

# **Cost Sharing on Contracts and Grants**

**October 16, 2001**

# Terms and Definitions

- ◆ **Direct Costs:** Costs that can be specifically identified to a particular project or program (ie, salaries, travel, equipment, laboratory supplies)
- ◆ **Facilities and Administrative Costs (aka Indirect Costs):** Costs that are incurred by the grantee for common or joint objectives which cannot be specifically identified with a particular project (ie, HVAC, building upkeep, dept and college administration)

# Terms and Definitions, cont.

- ◆ **Total Direct Costs (TDC):** F&A rate would be applied to all direct costs charged to a particular project
- ◆ **Modified Total Direct Cost (MTDC):** F&A rate would be applied to all direct costs excluding: equipment, capital expenditures, student tuition, scholarships, fellowships, patient care costs, rental of off-site facilities, and subcontracts in excess of \$25K

# Cost Sharing

- ◆ The dollar amount provided by UGA in support of a sponsored agreement
- ◆ UGA's share of the total cost of performing the project
- ◆ Commitments of third parties for a UGA sponsored project

# Determining a Cost Share Obligation

- ◆ Cost sharing is included in the proposal budget (mandatory or voluntary)
- ◆ Cost sharing is included in the proposal narrative (mandatory or voluntary)
- ◆ Cost sharing is required by the sponsoring entity

# Documenting Cost Sharing

- ◆ Utilize “C” accounts
- ◆ Personnel Activity Reports (PAR)
- ◆ Waived F&A Costs (Agency & UGA share), must obtain approval from appropriate vice president
- ◆ Other, such as third party services

# Cost Sharing Accounts

- ◆ Cost Sharing accounts are assigned by C&G based upon the data in the award
- ◆ Cost share account number is similar to the related restricted account
- ◆ Expenses charged to cost share accounts accumulate on a fiscal year basis (similar to all other general fund accounts)

# **Cost Sharing Accounts -** **Account Number Methodology**

The cost share account number is the same as the restricted account number, except for the fifth digit. The "C" in the number designates it as a cost sharing account.

## **Sponsored Project**

## **Cost Sharing**

**10-21-RR163-006**

**10-21-CR163-006**

**10-11-RH163-007**

**10-11-CH163-007**

**10-31-RE163-008**

**10-31-CE163-008**

# Cost Sharing Accounts - Cumulative Cost Share Expense Calculation

Example: Grant Period: 4/1/99 - 12/31/00

## Fiscal YTD Expenses 10-21-CR163-006

6/30/99	5,487.48
6/30/00	11,452.37
12/31/00	<u>9,565.23</u>
Total C/S	<u><u>26,505.08</u></u>

# Notice of Grant Award

## Example - Direct and F&A C/S

<b>Agency Funding</b>	<b>\$ 80,000</b>
<b>UGA Share</b>	<b>20,000</b>
<b>Other</b>	<b><u>N/A</u></b>
<b>Total</b>	<b><u><u>\$ 100,000</u></u></b>

**Allowable F&A Rate = 44.8 mtdc**

# Grant Budget

## Example - Direct and F&A C/S

	<u>Agency Funding</u>	<u>UGA Share</u>	<u>Total</u>
Salaries & Benefits	\$33,800	\$ 10,335	\$ 44,135
Equipment	4,000	2,000	6,000
Travel	3,500		3,500
Supplies	<u>15,186</u>	<u>2,096</u>	<u>17,282</u>
Direct Costs	56,486	14,431	70,917
F&A Costs (@44.8%mtdc)	<u>23,514</u>	<u>5,569</u>	<u>29,083</u>
Total Costs	<u>\$80,000</u>	<u>\$ 20,000</u>	<u>\$ 100,000</u>

# F&A Cost Calculation

## Agency and UGA F&A

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**MTDC Agency \* F&A Rate = Agency F&A**

$$(56,486 - 4,000) * 44.8\% = 23,514$$

**MTDC UGA \* F&A Rate = UGA F&A**

$$(14,431 - 2,000) * 44.8\% = 5,569$$

# Notice of Grant Award

## Example - Direct, F&A and Waived F&A C/S

<b>Agency Funding</b>	<b>\$ 80,000</b>
<b>UGA Share</b>	<b>48,528</b>
<b>Other</b>	<b>N/A</b>
<b>Total</b>	<b><u>\$ 128,528</u></b>

**Allowable F&A Rate = 44.8 % mtdc**

**F&A Rate Requested = 0.00%**



# F&A Cost Calculation

## Waived F&A Costs (Agency and UGA)

$$\begin{array}{r} \text{MTDC Agency} + \text{MTDC UGA} = \text{Total MTDC} \\ \text{X F\&A Rate \%} \\ \hline \text{Total Waived F\&A} \end{array}$$

$$\begin{array}{r} (80,000 - 4,000) + (10,000) = 86,000 \\ \text{X } 44.8\% \\ \hline \text{Total Waived F\&A Costs} \\ \hline \hline 38,528 \end{array}$$

