



TEXAS A&M SYSTEM
**Sponsored Research
Services**

Cost Share Desk Manual

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Cost Sharing - Overview

Definition

Cost sharing is defined as the portion of the total costs of a sponsored agreement that is paid by The Texas A&M University System instead of the sponsor. Cost sharing represents a reallocation of system member resources to support externally sponsored research. Terms that may be used to describe cost sharing are *Matching Contributions*, *Third Party Contributions*, and *In-Kind Contributions*. Cost Sharing may originate either as a condition of the award, or voluntarily by the system member or Principal Investigator.

Cost sharing may consist of direct or unrecovered indirect expenses (i.e., waived or reduced indirect cost). When direct expenses are cost-shared, the applicable indirect expenses are automatically cost shared. Examples of allowable forms of cost sharing include the following:

- The effort of the Principal Investigator and /or employees committed to sponsored agreements, including the associated fringe benefit costs.
- The cost of equipment purchases when the purchase of equipment is necessary for and dedicated to, the completion of the work conducted under the sponsored agreement. Existing equipment made available for, but not dedicated to, the performance of the work conducted under the sponsored agreement is not considered cost sharing.
- Laboratory supplies
- Travel
- Cost proposed and incurred by subrecipient or other third parties, including in-kind contributions. In-Kind contributions consist of non-cash contributions from a third party. In-kind contributions must; be verified by the provider, not be from a federal source, not be used as match on another federal grants, be an allowable costs and within the grant period. When these contributions are in the form of volunteer services, the individual must certify the amount is comparable to the national fair market value index. When contributions are other than personal services, the provider must certify to the fair market value of the items.
- Waived or reduced indirect costs (i.e., the difference between the applicable negotiated indirect cost rate and the amount of indirect costs awarded by the sponsor).

Federal Requirements for Cost Sharing

The costs are required to be:

- Allowable and allocable under federal cost principles (OMB Circular A-21) and the terms of the sponsored agreement.
- Verifiable
- Necessary and directly related to the project objectives.
- Identified in the approved award budget and budget justification, when required by the federal awarding agency.
- In compliance with the provisions set forth in OMB Circular A-110 and the terms of the sponsored agreement.

The following costs are not allowable:

- Costs included as cost sharing for any other project.
- Costs paid by a federal agency under another award.
- Unallowable costs as defined by OMB Circular A-21, Section J.

- Construction or renovation cost. (Cost sharing of construction and renovation costs, except as required by federal grants for construction, is generally discouraged because of questions of ownership and disposal of the properties involved.)

Cost Sharing Commitment

1. The amount and method of the cost sharing is described in the research proposal budget. This is developed according to the potential sponsor's cost sharing guidelines.
2. The system member or other donors agree to provide the cost sharing terms by signing the proposal cost sharing form.
3. The sponsor accepts the cost sharing offer as part of the approved budget when making the award. Thus, cost sharing is an element of the award and must be monitored.
4. In cases of deviation from the amount and method of cost sharing that would require sponsor approval, it is the responsibility of the researcher and the department head to initiate the request for approval, to provide the alternative plan and to justify the change. This should be handled by the Project Administrator as any other modification or approval request.

Responsibilities and Procedures

Proposal Administrator

Develop the cost sharing plan with the researcher according to sponsor guidelines during formulation of the proposal budget.

Cost sharing amounts proposed should be the minimum amounts prescribed by the sponsor.

Prepare a cost share statement and include any commitments in the proposal routing package. Outline those commitments clearly in Maestro.

Project Administrator

Analyze awards during the set-up process to determine that the correct cost sharing commitment was included. If items are included in cost sharing which require prior approval (administrative salaries, office supplies, etc.), attach the approvals. If cost sharing has been proposed by non-TAMUS providers, work with the Negotiator to establish an agreement with the provider of cost sharing.

Review the cost sharing commitments in the initial post-award meeting with the Principal Investigator/departmental staff. TAMU requires a separate account to be established to monitor cost share committed in the proposal (TAMUS Policy 15.01.01).

