Cost Share

Post-award considerations

Jeremy Hamlin, Associate Controller, Contract and Grant Accounting
Isela Roeder, Faculty Research Support Officer, School of Engineering
Monica Vlad, Accountant 1, Chemistry Department
Agenda / Learning Objectives

- Federal guidance, definitions, and UNM policies
- Tools and techniques to track cost share
- Cost share at closeout
- Audit case studies
What is Cost Sharing?

- Cost sharing refers to a portion of a sponsored project or program costs that is paid by the University. Cost sharing can be imposed by a sponsor as a condition of the sponsored award or it can be volunteered by the University. The Vice President for Research will agree to cost sharing only when required by the sponsor or in rare situations when justified by the competitive nature of the award. Cost sharing should be held to a minimum and must adhere to the sponsoring agency's guidelines and comply with Policy 2430.
Cost Share CFR References

- §200.29 Cost sharing or matching.

Cost sharing or matching means the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute). See also §200.306 Cost sharing or matching.
Cost Share CFR References

- §200.96 Third-party in-kind contributions. Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that—
  (a) Benefit a federally assisted project or program; and
  (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.
Third Party Cost Share

- Contributions from an organization other than the prime recipient that is participating in the costs of the project.
  - Most common instance would occur when subcontractors supply part of the cost share contributions.
- Risks associated with third party cost share:
  - Dangerous because you are relying on someone else’s accounting.
  - If the third party does not meet their cost share obligation, your UNM departmental index or PI overhead index must cover the commitment.
Cost Share CFR References

- §200.99 Voluntary committed cost sharing. Voluntary committed cost sharing means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the Federal award on the part of the non-Federal entity and that becomes a binding requirement of Federal award.
Negative Impacts of Voluntary Cost Sharing

- Reduces a PI's flexibility to conduct other research/public service, because their effort is pledged to specific projects.
- Cost sharing imposes a substantial tracking, monitoring, recording, and documenting burden on the PI and University Administrators.
- Increases audit scrutiny
  - Was the cost share obligation met?
  - Auditable record-keeping
Negative Impacts of Voluntary Cost Sharing

- Redirects departmental, school, or central resources from other mission-critical uses to support sponsored agreements.
- Has an adverse effect on the University's F&A rate.
§200.306 Cost sharing or matching.
(b) Accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award*
- (6) In the approved budget when required by the Federal awarding agency;
- (7) Conform to other provisions of this part, as applicable.

* except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
UNM Policies and Procedures on Cost Sharing

- Policy 2430: Cost Sharing on Sponsored Projects
  - https://policy.unm.edu/university-policies/2000/2430.html
- Proposal Development and Award Guide (PDAG)
  - https://frdo.unm.edu/sites/default/files/2017_PDAG.pdf
Tracking Cost Share Commitments on Proposals and Awards

- NOTE: It’s important that you track proposals including cost share commitments and what’s actually awarded.
  - You don’t want to get into a situation where you over commit and can’t deliver on cost sharing commitments
## Cost Share Tracker

| Faculty Name | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | Total | SP# | Agency | Index | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | Total |
|--------------|---------|---------|---------|---------|---------|---------|-------|-----|--------|-------|---------|---------|---------|---------|---------|---------|---------|-------|-------|
| Example      | 22,500  |         |         |         |         |         | 22,500| A21.9999 | ABCD  | 123456  | 22,500  | 0       | 0       | 0       | 0       | 0       | 0      | 22,500 |
| Example      | 10,000  | 10,000  |         |         |         |         | 20,000| 21-zxyy | ZYW   |         |         | 0       | 0       | 0       | 0       | 0       | 0      | 0      |
| Example      | 10,000  |         | 5,000   |         |         |         | 15,000| 21-xxxx | MNO   |         |         | 0       | 0       | 0       | 0       | 0       | 0      | 0      |
| Example      | 0       |         |         |         |         |         | 0     |      |        |       |         |         | 0       | 0       | 0       | 0       | 0       | 0      | 0      |

**Total Example**

| Total Example | 32,500 | 20,000 | 5,000 | 0     | 0     | 0     | 0     | 57,500 | 22,500 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 22,500 |

