COST SHARE
AT-A-GLANCE
A Brief Outline of ECU Procedures

The following is provided as a brief outline of the basic requirements of ECU’s cost sharing policy. For questions about ECU’s cost sharing policy or documentation requirements, please contact your OGC Representative or email grantsc@ecu.edu.
APPLICABILITY

The Cost Sharing Policy applies to:

a) All sponsored funds, federal and non-federal
b) All funds within the OGC range 21XXX
c) Other specified cost share funds which may be outside of the OGC range, but document grant related activities for cost share reporting purposes
APPLICABILITY

- Cost sharing is also sometimes referred to as Match
- In-Kind costs
- Grantee share of costs
- Non-sponsor total project costs

- All cost share must have a real monetary value based within the ECU accounting system
1. **Mandatory**: Cost contribution is required by the sponsor as a condition of the award.

2. **Voluntary**: Offered by the University, but not a prior condition of the award. Can either be anticipated and budgeted in the proposal (committed), or unplanned, but occurs during the project period (uncommitted).
DOCUMENTATION

- Both mandatory and voluntary committed cost share must be captured in the accounting and effort systems and are included in the F&A (indirect cost) base.
- Voluntary uncommitted cost share does not need to be captured in the effort system.
- Cost sharing must be specifically documented to the needs and objectives of the individual sponsored award.
UNIVERSITY POLICY

- Cost share represents a University commitment to provide resources to a project.

- The use of cost share should be kept to a minimum because of the burden that cost sharing places on limited University resources and because of the increased potential for audit issues.
UNIVERSITY POLICY

- Cost share should be limited to only those situations where it is mandated by the sponsor.

- Voluntary cost share should only occur when necessary because of the nature of the program.

The Chair and Dean must preapprove all cost share commitments.
ELIGIBLE COSTS

Cost share must meet the same requirements as costs directly expensed to the award:

• Allowable and Allocable
• Certifiable if salary costs
• Necessary and related to project objectives
• Capable of being quantified and documented
• Incurred within the award period
INELIGIBLE COSTS

- Expenditures used as cost sharing on a sponsored award cannot normally be paid from another sponsored account.

- Expenditures classified as normally F&A costs (e.g., clerical salaries) cannot be used as federal cost share, unless an exception has been authorized
  - Some exceptions are authorized for specific multi-funded projects.

- Expenditures used as cost share may not be used for more than one award (i.e., used or reported more than once).

- Expenditures otherwise restricted in the award terms cannot be used as cost sharing, unless an exception has been authorized.
PRE-AWARD PROCEDURES

Need to Consider:

1. The sponsor’s requirements.
2. The percentage of time already committed to other projects and functions (e.g., teaching and administration).
3. The amount of time devoted by others such as co-investigators.
4. The size and complexity of the project.
5. Departmental financial resources.
6. Potential documentation/audit requirements.
PRE-AWARD PROCEDURES cont...

- Ensure that the necessary cost share funding will be provided.

- Indicate cost sharing on proposal routing documents and provide authorization documentation.

- If cost sharing is across School or Departmental lines, secure commitment from all involved entities.
  - Dept. A cannot commit cost sharing for Dept. B.
  - PI cannot commit cost sharing for other faculty.
COST SHARE RISKS

- Once an award is accepted with a commitment to cost share, failure to do so may result in a loss of sponsored funds.
  - Proportional use of sponsor and university funds is expected.

- Any reduction in a cost share commitment may require sponsor notification and approval.

- Unnecessary cost share squanders University resources and diminishes departmental flexibilities to utilize those resources for other activities.

- Inappropriate cost share or insufficient documentation can lead to disallowed costs, award termination or other sanctions.
POST-AWARD PROCEDURES

- Cost shared effort is documented through the effort system.

- Non-labor cost share is documented through financial reports in the OGC audit file.
  - A cost share reporting form is required.

- A separate fund may be useful to track both mandatory and voluntary cost share.
  - A separate fund is not mandatory but is encouraged.
All cost share must be documented within the University’s accounting system.

For ECU employees, effort cost share cannot come from affiliated entities. Only University paid salaries are eligible for cost share reporting.

Collaborative cost share from other entities must be documented in writing, on appropriate letterhead, as official correspondence from that organization.
POST-AWARD PROCEDURES cont....

- Non-labor cost share must be specifically tracked in the accounting system and identified/justified as to use for the sponsored project.

- Effort cost share must be tracked through the Effort Certification Reports. Effort may not be used as cost share unless it is shown as such on the effort report.

- All necessary, separate cost share FOPs will be established/identified by OGC.
POST-AWARD PROCEDURES cont....

- Departments should contact OGC when they are aware of voluntary or mandatory cost share to determine appropriate methods for documenting reportable cost share.

- All committed (mandatory or voluntary) cost share must be documented through the accounting/ERS/OGC process for reporting purposes.

- Voluntary uncommitted cost share (match in excess of what was committed) does not need to be documented or reported.
COST SHARE RECONCILIATION

- OGC recommends that the PI/DA track all cost share expenditures on a monthly basis and summarize/reconcile costs on at least a quarterly basis (if not monthly).

- Cost share reconciliation (form) must be submitted to OGC every 6 months.

- Cumulative/final cost share reconciliation form must be submitted to OGC for the annual financial reporting.

- Copies of cost share transaction documents should be kept with the award file documents.
AUDIT

- Cost share expenditures and documentation are subject to the same audit requirements as the sponsor’s funding.

- Cost share commitments and documentation are increasingly of interest to sponsors and cost share requirements have become “high profile” in audits and desk reviews.

- PIs should maintain strong documentation of the appropriateness and justification of any cost share.
For questions about ECU’s cost sharing policy or documentation requirements, please contact your OGC Representative or email grantsc@ecu.edu. The cost share reconciliation form is located on the OGC website or is available from your OGC representative.