When circumstances arise that preclude meeting the cost sharing commitment (i.e., loss of graduate students, change in equipment needs, etc.), work out an alternate plan for meeting the requirement. Depending on complications, this could require coordination with several offices within the Texas A&M University System Sponsored Research Services (SRS) and the system member. When a revised plan is approved, process the request to the sponsor for approval or modification, if required. Prepare a Sponsored Project Summary (SPS) for the revised cost sharing.

SRS Cost Sharing Compliance

- a) Review information in Maestro for projects involving cost share commitments. Make sure all the cost share documents, including the budgets and signed approvals from the proposal, are included in the award package.
- b) Review actual award documents to see if cost sharing is a condition of the award.
- c) Generate letter for distribution to the department outlining the cost share information to include account number, total amount required and breakdown of expenses.
- d) Enter cost share financial data into FAMIS using the account set up by the system or departmental office and verify that the project is linked to the correct account number.
- e) If a subcontractor is responsible for a portion of the cost share on a project, a third party matching commitment letter will be created and their financial data will be entered into FAMIS. Their expenses will be tracked and documented for compliance.
- f) Monitor the progress of the account at least every three months including updating fringe and IDC contributions, requesting backup documentation, and reviewing EPAs and payroll cost transfers that involve a cost sharing account.
- g) Submit any required cost share reports to the sponsor.
- h) Verify all cost share is met prior to closeout and appropriate documentation is available.

Frequently Used Terms:

<u>Term</u>	<u>Definition</u>
A/R	Accounts Receivable
Business Objects	An on-line reporting version of FAMIS. This program allows you to build a specialized report for your needs from the information available in FAMIS
BPP	The Budget/Payroll/Personnel (BPP) System is a centralized, administrative system through which personnel operating budgets are created and maintained, payrolls are produced and recorded, and personnel demographic data is maintained and reported. This service is provided by the A&M System's Business Computing Services
BW	Bi-weekly payroll run
Canopy	A web based version of FAMIS
Closeout	When a project is completed, it must go through an audit process to guarantee all reports and expenditures are complete
Encumbrance	A future expense commitment

EPA	Employee Payroll Action
FAMIS	The Financial Accounting Management Information System (FAMIS) is a centralized, administrative system for accounting needs of A&M System members. This service is provided by the A&M System's Business Computing Services.
Fringe Benefits	All salaries charged will have a proportional rate applied for fringe benefits which consist of medical benefits plus a percentage to cover expenses such as social security, Medicare, worker's compensation, etc....
GL	General Ledger Accounts (always begin with a 0)
Indirect Costs (IDC)	Cost associated with general University functions that do not result from specifically identifiable requirements such as general administrative expenses, office supplies telephone costs etc... The University is allowed to charge an additional amount to each project based on a percentage of the direct costs associated based on our current indirect rate agreement.
Maestro	A web based system to support research administration
Mobius	The on-line program where all the scheduled FAMIS reports are stored
Principal Investigator	The individual who has responsibility for the overall conduct of a sponsored project
Project Administrator	The individual in Contracts and Grants at SRS who is responsible for the management of the research project
Research Foundation	A 501(c)3 non-profit agency that operates as an independent entity but works with the University system
SL	Subsidiary Ledger account also referred to as a source account
SA	Support Accounts; a subset of an SL account and they always begin with a non-zero number
SPS	Sponsored Project Summary prepared in MAESTRO
Time and Effort	Time and effort reporting is a process mandated by the federal government to verify that direct labor charges (salaries and wages) to federally sponsored projects are reasonable and reflect actual work performed. This information is maintained at the system member and is not the same process a payroll certification

TDC

Total Direct Costs

Unrecovered Indirect

The indirect amount not recovered from the sponsor. The difference between the university's approved rate and the sponsor's allowable rate.

