

# Cost Sharing Policy

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**AUBURN**  
UNIVERSITY

## Cost Sharing Policy

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<b>Effective:</b>	10/1/2016 (original)
<b>Responsible Executive:</b>	Senior Vice President for Business and Administration & CFO
<b>Applicability:</b>	All sponsored projects
<b>Review By:</b>	--

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### I. Policy Statement

It is the policy of Auburn University to recover full costs from the sponsor. In cases where cost share is mandated by the sponsor, required by federal regulations, or required to properly document committed effort, the purpose of this policy is to define the methods of cost sharing and explain the treatment of each method.

As investigator effort is required in the conduct of extramurally sponsored projects, and as Auburn University's policy is to recover the full cost of conducting such projects, appropriate salary should be paid by the sponsor.

Auburn University should only cost share when required by the awarding agency. Voluntary committed cost share is discouraged.

In general, Auburn University does not provide cost share for agreements with industry or corporate sponsors. Exceptions must be approved by the department heads, deans or directors, and the appropriate vice presidents.

### II. Policy Principles

Any cost sharing commitment must be approved by the department heads, deans or directors, and the appropriate vice presidents.

Cost share for one sponsored project cannot be used as cost share for another sponsored project.

In most cases, federal funds may not be used to meet cost share requirements.

Auburn University separately budgets and accounts for cost sharing by establishing a unique cost share FOAP or FOAPs for each sponsored project. The cost share FOAP will be established within the project period of the sponsored FOAP.

Generally, funds from the granting agency and cost sharing funds should be spent at approximately the same rate.

Any Auburn University employee who spends 5% or more of his or her effort in any given period on a specific sponsored project or projects should have the appropriate portion of his or her salary allocated to each sponsored FOAP, project cost share FOAP, and/or university FOAP based on the percent effort expended for each activity. The salary allocations shall be documented in accordance with Compensation for personal services requirements of 2 CFR Part 200 and confirmed in accordance with Auburn University policies regarding effort certification.

### III. Effective Date

10/1/2016

### IV. Applicability

This policy applies to all sponsored projects and is the responsibility of Principal Investigators and his/her responsible departments, the Office of Sponsored Programs, and Contracts and Grants Accounting.

#### Principal Investigators (PIs) and their responsible department:

- Ensure that proposed cost share is properly approved and is documentable before proposal is submitted.
- Review each agreement for the method and the amount of cost sharing required.
- Provide funds to cover cost sharing commitment.
- Record project expenditures appropriately on the cost share FOAP.
- Monitor expenditures to make sure commitment is met.
- Ensure that steps are taken to reassign employee effort and salaries and wages to other FOAPs, as appropriate, when the project is over if salaries and wages are being charged to the cost share FOAP.
- Provide verifiable documentation of Third party non-cash (or in-kind) contributions to Contracts and Grants Accounting for reporting to sponsor as needed or as applicable.

#### Office of Sponsored Programs:

- Review proposals and awards for cost sharing requirements and the appropriateness of the cost sharing offered.
- Communicate with the PI and his/her responsible department regarding the approval and source of cost sharing and relay that information to Contracts and Grants Accounting when the award packet is submitted for fund setup.

#### Contracts and Grants Accounting:

- Review awards for cost sharing commitments.
- Prepare and submit cost sharing reports from the accounting records.
- Monitor expenditures to make sure commitment is met.
- If the cost sharing commitment isn't met when the final financial report is submitted, transfer expenditures from the sponsored FOAP to the cost share FOAP to meet the cost share requirement if needed.

### V. Definitions

**2 CFR Part 200** - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as Uniform Guidance).

**Cost sharing** is project support which is not provided by the primary granting agency. Cost sharing may be provided by Auburn University or by a third party. Cost sharing is further defined in 2 CFR Part 200 and methods of cost sharing are described below.

