SPONSORED PROGRAM COST SHARE

POLICY STATEMENT

All University of North Dakota (UND) researchers who engage in sponsored projects must comply with UND policies and sponsoring agency regulations regarding proposing, charging, and reporting of committed cost shared funds on those projects. Moreover, it is essential that the use of cost share does not overburden departmental resources or facilities and administrative (F&A or indirect) recoveries.

REASON FOR POLICY

As a research institution, the University must comply with obligations identified within the Federal Office of Management and Budget’s regulations regarding cost share and other relevant sponsor requirements. Clear direction must be provided to faculty and staff for determining cost share in proposals, and for tracking, monitoring, and recording cost share by the University. Moreover, the best possible alignment between faculty and staff activity and funding sources should be promoted to enhance research efforts at UND.

SCOPE OF POLICY

This policy applies to all members of the University community and should be read by:

- President
- Vice Presidents
- Deans, Directors & Department Heads
- Grants and Contracts Administration (GCA)
- Faculty
- Staff
- Students
- Others: Department Administrators

WEB SITE REFERENCES

This policy:  http://UND.edu/research/_files/docs/policy/1-5-cost-share.pdf
Vice President for Research & Economic Development:  http://UND.edu/research
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CONTACTS

Specific questions should be directed to the following:

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<tr>
<th>Subject</th>
<th>Contact</th>
<th>Telephone</th>
<th>E-Mail / Web Address</th>
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DEFINITIONS

**Cost Share**

The portion of project costs not borne by the sponsor.

1. **Mandatory.** Cost share that is required by the sponsor and must be included in the proposal.
2. **Voluntary.** Cost share that is not required by the sponsor. It may be committed or uncommitted.
   a) Committed. Cost share that is included in the proposal budget or budget narrative.
   b) Uncommitted. Cost share in excess of committed. This cost share should not be documented or reported.
3. **Third Party.** An in kind contribution to a sponsored project or program provided by a party other than UND or the primary sponsoring agency.

**Effort**

1. **Committed Effort.** The proportion of time for individuals working on a grant as outlined in the proposal.
2. **Actual Effort.** Actual time an employee devotes to a particular sponsored project (including time pledged to a sponsor as mandatory or voluntary committed cost sharing).

**F&A**

Facilities and administrative costs. Sometimes referred to as indirect costs, overhead, or administrative allowance.

**GCA**

Grants & Contracts Administration

**OMB**

Office of Management and Budget. OMB develops and executes the federal budget, various government-wide management portfolios, and OMB-wide functional responsibilities.
This report is used by the University to certify an employee’s effort on each project.

Principal Investigator. The individual, designated by the awardee, who is responsible for the scientific or technical aspects of the award and for day-to-day management of the project. This individual works closely with designated officials within the grantee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge federal support of research findings in publications, announcements, new programs, and other media; and ensures compliance with other federal and organizational requirements.

PRINCIPLES

OVERVIEW – All UND researchers who engage in sponsored projects must comply with UND policies and sponsoring agency regulations regarding proposing, charging, and reporting of committed cost shared funds on those projects. Moreover, it is essential that the use of cost share does not overburden departmental resources or facilities and administrative (F&A or indirect) recoveries.

Cost share is the portion of the total project costs not borne by the sponsor. It may be referred to as matching or in-kind. The University must document all committed cost share whether mandatory or voluntary. Cost share can be realized through committed effort without requesting sponsor salary support, cash contributions, noncash contributions, or other sponsored agreements. Cost share should only be offered if clearly mandated by the sponsor, if needed to accurately reflect the resources required to conduct the project, or if doing so is in the best interest of the University.

