

HARVARD UNIVERSITY



Harvard University Cost Sharing Procedure Guide

Last Revised: June 2024

Responsible Office: Office for Sponsored Programs

Introduction

In accordance with the University Cost Sharing Policy, any quantifiable committed cost Sharing (mandatory or voluntary) becomes a legally binding and accountable commitment to the University upon acceptance of an award; therefore, committed cost sharing must be appropriately tracked and managed to ensure the commitments are fulfilled according to the federal regulations, University policy, and the terms and conditions of the sponsored award.

Effective management of cost sharing commitments on sponsored awards requires a collaborative effort with the Principal Investigator (PI), department/local level managing units, school level officials, and Office for Sponsored Programs (OSP)/ HMS & HSPH Offices of Research Administration (ORA). To ensure that cost sharing commitments on sponsored awards are consistently documented and verifiable from the University's system of records, including the Grants Management Application Suite (GMAS) and the University's General Ledger (GL) when applicable, the *University Cost Sharing Procedure Guide* outlines the standard business processes for managing cost sharing commitments throughout the life cycle of an award, including proposal submission, award acceptance and revisions, tracking and reporting of cost sharing expenditures, and reconciliation and verification of fulfilled cost sharing commitments at award closeout.

This Guide applies to all parties who are responsible for the management of cost sharing commitments as indicated in the University [Cost Sharing Policy](#). Please note that in addition to the procedures in this Guide, some schools may have school-specific procedures or guidelines for managing cost sharing commitments at the school and department/local level managing units.



I. Cost Sharing at Proposal Submission

A. Department/Local Level Managing Unit/PI/School/Tub Level Official

University policy strongly discourages committing cost sharing unless mandated by the sponsor. If there are questions about including a voluntary cost sharing commitment in a proposal budget or proposal narrative/scope of work, the department/local level managing unit administrators should work with the School/Tub Level approvers and/or submitting office to determine if including voluntary cost sharing is appropriate. If a determination is made to proceed with including committed cost sharing within the proposal, the department/local level managing unit administrators should work with the PI to complete the following steps during the proposal preparation process (please refer to the related FAQs):

1. Identify sources of **non-sponsored** funding proposed for cost sharing and obtain approval from any tub, department/local level managing unit, or PI whose resources are being offered as cost sharing. If an existing **non-federal sponsored award** is proposed for cost sharing, documentation of approval must be secured from the sponsor whose funding is being committed. This commitment must be disclosed in the proposal.
2. Determine that any cost sharing commitments in the proposal are allowable, allocable, reasonable, and consistently accounted for in accordance with Sponsor and University policies.
3. If cost sharing is not required by the sponsor, and the PI includes a quantifiable cost sharing commitment anywhere in the proposal, the department/local level managing unit must obtain school official's approval.
4. Complete the proposed cost sharing information in GMAS. Refer to the [Completing the Cost sharing form at Proposal job aid](#) for more detailed instructions for entering proposed cost sharing commitments in GMAS.
5. At lock and route, ensure that the appropriate cost sharing signatories are represented on the

GMAS proposal homepage and that appropriate signatures are checked as required based on school's cost sharing signature procedure.

See Appendix A: Recommended Documentation to identify recommended documentation to be uploaded to GMAS document repositories in support of a cost sharing commitment.

B. Submitting Office (OSP/ORA)

When a proposal includes a cost sharing commitment, OSP and ORA are responsible for reviewing the proposal and determining if the proposed cost sharing commitments are appropriate through the following steps:

1. Determine if the cost sharing commitment is consistent with the sponsor's requirements. If cost sharing is not required by the sponsor, work with the department/local level managing unit and school official to minimize cost sharing commitment, including revising proposed cost sharing commitment using non-quantifiable language where possible. For example: *(a) The University will ensure equipment is available for the performance of the project at no direct cost to the sponsored award. (b) The Principal Investigator will be responsible for the overall planning of the projects, defining experimental directions, interpreting data, communicating with collaborators, and reporting project results to the sponsor and the scientific community in the form of progress reports, papers, and presentations.*
2. Review cost sharing budget and proposal budget justification to ensure that proposed cost sharing is allowable and eligible as cost sharing and the cost sharing expenses are in compliance with sponsored award terms and conditions, and University policies and procedures.
3. Review the proposed cost sharing in GMAS to confirm the information entered by the department/local level managing unit is accurate and the appropriate approval signatures are logged before the proposal is submitted to sponsor.