List of System Members

- 01 – TAMUS
- 02 – TAMU
- 03 – HSC (old system part)
- 04 – Tarleton
- 05 – Prairie View
- 06 – TAES
- 07 – TCE
- 08 – TEES
- 09 – TEEX
- 10 – TAMUG (Galveston)
- 12 – TTI
- 15 – TAMUCC (Corpus Christi)
- 16 – TAMIU
- 17 – Kingsville
- 18 – West Texas
- 19 – TAMUBD (old system part)
- 21 – Commerce
- 22 – Texarkana
- 23 – Health Science Center
- 26 – TAMUS – SRS
- 97 – Ut@IBT
- 99 – Research Foundation

Set Up

Required Documents

A [Sponsored Project Summary](#) (SPS) form will be sent to the cost share specialist via email. This is the official notification that a project has cost share that must be tracked and a folder must be set up. The following documents must be printed and reviewed in order to setup a folder and initiate the monitoring process:

- Sponsored Project Summary (SPS) – indicates total amount to be cost shared and/or any changes to existing cost share for an ongoing project.
- Budget and cost share budget from Maestro. Following the steps below print out the necessary documents:
 - Log into Maestro – maestro.tamus.edu
 - Click on Administrator
 - Click on Project
 - In the ID box enter the M number and hit search
 - Click on the M number that comes up

- Click on the Document tab on the left hand navigation bar
- In the “other related document” section choose the budget template
- Enter open
- Print out the cost share budget worksheet
- If the budget is not listed in documents, click on proposal on the left hand navigation bar and then click on the hyperlink of the proposal number. At this point, go to the documents section within the proposal and print the budget.
- If there is unrecovered IDC, you will also need to print out the sponsor budget
- Additionally – you can check the IDC rate and base by clicking on the Indirect Cost Tab.

The documents must be reviewed for accuracy and consistency. Verify that all the corresponding numbers match, the required information is provided and the data in Maestro coincides with the forms.

If there is cost sharing on anything besides salary, such as travel or equipment, review the SPS to see if it is a condition of the award.

If there is a subcontractor involved, the Subcontract Monitoring Group will provide a copy of the subaward agreement.

If there is an interagency subaward on the budget, the unrecovered IDC from the first \$25,000 is not tracked as unrecovered IDC.

If the only item cost shared is unrecovered IDC, do not print any documents. A folder will not be created for those projects. They will be entered directly from the email.

Cost Share Set Up

Once the required documents have been reviewed and printed, the project is ready to have the cost share tracking initiated.

For every item cost shared, an account number must be provided. These are provided by the department responsible for the cost sharing and are generally assigned at the proposal stage. They should all follow the same format; system member number + six digit departmental account. For example: 02-113560.

AgriLife Research has cost share accounts set up by department. The same account is used for all individuals within that department. However, the first two digits alternate depending on whether it is an odd fiscal year or an even fiscal year. For example: ANSC account number is 06-111204. For fiscal year 2014 it is 121204 but for fiscal year 2015 its 111204. The list of departmental account numbers can be found on the [Cost Share Accounts for Departments](#).

At the time the cost share is set up, a support account must also be assigned. These are assigned in various ways depending on the system member:

- 06 – assigned by Project Records office at AgriLife Administrative Services (Stacy Cantu, 845-7987, stacy.cantu@ag.tamu.edu)
- 07 – assigned by Cost Sharing Monitoring Group (CSMG) based on a log maintained at SRS
- All other system members – last five digits of the award number

The [cost share information sheet](#) should be completed and printed for inclusion with the folder along with the previously printed documentation. Do not complete this form if the only item being cost shared is unrecovered IDC.

Once the necessary cost share documents have been printed, the financial data should be entered into FAMIS ([helpful FAMIS Screens](#))

- Screen 130 – Unrecovered Indirect
 - Enter the period - 001, 002 etc....
 - Enter a Y for add period
 - Hit enter
 - Enter the dates – should be for the entire project; if there is no unrecovered IDC, stop here
 - Period status – will automatically populate (A= active and T=terminate)
 - Cost Sharing Required - enter the amount of unrecovered indirect
 - Rate – this is the university’s indirect rate that should have been charged
 - Base – the base that should have been used (TDC, MTDC, etc...)