# Notice of Grant Award

## Example - Unrecovered F&A C/S

<b>Agency Funding</b>	<b>\$ 91,400</b>
<b>UGA Share</b>	<b>22,649</b>
<b>Other</b>	<b><u>N/A</u></b>
<b>Total</b>	<b><u>\$ 114,049</u></b>

**Allowable F&A Rate = 44.8 % mtdc**

**F&A Rate per Agency = 15% (limit)**

# Grant Budget

## Example - Unrecovered F&A C/S

	<u>Agency Funding</u>	<u>UGA Share</u>	<u>Total</u>
Salaries & Benefits	\$58,500		\$ 58,500
Equipment	4,000		4,000
Supplies	<u>17,500</u>		<u>17,500</u>
Direct Costs	80,000	-	80,000
F&A Costs (@15% mtdc)	11,400		11,400
F&A Costs (@44.8% mtdc) (see calculation)	<u>                    </u>	<u>22,649</u>	<u>22,649</u>
Total Costs	<u>\$91,400</u>	<u>\$ 22,649</u>	<u>\$ 114,049</u>

# F&A Cost Calculation

## Unrecovered F&A Costs (Agency and UGA)

$$\begin{array}{r} \text{MTDC Agency + MTDC UGA = Total MTDC} \\ \text{X F\&A Rate \%} \\ \hline \text{Total F\&A} \end{array}$$

$$\text{Total F\&A - Agency Funded F\&A = Unrecovered F\&A}$$

$(80,000 - 4,000) = 76,000$	76,000
	<u>X 44.8%</u>
Total F&A Costs	34,048
Agency F&A	<u>(11,400)</u>
Unrecovered F&A (UGA C/S)	<u><u>22,648</u></u>

# Personnel Activity Report (PAR)

## The University of Georgia Personnel Activity Report

**School/College/Unit:** College of Arts and Sciences  
**Home Based Department:** Biochemistry  
**Employee:** John Doe 123-45-6789  
**Pay Type:** 11 **Date Paid:** 6/30/00 **Pay Period:** 6/30/00

<u>Account Number &amp; Activity Description</u>		<u>-- % of Activity--</u>	
		<u>Payroll Distribution</u>	<u>Should Be</u>
10-11-GH168-XXX	Instruction - Instruction	22%	
10-25-GR168-XXX	Research - Departmental	60%	
10-21-RR168-123	NIH Hemoglobin/Doe	18%	
<b>Total Paid:</b>	<b>11,250.00</b>	<b>Total Percent</b>	<b>100%</b>

### CONFIRMATION

I CONFIRM THAT I HAVE FIRSTHAND KNOWLEDGE OF ALL EFFORT PERFORMED AND THAT THE DISTRIBUTION, OR THE SHOULD BE PERCENTAGE OF ACTIVITY AS ENTERED ABOVE, REPRESENTS A REASONABLE ESTIMATE OF THE ACTUAL EFFORT EXPENDED BY (ME) (THIS EMPLOYEE) DURING THE PERIOD COVERED.

**Certification Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name (Print)** \_\_\_\_\_

# Personnel Activity Report (PAR)-Corrected

## The University of Georgia Personnel Activity Report

**School/College/Unit:** College of Arts and Sciences  
**Home Based Department:** Biochemistry  
**Employee:** John Doe 123-45-6789  
**Pay Type:** 11 **Date Paid:** 6/30/00 **Pay Period:** 6/30/00

<u>Account Number &amp; Activity Description</u>		<u>-- % of Activity--</u>	
		<u>Payroll Distribution</u>	<u>Should Be</u>
10-11-GH168-XXX	Instruction - Instruction	22%	22%
10-25-GR168-XXX	Research - Departmental	60%	48%
10-21-RR168-123	NIH Hemoglobin/Doe	18%	18%
10-21-CR168-123	NIH Hemoglobin/Doe		12%
<b>Total Paid:</b> 11,250.00	<b>Total Percent</b>	<b>100%</b>	<b>100%</b>

### CONFIRMATION

**I CONFIRM THAT I HAVE FIRSTHAND KNOWLEDGE OF ALL EFFORT PERFORMED AND THAT THE DISTRIBUTION, OR THE SHOULD BE PERCENTAGE OF ACTIVITY AS ENTERED ABOVE, REPRESENTS A REASONABLE ESTIMATE OF THE ACTUAL EFFORT EXPENDED BY (ME) (THIS EMPLOYEE) DURING THE PERIOD COVERED.**

**Certification Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name (Print)** \_\_\_\_\_

# PAR Adjustments & Budgets

- Budget Admendments for adjustments between 1025GRdddxxx to 1021CRdddxxx will be done automatically
  - Has to be between same department number
  - Can have multiple CR accounts
  - Only one 25GR account
  - No adjustment made if 25GR account will go negative

THE UNIVERSITY OF GEORGIA PERSONNEL ACTIVITY REPORT

SCHOOL/COLLEGE/UNIT: COLLEGE OF ARTS AND SCIENCES

HOME BASE DEPARTMENT: BIOCHEMISTRY

EMPLOYEE: John J. Jay, Jr.