UND discourages voluntary cost share with UND resources as it may:
1. Reduce the flexibility of researchers to conduct other research by obligating their effort to specific projects for which they are not reimbursed.
2. Decrease the University’s recovery of F&A costs by the addition of cost share to the research base.
3. Redirect departmental, college, or central resources from other mission-critical uses to support sponsored agreements. Every dollar spent on local or appropriated funding of voluntary cost share results in the University forfeiting not only the recovery of a direct cost, but also the recovery of the associated indirect cost, except in the case of cost shared capital equipment or tuition, for which there is no associated F&A.
4. Impose a substantial tracking, monitoring, recording, and documenting burden on the principal investigator (PI) and university administrators for all cost share commitments and expenditures. Cost share requires the PI/University to 1) capture cost share identified with a particular project within the University financial system, 2) maintain adequate source documentation for committed cost share, 3) clearly document the valuation of in-kind donated contributions, and 4) require the subrecipients to provide documents for cost share contributions.
5. Increase the University’s exposure to audit liability as cost share is subject to audit.

PROCEDURES

Proposal Development

If cost share is mandatory, PIs must include it in the proposal budget or narrative and on the proposal transmittal form. The rules and regulations that govern the award also govern the cost share portion of the award. Thus, all cost share must be:
1. Allowable under University and sponsor policies as a direct cost on the project,
2. Allocable as a cost to the project,
3. Necessary and reasonable for performance of the project,
4. Incurred during the period of performance of the project, and
5. Documented and verified by the University’s records.

Cost share may not be paid by the federal government under another award except where authorized by the sponsor.

Award Acceptance

If the project is awarded less funds than proposed, the PI should review the scope of work, cost share commitments and discuss appropriate reductions with the sponsor.

Funds will not be available until the funding source for the cost share has been identified. Exceptions may be permitted with commitment from the dean, director, departmental chair, or designee.

Documentation of Cost Share

Cost share expenditures must occur during the time frame of the sponsored award. Departments are responsible for ensuring that the appropriate chart fields are used in order to verify that funds have been expended. PIs should work with Grants and Contracts Administration (GCA) to ensure that proper documentation is provided for cost share.

UNIVERSITY SALARY OR WAGES – Any committed effort that contains cost share will be captured on the Personnel Activity Confirmation (PAC) report. The funding source of salary or wages used for cost share should be provided to GCA at the time of award set up.

UNIVERSITY UNRECOVERED F&A – There are two types of unrecovered F&A:
1. Waived F&A – A reduction of the allowable F&A rate which may need vice president for finance and operations approval. (See the University’s F&A distribution model summary)
2. Cost Share F&A – F&A on direct costs not paid by the sponsoring agency. This may be used as cost share with agency approval.

THIRD-PARTY LABOR CONTRIBUTIONS – The organization must document the time commitments through its own financial system and this documentation must be retained by that organization for audit purposes. The provider of the cost share must send a letter that identifies the time and value of that time. The letter must be written after the individual has contributed the effort. Estimates will not be accepted. The PI or department administrator must forward the letter to GCA.

THIRD-PARTY NONCASH CONTRIBUTIONS – Noncash third-party contributions may be at fair market value, or at a documented price that the University would have paid. This documentation must be provided to GCA.

Potential Consequences of Not Following Cost Share Policy

Cost share cannot be reported if the expenditures are not tracked or recorded correctly, exposing the University to fines or penalties. The sponsor may:
1. Withhold cash payments pending correction of the situation;
2. Disallow all or part of the cost associated with the noncompliant activity, denying the use of the sponsor’s funds and denying any applicable cost share credit;
3. Suspend or terminate the award;
4. Withhold future awards; or
5. Pursue other legal remedies.

Additionally, any violations of this policy can result in discipline up to and including termination in accordance with North Dakota University System and UND human resource policies.
RESPONSIBILITIES

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<tr>
<th>College/Department/Center Admins</th>
<th>▪ Assist PI to ensure cost share requirements have been met.</th>
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| Grants and Contracts Administration | ▪ Provide cost share reports to sponsor.  
 ▪ Assist PI to ensure cost share requirements have been met. |
| PI | ▪ Provide cost share information to GCA.  
 ▪ Confirm cost share requirements have been met. |

FORMS

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APPENDICES

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REVISION RECORD

| 08/26/2015 - Policy Implementation | Signed by President Robert O. Kelley |