

# Brigham Young University

## Cost Sharing Procedures

Grants & Contracts Accounting (GCA) tracks, records and reports cost sharing when required for sponsored research awards. GCA works closely with the Office of Research and Creative Activities (ORCA) and Principal Investigators (PI) to help ensure that cost sharing requirements are met. When cost sharing is required but there is no specific information in the award that defines how cost share should be met, GCA works with the PI on a plan for meeting the obligatory amount.

After ORCA completes negotiations and finalizes agreements on research projects, GCA is notified of new awards. Each award is reviewed by GCA for cost sharing obligations. If necessary, GCA follows up with ORCA and/or the PI to ensure that all cost sharing commitments are identified. For each project that has cost sharing requirements, a file is created to track the amounts.

To qualify as cost sharing, expenditures must be:

- Verifiable through University records or 3<sup>rd</sup> party documentation
- Necessary, reasonable and allowable under the applicable cost principles
- Incurred during the same funding/budget period as the sponsored project
- Derived from non-federal sources

The most common types of cost sharing are (1) salaries of those involved in the research, (2) associated benefits, and (3) unrecovered Facilities & Administrative (F&A) costs (with prior approval). These costs, as well as other allowable cost shared amounts, are recorded in the research project tracking file. The PI is responsible for identifying the expenses that benefit the sponsored project which are not charged to the award, and are therefore cost shared items. Salary amounts are recorded based on certified effort reports, which are completed three times per year, at the end of each 4-month semester (spring/summer terms are combined into one report). Cost shared salary is calculated when the salary is earned, not when it is paid (i.e., a ten month salary is earned from September to June, but is paid to the employee over a 12 month period, from September to August). Fringe benefits are calculated using salary and wage amounts and the appropriate fringe benefit rate. Unrecovered F&A costs are computed by taking the difference between the F&A costs that the project should have recovered (calculated at the appropriate negotiated rate), and the actual amount of F&A dollars recovered.

If a cost sharing commitment from a BYU subcontractor is required for an award, the subaward invoices must include cost shared amounts. If it is not included on the invoice, GCA contacts the subcontractor and requests the cost share information. When these subaward invoices are processed by GCA, updates are made to the cost share tracking files.

The difference between the committed cost sharing and the current cost share identified and recorded is reviewed regularly by GCA. If the projection of cost share fulfillment appears to be out of line with the sponsored research award terms and end date, GCA informs the PI so necessary adjustments can be made.

Cost share amounts are reported to the sponsor or pass-through entity, as stipulated in the research agreement. For federal sponsors, cost share is reported each quarter or at the end of the project on the SF 425 form. Cost share reports are also made available to sponsors upon request, review or audit.