

Cost Sharing and Deficits

November 2021



**Northeastern
University**

What is Cost Sharing?

Cost sharing (aka “matching”) refers to the portion of total project costs not paid by the sponsor.

Example: If a sponsor issues an award in the amount of \$100,000 with a 1:1 cost share requirement, they are essentially covering 50% of the total project costs. The 1:1 requirement means that NU would need to match sponsor funds, dollar for dollar.

Sponsor \$	Northeastern \$	Total Project \$
\$100,000.00	\$100,000.00	\$200,000.00



Uniform Guidance 2 CFR § 200.306

- **Cost Sharing funds must meet the following criteria**

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under subpart E of 200.306;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of 200.306, as applicable.

Cost Share Types

Mandatory / Required

- Required by sponsor as a condition of obtaining funding
- Should be indicated on the NOA as match or cost share
- Becoming more infrequent as a requirement on proposal submissions
- Cost Share Fund created

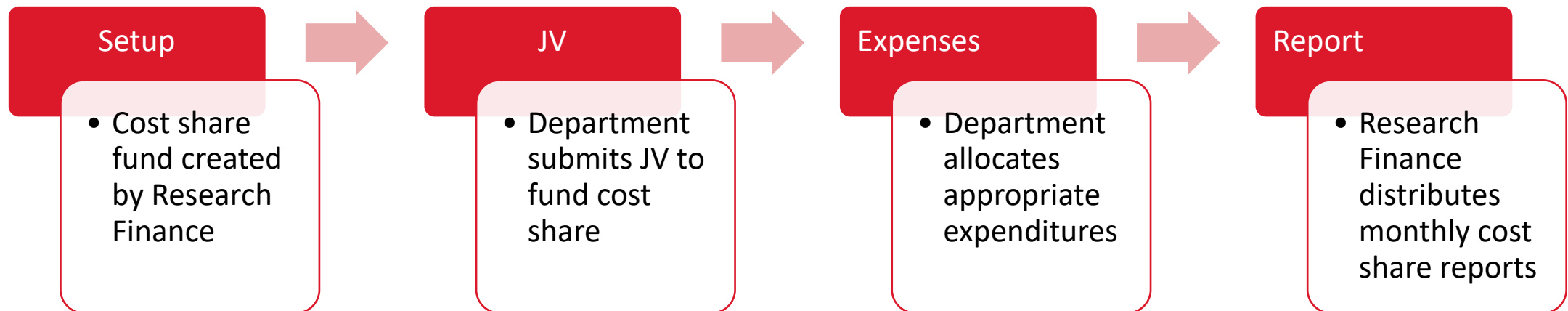
Voluntary Committed

- Not required by the sponsor as a condition of obtaining funding
- Committed by NU in the proposal budget
- Should be indicated on the NOA as match or cost share
- **Does not provide an "edge" in success rate**
- Cost Share fund created

Voluntary Uncommitted

- Not required by the sponsor
- Not committed in the proposal budget
- i.e. faculty effort over and above the budgeted amount, but not charged to the sponsored agreement
- No Cost Share fund created

Cost Share – Internal Process at NU



Tracking Cost Share at Northeastern

- Monthly Cost Share Funding Report distributed to each Division on a monthly basis.
- Report contains full listing of Active cost share Funds.
- Includes budget, actuals, and amounts transferred

Cost Share Report Example

Cost Share Report

Division: ABC College
Fiscal Period: October
Fiscal Year: FY22

Organization Description	Division Description	Grant Code	Fund Code	Fund Description	Cost Share Budget	ITD Expenditures	Cost Share Amount Funded	Cost Share Amount Due	Fund Budget End Date	Fund Level 4 Code	Fund Status	Comments
Department DEF	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Washington, G.	\$53,271.15	\$53,268.98	\$53,213.00	\$55.98	9/30/2020	B61000	A	
Department DEF	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Adams, A.	\$12,500.00	\$7,500.00	\$7,500.00	\$5,000.00	8/31/2022	B61000	A	
Department DEF	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Jefferson, T.	\$19,030.57	-	-	\$19,030.57	1/31/2022	B61000	A	
Department GHI	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Madison, J.	\$214,284.00	\$214,426.84	\$214,284.00	\$142.84	9/30/2020	B61000	A	
Department GHI	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Monroe, J.	\$84,460.00	\$21,896.50	\$18,759.00	\$65,701.00	12/31/2021	B61000	A	
Department JKL	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Adams, J.	\$38,224.00	\$38,168.70	\$38,168.70	\$55.30	9/29/2021	B61000	A	
Department JKL	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Jackson, A.	\$2,280.08	\$871.16	-	\$871.16	7/31/2020	B61000	A	
Department JKL	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Van Buren, M.	\$64,621.00	\$43,302.62	\$43,302.61	\$0.01	2/28/2021	B61000	A	
Department MNO	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Harrison, W.	\$36,722.00	\$24,292.00	\$24,302.39	\$12,419.61	11/30/2021	B61000	A	
Department MNO	ABC College	G0000XXXX	5#####	SPONS/Award ###-CS/Tyler, J.	\$25,110.00	\$16,873.92	\$16,873.89	\$8,236.11	12/31/2021	B61000	A	

Cost Share Takeaways

- If a cost share fund is established, the expectation is that the cost share amount should be met by the department.
- These figures are reportable to sponsors through both financial reporting and invoicing channels.
- Expenditures are not the only concern at Northeastern: Receiving funding transfers from departments is necessary to cover the expenditures and lead to a timely closeout.