See Appendix B: School Specific Cost Sharing Signature Guidance

II. Cost Sharing at Award Setup and Revisions during the Award Period

A. Award Setup

OSP/ORA is responsible for reviewing the terms and conditions of the award to confirm if there are any

changes to the proposed cost sharing requirements **before the acceptance of the award.**

1. **If there are no changes to the proposed cost sharing requirement in the award notice**, GMAS will send an automated message indicating the "cost share form needs review" and the department/local level managing unit can either (1) create a new cost share form, or (2) confirm the current version of the cost sharing form.
2. **If there are changes to the original proposed cost sharing or costsharing is a new requirement and it was not included in the original proposal**, OSP/ORAs will work with the department/local level managing unit to complete a cost sharing request in GMAS. If the originally proposed cost sharing commitment can no longer be met, OSP/ORAs will request sponsor approval of reduced level of cost sharing commitment. This may result in a reduction in the sponsored award. If the sponsor is unwilling to renegotiate the cost sharing terms of the award, the University may be forced to decline the award.
3. When issuing an Action Memo for a new award with committed cost sharing, OSP/ ORAs should indicate the total amount of the committed cost sharing in the Action Memo Remarks.
Upon receiving the Action Memo notification, the OSP Research Finance Post Award Operations team is responsible for scheduling any financial reporting requirements related to cost sharing.

Cost Sharing Commitment Revisions during the Award Period

The cost sharing module in GMAS must accurately capture the cost sharing commitments based on the most recently updated terms and conditions of the sponsored award. When there are changes to the approved cost sharing commitments, either in total amount or in source of cost sharing, a revision is required in GMAS. The department/local level managing unit must submit a GMAS cost sharing request.

Once the GMAS cost sharing request is routed, OSP/ORAs will review, and if approved will issue a new action memo reflecting the approved changes. If needed, OSP Research Finance Post Award Operations team will update any financial reporting requirements in GMAS.

Although it is a best practice to update GMAS for *any* change to cost sharing, please refer to the chart below. Please note that based on the terms and conditions of an award, any of these types of changes may also require sponsor approval.

Table 1: Types of Changes

#	Type of Change	GMAS Cost Sharing Request	Dept Approval Required?
1	Change in total cost sharing amount	Required	Yes
2	Change from One Source to Another (to or from University, Sponsored, In-kind, subrecipient)	Required	Yes
3	Change from one sponsored fund to another sponsored fund	Required	Yes
4	Change from one University fund to another University fund	Recommended	No
5	Change to budget line items (no change to total)	Recommended	No
6	Change from one subrecipient to another	Required	Yes
7	Change of In-Kind source and/or description	Required	Yes
8	Change to or from Voluntary / Mandatory	Required	Yes

B. Reportable Cost Sharing Commitments in Subawards (when Harvard is the prime awardee)

For an outgoing subaward with reportable cost sharing commitment(s), the subaward cost sharing commitment is recorded in the GMAS cost sharing module, however, actual cost sharing expenses cannot be identified in the Harvard General Ledger (GL). When issuing the Action Memo for the subaward, OSP/ORR should clearly note the cost sharing commitment and any cost sharing reporting requirements in the Action Memo remarks.

