

## **NSF Cost Sharing Commitments**

Grantees should be aware that cost sharing commitments are subject to audit. Audit findings involving cost sharing have pertained to: a) grantee accounting systems not capturing cost sharing identified with a particular project; b) failure to keep adequate source documentation for claimed cost sharing; c) unclear valuation of in-kind donated contributions; d) lack of support for cost sharing contributions by sub-recipients; and e) failure to complete annual certifications for awards with cost sharing requirements of \$500,000 or more. These certifications must be submitted electronically via FastLane. Additional guidance on cost sharing may be obtained at <http://www.nsf.gov/bfa/dias/caar/costrev.jsp>.

Section .23 of OMB Circular A-110 (2 CFR §215.23) prescribes criteria and procedures for the allowability of cash and in-kind contributions in satisfying cost sharing and matching requirements. Cost sharing is defined as “all contributions, including cash and third party in-kind which meet seven criteria: verifiable, not included as contributions for any other federally-assisted project or program, necessary and reasonable for accomplishment of objectives, allowable, not paid by the Federal Government under another award (except where authorized by statute), provided for in the approved budget when required by the Federal awarding agency, and conform to other Circular provisions.”

## **NAU's Position**

It is our advice to minimize formal cost shares to NSF proposals, when possible. To comply with the above NSF requirements, NAU and the PI will have to certify the cost sharing at the grant closure. To do this, a separate account is set up within the financial system to track expenditure and, if the cost share is in-kind AY salary, then salary too. This is to enable NAU to be audit ready for when and if NSF decides to audit the cost sharing certified. This adds another layer of administration to the post award activity on the project. Here's an example of a real complication that could occur: if the person, who is the point of the cost sharing commitment, and the department does not process a timely PAR form to indicate the separate account for the commitment then a Payroll Expense Transfer will have to occur. These are, however, usually not allowed beyond 120 day. Plus the PI and/or collaborators will have to certify effort to the federal government on a timely basis.