



COST SHARE Best Practices

Background and Purpose

Cost share is the portion of the total sponsored project or program costs that are not funded by the sponsor. Cost share is typically funded by Boston University but can be funded by a 3rd party. Cost share is sometimes referred to as matching or in-kind contributions.

There are three types of Cost share:

- **Mandatory**
 - Required by the Sponsor in the Proposal Solicitation and is a condition of the Award
 - Quantified in the proposal
 - It is a commitment from the University
 - It is documented and reported to the Sponsor
- **Voluntary Committed**
 - Not required by the Sponsor but quantified in the proposal
 - Becomes a binding commitment from BU
 - May be documented and report to the Sponsor
- **Voluntary Uncommitted**
 - Not required by the Sponsor and not quantified in the Proposal
 - Is not a binding commitment from the University
 - Is not documented or reported to the Sponsor

Abbreviations

Abbreviations	Meaning
BU	Boston University
DA	Department Administrator
SP – Pre AO	Sponsored Programs, Pre-Award Officer
SP – Post AO	Sponsored Programs, Post-Award Officer
SMPAO	Senior Managing Post Award Officer
PI	Principal Investigator
SAP	BU's General Accounting System
JE	Journal Entry
PAR	Personnel Activity Report (Effort Reporting Mechanism)
PSF	Proposal Summary Form

Roles and Responsibilities

Person	Role
PI	Initiates proposal accordingly; follows Sponsor guidelines on whether Cost Share is mandatory.
DA	Works with PI accordingly to budget cost share as required on proposal and obtains necessary signature approvals and documents sources on the PSF. Ensure cost share expenditures are charged accordingly in SAP
SP-Pre AO	Reviews proposal and guidelines. If cost-share is included, ensures signature approvals on PSF are obtained.
SMPAO	At least quarterly, works with the Schools and Colleges accordingly to “fund” the cost share account



Process Flow

Proposal Stage

- PI/DA read sponsor guidelines to determine if cost share is a mandatory condition of the proposal
- If mandatory cost share is required, PI/DA should prepare budget and narrative accordingly and obtain the required approvals via signatures on the PSF and document departmental sources for cost share. For third-party cost-share, a letter is required from the third party documenting the institution's commitment to the cost-share.
- If cost share is not mandatory per the per the proposal guidelines, BU strongly discourages voluntary committed cost sharing
- SP-Pre AO will review proposal documents when received, identify sponsor cost-share requirements and cost-share commitments in proposal align (presuming time permits and proposal adheres to the proposal submission [policy](#)).
- SP can not approve/submit proposal if cost share approvals and sources are not documented via signatures on the PSF
- If proposal is submitted without approvals and sources on PSF, SP reserves the right to retract the proposal or the decline award

Set Up Stage

Cost Share Accounts at BU are set up based on the following:

Cost Share Type	Expense Type	Cost Share Account?
BU – Reportable to Sponsor	All – Salary and Non-Salary	Yes
BU – Not Reportable to Sponsor	All – Salary and Non-Salary	No, but cost share account can be requested by Department
3 rd Party Cost Share	All – Salary and Non-Salary	No
Over the CAP Salary only	Salary / Effort	No, added to PAR

Cost Share accounts are created within the Grant Number assigned to the Main number but against Fund# 200xxxx108x. the last number of the Fund will change depending on where the Cost Share is housed (CRC, BUMC, NEIDL).

Awarded Stage

Once award and corresponding cost share account is set up, Departments will charge expenditures accordingly.

Best practice is to ensure that cost share account expenditures align with non-cost share expenditure rate of spend and that charges flow through the cost share account accordingly. Similar to how you would manage your standard Sponsored Award, do not wait until the end of the project before charging cost share expenditures to the cost share account.

Cost share expenditures are only allowable if they would be allowed under the main award. For example, if alcohol is not an allowable expense on the Sponsor portion of the award, then alcohol is not an allowable expense on the cost share portion of the award.

Cost share must be documented and verified. Sponsors may request back-up of cost share so DA



should ensure good records are kept in case of Sponsor request and/or audit. Back-up may include copies of PARs, invoices, or shipping forms.

Cost Share is reported a number of ways with the most common being to include submission of cost share in the invoice to the Sponsor. If there is 3rd Party cost share, the DA must get that back up from the 3rd Party to be included with BU's reporting accordingly.

Quarterly, the SMPAO will work with Schools and Colleges to *fund* the cost share account. All cost share accounts, like non-cost share accounts, must balance to \$0. i.e. expenses = revenue. In the instance of a cost share account, the revenue typically comes from the School or College from which the account is housed. The SMPAO will do a JE accordingly each quarter. By BU Fiscal Year end, all cost share accounts but balance where expenses = revenue.

Reference Documents

[Procedure for Treatment of Cost Sharing for Sponsored Awards](#)

Approval and Revision History

Date	Changes
February 2024	Creation of Best Practice