**Base Salary**

| Base Salary | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |

**Cost share %**

| Cost share % | 36.11% | 22.22% | 5.56%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 25.00% | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |

**Faculty #2**

| Faculty #2 | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |

**Total Faculty #2**

| Total Faculty #2 | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |

**Base Salary**

| Base Salary | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |

**Cost share %**

| Cost share % | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |

**Faculty #3**

| Faculty #3 | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |

**Total Faculty #3**

| Total Faculty #3 | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |

**Base Salary**

| Base Salary | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |

**Cost share %**

| Cost share % | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
OFFICE OF THE VICE PRESIDENT FOR RESEARCH

November 4, 2020

Dr. Randy Phelps, Staff Associate
National Science Foundation
Washington, D.C.

Reference: NSF MRI Program Solicitation NSF 18-513
Principal Investigator:
Title: MRI: Acquisition of a High Resolution Quadropole Time-of-Flight Mass Spectrometer for Chemical, Biological, and Materials Research.

Dear Dr. Phelps:

As required in this solicitation, this letter documents the University of New Mexico’s commitment for cost sharing. The total cost of the instrument, software and necessary components is $417,187.52. UNM commits to provide 30% of this total project cost, or $125,156.26, as cost share as required per NSF policy.

Sincerely,

Gabriel P. López
VICE PRESIDENT FOR RESEARCH
# Reducing Cost Share Proportionally

## Original Costshare contributions

<table>
<thead>
<tr>
<th>Source Index</th>
<th>Title of Source index</th>
<th>Amount</th>
<th>Name of Chair</th>
<th>Name of Dean</th>
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<tbody>
<tr>
<td>8XXXXX</td>
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<td>Dean Dept. 1</td>
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<td>Gabriel Lopez</td>
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**Total $125,157**

## Modified Costshare contributions

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<td>798018- OVPR</td>
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**Total $96,600**

## Sponsorship Details

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<td>30%</td>
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<td>$125,156</td>
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22.8% reduction in the award

22.8% reduction in costshare

22.8% reduction in costshare contributions for each Department

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*THE UNIVERSITY OF NEW MEXICO*
Release Time as Cost Share

- PIs can use a percentage of their time during the academic-year to work on their grants.
- This is called the **release time** and the compensation for it, salary and associated fringe benefits corresponding to the release time, can be used as cost share. These funds, including the imputed F&A, will be transferred to a cost share index at the time of award set up.
- Release time from regular academic year is compensated at the **basic salary rate** from the regular I&G budget.
- **NOTE:** Some PIs have additional duties for which they are compensated (e.g. SAC) they are usually paid from the same regular I&G budgets as the base salary.

\[
\text{Monthly Salary} = \text{Base Salary} + \text{SAC}
\]
### FSRDISH Labor Distribution HSC

Employee Position Effective Date From: 07/01/2020  
Employee Position Effective Date End: 11/06/2020

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<th>Hiring Org</th>
<th>Suffix</th>
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<th>Labor Distribution (NBRJLBD) Effective Date</th>
<th>Labor Distribution (NBRJLBD) End Date</th>
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<th>Acct Code</th>
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<td>00</td>
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<td>08-01-2020</td>
<td>12-31-2099</td>
<td>XXX000</td>
<td>2000</td>
<td>100.00%</td>
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<tr>
<td>S1</td>
<td>Chairperson</td>
<td>15,000.00</td>
<td>08-01-2020</td>
<td>12-31-2099</td>
<td>XXX000</td>
<td>2000</td>
<td>100.00%</td>
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Tools to Calculate the Base Salary and SAC

**FNRSLBE Salary Labor Benefits Encumbrance Report**

**THE UNIVERSITY OF NEW MEXICO**

Fiscal Year To Date  FY2021

Banner Id(s):

Included Months: All Months

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<td></td>
<td>08-26-2020</td>
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<td>(18,000.00)</td>
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<td>5R8</td>
<td>08-31-2020</td>
<td>33,000.00</td>
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<td></td>
<td>09-25-2020</td>
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<td>(18,000.00)</td>
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<td>5R9</td>
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<td>18,000.00</td>
<td>.00</td>
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<tr>
<td></td>
<td>10-27-2020</td>
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<td>(18,000.00)</td>
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<tr>
<td>5R10</td>
<td>10-30-2020</td>
<td>18,000.00</td>
<td>.00</td>
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</table>