- Screen 131 – Source Account Set-up (SL/SA)
 - Enter the account number including the support account and the system member ID
 - Hit enter
 - Requirement Description – Put the four letter acronym of the department cost sharing followed by the last name and first initial of the person being cost shared (if they are “to be named”, put the PIs name)
 - Total Required – put the total costs for each account for the entire project period if possible; if the sponsor requires that the cost sharing be tracked one year at a time, the SPS will only have amounts for one year, all subsequent years will need to be entered as new periods and a new award notice will be sent each year.

Items of note:

- It is possible that there could be multiple accounts on the same project. Each account would be listed on its own line. However, if multiple people are cost sharing on the same account, there will only be one entry with a cumulative total and each individual’s name listed. Due to space constraints abbreviations may be necessary.
- Subawards – if a subcontractor is responsible for a portion of the cost sharing on a project, they must be entered as their own line item
 - The account number for the subcontract should be the project number followed by a five digit number starting with 03 (Provided the SA string is not in use by the department. This should be verified in FRS on screen 68). For example: project 460161 would be shown as 460161-03001. If it has more than one sub the 03 series would increase as needed. For example: 460161-03001, 460161-03002, 460161-03003 etc.... However, if the subcontract is with another system member from within the TAMU system, the actual account number set up by that member should be used in place of this method.

- The description should contain the following information –
sub: subcontractor name (sub # for subcontract monitoring group)
For example: Sub: University of Tx (S0010)
- If the subcontract monitoring group hasn't provided the subaward notice at the time of set up, leave the sub# blank and fill it in when the notice is provided
- The process for [SRS Third Party Matching](#) should be followed.
- Screen 137 - summary of the information just entered
 - The total amount required should equal the amount listed on the SPS
 - As items are paid by the departmental account, the actual column should auto populate (this will be monitored)
 - FAMIS populates after the month end has closed
- Screen 138 – breakdown for each source account entered on screen 137

A letter for distribution to the department must be generated using the [New Account Memo](#) template (non TAMU/TAMUG accounts only).

- Any Co-PI's and departmental administrators that are responsible for cost sharing should also receive a copy of the new account memo.
- TAMU/TAMUG – Sharon Thigpin will generate a version of this letter after she sets up the 02 cost sharing account and we will be copied.

The Cost Sharing Specialist is responsible for monitoring the progress of the account every three months or as needed. The suspense date for the end of the project year, should be entered a month before the end date to guarantee that the subsequent year is set up in a timely manner. At the time of set up, the suspense dates should be entered on their personal calendar. The frequency of the reporting throughout the project is generally determined by the A/R billing and reporting cycle. In Maestro, A/R will set up a list of cost share reports that are due in the deliverable section. Each cost share specialist will be listed as the responsible party and will receive a task within Maestro 15 days prior to the due date of the report. If the only item being cost shared is unrecovered IDC, then the suspense date should be the month before the end of the project. It does not need to be reviewed on a quarterly basis. A label for the folder should be created with the following format; System Member Number+ Project Number including SA Number and the end date of the project. Example: 02 403809 03809 8/31/2020 The folder should then be filed in the appropriate location. Ag folders are filed by SA and non-Ag folders are filed by SL.

SRS Third Party Matching

Third party matching (also described as matching contributions and third party contributions) is a form of cost sharing. Cost sharing is defined as the portion of the total costs of a sponsored agreement that is paid by the University or a source other than the sponsor (third party matching). Cost sharing represents a reallocation of resources to support externally sponsored research.

Third party matching may originate either as a condition of the award, or voluntarily by the third party or Investigator.

Third party matching included in a proposal/award document represents a commitment by SRS and may be reportable to the sponsoring agency. The matching should not be changed without sponsor's approval and must be recorded in the accounting system.

An example of allowable forms of matching include costs that are proposed and incurred by subrecipients or other third parties and must be verified by the provider. When these contributions are in the form of volunteer services, the individual must certify the amount is comparable to their regular rate of compensation. When contributions are other than personnel services, the provider must certify to the fair market value of the items. The fair market value is the price that a property or asset would fetch in the marketplace. The fair market value should represent an accurate valuation or assessment of its worth.

When the matching is for software licenses, eWorkshops, or software user fees as in-kind contributions, a listing of the name of the individuals using the in-kind contribution person must be obtained. The listing should include who the license is issued to or who signs up for the workshop seat and the cost associated with that.

