



## Florida Agricultural & Mechanical University Board of Trustees Policy

**Board of Trustees Policy Number:**  
2005-11

**Date of Adoption/Revision:**  
June 30, 2005

<b>Subject</b>	<b>Cost Sharing for Sponsored Agreements</b>
<b>Authority</b>	OMB Circular A-21: Cost Principles for Educational Institutions and OMB Circular A-110: Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations
<b>Applicability</b>	Senior Administrators, Deans, Directors, Department Heads, Principal Investigators, Finance Staff and Research staff

### I. Policy Statement and Purpose

The University receives a significant amount of funding from the federal government, specifically in the form of direct support for sponsored projects and reimbursement for indirect costs of federally sponsored grants and contracts. Cost sharing is that portion of the total project costs of a sponsored agreement borne by Florida A & M University (University), rather than by the sponsor. Thus, cost sharing of direct expenditures represents a possible redirection of departmental or school resources from teaching or other departmental and school activities to support sponsored agreements. It is essential that the use of cost sharing does not overburden departmental resources and facilities and administrative recoveries. Therefore, it is a policy of the University to offer cost sharing only to the extent it is required by the sponsoring agency or the sponsored award.

All committed cost sharing and matching/in-kind expenses must conform to the University and federal policies regarding allowability, allocability, and reasonableness and must be verifiable through documentation.

### II. Definitions

- A. *Cost Sharing* refers to that portion of the total project or program costs not borne by the sponsor. The University or third parties may contribute these costs.
- B. *Mandatory Cost Sharing* is a contribution to a sponsored project or program required by the sponsor as a condition of obtaining the award. Such contributions are binding commitments and must be accounted for in accordance with this policy.
- C. *Voluntary Cost Sharing* is a contribution to a sponsored project or program offered by the University but not required by the sponsor as a condition of

obtaining the award. Voluntary cost sharing is either committed or uncommitted.

- D. *In-Kind Contribution* refers to costs borne by the University or a third party, for example when individuals at another organization volunteer their time or another organization donate the use of an off-campus meeting space for which a fee is usually charged. Third party in-kind contributions must be evidenced by a letter of commitment.
- E. *Matching* is a type of cost sharing, wherein a contribution to a sponsored project or program that is pledged to match some portion of funds provided by the primary sponsoring agency. Matching contributions may be in any form acceptable to the sponsor, including cash and third party in-kind.

### III. Cost Sharing Commitment

Prior to the commitment of University resources for cost sharing, a Principal Investigator shall ensure that:

- All necessary reviews and approvals are secured.
- If funds are committed, such funding is available and approved.
- The University's cost share is verified and documents at the time of submission of any proposal.
- Committed cost sharing is not applied retroactively.
- Cost sharing is not used as a method of covering unexpected project expenses or accommodating cuts in a budget proposal.

After the receipt of a sponsored award, grant or agreement that the University has provided a cost share commitment, the Principal Investigator shall ensure that:

- Cost-shared committed are accounted for in a separate University accounts.
- Allowable costs are charged timely and accurately to the appropriate cost-sharing account.
- Expenditures on cost sharing accounts are certified in accordance with cost share procedures.

### IV. Reporting Cost Sharing

The University is responsible for maintaining and providing information to sponsoring agencies that demonstrates the University has fulfilled the cost sharing commitments that it made as a condition to receiving the award or grant. To ensure that the University will be able to provide all necessary reports regarding the University's cost sharing:

- Cost sharing must be captured in the accounting and effort systems of sponsored projects and be included in the indirect cost base.
- Cost sharing must be specifically documented for each sponsored grant or contract.
- The Office of Research is responsible for maintaining all cost sharing reports
- Departments must provide the necessary information on the cost sharing authorization form as provided by the Office of Research at the time of the award and follow all applicable accounting procedures related to cost sharing.
- Principal Investigators and departments should maintain strong documentation of the appropriateness and justification of any cost share.
- During the financial close out of a sponsored project or program, cost-sharing commits must be reviewed and documented.

The Vice President of Research and the Vice President of Finances shall develop whatever forms and reports are needed to properly capture all costs allowable, allocable and reasonable for the purposes of meeting the requirements of any federal sponsoring or other sponsoring agency.

#### **V. Development of Cost Sharing Procedures**

The Vice President of Research, in conjunction with the Vice President of Finance, shall develop cost sharing procedures to achieve the following purposes:

- To provide guidance regarding the circumstances in which the University permits cost sharing, including what kind of services, expenditures, or assets may be cost shared.
- To provide information to the University regarding the contractual, financial and administrative implications that result from the commitment to cost share.
- To establish procedures that give the University the ability to provide information to sponsoring agencies that demonstrate the University has fulfilled any cost sharing commitments it has made as a condition of obtaining such sponsored projects or programs.
- To establish procedures for recording cost-shared expenditures in the University's accounting system in order to segregate cost sharing as required by federal regulations.
- To ensure the University can track, report and certify its cost sharing efforts.
- To provide for the roles and responsibilities of principal investigators,

Department Chairs and/or Deans, Office of Research, Vice Presidents for Research and Financial Services, and the Provost and Vice President for Academic Affairs.