Subtotal: - Index: XXX000 - 2000  69,000.00  126,000.00

SAC: $180,000-$165,000 = $15,000
PI base salary can be paid by more than one department!
Dept. 3XX pays 10% of Base salary
Dept. 8XX pays 90% of Base Salary

Sunshine Report: $138,706
Calculating Base Salary and SAC - When the PI is Paid by Multiple Departments

**BS\textsubscript{Main}** = Sunshine salary – **BS\textsubscript{Alt}**
= $138,706 – $13,871
= $124,834

**SAC** = $142,336 – 124,836
= $17,500

**SAC** = $13,871 +$142,336-$138,706
= $17,500
SAC Amounts are standardized

Verification:
- SAC policies for all UNM entities -
  - [http://ofas.unm.edu/faculty/compensation/sac.html](http://ofas.unm.edu/faculty/compensation/sac.html)
- SAC amounts for each job title in Appendix 1

Alternate method:
Salary Planner – Base Salary and SAC are budgeted separately
At award setup, the Contract and Grant Accounting (CGA) Department requests two index codes
- one for the main award
- one for the cost share fund

No cost share fund is set up in Banner for cost share funded from a 3rd party
- It is the department’s responsibility to track and document 3rd party cost share
Tracking Cost Share – Post Award Procedures

- CGA sets up the budget in Banner for the main award and the cost share fund.
- CGA creates the journal entry to transfer money from the index that is funding the cost share to the cost share index.
- Transfer account codes are used in the journal entry to indicate the program of the source of funding and the program of the cost share fund.
Transfer account codes used for cost share funding entry:
1100 Tsfr To I&G Gen
1120 Tsfr From I&G Gen
11A0 Tsfr To Research Gen
11C0 Tsfr From Research Gen
11E0 Tsfr To Public Service Gen
11F0 Tsfr From Public Service Gen
Imputed F&A is the indirect cost calculated on cost share direct expenses.

For example, if UNM is contributing salary and related fringe to the project as Cost Share in the amount of $5,000 and the normal F&A rate for the agency is 51.5%, then we can request and incur $2,575 of imputed F&A as additional cost share bringing our total cost share commitment to $7,575.

The CGA fiscal monitor manually tracks imputed F&A as it is not entered into Banner.
 Tracking Cost Share – Indirect Costs

- Uncovered F&A is the difference between the recovered F&A on the award and what UNM would have recouped if we were allowed to use our standard F&A rate.
  - For example, if the sponsor only allows 20% F&A, and our federal negotiated rate is 51.5%, then 31.5% is considered unrecovered F&A.
Unrecovered F&A can be used as cost share on an award only when all the following conditions exist:

- there is a cost share pledge on the award or sponsor approval,
- the award or sponsor rules state that the sponsor accepts "unrecovered Facilities and Administrative (F&A) costs" as a valid cost share contribution,
- the award’s F&A cost rate is less than the University's standard, federally negotiated F&A rate.
The department is responsible for initiating charges to the cost share index or transferring charges that have already posted within 90 days of the transaction date.

- Imputed F&A is not entered into Banner as a budget or expenditure
  - Imputed F&A is a calculation that will be reported to the agency by CGA, typically through our billing process
### Tracking Cost Share from a Subawardee