**FOAP** is the Fund, Organization, Account, and Program code used to record financial transactions in Banner.

**Voluntary committed cost sharing** is cost sharing not required by the sponsor, but is committed by the university when documented and quantified in a proposal. If the proposal is awarded, the voluntary cost sharing becomes a requirement and must be provided by the university.

## Methods of cost sharing:

1. **Auburn University Cash Cost Sharing** is a cash expenditure on a specific sponsored project, most often salaries/wages and employee benefits, but can also include other operating expenditures.
2. **Third-Party Cost Sharing** may be cash or non-cash.

**Non-Cash contributions** - are the value of contributed goods and services directly benefiting the project. All non-cash contributions must be verifiable. The sponsored agreement or budget should include information on any third-party non-cash contributions.

**Cash contributions** - should normally be processed through a separately assigned restricted FOAP designated as a Third Party Match.

3. **Unrecovered Facilities and Administrative (F&A) costs** (or indirect costs) are costs that are incurred for common or joint objectives and cannot readily be assigned to individual projects. If unrecovered F&A costs are the approved method for Auburn University cost sharing, the F&A costs are forfeited, meaning that Auburn University gives up the right to be paid by the sponsoring agency for these F&A costs.

**NOTE:** Unrecovered F&A costs may only be included as part of cost sharing if approved by the department heads, deans or directors, appropriate vice presidents, and the sponsoring agency.

4. **Program Income** is income earned that is directly generated by a supported activity or earned as a result of the award. It may be used as cost sharing if approved by the sponsor. See [Program Income Policy](#) for additional information.

## VI. Policy Procedures

If the proposal and/or the award documentation reflect the commitment of Auburn University resources, whether mandatory or non-mandatory:

1. Contracts and Grants Accounting will establish a cost share FOAP.
2. Once the cost share FOAP has been established, the responsible department should prepare a Budget Journal Voucher in Banner to transfer budget from departmental sources to the cost share FOAP to cover any expenditures that will be recorded. If the project covers multiple fiscal years, budget can be loaded by fiscal year.
3. The responsible department should begin recording project-related expenditures on the cost share FOAP and spend the funds at approximately the same rate as the sponsored funds.

If the proposal and/or the award documentation indicate third party cash contributions will be provided:

1. The Office of Sponsored Programs will work with the PI and/or departmental staff to obtain a separate written agreement with the third party sponsor.
2. Contracts and Grants Accounting will establish a third party match FOAP.
3. The responsible department should begin recording project-related expenditures on the third party match FOAP and spend third party sponsor funds as agreed upon in the agreement with the third party sponsor.

If the proposal and/or the award documentation indicate third party non-cash contributions are provided:

1. The responsible department will provide verifiable confirmation of third party non-cash contributions. Complete information (such as names, dates, hours worked) on such contributions should be submitted to Contracts and Grants Accounting at the end of the project or at the intervals required in the agreement.
2. Contracts and Grants Accounting will report third party non-cash contributions to the awarding agency.

If the award documents and cover form indicate unrecovered F&A costs (or indirect costs) are being provided by Auburn

University:

No special fund or certification is needed for this method of cost sharing. If a cost sharing report is required, Contracts and Grants Accounting will compute the unrecovered F&A costs and prepare the report.

## **VII. Sanctions**

If cost sharing amounts required in the sponsored agreement are not provided, a sponsor may require a proportionate reduction in the granting agency's share. To provide the approved split of the costs, a portion of project costs may be transferred from the sponsored FOAP to a cost sharing FOAP.

## **VIII. Exclusions**

This policy applies to all sponsored agreements. Any exceptions shall be reviewed by the offices of the Senior Vice President for Research & Economic Development, Senior Vice President for Business and Administration & CFO, Director of Contracts and Grants Accounting, or other designee and may be granted on a case-by case basis.

## **IX. Interpretation**

The offices of the Senior Vice President for Research & Economic Development, Senior Vice President for Business and Finance & CFO, Director of Contracts and Grants Accounting, or other designee will determine appropriate application for each contract, grant or cooperative agreement involved.