost Sharing.
• **Voluntary Committed Cost Sharing** is not required by the sponsor but has been included in the proposal in a quantifiable manner. See the OSR proposal procedures for examples of quantified voluntary committed cost sharing included in proposals. Some sponsors do not allow proposals to include voluntary committed cost sharing.

• **Voluntary Uncommitted Cost Sharing** is cost sharing that has been recorded in the accounting system but is neither mandatory nor voluntary committed cost sharing. If a faculty member chooses to report voluntary uncommitted cost sharing on a project, the cost sharing is recorded in the accounting system but is not reported to the sponsor.

**Committed Cost Sharing** includes both mandatory and voluntary committed cost sharing and excludes voluntary uncommitted cost sharing. When an award is made which includes committed cost sharing, the University has agreed to ensure that the cost sharing is funded and expended. Committed cost sharing expenditures must be identified, administered, recorded and accounted for consistently throughout the University and reported as required by the sponsor.

**Sources of Cost Sharing**
The following terms are commonly used at Rice when describing the sources of cost sharing.

*In-kind:* Used to describe the source of funding for A1-budgeted positions and related fringe benefits/tuition remission committed as cost sharing. This includes academic year time of faculty.

*Cash:* Used to describe the source of funding for positions not budgeted in A1 funds and related fringe benefits/tuition remission, as well as equipment, travel, supplies and other direct costs committed as cost sharing.

*F&A:* Reflects the Facilities and Administrative (F&A) costs related to the above direct costs. This amount is not charged in the accounting system; it is tracked by RCA in the cost sharing worksheets described below.

*Third Party:* Used for non-Rice cost sharing providers, both subcontractors and others, that commit cost sharing during the proposal process. A completed Third Party Cost Sharing Form (available on the OSR website) must be routed with the proposal. OSR reviews cost proposals from third parties to ensure they meet OMB Circular A-110 requirements for valuation. For subcontractors, OSR includes such cost sharing commitments in award documents to them. For non-subcontractors, PIs are responsible for certifying that cost sharing commitments from them have been met. See Other Third Party Commitments of Cost Sharing section below.

**OSR Responsibilities for Committed Cost Sharing**
OSR is responsible for reviewing proposal cost sharing commitments for compliance with Rice policy and sponsor requirements and for ensuring that needed documentation of cost sharing commitments is available. If the proposal commits cost sharing by subcontractors, OSR will ensure that subcontract award documents require the cost sharing to be certified to Rice. If there are changes in cost sharing commitments or
providers, the PI should contact OSR, who will then contact the sponsor as needed. See the [cost sharing proposal procedures](#) on the OSR website.

### RCA Responsibilities for Committed Cost Sharing

At the time of fund setup and budget action, RCA reviews all proposal and award documents for cost sharing commitments. When a commitment is identified, RCA activates a LOCN (location code) for the project and updates Fund Text with commitment detail in the accounting system. When RCA sends the budget action form to the department, the cost sharing comments section contains information on cost sharing commitments. RCA adds the project to its cost sharing summary database and creates a detail worksheet for the project.

**In-kind** cost sharing (typically faculty salaries and fringe benefits) is charged to the A1 budget of the provider. Rice-provided **cash** cost sharing is generally charged to a non-A1 fund that defaults to the correct program and location codes (see below). At the time of a new award with **cash** cost sharing, RCA requests that Current Funds set up a fund to be used for recording these cost sharing expenditures. The PI/DA is notified of the new fund number, generally a designated (D) fund. The DA of the responsible organization is responsible for processing a Budget Transfer Memo within 90 days of the start of each project year to transfer funding from each provider to the cost sharing fund(s).

To assist the departments during the award period, RCA periodically updates the project detail and summary worksheets and sends reminders to the DAs and PIs if reported cost sharing is not “on track” with commitments. When significant variances are noted, RCA will request assistance as needed from PIs, DAs, Chairs, Deans, and VPR to ensure compliance with committed cost sharing expenditures.

RCA reports cost shared expenses to the sponsor as required by the award terms and conditions and annually prepares cost sharing summary worksheet for OMB Circular A-133 audit review. When preparing the F&A cost proposal, RCA includes committed cost shared expenditures in the research base. Voluntary Uncommitted Cost Sharing is excluded from the base, per OMB guidance.

### Large/Multi-Department Projects

Large/multi-department projects frequently have a number of cost sharing providers across departments and schools. The sponsors of these projects also generally request annual revised budgets that may affect previously submitted cost sharing commitments. For such projects, the DA of the main/contact PI should have periodic meetings with the DAs of the other providers to ensure that cost sharing commitments are being met and appropriately recorded. Additionally, the DA of the main/contact PI is responsible for ensuring that OSR has a copy of revisions to the cost sharing commitments.

### Tracking Cost Sharing Expenditures

Rice-provided cost sharing is recorded in the accounting system using IDR2 as the PROG (program code) and the R fund # as the LOCN (location code). The LOCN identifies the specific sponsored project fund for which cost sharing is being recorded. It
is the responsibility of the PI/ DA to ensure that cost shared expenditures are recorded properly. Samples of such coding are provided later in this document.