**University of New Mexico**

**Contract and Grant Accounting**

**UCSB REF NO:** 8-112678-59757

**TOTAL AWARD:** $225,000.00

**DATE:** 7/12/2020

**INVOICE NO:** 03

**ACCOUNT NO:** 442490

<table>
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<th>DATES OF SERVICE</th>
<th>DESCRIPTION</th>
<th>BUDGET</th>
<th>CUMULATIVE</th>
<th>CUMULATIVE COST SHARE</th>
<th>CURRENT</th>
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<th>CURRENT COST SHARE</th>
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<td>2/1/2020 TO</td>
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<td>56,059.04</td>
<td>7,505.04</td>
<td>205.20</td>
<td>-5,612.04</td>
<td>2,374.68</td>
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<td>6/30/2020</td>
<td>Employee Benefits</td>
<td>$15,327.00</td>
<td>18,417.08</td>
<td>2,684.31</td>
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<td>Supplies &amp; Expense</td>
<td>$81,098.00</td>
<td>75,707.09</td>
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<td>19,221.73</td>
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<td>2,800.00</td>
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<tr>
<td></td>
<td>Overhead 55.0%</td>
<td>$75,328.00</td>
<td>73,057.14</td>
<td>5,609.65</td>
<td>10,686.95</td>
<td>2,270.88</td>
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<tr>
<td></td>
<td><strong>TOTAL</strong></td>
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<td><strong>223,240.35</strong></td>
<td><strong>15,808.00</strong></td>
<td><strong>10,686.95</strong></td>
<td><strong>2,270.88</strong></td>
<td><strong>1,774.96</strong></td>
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Cost Share at Closeout

General Cost Share
- A separate closeout reconciliation is sent for the cost share index/fund.

Third Party and In-Kind
- This committed cost share is not accounted for in Banner, so documentation from the third party provider has to be tracked/provided by the department (usually in letter or memo form) to document that the requirements have been met.
Cost Share Recon Example – 1 to 1 Match (Imputed F&A)

<table>
<thead>
<tr>
<th>Cost Share Reconciliation</th>
<th>Grant - Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1:1 Match Requirement</td>
<td></td>
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</table>

| Balance of Main Award     | 93,977.58    |
| Current F&A Rate on Main Award | 51.5%        |

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Direct</th>
<th>Base</th>
<th>F&amp;A Rate</th>
<th>Imputed F&amp;A</th>
<th>Subtotal</th>
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<tbody>
<tr>
<td>Expenses total</td>
<td>62,036.43</td>
<td>62,036.43</td>
<td>51.5%</td>
<td>31,948.76</td>
<td>93,985.19</td>
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<td>Total Cost Share</td>
<td>62,036.43</td>
<td>62,036.43</td>
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<td></td>
<td>93,985.19</td>
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Cost Share Met: 7.61

| Less Imputed F&A - Direct Expenses needed | (5.02) |
| Direct Expenses needed if from main award | (2.51) |
| Direct Expenses needed if not from main award | (5.02) |

Check:

- If direct expenses moved from main award to cost share: Main 93,981.39
- Cost Share 93,981.39 50%
- If direct expenses come from elsewhere: Main 93,977.58
  Cost Share 93,977.58 50%
# Cost Share Recon Example – 1 to 1 Match (No Imputed F&A)

<table>
<thead>
<tr>
<th>Cost Share Reconciliation</th>
<th>Enter information in green boxes</th>
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<tbody>
<tr>
<td>1:1 Match Requirement - No Imputed F&amp;A</td>
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| Balance of Main Award | 100,000.00 |
| F&A Rate on Main Award | 20.0% |

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<th>Direct Expense</th>
<th>Total C/S</th>
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<td>96,272.95</td>
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## Cost Share NOT MET

- Direct Expenses needed if from main award: 1,694.11
- Direct Expenses needed if not from main award: 3,727.05

### Check:

- If direct expenses moved from main award to cost share:
  - Main: 97,967.06
  - Cost Share: 97,967.06 (50%)

- If direct expenses come from elsewhere:
  - Main: 100,000.00
  - Cost Share: 100,000.00 (50%)
Cost Share Recon Example – % of Awarded Amount

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<tbody>
<tr>
<td>Expenses to 6/30/16</td>
<td>-</td>
<td>-</td>
<td>51.0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expenses 07/01/16 - Current</td>
<td>23,545.00</td>
<td>23,545.00</td>
<td>51.5%</td>
<td>12,125.68</td>
<td>35,670.68</td>
</tr>
<tr>
<td>Total Cost Share</td>
<td>23,545.00</td>
<td>23,545.00</td>
<td></td>
<td></td>
<td>35,670.68</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Share NOT MET</td>
<td>(1,829.32)</td>
</tr>
<tr>
<td>Less Imputed F&amp;A - Direct Expenses needed</td>
<td>1,207.47</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Expenses needed if from main award</td>
<td>965.98</td>
</tr>
<tr>
<td>Direct Expenses needed if not from main award</td>
<td>1,207.47</td>
</tr>
</tbody>
</table>

