Cost sharing is the contribution to a sponsored project that supplements agency funding. In general, cost sharing and/or matching represents the portion of total project costs borne by the University rather than the sponsor. Cost share commitments must occur during the project period of the award.

Types of Cost Sharing:
- Mandatory cost sharing is required by the sponsor as a condition of obtaining an award (i.e., listed in the Request for Proposal).
- Voluntary cost sharing represents resources offered by the University when it is not a specific sponsor requirement (e.g., any text or dollar figures mentioned in the proposal by the University).
- In either of the above cases, cost sharing must be documented.

Types of University Support:
- **Soft dollar** is salary amounts that are reported on T&E system. Benefits are calculated based on ratio of budget—not actual costs. IDC’s (when specifically approved by agency) are a budget item only—they will have to be hand calculated.
- **Hard dollar** is actual expenditures incurred by the department in support of the grant (e.g. actual payment made for a particular expense).
- **In-Kind/Third Party** is support donated by a non-MSU source (3rd party—never MSU funding). This is tracked manually by the department (must have support documentation).

MSU Cost Sharing Policy:
Cost sharing can only be added to proposals if it is mandatory (e.g., required by the sponsor). Cost sharing should be limited to the minimum amount required. Written proof of cost share requirement (i.e., copy of the RFP) should be attached to the electronic Proposal Clearance Form. If cost sharing obligations are not required, they must not be listed on the budget page and must not have a dollar value assigned in the narrative (this would be considered voluntary).

Purpose of Time and Effort Distribution Reports:
Time and Effort Distribution reports are federally mandated. Federal law requires documentation of all time being spent on grant funded projects that involve federal dollars. These reports are a basis for the negotiation of the Indirect Cost (IDC) rate, and a method of tracking soft match/cost sharing. Cost share mistakes are the most common audit finding.

T&E System Participation:
Departments in which there is any grant activity and Departments in which any cost sharing takes place are required to report cost sharing. All employees paid with a 61123 – 61130 account code are reported on T&E system. Undergrads and hourly staff are not reported - in the new system they are counted as “in-kind.”
**T&E Table Updates:**
During the first week of the month, the data for the next T&E Report will be moved into the web reporting system. (i.e., the first week in April the March payroll [for February’s work] will be brought into the system). **T&E data and reports run two months behind.**
*Note: we wait until month end for all payroll corrections to post to make sure we account for the supplemental payroll.*

**Example of T & E Cost Sharing:**
Two scenarios:
1. If an individual is paid from a grant, the amount of effort expended (or “more”) should be reported. The “more” equals cost sharing.
2. If an individual was not paid from a grant but spent time (effort) working on a grant, the department would enter the grant number and the % of time the person **actually worked** on that grant on the T&E Report.

**NOTE:** at a minimum, the amount of the individual’s effort reported on a grant should at least be equal to the amount of pay on that grant. If not, a payroll correction would need to be completed.

**Department Responsibilities:**
The department gathers time and effort information by categories from employees/PIs (see appendix for category/ division definitions). The department is responsible for entering the effort for each employee listed based on this information. These entries verify cost-sharing (match) and actual effort commitments made by the University. The department is also responsible for initiating payroll corrections and adjusting effort if necessary. The department works with the OSP Fiscal Manager to monitor and manage cost sharing. Annual certification is completed by Department Head.

**Payroll Corrections:**
Payroll corrections are initiated at the department level and forwarded to OSP for approval. Corrections greater than 90 Days require the OSP Director’s approval and an explanation of why they were completed past 90 days. Timely corrections are approved by OSP Fiscal Managers then given to Mary Engel for entry into Banner. If the correction is made within the same month of the payroll, the change will automatically feed to the T&E report. If the payroll correction is made after the end of the month, an adjustment may need to be made to the T&E system by the departmental accountant.

**T&E “CEO” Responsibilities:** (currently Lois Evans)
An email is sent to all the departments telling them the report is now available for them to complete. Several times a quarter, the exception report for incomplete T&E’s is reviewed. Emails are sent to departments that have not completed T&Es in a timely manner. The T&E CEO monitors the T&E exception report to verify that effort reported meets or exceeds salary paid by grants. This is a duty to ensure compliance with Federal mandate.

