**PURPOSE**

This policy provides guidelines to ensure that mandatory, voluntary committed cost sharing and in-kind/matching expenses are identified, tracked, and reported on sponsored projects in a consistent and compliant manner. Creighton University must comply with [the Office of Management & Budget (OMB) Code of Federal Regulations *Part 200 – Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards*](http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)(“Uniform Guidance”), sponsor policies and award terms and conditions.

Failure to adhere to the provisions of this policy may result in the University’s sponsors, or other government agencies, disallowing costs or imposing other sanctions.

**SCOPE**

This policy should be known and understood by the following groups of individuals responsible for the specific roles outlined below:

* **Office of Vice Provost of Research and Scholarship:**
  + Approve all voluntary cost sharing commitments
* **Deans:**
  + Approve all department/school cost sharing commitments
* **Department Chairs/Division Directors:**
  + Approve department/division cost sharing commitments
* **Principal Investigators:** 
  + Prepare proposal, Assist Departmental Administrator in tracking cost sharing expenses and certifying [Cost Sharing Worksheet](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Share_Template.xlsx)
* **Departmental Administrators:**
  + Monitor awards with cost sharing, verify cost sharing being used is allowable and allocable, prepare the [Cost Sharing Worksheet](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Share_Template.xlsx) if the sponsored project has In Kind or Third Party Cost Sharing
* **Sponsored Programs Administration:** 
  + Review proposal submission to and award notice from sponsor, provide cost sharing information to Accounting Services on the CU Budget Form at initial set-up
* **Accounting Services Personnel:**
  + Review [Cost Sharing Worksheet](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Share_Template.xlsx), set up companion accounts for tracking cost sharing expenses
* **Internal Audit Personnel, Associate Vice Provost for Research and Scholarship, Provost/Vice Presidents/Vice Provosts, Deans, Department Charis, Directors or any other personnel who are involved with or have oversight of activities or spending of resources for sponsored projects:**
  + Apply these policies in their duties over sponsored projects

**POLICY**

Sponsored projects may require that Creighton University participate to some extent in the total cost of the project. Cost sharing or matching represents the use of funds either provided by the University or a third party to supplement project costs not borne by the sponsoring agency.

Creighton will make a cost sharing commitment only when required by the sponsor and only to the extent necessary to meet the specific requirements of the sponsored projects. Exceptions to this requirement must have specific prior approval from the Office of the Associate Vice Provost for Research and Scholarship.

The cost sharing commitment must be included on the Proposal Routing Form and clearly outlined in the proposed budget. No cost sharing should be offered in the project narrative if not included in the project budget. If funds are committed from a third party source (not under the University official authority), a written approval from the third party source must be obtained.

To be acceptable as cost sharing, an item must satisfy ***all*** of the following criteria:

1. Be verifiable from University records
2. Not be used as cost sharing for any other sponsored program
3. Be necessary and reasonable for proper and efficient accomplishment of project objectives
4. Be allocable as a cost of the project (i.e., incurred to benefit the sponsored project)
5. Be allowable under the applicable cost principles, OMB Uniform Guidance, and/or applicable sponsor/award requirements
6. Be itemized in the approved budget, as required by the sponsor
7. Be incurred during the effective dates of the grant or contract.

In general, costs that qualify to be treated as direct costs on sponsored projects may be used to meet a cost sharing commitment; except as otherwise allowed, costs normally treated as Facilities and Administrative (F&A) on sponsored projects may not, unless specified in the agreement. If a project proposal that includes cost sharing is formally awarded to Creighton, this commitment becomes legally binding and creates an institutional requirement to track all cost sharing. These cost-shared expenditures must be tracked and verified in a consistent manner in line with other sponsored project costs.

**DEFINITIONS**

**Cost sharing** is the portion of total project costs not borne by the sponsor agency. Other terms used include matching, third-party, and in-kind contributions.