When the matching is for discounts specific for a project, the contributor will provide a cost and invoice that shows the full cost minus the discount. The discounted amount will be charged to the project and the discount will be shown as the in-kind contribution (Example: A piece of equipment is purchased and the vendor gives us a discount. The discount can be shown as matching.).

When the matching is time for consultants or training sessions, the contributors will provide a letter that describes their rate and service.

Matching Commitment

- The amount and method of the matching sharing is described in the research proposal budget. This is developed according to the potential sponsor's cost sharing/matching guidelines.
- Contributors agree to provide the matching by providing a letter of commitment from the contributor at the proposal stage.
- The sponsor accepts the cost sharing/matching offer as part of the approved budget when making the award. Thus, cost sharing/matching is an element of the award.
- In cases of deviation from the amount and method of cost sharing/matching that would require sponsor approval, it is the responsibility of the Investigator and the department head to initiate the request for approval, to provide the alternative plan and to justify the change. This should be facilitated by the Project Administrator as any other modification or approval request.

Responsibilities and Procedures

Proposal Administrator

Develop the cost sharing plan with the Investigator according to sponsor guidelines during formulation of the proposal budget.

Cost share amounts proposed should be the minimum amounts prescribed by the sponsor.

Request a letter of commitment from the contributor to include in the proposal routing indicating the amount of the cost share, whether the contribution is direct or in-kind, the period of performance of the contribution, and a statement to verify the source of funds is not Federal.

Project Administrator

Analyze awards during the set-up process to determine that the correct cost sharing/matching commitment was included. All commitment letters must be attached to the Sponsored Project Summary as part of the system of record. A listing of the matching should be included in the packet.

Review the cost sharing/matching commitments in the initial post-award meeting with the Investigator/departamental staff.

When circumstances arise that preclude meeting the cost sharing/matching commitment work out an alternate plan for meeting the requirement with the Investigator. When a revised plan is completed, process the request to the sponsor for approval or modification, if required. Process a Sponsored Project Summary for the revised matching.

The Project Administrator is responsible for resolutions with cost sharing problems.

Cost Share Monitoring Group

The Cost Share Monitoring Group will assign the third party matching a tracking number and prepare a [matching commitment letter](#) to the contributor at the time of the award. The matching commitment letter will be signed Michele Lacey on behalf of SRS and by the provider as acknowledgement of the final commitment.

Each provider of matching will be set up on SPR screen 137 in FAMIS with their own tracking number per the set up instructions. The information will be monitored if invoices are provided by the third party during the reporting period or annually, unless otherwise stated in the agreement.

A cost sharing/matching update will be sent annually to SRS by the provider using the [SRS Cost Sharing Report](#) form if appropriate documentation of the match has not already been provided throughout the project year. The Cost Share Monitoring Group will request the form as needed and review the information/documentation provided.

Should problems arise in meeting the matching requirement, the Cost Sharing Monitoring Group will work with the Project Administrator to resolve.

Monitoring

Each account should be reviewed at least every three months or more frequently as needed due to reporting requirements. It is imperative that the project stay on course to meet the cost share requirements and if for any reason, the account is not on track, we notify the department or third party to obtain the necessary match.

Every three months, the cost share specialist must go into the account and make sure that the actual expenses are populating correctly.

- For payroll – check screen 771 in FRS to make sure the total payroll posting to the cost sharing account equals the actual expenses posted on screen 137. If they are not close, you will need to manually update the actual expenses
 - Use the payroll information located on screen 771 to update each category individually (Longevity, Fringe and IDC). Screen 771 will give you the cumulative information. If you then click F11 it will give you the breakdown of the fringe, longevity and salary.
 - You will always have to update fringe benefits and indirect costs based on the payroll that posted.
 - For non-payroll - check screen 69 to see what has been expensed and if it is pulling over to screen 137. If it's not, contact the department to see what account they are using and if the cost sharing is being done

To update an account:

- Go to screen 137
- Select the item you want to update
- Document the account number and campus code
- Go to screen 132
- Enter the account number, support account, object code and the campus code
- Date – will auto populate
- Reference – type in your first initial and last name
- Amount – enter the new amount to be added
- Debit/Credit – enter a D for debit (which will add the amount to the current total) or a C for credit (which will deduct the amount from the current total)
- Description – enter a detail of what you are cost sharing, for example: Safe May through Aug; Travel for S Safe in September; UT Jan – May
- Calendar month – current calendar month

To delete a cost share account on a project - Occasionally an account is initially entered to be used as cost share but ends up not being accurate. As long as no actual expenses have posted to the account, it can be deleted.

