



Best Practices for Managing Cost Share

Definition: Cost sharing (or matching) is the portion of project or program costs not borne by the funding agency. Cost share sources include all contributions such as cash and in-kind contributions from third parties, university funds (e.g., faculty or staff effort, direct costs), and unrecovered indirect costs.

AT THE TIME OF YOUR AWARD:

- Review and verify the sources of cost share for your award which were submitted with the proposal and determine your plan for tracking them.
- Complete the Sponsored Programs Accounting (SPA) [cost share summary template](#) and return this to your [SPA accountant](#).
- Notify everyone who committed to providing cost share that your proposal has been funded and that Iowa State is now obligated to track and report this cost share during the project period.
- Make sure that cost share which was committed by each subrecipient has been included in the terms and conditions of their subaward agreement.

ALLOWABLE COST SHARE MUST BE:

- 1) Verifiable from the recipient's records.
- 2) Not included as contributions for any other sponsored or federally assisted project or program.
- 3) Necessary and reasonable for proper and efficient accomplishment of the project.
- 4) Allowable under the applicable cost principles of the award.
- 5) Not paid by the federal government under another award (except where authorized by federal statute to be used for cost sharing or matching).
- 6) Included in the approved budget when required by the awarding federal agency.
- 7) Incurred during the performance period of the award.

DURING THE AWARD PERIOD:

Sponsored Programs Accounting (SPA) Responsibilities:

- Coordinate the overall process documenting cost share on sponsored programs accounts.
- Enter percentages to be printed on [EASE forms](#) based on budget data or input from departments.
- Provide cost share reports to federal agencies or other sponsors.

Department Responsibilities:

- Create a file to maintain all cost share documentation tracked by the department.
- Update SPA regarding any changes in effort that needs to be entered into the EASE system.
- Collect and keep documentation for any third party cost share or university cost share other than salary and indirect costs (IDC), such as donations, hourly payroll, equipment, supplies, and tuition expenditures.
- Collect and forward any third party in-kind letters to their Sponsored Programs accountant.
- Verify cost share amounts reported by SPA to the sponsor.

Acceptable Documentation for Cost Share:

Third Party Costs: Signed memo from collaborator with summary of total cost share, source of cost share, date, and project title. The contributing third party needs to ensure that they are able to provide supporting documentation for those reported expenses.

Other Sponsored Projects: Financial reports showing expenditures incurred on another account/award.

Other University Funds: Departmental financial statements detailing the expenditures by account, with transaction details highlighted on the statements.

Faculty salary, wages, and IDC: This is documented by SPA through the EASE and financial system.