375-36-7460

PAY TYPE: 11 DATE PAID: 08/31/91

PAY PERIOD: 08/31/91

ACCOUNT NUMBER & ACTIVITY DESCRIPTION

--% OF ACTIVITY--  
PAYROLL ②  
DISTRIBUTION SHOULD BE

166 GRA D A7A

10-21-RR166-012 USOE - Evaluation	10	10
10-11-RH166-091 USPH - Training-Jones	20	20
10-11-RH287-029 USDA - Peptide	10	-0-
10-11-GH166-000 Instruction-Instruction	35	35
10-11-GK166-000 Instruction-Counseling	10	-0-
10-21-CR166-012 USOE - Evaluation	10	10
10-11-CJ166-000 Departmental Administration	5	15
① 10-11-RH166-014 USOE Reader O'Neal		10
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TOTAL PAID: 1,000

TOTAL PERCENT

100%

100%

CONFIRMATION

I CONFIRM THAT I HAVE FIRSTHAND KNOWLEDGE OF ALL EFFORT PERFORMED AND THAT THE DISTRIBUTION, OR THE SHOULD BE PERCENTAGE OF ACTIVITY AS ENTERED ABOVE, REPRESENTS A REASONABLE ESTIMATE OF THE ACTUAL EFFORT EXPENDED BY (ME) (THIS EMPLOYEE) DURING THE PERIOD COVERED.

③ Certification Signature John J. Jay, Jr. Date 9-6-91

Name (Print) John J. Jay, Jr.

# In-Kind Contribution

**Project / Grant Name:** ABC Project

**Participant:** John A. Smith

**Address:** 123 Main Street  
Athens, GA 306XX

**EIN/SS #:** 123-45-6789

**Value of Services Rendered:** \$500.00  
**(Estimate hours and rate, if applicable)**

**Date(s) of Service:** 7/12/2000 -7/17/2000

**Description of Services Performed:** Assisted instructors during education programs (\$100/day for five days).

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# Criteria for Cost Share

- ◆ Expenses must be allowable under applicable cost principles (OMB A-21)
- ◆ Expenses must be necessary and reasonable for accomplishment of project
- ◆ Expenses must be incurred during the effective dates of the project
- ◆ Expenses cannot be used as cost sharing for any other sponsored program

# Why must cost sharing be documented?

- ◆ Documentation is required by Federal Cost Principles (CAS & A-21)
- ◆ Substantiates UGA's fulfillment of the financial commitment to the project
- ◆ Inadequate documentation can result in audit criticisms and cost disallowances

# Contracts and Grants Web Site

[http://www.busfin.uga.edu/contracts\\_grants/](http://www.busfin.uga.edu/contracts_grants/)

- ◆ Staff listing and department assignments
- ◆ C&G Policies and Procedures
- ◆ Cost Accounting Standards Procedures
- ◆ Slides for Cost Sharing and Account Status  
Report Training Sessions
- ◆ Indirect Cost and Fringe Benefits Rates



# Contracts & Grants

Sr VP for Finance & Administration

**Controller's Office**

The University of Georgia

Tracy Walters, Manager  
706-542-3721 / 706-542-6883 (fax)

- ▶ [Contracts & Grants Policies & Procedures](#)
- ▶ [Cost Accounting Standards Board Policies & Procedures](#)
- ▶ [Links to Government Agency Regulations](#)
- ▶ [Contracts & Grants Staff](#)
- ▶ [Departments Assigned to C & G Staff](#)
- ▶ [Frequently Asked Questions about Sponsored Programs](#)
- ▶ [Indirect Cost Rates](#)
- ▶ [Staff Benefit Rates](#)
- ▶ [Personnel Activity Reporting \(PAR\)](#)
- ▶ [NIH Salary Cap - Policies & Procedures](#)
- ▶ [Vice President for Research](#)
- ▶ [Cost Accounting Standards](#)
- ▶ [Cost Sharing PowerPoint Presentation](#)
- ▶ [PARs PowerPoint Presentation](#)
- ▶ [Restricted Account Status Report PowerPoint Presentation](#)
- ▶ [Intranet \(Office use only\)](#)



The Contracts and Grants Department is responsible for advising appropriate University officials on matters relating to Federal and State laws, Board of Regents, and University rules, regulations, and policies pertaining to fiscal management of contracts, grants or agreements. The Department is responsible for insuring that the business interests of the University are protected in the terms of proposed agreements and throughout the operation of such agreements. The Department is also responsible for determining that the University complies with all provisions of contracts, grants, or agreements entered into with outside companies or agencies.

The Department in conjunction with the Accounting Division will propose and negotiate all University and staff benefit rates to be used on all contracts, grants, or agreements. The Department will be responsible for maintaining auditable records in support of direct and indirect charges to contracts, grants, or agreements, and for preparing and filing fiscal reports required by grantor agencies or companies.

The Department will be responsible for billing and collecting costs incurred on cost reimbursement contracts, and for requisitioning funds on contracts or grants funded by letter of credit.

**Tracy R. Walters**

**Director, Contracts and Grants**

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# **Cost Sharing on Contracts and Grants**

**October 16, 2001**