**Fiscal Manager Responsibilities:**
At the proposal stage, the OSP Fiscal Manager’s mandatory responsibility is to verify if cost sharing is listed as no greater than the minimum limit required, and to verify that no voluntary cost sharing
is mentioned (even in unquantifiable amounts on the proposal). OSP Fiscal Managers are responsible for using reports and contacting the department to monitor cost sharing on at least a quarterly basis. All reports are currently available on the Web Reports under the OSP drop down or the OSP Internal Reports system.

OSP Fiscal Managers work with the departments to resolve any cost sharing problems (as a result of misreporting on T&E or other issues). OSP Fiscal Managers report actual cost sharing dollars on federal financial forms such as the SF425.

**How will the system track costs?**
To track soft dollar salary costs, the information will be pulled into reports from the time and effort system entries. Other soft dollar will be listed in the budget as a reminder, but a hand calculation will be necessary (forgone IDCs). In-kind costs will be listed in the budget, but a hand calculation will be necessary and backup documentation is required. Hard dollar costs (actual expenditures on a different account) will be tied to the grant by use of activity codes.

**Benefits of Using Activity Codes for Tracking Cost Sharing in Banner:**
The use of activity codes within Banner ties “actual expenditures” to the grant as a cost sharing expense. This helps Departments and Colleges track (and budget) for commitments more accurately. It will not allow “double or triple” accounting of costs. Reports can be viewed and managed frequently by OSP and departments. Current T&E information is automatically pulled in. It provides an excellent audit trail, provides compliance with Federal Regulations, and also utilizes our current system.

**Challenges of Using Activity Codes for Tracking Cost Sharing in Banner:**
One challenge is the need to tie in to the budgeting process. This involves the Budgeting Office. A department will need to plan out the budget on an annual fiscal year basis (can also run an Inception to Date if the total budget has been received). A department will need to identify specific costs to be cost shared—either before submitting BPA’s, when identifying PCard purchases, or by making corrections (e.g., JD1 process). Activity codes increase the Department Accountant duties when setting up grants as well as increase the OSP Fiscal Manager’s responsibilities.

The activity code will be the fund number from the grant requiring cost sharing. This method allows for cost sharing between grants (if approved by the awarding agency). For example: for all expenditures used for cost sharing on 410001 and the 437000 account, the activity code of “425001” would be used. This method allows for one fund (i.e., dept) to be used as cost sharing to multiple funds—since the amount is based on actual expenditures. In this case, specific expenditures from 410001 could use activity codes from three grants (e.g., 425001, 425002 & 425003).

**Budgeting Process:**
Budgets for cost sharing will be set up ANNUALLY, within the fiscal year budgeting process. For new grants, current FY budgets will be set up when grants are opened, with the help of the budgeting office, using a special form (form example 1 and 2). For existing grants, budgets using
University funds cannot be set up until the budget is finalized (October). OSP can set up the 436-437XXX accounts as they arrive. If the grant period is greater than one fiscal year or the grant is extended AND cost sharing has not been met, then a new budget for the following year(s) will need to be added. Separate budgets will need to be set up for each fund/index used. In our example from earlier, budgets will have to be set up for 410001 and 437001 (forms example 1 and 2).

To complete the worksheet (forms example 1 & 2):
- For each index providing the cost sharing, complete one column.
- If MAES or Extension funds are used as the index providing the match, signatures from MAES/ES are required
- Staple all forms together (for each grant) and submit them to your OSP Fiscal Manager (FM). The FM will review the budget to determine if all the MSU cost sharing committed is budgeted or met. Please print the worksheets on “Salmon” colored paper.
- If a portion of cost sharing has previously been met, attach the documentation proving expenditures or work with the OSP FM to satisfy this requirement.

OSP will enter as much of the budget as they can (all OSP funds—425xxx-429xxx & 436xxx-437xxx & 4Wxxxx). The Budgeting Office will enter all of the University indexes. If adjustments need to be made to the budgets within a fiscal year, please contact your OSP Fiscal Manager. Grants received throughout the year will need to have budgets added as they are opened.

**Banner Payment Authorization (BPA) and Finance Correction Forms (FRS):**
To submit a BPA for an expenditure to be “counted” in the Cost sharing system (forms example 4 & 5), complete the BPA using the standard process and add the activity code of the grant you want to cost share to (i.e., 425001).

To submit an FRS expenditure correction (forms example 6), complete the FRS as per the normal process, and add the activity code to the change column (i.e., 425001), and submit the form to OSP. If you are not moving the charge from an account, you can make the change on FGAJVCQ using the JG1 process.

