
From: EFM Director
To: EFM Supervisor
Date: August 2, 2012
Subject: Supporting documentation – Cost Share

This memo is to define the procedures for verifying cost shared expenses to be reported to the sponsor. For the mandatory cost sharing and the volunteer committed cost sharing¹, fulfillment of the cost sharing must be documented and reported to the sponsor. For more general information, refer to UCOP C&G manual, Chapter 5. Cost Sharing. <http://bit.ly/research-policy-cost-sharing>

Principal Investigators and their departmental administrators are responsible for

- Monitoring the fulfillment of the cost sharing.
- Ensuring that cost shared expenses are allowable, allocable and reasonable.
- Recording cost shared expenses to the appropriate resources (FAU).
- Maintaining appropriate and sufficient supporting documentation for cost sharing contribution.
- Certifying effort reports including cost shared effort as applicable.

EFM is responsible for preparation and submission of financial reports including cost sharing to the sponsor. Cost sharing is auditable. Cost shared expenses must be verifiable; accordingly, appropriate documentation must be in place. EFM is to obtain and review the cost sharing contribution report and supporting documentation.

Cost sharing contribution report:

- Is it certified by the Principal Investigator?
- Is the award information accurate and complete?
- Is it within the performance period?²
- Does it include appropriate FAUs where cost shared expenses are recorded to?
- Is cost sharing amount supported by appropriate supporting documents?
- Is F&A correctly calculated?

If an answer to any of the questions above is no, the cost sharing contribution report is considered inaccurate and/or incomplete. Also check if the cost share commitment is satisfied. If not, follow up with the department to confirm the cost sharing amount. If the cost sharing amount is confirmed to be correct, submit the reports including actual cost sharing contribution amount provided by the department. Failure of satisfying cost share commitment should not stop the submission of reports.

¹ When cost sharing is offered in a quantifiable manner in the proposal either in the budget or narrative or both, it is considered committed. When the award is accepted, voluntary committed cost sharing requires the recipient to carry out the same obligation as for mandatory cost sharing.

² There are exception cases; e.g. pre-award spending is approved.

Supporting documents:

- Payroll:
 - Payroll subsidiary ledger details including the payroll lines that are relevant to cost sharing report only. If the cost shared percentage of effort is different from that of benefit, justification is required.
 - Certified effort reports if effort reports are available for certification.³
- Non-payroll: General ledger details including the transactions lines that are relevant to the cost sharing report only.
- Subawards: A signed document from the subaward institution stating the cost sharing amount.

³ However, a delay in effort report certification should not hold off on submitting financial reports to the sponsor.