- Go to screen 133
- Enter the project, period and account number
- If total actual funds is blank – the account can be deleted
- Enter a “y” to delete
- The same process can be used to delete a period within a project by using screen 134

[Employee Payroll Action's](#) (EPA) for individuals listed on a cost share account should be pulled and verified as backup for the expenses to an account. Each time an EPA is processed that references a cost share account, the EPA is forwarded to the appropriate CSMG specialist through Canopy. CSMG should verify that the person listed on the EPA is set up on screen 137 with the account listed on the EPA. If the EPA has someone cost sharing that is not documented on screen 137, the department should be contacted to see if the individual should be added or to correct the EPA.

Third party matching must also be monitored. Any invoices containing cost share from a third party source will be forwarded from the Subaward Monitoring Group. Those charges should be entered into FAMIS.

Copies of pertinent emails, EPAs, screen shots, third party invoices etc... should be placed in the folder as backup for the expenses entered.

Any changes to the cost share accounts or amounts should also be updated in Maestro. Each year, the Contracts and Grants Support Team (CGST) will send a new SPS for the next year of the cost sharing to be activated. A new period should be set up following the format for a new award. The last suspense date for the year, should be one month prior to the annual end date so that the next year can be set up in a timely manner.

Reporting

If the cost share must be reported with the billing, the [Monthly Cost Sharing Report](#) form must be completed and returned to Accounts Receivable (A/R).

- A/R will notify CSMG of any reporting deadlines during the project set up. Screen 115 should reflect the frequency of the reports and this should be documented on the cost share information sheet. Additionally, the deliverables screen in Maestro should indicate when the cost share reports are due. The cost share specialist will be listed as the responsible individual and will receive a task 15 days prior to the due date of the form.
- When you receive the task, or notification from your suspense files, the cost share on the project should be reviewed, updated and documented.
- The A/R monthly cost sharing report should be prepared and forwarded to the appropriate A/R Specialist.
- The statement will be saved in the cost share directory by project number within the cost sharing specialist's folders. One workbook will be created for each project and each reporting period will have its own worksheet.
- A copy of the statement should be printed and placed in the folder
- Backup will only be provided to the A/R specialist if the Sponsor requires it.
- Longevity should be reported with salary for A/R reporting purposes.

If there is third party matching involved in the project. The third party should be sent the [SRS Cost Sharing Report](#) form annually. The form should be completed by the third party, signed and placed in the cost share folder as backup for their contribution.

Closeout Process

When a project has ended, we must verify that all the cost share commitments have been met and are documented. The notice will come into the cost share box as part of the closeout process. These will be monitored by the Administrative Assistant.

- Screen 137 should be checked

- If no cost sharing was included on the project, mark N/A on the closeout form
- If cost sharing is documented
 - If the actual amount cost shared is greater than or equal to the required amount, or only unrecovered IDC is documented, then mark the closeout form “yes”
 - If the actual amount is less than the required amount by \$500 (on any item other than unrecovered IDC) or more, the cost sharing specialist should be contacted to follow up

After the administrative assistant completes the closeout form they will:

- Go to screen 130 and change the period status to T for terminate
- Email the disbursement that our section is complete and if the account had cost sharing, the Cost Sharing Specialist will also be copied so they know the project has closed

The Cost Sharing Specialist should pull the file and prepare the file for scanning. Duplicates of emails or screen shots should be removed to make the file as concise as possible. Any documents necessary for retention should be scanned as a pdf and saved in the Maestro record. The information should be uploaded in the document section of the project within Maestro. The hard copy of the file should be retained for one year in case of an audit.