Check:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>If direct expenses moved from main award to cost share</td>
<td>Main</td>
<td>148,536.54</td>
</tr>
<tr>
<td></td>
<td>Cost Share</td>
<td>37,134.14</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>If direct expenses come from elsewhere</td>
<td>Main</td>
<td>150,000.00</td>
</tr>
<tr>
<td></td>
<td>Cost Share</td>
<td>37,500.00</td>
</tr>
</tbody>
</table>
## Cost Share Recon Example – $ w/ calculated %

<table>
<thead>
<tr>
<th>Award Amount</th>
<th>194,576.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Share Amount</td>
<td>97,459.00</td>
</tr>
<tr>
<td>Percentage of Cost Share to award</td>
<td>50.09%</td>
</tr>
<tr>
<td>Award F&amp;A Amount</td>
<td>51.50%</td>
</tr>
<tr>
<td>Actual Award Expenditures</td>
<td>194,328.43</td>
</tr>
<tr>
<td>Cost Share needed</td>
<td>97,335.00</td>
</tr>
</tbody>
</table>

| Date                           | 8/26/2019  |

### UNM Direct Expenditures

<table>
<thead>
<tr>
<th>Expenditures to June 2016</th>
<th>20,537.20</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2016 to current</td>
<td>41,703.99</td>
</tr>
<tr>
<td>Total</td>
<td>62,241.19</td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th>Expenditures to June 2016</th>
<th>Less Participant Support</th>
<th>Modified Expenditures</th>
<th>F&amp;A Rate</th>
<th>Imputed F&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,537.20</td>
<td>20,537.20</td>
<td>51.00%</td>
<td>10,473.97</td>
<td></td>
</tr>
<tr>
<td>41,703.99</td>
<td>41,703.99</td>
<td>51.50%</td>
<td>21,477.55</td>
<td></td>
</tr>
<tr>
<td>62,241.19</td>
<td></td>
<td>IMPUTED F&amp;A</td>
<td>31,951.52</td>
<td></td>
</tr>
</tbody>
</table>

### Direct Expenses needed

- from main award: 1,381.94
- not from main award: 2,074.12

### Check:

- If direct expenses moved from main award to cost share
  - Main: 192,234.80
  - Cost share needed: 96,285.34
  - Cost Share: 96,285.34

- If direct expenses come from elsewhere
  - Main: 194,328.43
  - Cost Share: 97,335.00

### Additional Cost Share Needed

| 3,142.29 |
Case Study – Ohio State University

- NSF OIG Audit Report – OIG 11-01-009 Ohio State University
  - Unallowable cost share of $26,345 for picnics, parties, meals and expedited VISA processing charges for bringing foreign nationals to the United States. $27,549 of postage, telephone and related costs (normally indirect) and $210,043 of costs with no support provided.
Case Study - Ohio State University (cont.)

- NSF OIG Audit Report – OIG 11-01-009 Ohio State University
  - OSU did not consistently require or maintain adequate documentation to support cost share claimed by subawardees or require such documentation.
  - Recommended cost share expenditures be tracked in a separate project account for each NSF award.
  - Develop and implement written policies and procedures to access and document subawardees risk of claiming non-allocable or non-allowable cost sharing expenditures. Include a process for reviewing cost share expenditures for allocability and allowability. Review expenditures to determine that they are allocable, provided by the subawardees’ own funds and not federal funds and are claimed only once.
Case Study – Boston University

- NSF OIG Audit Report – OIG 11-1-012 Boston University
  - Vendor discounts of $157,226 were improperly claimed as cost sharing by sub recipients.
  - The auditors view was that the offering of discounts by a vendor represents a marketing strategy for product promotion and sales to third party school districts and does not involve the sharing of project costs by the subawardees.
Tools / Resources

- **MyReports discussed:**
  - FSRDISH – To view salary components (SACs)
  - FNRLSLBE – Salary Labor Benefits and Encumbrance Report
  - FNRLDST – Labor Distribution Report
  - FNRMETBA – Main and Brach Transfer Allocation

- **Tools available upon request:**
  - Cost Share Salary/Effort Tracker (Thanks to SOE!)
  - Tool to calculate base salary and SAC (Thanks to Monica!)
  - CGA cost share recon forms
THANK YOU FOR ATTENDING!

QUESTIONS??