

# ON TRACK!

SPONSORED PROGRAMS ACCOUNTING- QUARTERLY: AUG 2008

**Mission of this newsletter:** *To keep campus aware of updates and changes in research policies and to share best practices*

## COST SHARING/MATCHING

### Cost Sharing/Matching

Cost share is a portion of the total project cost that is contributed by someone other than the sponsor. There are four types of cost sharing:

- 1) **Mandatory Cost Share** – This is a requirement of the sponsoring agency.
- 2) **Third Party, In-Kind Contribution** - Non-cash contribution to a project by someone other than USU or the sponsoring agency. The contributions may be in the form of real property, equipment, supplies and other expendable property.
- 3) **Voluntary Committed** – This is when cost share is included in the proposal narrative, budget, and /or budget justification. It is not required by the agency, but if suggested in the proposal, USU must meet the match requirement.
- 4) **Voluntary Uncommitted Cost Share** – This arises when there is more effort by the Principal Investigator or the project cost more than anticipated. USU doesn't have to track the expenses but they are still considered part of the total project costs. (Continued COST page 2)

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#### Special Points of Interest:

- How we can improve?
- We need to know what you need!

## SUBCONTRACT/SUB-RECIPIENT MONITORING

A subcontract is a legal agreement between USU and another entity where a defined portion of the work is performed by the sub-recipient's personnel using their resources, usually at their site. All terms and conditions on the prime award are "flowed down" to the subcontract. The sub-recipient must comply with the same audit

requirements, restrictions, re-budgeting, human and animal subject approvals, conflict of interest, clean air and water, etc. as the prime award. Past performance, technical/financial resources, and proposed scope of work are just a few things to consider when selecting a sub-recipient. Subcontracts are set up through the Sponsored

Programs Office.

There are a few differences between sub-recipients and vendors that we want you to be aware of.

Characteristics of a sub-recipient:

- 1) Their performance can be measured against project objectives.
- (Continued SUB page 2)

**(COST from p.1)** USU will set up a separate index for the cost share expenses. When fulfilling the match requirement, one must use the same guidelines on the cost share account as the original award. Costs that would not be allowed on the original award cannot be used on the match account. State or private funding sources and waived F & A (if approved by the sponsor) can be used to meet the match requirement. In order to use federal funding as match, there must be prior approval from the federal agency as well as the sponsoring agency.

#### Allowable Costs on match accounts

- Costs must be allowable and allocable under OMB Circulars and the terms of the Sponsored Agreement.
- Costs must be necessary and directly related to the project objectives.
- Costs must be incurred during the project period of performance.
- Costs must be verifiable from USU's records (costs tracked in a separate index).
- The labor costs are certified as part of the effort reporting and certification process.

#### Unallowable costs on match accounts

- Cost included as cost share on any other sponsored project.
- Cost payable by the same sponsoring agency under another award.
- Cost payable by a different sponsoring agency within the same governmental jurisdiction under another award.

It is USU's policy **NOT** to cost share/match on a voluntary basis. This means that when submitting a proposal, you should not be offering to cost share. When you propose match, even if the agency doesn't require match, USU is obligated to fulfill that match requirement. Offering match in the proposal will not increase the chances of the project being funded. See the USU Cost Share Policy at:

<https://spo.usu.edu/htm/policies-procedures/cost>

#### **(SUB from page 1)**

- 2) They can make programmatic decisions.
- 3) They are responsible for compliance.
- 4) They carry out part of the project, not just provide goods or services.

#### Characteristics of a vendor

- 1) Vendors provide goods or services within normal business operations.
- 2) Vendors provide similar goods or services to many different purchasers.
- 3) A vendor operates in a competitive environment.
- 4) A vendor provides goods or services in addition to the operation of the project.
- 5) A vendor is not subject to compliance requirements.

Who is responsible for monitoring these sub contracts? PI, Sponsored Programs Administrators, and Sponsored Program Accountants. We are all part of a team and we all need to work together to ensure proper monitoring of subcontracts.

To ensure a timely closeout upon expiration of the

subcontract, these things need to be done.

Obtain all required reports from sub-recipient.

- a) Project Performance
  - i. Technical Reports
  - ii. Project Deliverable
- b) Financial
  - i. Final invoice is submitted and paid.
  - ii. Send refunds, rebates, and credit forms when/ necessary.
  - iii. Obtain a Subcontractor's Release Form for file.
  - iv. Verify fulfillment of cost sharing requirements.
  - v. Clear up any disallowed or disputed costs.
- c) Other possible requirements
  - i. Patent
  - ii. Property Reports
  - iii. Small Business, Minority Business Entities, and Women Owned Business reports (SB/MBE/WBE). ◇

**Accountant Contact Information: See <http://www.usu.edu/controller/spa/index.cfm>**