* **Institutionally Funded Cost Sharing**
* Direct costs paid for by Creighton for the benefit of a sponsored project. (e.g., PI or other personnel salaries, supplies/services purchased specifically for the project)
* Waived or reduced Facilities & Administration (F&A) costs (assessed via Creighton’s indirect cost rate) that are otherwise recoverable
* **Third Party Contribution**
* The share of sponsored project costs that are borne by an external organization (i.e., an entity other than Creighton). These costs can be in-kind, for which no funds are received by Creighton (e.g., volunteer time to the project, donated supplies/materials and equipment), or cash contributions.
* **Matching**
* The requirement by some sponsors for grant funds to be matched in some proportion with funds from another party, either from the University or another sponsor. Matching requirements may be in the form of expenditure of funds or may be an in-kind match, which is the value of non-cash contributions to the project.

**Mandatory cost sharing** is cost sharing that is mandated by the sponsoring agency as a condition of applying for and receiving an award. This can be in the form of a specified dollar amount or a certain percentage of the total costs.

**Voluntary cost sharing** includes costs associated with a project, identified in the proposal, yet not requested from the sponsor. ***Note that Creighton University does not propose voluntary cost sharing except under exceptional, preapproved circumstances.***

**Committed cost sharing** is any cost sharing that has been included in the proposal and ultimately accepted by the sponsor when an award is made, regardless of whether it was mandatory or voluntary.

Once cost sharing has been committed, the University is responsible for tracking these funds and reporting on cost sharing to the sponsoring agency per agency requirements.

**Sources of Cost Sharing**

1. University funds provided for the benefit of the specific project (e.g., department, dean or vice provost funds, donation funds).
2. Unfunded or waived F&A costs that are otherwise allowable to be recovered but the University has agreed to accept less than the full amount allowable on a given award (whether due to sponsor policy, government legislation, term of the agreement, or University election). The difference between the F&A costs accepted and the amount that would have been provided at the full applicable rate may be used as cost sharing if approved by the sponsor.
3. Unrecovered F&A costs resulting when direct cost is shared and the University also cost shares the associated F&A costs.
4. Another sponsored project account. This is rare and allowable only if approved by both sponsors. Note that federal funds may not be used as cost sharing on other federal funds.

**PROCEDURES**

**Cost Sharing Commitments**

There are several points during the proposal and award process when the University may incur a cost sharing commitment:

1. Proposal submission – Cost sharing quantified in the proposal budget and budget justification that becomes the basis for the sponsor’s award.
2. Negotiation and Receipt of Award – Cost sharing not quantified in the original proposal budget may (rarely) subsequently be committed by the University because sponsor funds are not sufficient to perform the agreed upon scope of work, such as when the sponsor does not fund the project at the level requested in the proposal and the full amount *is needed* to accomplish the scope of work, so University resources are committed to support the project to full completion. It is preferable that the scope of work is reduced with the sponsor rather than commit to cost sharing.

The points in the proposal and award process when the University **does not** incur a cost sharing commitment include:

1. The sponsor and Principal Investigator (PI) agree to reduce the scope of work, which reduces the budgetary requirements. A reduction in budget with a commensurate reduction of the scope of work does not result in cost sharing. It may be reasonable to decrease the cost sharing that was originally proposed if an award is made at a lower funding level and the scope of work is adjusted accordingly.
2. The sponsor awards less than the proposed budget but does not agree to reduce the scope of work. If the University decides it can still complete the original scope of work within the awarded amount, this is not a cost sharing obligation.

**Determining a Cost Sharing Commitment**

Upon receipt of an award document, Sponsored Programs Administration (SPA) will compare the awarded budget to the proposed budget. SPA will forward a copy of the award statement along with the Creighton University Grants Budget Form to the PI. If the award is less than the proposed amount, the PI and department administrator will determine whether the University will voluntarily incur a cost sharing obligation.

**Cost Sharing Commitment Approvals**

Whenever a sponsored project proposes and commits to cost sharing, the Grants Budget Form must be completed and the appropriate approvals obtained. Approval is required (for mandatory cost share) by the CU party committing funds to support the cost share (see Scope section). Any cost sharing included in the original proposal and/or subsequently through negotiation must be documented with the amount and source of funds by fund and organization numbers with appropriate approvals.