*Note: MSU is on an FY basis and do not allow prior year corrections. Any corrections will have to be addressed in specific memo to OSP.*

**Specific expenditures:**
Activity codes are available for use in CAT Books (for BPAs and finance expenditure corrections—activity codes are never on payroll corrections). For a purchasing card, the activity code field is available.

Autobills should be handled after transactions occur (i.e., departments can do corrections on FGAJVCQ—JD1 process).
3rd Party and OSP Fee Authorizations are paid by BPA (if internal—therefore can list activity code on BPA).

Salary and Benefits: salaries are reported as Cost sharing on the Time and Effort system and are pulled into the report. Benefits are automatically calculated based on the percentage you’ve budgeted.

How to enter a worksheet from an electronic Proposal Clearance Form (ePCF):
When the grant is opened, and if this distribution is still approved, then the departmental accountant will complete the cost share worksheet to correspond to this chart.

How to use the available reports – examples:
Time and Effort (T&E)
This report is available through OSP’s time and effort system (T&E) by organization number. Columns to the left of the first vertical line are sources of funding for the actual gross salary (no benefits) paid. Columns in the middle section reflect the breakdown of gross salary within the University division. Columns on the right side reflect the effort (not how the person was paid) for the funding reported.

Cost Share (by Activity)
This report is available through the SAIS Web Reports/OSP dropdown. The parameters for this report are the fiscal year, month and activity code of the grant (the grant fund number requiring the cost sharing). The report will show information only if the budget was inputted in the system (cost share worksheet completed). NOTE: this report is accurate (for the time period), if all the T&E have been entered into the time and effort system (remember the T&E system lags at least 2 months behind—it depends on if the entries are current).

Cost Share (by Orgn)
This report is available through the SAIS Web Reports/OSP dropdown. The parameters for this report are the fiscal year, month and the organization number for the department. The report reflects a compilation of all the previous reports (cost share by activity) for an entire department. This report will help you manage budgets and expenditures on all the cost sharing accounts within the department (as long as the budgets have been set up).

TE detail (by Orgn)(Month) (by YTD)
These reports are available through the SAIS Web Reports/ OSP dropdown. The parameters for these reports vary (e.g., fiscal year, month, and organization number for the department). Actual salary=gross salary (no benefits); effort=how a person’s time is spent; dif=difference between the two—if positive, then the positive amount=cost sharing. All of these reports are useful when monitoring, comparing and reconciling totals on cost share reports.

TE Monthly Cost Share (FY)
This report is available through the SAIS Web Reports/OSP dropdown. The parameter for this report is fiscal year. This annual report totals the salary information collected from the Time and Effort system and shows the amount collected for all grants. This report reflects actual salary paid
(hist) and effort reported (TE), by month. TE-hist=cost share. Note: this doesn’t contain salary information by breakdown of personnel. Caution: if a month is not completed, adjust formula. This is OSP’s cost sharing report prior to Banner.

Incomplete Time And Effort Report
This report is available through the SAIS Web Reports/ OSP dropdown. Parameters are the Fiscal Year and Organization number. This report will display incomplete Time & Effort information for the specified calendar year as well as the responsible party’s contact information. A suggested use is to make sure information is up-to-date when running the cost sharing reports.

Using CAT Books to track Cost Sharing:
CAT Books is an accounting shadow system available from College of Agriculture. Within the index, the account that is providing the cost sharing will show up in the activity drop down list. When BPAs are created, then the activity code and the balance remaining are highlighted as a reminder. A detailed Activity Report is available that reflects the specifics within the account providing cost sharing.

Possible Steps in Resolving CS Problems:
At least quarterly, Fiscal Managers will review the Cost Sharing Report to determine if cost sharing is on track. The report has the Fiscal Year budget – each FY a new annual budget is entered. In this case, data has been collected through November (approximately ½ year – July-Nov).

If you need more information regarding salary and benefits, Dept. Accountants might work with Fiscal Manager. Check the line item detail to make sure Time & Efforts are reported correctly!

The Fiscal Manager might also contact the Dept. Accountant to verify they will be modifying the T&E Report by doing a payroll correction, or to verify that hard costs will be increased to cover the difference. Either way they are lagging behind (in reporting of CS). This proactive step will help us reach a goal--getting corrections done in a timely manner in accordance with our 90 day policy.