A8.947 Accounting for Cost Sharing

1. Purpose

To define cost sharing and ensure that all extramurally sponsored projects that have shared costs are accounted for in compliance with regulations specified by the funding agency or prescribed by Congress in the various appropriation acts.

2. Objectives

To establish guidelines and procedures for committing, accounting, and reporting the non-federal share in extramurally funded contracts and grants.

3. Responsibility

The Office or Research Services (ORS) is responsible for reviewing, coordinating, and controlling cost sharing entries into the accounting system on an ad hoc basis and for reporting cost sharing to funding agencies. The Principal Investigator (PI) is responsible for ensuring that cost sharing commitments are realistic, well-documented, and properly approved.

4. Guidelines

a. Committing Funds

(1) Only non-federal funds may be used to share costs (i.e., General, Revolving, or Special Funds).

(a) Trust Funds may be used for cost sharing only with the written approval of the trust fund sponsor.
In proposing cost sharing commitments, the PI should be conservative and realistic in the effort to satisfy the funding agency’s requirements. Commitments must be commensurate with available resources and represent achievable goals. Committed cost sharing includes mandatory and voluntary cost sharing identified in the project proposal.

(a) Mandatory cost sharing/matching refers to that portion of the University contribution that is required by the terms of the project’s Request for Proposal or Application.

(b) Voluntary cost sharing refers to University-initiated contributions to a sponsored project that are reflected in the proposal budget or narrative at the time of proposal submission.

If reduced contract or grant amounts are negotiated, the PI should ensure that cost sharing commitments are reduced proportionately.

b. Allowable Grantee Contribution (OMB Circular A-110)

(1) Costs must (be):

(a) Verifiable from University records,

(b) Not included as a contribution (for cost sharing purposes) for any other sponsored project,

(c) Necessary and reasonable for proper and efficient accomplishment of project objectives,

(d) Allowable under applicable cost principles,

(e) Not paid by the federal government under another award (except where authorized by statute), and

(f) Provided for in the budget approved by the sponsor.

(2) Note:

(a) Grantee (UH) personnel contributions should be limited to direct personnel services (not
including student help) and fringe benefits unless otherwise requested by the funding agency.

(b) Indirect personnel costs such as those associated with executive offices, maintenance, accounting, or administration should not be committed as grantee contributions.

(c) Further information on allowable cost sharing can be found in the Cost Sharing frequently asked questions (FAQ) at http://ors.hawaii.edu/index-ph/index-start-up-a-manage/80-apply/134.

(3) Determining Shared Personnel Costs:

(a) Grantee (UH) share for personnel services should represent the effort directly related to the project.

(b) In accounting for shared personnel costs, an individual’s “total effort” (cost shared effort plus other UH duties such as teaching, research, or administration) cannot exceed 100% of the standard workload for that person’s job classification.

5. Procedures

a. Principal Investigator

(1) Obtains approval of the Dean/Director, or Chancellor if applicable, for cost sharing commitments.

(2) Updates and corrects data within the Kuali Financial System (KFS) cost sharing subaccount as necessary.

(3) Initiates follow up for over/under commitments.

(4) Verifies the accuracy and completeness of cost shared salaries with the assistance of the FA before approving/certifying the annual cost share report.

(5) Provides supporting documentation for cost shared amounts when necessary, such as during audits of project costs.

b. Fiscal Administrator

(1) Assists the PI in entering cost-sharing data for specific projects no less than quarterly unless funding agency requires monthly cost sharing reporting.
(2) Assists the PI with verifying the accuracy and completeness of cost shared salaries in the annual cost share report.

(3) Maintains and updates the KFS cost sharing subaccount on a timely basis so that the cost sharing information is available for ORS Fiscal Accounting to report when required for interim financial reporting purposes.

(4) Prior to ORS submission of financial reporting at project closeout, confirms to ORS Fiscal Accounting that the data in the KFS cost sharing subaccount is complete and ready for final reporting to the funding agency.

c. Dean/Director (or Chancellor, if applicable)

(1) Reviews and approves requests for cost sharing commitments of resources under their purview.

(2) Secures and provides necessary resources to meet the cost sharing commitment should the PI receive the award.

(3) Oversees PI cost sharing and ensures that commitments are met.

d. ORS

(1) Creates cost sharing subaccount in KFS.

(2) Coordinates and monitors transactions posted into KFS on an ad hoc basis.

(3) Notifies FAs of the funding agency requirements for periodic cost sharing reporting.

(4) Ensures that the final cost sharing data is reported to the funding agency in a timely manner.