**Documenting Cost Sharing**

All cost sharing must be documented and readily identifiable in the University accounting system. Documentation is the responsibility of the department in which the project will be conducted. The method of documentation is determined by the requirement of the sponsored agreement.

1. **Cost Sharing for Salaries:** Cost sharing for all salaries will be captured through the Personnel Activity Reporting process. A separate cost sharing fund (Companion Account) will be created when the sponsored project fund is set up. The budget will be moved from the fund and organization code used to cover the cost sharing into the cost sharing fund and organization at the time of set up. Salaries that are cost shared will be charged to the companion account.
2. **Cost Sharing Identified as Specific Cost Items:** The cost share fund (Companion Account) described above will be created when the sponsored project fund is set up. The items identified as cost sharing will then be purchased from the cost share fund and organization. Once the obligation has been met, the cost share fund will be closed and any remaining budget will be moved back to the originating fund and organization code. **Note:** If the cost sharing obligation has not been met by the end of the fiscal year, a budgeted amount will need to be loaded in the following fiscal year until the cost sharing obligation has been met.
3. **All Other Cost Sharing Reporting:** Cost sharing that is not identified as a specific cost (such as in-kind cost share) will be documented on the [*Cost Sharing Worksheet*](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Share_Template.xlsx). The responsible department will complete the form at the end of each fiscal year (or more often if necessary), recording cost sharing expenditures incurred within that fiscal period, attach supporting documentation and details, and submit the form to Accounting Services.
4. **Third Party, In-Kind Contributions as Cost Sharing:** Third party in-kind contributions are valued at the cost to the University had it paid for the item or service itself. Special valuation of third-party in-kind contributions are:
   1. **Volunteer Services:** Services provided to the University by volunteers are valued at rates consistent with those paid by the University to its employees performing similar work. If the University does not have employees performing similar work, the applicable rates are those paid by other employers for similar work in the labor market in which the University competes for the same types of service. In either case, fringe benefits that are reasonable, allowable, and allocable may be included in the valuation. When completing the Cost Sharing Worksheet, the following should be listed as evidence of the value of the work performed: the worker’s name, title, hours worked and pay rate and related fringe.
   2. **Employees of Other Organizations:** When a non-Creighton employee furnishes services for a sponsored project, these services are valued at that employee’s regular pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable provided they are in the same line of work for which the employee is normally paid). If these services are in a different line of work, the rules for volunteer services apply. When completing the Cost Sharing Worksheet, the following should be listed as evidence of the value of the work performed: the worker’s name, title, hours worked and pay rate and related fringe.
   3. **Donated Supplies and Loaned Equipment or Space:** If a third party donates supplies, the contributions should be valued at the fair market value of the supplies at the time of the donation. If a third party donates the use of equipment or space in a building but retains title, the contribution is valued at the fair market value of the rental/use of the equipment or space. When completing the Cost Sharing Worksheet preparer should list the items donated and include support for the amounts assigned to those items, such as a quote or webpage that shows the price of that item if it were to be purchased.
   4. **Donated Equipment:** Valuation of donated equipment should be secured from the Development Office, which will ask the donor for a letter or other documentation that states a value for the contribution. When completing the Cost Sharing Worksheet, the preparer should list the donated equipment specifics (make and model) and include support for the amounts assigned to the equipment, such as a quote or webpage that shows the price of that item if it were to be purchased.

**Cost Sharing Reporting**

As required by the sponsor, Accounting Services will prepare all financial reports, including a report addressing cost sharing. Cost sharing reported to the sponsor will be based on charges accounted for and verified per the previous section.

**REFERENCES**

* [Grants Budget Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Budget_Form_11-2010.xls)
* [Proposal Routing Form](http://www.creighton.edu/fileadmin/user/ResearchCompliance/Grants/Forms/Proposal_Routing_Form_6.12.14.doc)
* [Cost Sharing Worksheet Template](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Share_Template.xlsx)

**ADMINISTRATION AND INTERPRETATIONS**

For questions about this policy contact Accounting Services

**AMENDMENTS OR TERMINATION OF POLICY**

The University reserves the right to modify,