Deficit Definition

- Funds available for use by the university include, but are not limited to, operating and designated funds, **sponsored research funds**, restricted and endowment funds, loan funds and capital/plant funds.
- Deficit occurs when expenses exceed the authorized budget or available funding.

Deficit Definition

- Employees with spending authority are expected to review and reconcile budgets on a periodic and timely basis (no less than quarterly; monthly is strongly encouraged) to verify that all revenues and expenses charged to the accounts are authorized, accurate, properly documented and appropriate. It is expected that deficits will be addressed and funded throughout the year with final resolution no later than the close of the fiscal year. Departments are responsible for covering all deficit balance for all fund types within the department.

Research Deficits at NU

- Grouped into three categories
 - “Soft” deficits
 - “True” deficits
 - Cash deficits

“Soft” Deficits

- Deficits resulting from sponsored funds in transition.
- Example: DoD Cooperative agreement with contract ceiling of \$1,000,000 has only received \$25,000 in funding on their first CLIN Number.
- Typically these Funds are triaged with comments from the department, but still remain on the deficit list.

“True” Deficits

- Overspending on **fully-funded** sponsored funds resulting from aggressive spend rate or budget oversight.
- Example: Fully-funded NSF CAREER award has \$519,000 in expenditures and a budget of \$500,000.
- Department is responsible for rectifying via PDC or Journal Voucher to eliminate deficit.

Cash Deficits

- Deficit resulting from nonpayment or A/R issue.
- Example: SRA from GE has final expenditures of \$95,000. GE's Finance Department is refusing to pay the final invoice of \$10,000 and the Fund has a Claim on Cash of \$10,000 as a result.
- Department and Research Accounting typically work in tandem with management to resolve.

Tracking Deficits at Northeastern

- Deficit Report distributed to each college on a monthly basis.
- Report contains full listing of Active Funds (trailing 3 months) with a balance < (\$100) net of commitments (aka “encumbrances”).

Deficit Report Example

Research Deficit Report
ABC College

Period: October
Fiscal Year: FY22

Organization Description	Grant Code	Fund Code	Short Title	Fund Status	Grant Project End Date	ITD Fund Budget	ITD Expenses	Deficit Amount - Two Periods Previous	Deficit Amount - One Period Previous	Deficit Amount - Selected Period	Fiscal Year Description	Fiscal Period Description	Unit Comments	Research Finance Comments
Department DEF	G0000XXXX	5#####	SPONS/Award ###-CS/Washington, G.	A	6/30/2022	3,149,675.00	3,216,462.84	(39,519.95)	(43,086.46)	(66,787.84)	FY22	October		
Department DEF	G0000XXXX	5#####	SPONS/Award ###-CS/Adams, A.	A	8/31/2020	300,000.00	301,261.46	(1,261.46)	(1,261.46)	(1,261.46)	FY22	October		
Department DEF	G0000XXXX	5#####	SPONS/Award ###-CS/Jefferson, T.	A	3/31/2021	600,000.00	603,343.58	(3,343.58)	(3,343.58)	(3,343.58)	FY22	October		
Department GHI	G0000XXXX	5#####	SPONS/Award ###-CS/Madison, J.	A	5/31/2022	308,102.61	313,030.26	(5,108.62)	(4,927.65)	(4,927.65)	FY22	October		
Department GHI	G0000XXXX	5#####	SPONS/Award ###-CS/Monroe, J.	A	6/30/2021	503,472.00	520,972.81	-	(17,404.66)	(17,500.81)	FY22	October		
Department JKL	G0000XXXX	5#####	SPONS/Award ###-CS/Adams, J.	A	7/31/2021	62,795.00	63,096.25	-	-	(301.25)	FY22	October		
Department JKL	G0000XXXX	5#####	SPONS/Award ###-CS/Jackson, A.	A	12/31/2021	33,000.00	33,116.31	(10,344.77)	(116.31)	(116.31)	FY22	October		
Department JKL	G0000XXXX	5#####	SPONS/Award ###-CS/Van Buren, M.	A	8/31/2018	1,204,876.00	1,257,393.45	(52,517.45)	(52,517.45)	(52,517.45)	FY22	October		
Department MNO	G0000XXXX	5#####	SPONS/Award ###-CS/Harrison, W.	A	8/31/2018	297,147.74	312,648.27	(15,500.53)	(15,500.53)	(15,500.53)	FY22	October		
Department MNO	G0000XXXX	5#####	SPONS/Award ###-CS/Tyler, J.	A	11/30/2020	2,476,743.69	2,478,129.53	(1,385.84)	(1,385.84)	(1,385.84)	FY22	October		
Total								(128,982.20)	(139,542.94)	(163,641.72)				

Deficit Impacts to Northeastern

- Increases research receivable in Banner and distorts A/R for the Controller's Office.
- Inflates grants and contracts expenditures in financial statements.
- Inflates indirect cost recovery figures for the institution, with impacts to faculty OH Return.

Thank You!

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