UNIVERSITY OF MIAMI
SPONSORED PROGRAMS POLICIES AND PROCEDURES

Section F: Cost Principles
Policy F4: Cost Sharing and Matching

Approval: April 29, 1996
Reviewed: December 2006

PURPOSE:

To establish the university’s position relative to sharing in the cost of sponsored programs.

For information on cost sharing approval, see Sponsored Programs Policy/Procedure Section B, “Proposal Preparation.”

DEFINITIONS:

Cost Sharing: The portion of a project or program costs that is not borne by the sponsor. Cost sharing consists of three types: mandatory, voluntary committed, and voluntary uncommitted cost sharing.

Mandatory Cost Sharing: Cost sharing required by the sponsoring agency. It includes:

- Costs funded by the university from non-sponsored accounts, and certain nonfederal sponsor accounts, and not included as cost sharing for any other sponsor project;
- Cash and third party in-kind contributions that are verifiable in the university’s accounting system and are not included as contributions for any other federally assisted project or program;
- Volunteer services provided by professional and technical personnel, consultants, and other skilled and unskilled labor if the services are an integral and necessary part of an approved project or program and are required by the award; and
- Grant-related income included in the approved project/program budget. (See Sponsored Programs Policy/Procedure F2, “Program Income.”)

Voluntary Committed Cost Sharing is cost sharing specifically pledged in the proposal’s budget or award and provided by the university in excess of mandatory cost sharing requirements.

Voluntary Uncommitted Cost Sharing is university faculty (including senior researchers) effort that is over and above that which is committed and budgeted for in a sponsored agreement.

Project or Program Costs: All allowable costs incurred by the university, both directly and indirectly, in accomplishing the objectives of the grant or other agreement during the project or program period. Project costs include mandatory cost sharing which can be direct or indirect costs.

Allowable Costs: Costs are considered allowable if they meet the following tests:

- They must be reasonable;
They must be allocable to sponsored agreements, that is, they are incurred solely to benefit the sponsored project;
- They must be given consistent treatment; and
- They must conform to any limitations or exclusions set forth in OMB Circular A-21 or in the sponsored agreement.

For additional information on allowable costs, see Sponsored Programs Policy/Procedure F1, “Direct and Indirect Costs - Allowable vs. Unallowable.”

In-kind Contributions: Represents the value of non-cash contributions, which may be in the form of charges for real property and nonexpendable personal property, provided by the university and third parties, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

**POLICY:**

It is the policy of the university to comply with the statutory requirement for mandatory and voluntary committed cost sharing. Voluntary uncommitted cost sharing does not require separate accounting records or tracking in effort reports.

**REFERENCES:**

*OMB Circular A-110, subpart C*

*OMB Memorandum on Clarification of A-21 Treatment of Voluntary Uncommitted Cost Sharing dated January 5, 2001.*

**PROcedures:**

**Basic Requirements**

1. The university will maintain accounting records for mandatory and voluntary committed cost sharing on a project-by-project basis.

2. Cost sharing or matching costs recognized by the university include those costs that are allowable under applicable federal cost principles that originate from nonfederal sources, are not applied to more than one federal cost sharing or matching project, are provided for in the approved budget, and that are verifiable from university accounting records.

3. Cost sharing includes the following: a) salaries and fringes; b) other direct costs; c) indirect costs; and d) pro-rata effort for salaries in excess of maximum allowed federal or state caps, (i.e., NIH salary cap).

4. Cost sharing of salary and wage costs is considered direct salary costs, and included on the Time and Effort Report (see Sponsored Programs Policy/Procedure F6, “Effort Reporting/Certification”) as part of the individual’s 100 percent effort.

5. It is essential that all claims for cost sharing be accounted for by actual charges to the contract or grant involved. The related accounting procedures for recording the cost sharing
commitments required by the award document are an integral part of the accounting system of the university.

**Implementation**

1. The Sponsored Programs Financial Administration Office will create a separate sponsored sub-account under the award when cost sharing is included in the award document or in the proposal. All mandatory and voluntary committed cost sharing expenses will be recorded in this sub-account. This system provides for the accumulation of all program expenditure under the award in order to provide a verifiable and auditable record for these types of costs.

2. The principal investigator for a project or program is responsible for the allowability and recording of costs funded by a sponsor as well as for the cost sharing expenses accumulated and reported under the award.

3. The Sponsored Programs (SP) - Expenditure Compliance Office at each campus is responsible for the following:

   - Recording the cost sharing direct cost budget in the sponsored sub-account. No indirect cost will be budgeted or recorded in the cost sharing sub-account. Included in the budget will be a credit to object code “8303 - Cost Sharing”;
   - Obtaining from the department the account(s) funding the cost sharing sub-account;
   - Approving the expenditures to be recorded in the cost sharing sub-account according to federal guidelines; and
   - Informing the SP Finance Administration to set up a recurring journal entry for the sub-account.

4. After approval by SP Expenditure Compliance, the transactions for cost sharing will be submitted and recorded against the sub-account. The recurring journal entry will debit the funding account, object code 8303, and credit the sponsor sub-account object code 8303.

5. Cash contributions must be verifiable in a non-sponsored university account. In-kind contributions must be verifiable by either obtaining letters from donors or by providing a basis for the computations of the contribution. The correspondence providing the basis for in-kind contributions must be submitted to the Sponsored Programs – Finance Administration Office for inclusion in the award file.