

POLICY NO: 20-07

TITLE OF POLICY:

COST SHARING POLICY

1.0 PURPOSE

Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Sections 2 CFR 200.306 (“Uniform Guidance”) states *“Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.”*

Cost sharing expenditures must adhere to the same accounting, financial, legal, and regulatory requirements as direct cost expenditures on sponsored awards. Failure to appropriately document cost sharing commitments from verifiable official institutional records could result in audit findings and require the return of funds to the sponsor.

2.0 SCOPE

This policy is applicable to all BVARI-administered sponsored proposals and awards and must be understood by all BVARI Principal Investigators and administrators.

3.0 POLICY

Voluntary committed cost sharing on BVARI-administered sponsored proposals and awards is not allowable. Mandatory committed cost sharing may be considered upon receipt and approval of a **Cost Sharing Request** when allowable cost sharing source(s) have been identified prior to proposal submission (see Appendix A: Sources of Mandatory Committed Cost Sharing Contributions). Over-the-cap salary must be identified in a **Cost Sharing Request** but does not require an allowable cost sharing source to be identified.

For federally-funded sponsored awards that require mandatory committed cost sharing, OMB Uniform Guidance requires that cost sharing funds are verifiable from the institution’s records, not included as contributions for any other federal award, necessary and reasonable for the accomplishment of the project or program objectives, allowable under the regulations, not paid from another federal award, and included in the approved budget when required by the Federal awarding agency.

4.0 DEFINITIONS

Mandatory Committed Cost Sharing: Costs required as a condition of the award which must be tracked and may require reporting. When allowed by sponsor, Facilities and Administrative Costs will be included in the proposed cost sharing budget.

Voluntary Committed Cost Sharing: Cost sharing specifically pledged by an institution on a voluntary basis which is quantified in either the proposal budget and/or narrative and becomes a binding

requirement of the award, must be tracked, and may require reporting. This is unallowable for BVARI-managed sponsored proposals and awards.

Voluntary Uncommitted Cost Sharing: Costs and effort that are not included as part of the submitted proposal or upon acceptance of the award. This does not need to be tracked or reported.

Over-the-Cap Salary: The portion of an individual’s salary and associated fringe benefits that exceed regulatory maximum imposed by the sponsor (e.g., National Institutes of Health). Over-the-cap salary cannot be used to meet a mandatory committed cost sharing requirement, since it is considered an unallowable cost to the sponsor.

In-Kind Cost Sharing: Contributions wherein the value can be readily determined, verified, documented, and justified but where no actual cash is transacted in securing the good or service comprising the contribution. When applicable, an estimated value of the in-kind cost sharing must be identified and documented based on the fair market value determined at the time of accepting the award. In-kind cost sharing must be documented in the proposal and verified during the award.

5.0 RESPONSIBLE PARTIES

5.1 Principal Investigators: Identify allowable sources of cost sharing funding for mandatory committed cost sharing in proposals through completion of a **Cost Sharing Request** prior to proposal submission. Ensure accuracy of mandatory committed cost sharing budgets, applicability of budgeted expenditures during the award period of performance, and confirmation cost sharing commitments have been fulfilled prior to award expiration.

5.2 BVARI Board of Directors: The Board of Directors is responsible for the overall policy.

5.3 BVARI CEO: The CEO is responsible for developing and administering a business process that provides optimal internal controls.

5.4 BVARI Sponsored Programs Administration (SPA): SPA is responsible for identifying mandatory committed cost sharing requirements, reviewing and approving **Cost Sharing Request** submissions prior to proposal submission, compliance with sponsored award terms, and ensuring compliance with this policy.

5.5 BVARI Finance: Finance is responsible for the tracking and financial reporting of mandatory committed cost sharing requirements for applicable awards identified by SPA via the **Cost Sharing Request**.

6.0 RELATED DOCUMENTS

- **Cost Sharing Request**
- [OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [National Institutes of Health \(NIH\) Salary Cap Summary](#)

7.0 REVISION HISTORY

Revision Letter	Author	Date	Description of Changes

Appendix A

Sources of Mandatory Committed Cost Sharing Contributions

Residual Funds

BVARI-administered residual accounts (“Z”).

Sponsored Contributions (or Matching Funds)

Commitments that are paid from non-federal sponsored awards at BVARI. Prior approval or authorization must be obtained from non-federal sponsor providing the cost sharing commitment.

In-Kind Cost Sharing

Contributions wherein the value can be readily determined, verified, documented, and justified but where no actual cash is transacted in securing the good or service comprising the contribution. When applicable, an estimated value of the in-kind cost sharing must be identified and documented based on the fair market value determined at the time of accepting the award. In-kind cost sharing must be documented in the proposal and verified during the award.

Subrecipient Cost Sharing

Commitments, expenses, or in-kind cost sharing made by subrecipients where BVARI is the prime awardee. Cost share is included in the subrecipient’s proposal and documented in the subaward agreement. These types of cost sharing commitments cannot be tracked in BVARI’s systems; therefore, the commitments must be verified manually through subrecipient invoices and/or cost sharing reporting.

Indirect Costs or Facilities and Administrative (F&A) Costs

Indirect costs may be offered in a proposal to meet cost sharing requirements imposed by the sponsor and must be approved by the sponsor in order for the amount to be included as part of a cost sharing commitment. Specifically, in the case of a federal award, the federal agency’s approval can be based on the acceptance of a budget that clearly includes F&A as part of a cost sharing budget or a specific approval by the agency. Without such approval the following indirect costs cannot be used to fulfill cost sharing requirements.

- **Unrecovered overhead**
The amount of indirect costs not recovered from a sponsor due to a sponsor funding an award with an indirect cost rate below BVARI’s federally negotiated F&A rate. This type of unrecovered overhead cannot be included as part of cost sharing or matching without the prior approval of the sponsor.
- **Overhead on cost-shared direct costs**
When direct costs using BVARI residual accounts are included as cost sharing commitments, the associated indirect cost may be included as part of the cost sharing commitment only if it is approved by the sponsor.