Subcontractor Commitments of Cost Sharing

If a cost sharing commitment from a subcontractor is required, OSR includes the provision in the award document that invoices must include cost shared amounts. RCA periodically updates the cost sharing worksheets for amounts included on subcontract invoices. RCA will ask the DA to contact a subcontractor to provide the cost sharing amounts if they are not on the subcontractor invoices.

Other Third Party Commitments of Cost Sharing

If there are other third party cost sharing commitments in the proposal, OSR will obtain documentation from the provider that will support the value of the cost sharing. At the end of the project, RCA will request PI certification of fulfillment of the third party commitment. This form is available in the RCA forms section of the Controller’s website.

Closeout

At the end of the project, RCA prepares a draft of the final cost sharing expenditures. In the event that documented cost sharing expenditures are less than the cost sharing commitments, the PI has the following options:

- provide documentation and support for additional cost shared expenditures;
- request sponsor approval through OSR to reduce cost sharing commitments; and/or
- reduce sponsored project fund expenditures to record them as cost sharing.

(From the OSR proposal procedures: “If at any time the PI becomes aware that not all of the cost sharing commitments can be met, the PI must notify OSR and RCA at once and provide a reason why the commitments cannot be met. If it is determined that a reduction is necessary, then OSR will notify the sponsor and request a reduction of the commitments. Depending on the circumstances, the sponsor may approve the request or reduce the sponsor share of the project costs accordingly.”)

RCA prepares the final cost sharing expenditures report and submits it to the sponsor as required. A copy of the final report is retained in the RCA files.

SAMPLE CODING

From Proposal Budget Narrative:
(1) The PI will contribute 10% academic year effort to this project.
(2) A graduate student will work on the project for the first year at no cost to the sponsor.
(3) The university will provide the funds required to purchase the microscope necessary to conduct the research and provide $2,000 of supplies needed to operate it.

(1) Coding of cost shared academic year time

A1 – 700000 – 60110 – IDR2 – R12345 10.00%
This indicates that a professor (account 60110) in an academic department (organization 700000) is paid from departmental funds (fund A1) and 10.00% of his/her salary is cost shared (program IDR2) to location code R12345. Automatically in Banner, fringe benefits are calculated based on the account code used. Therefore, 10.00% of this professor’s salary and fringe benefit charges would be cost shared to R12345.

These expenses are documented via the Time Allocation Report and certified on the Effort Report.

(2) Coding of cost shared graduate research assistant

D98765 – 700000 – 60850 – IDR2 – R12345 10.00%

This indicates that a graduate research assistant (60850) in an academic department (700000) is paid with funds from D98765 and 10.00% of his/her salary is cost shared (IDR2) to R12345. Automatically in Banner, tuition remission will be calculated based on the account code used. Therefore, 10.00% of this graduate research assistant’s salary and tuition remission charges would be cost shared to R12345.

These expenses are documented via the Graduate Student Payroll Authorization form and certified on the Graduate Student Salary Confirmation.

(3a) Coding of cost shared equipment

A1 – 700000 – 75240 – IDR2 – R12345 $35,000.00

This indicates that laboratory equipment (75240) was purchased with departmental funds (A1) in an academic department (700000) in the amount of $35,000.00 and cost shared (IDR2) to R12345.

This expense is documented when the Purchase Order (PO) is issued.

If the cost sharing is not documented on the PO, cost sharing information must be added after the expense is recorded in Banner by submitting an Expense and Revenue Correction form to the Controller’s Office (MS-70) using IDR2 as the program code and the correct LOCN code.

(3b) Coding of cost shared supplies

D98765 – 700000 – 72180 – IDR2 – R12345 $150.00

This indicates that laboratory supplies (72180) were purchased with funds from D98765 in an academic department (700000) in the amount of $150.00 and cost shared (IDR2) to R12345.

This expense is documented when a purchase is made or when a vendor invoice is coded for payment.

If the cost sharing is not documented on the PO or invoice, cost sharing information must be added after the expense is recorded in Banner by submitting an Expense and Revenue Correction form to the Controller’s Office (MS-70) using IDR2 as the program code and the correct LOCN code.

This type of departmental fund (D98765) can be set up to default to IDR2 – R12345 so that all expenses charged to D98765 will be recorded as cost sharing on R12345.
CERTIFICATION OF FULFILLMENT OF NON-SUBCONTRACT
THIRD PARTY COST SHARING COMMITMENT

A. Award Information (to be completed by RCA)

1. PI Name: _____
2. Agency: _____
3. R Fund #: _____
4. Agency ID/Award#: _____
5. Project Title: _____
6. Project period from _____ to _____

B. Cost Sharing Commitment (to be completed by RCA)

1. Provider: _____
2. Description: _____
3. Type of commitment (check all that apply)
   - [ ] Services
   - [ ] Equipment Donation
   - [ ] Equipment Loan
   - [ ] Other
4. Value (per proposal commitment): $: _____

(Research and Cost Accounting will complete sections A and B and forward to the PI for certification.)

C. Certification (to be completed by PI)

I hereby certify that the above cost sharing commitments were provided during the project and should be considered fully met.

Signature: __________________________ Date: _____

Name: _____

Completed certification form should be returned to Research and Cost Accounting, MS-74 or sent via email to rchacctg@rice.edu.