Department/Local Level Managing Units

The department/local level managing unit is responsible for processing subrecipient invoices, obtaining cost sharing information from the subrecipient confirming cost sharing commitments have been met, retaining a record of the cost sharing commitment (uploading to GMAS is recommended) and providing subrecipient cost sharing to OSP Research Finance Team for reporting. For a multi-year subaward, the subrecipient is generally required to confirm the actual cost sharing expenses annually on the final invoice or the financial report of each budget period or provide a separate certified cost sharing report if required

by the subaward agreement. The subrecipient cost sharing report or certification must be obtained to meet the University's sponsored financial reporting requirements.

See Appendix A: Recommended Documentation to identify recommended documentation to be uploaded to GMAS document repositories in support of a cost sharing commitment

III. Cost Sharing Monitoring, Reporting, and Award Closeout

A. Tracking and Monitoring of Cost Sharing Expenditures & Commitments

Department/Local Level Managing Unit

Department/local level managing units are responsible for **ensuring that committed cost sharing expenses are posted to the correct applicable cost sharing account string(s)** in the GL when the cost sharing sources are University funds or sponsored funds. The use of a companion account is required for all committed cost sharing direct expenses associated with a sponsored award and should be coded using a sponsored activity and subactivity value with a non-sponsored fund. When the cost sharing source is another non-federal sponsored fund or in-kind contribution, cost sharing must be documented, tracked, and confirmed by the department/local level managing unit using alternative methods that are verifiable from University records (e.g., support letter demonstrating that the amount of contribution or commitment has been met).

The department/local level managing unit is responsible for **conducting regular reviews and reconciliations** of the award expenditures and related committed cost sharing expenses to ensure that the costs are allowable, allocable, reasonable, and consistently comply with University policies and sponsored award terms and conditions. Any in-kind contributions must also be monitored and reviewed to ensure these commitments are being met.

If the sponsor requires cost sharing reporting, the department/local level managing unit is responsible **for providing OSP Research Finance Team with cost sharing supporting documentation** including a reconciled HART Transaction Listing of cost sharing expenses posted in the GL, and reportable subrecipient cost sharing information when applicable. For in-kind cost sharing, all documentation maintained at the department/local level managing unit will be reviewed by OSP Research Finance Team to determine how the cost sharing commitment is reported to the sponsor.

See Appendix A: Recommended Documentation to identify recommended documentation to be uploaded

to GMAS document repositories in support of a cost sharing commitment

All cost sharing supporting documentation must be retained locally for audit purposes and should be uploaded to GMAS.

OSP Research Finance Team

The OSP Research Finance Team is responsible for tracking the cost sharing reporting due dates, requesting cost sharing supporting documentation from the department/local level managing unit, reviewing and validating cost sharing documentation including cost sharing information in GMAS, and cost sharing financial information in the general ledger and submitting the required cost sharing reports to the sponsor.

In general, cost sharing review is conducted at the time of financial reporting or invoicing. However, when financial reporting and invoicing is not required, an internal review of cost sharing will occur at the end of each budget year, which may require follow up with the department/local level managing unit to clarify potential issues or to request additional supporting documentation related to the award expenditures and cost sharing commitments.

B. Cost Sharing Reporting and Award Closeout

Frequency of Cost Sharing Reporting

For most federal awards, cost sharing expenses are reported as the “Recipient Share of Expenditures” in the Federal Financial Report (FFR) due at the end of the budget period or within 90-120 days after the end of the award, depending on the award terms.

One exception is the National Science Foundation (NSF), which does not require the grantees to submit FFRs for individual awards. NSF requires that cost sharing reports be submitted via [Research.gov](https://www.research.gov). The cost sharing reports for NSF awards must be submitted annually within 90 days **before the end of the current budget period** and within 120 days following the expiration of the award. The submission of cost sharing reports for NSF awards is closely coordinated between the OSP Research Finance Team, who reviews and confirms the actual cost sharing expenses posted in the GL and other related supporting documentation provided by the department/local level managing unit, and the OSP Grants

and Contracts Specialist/Officer who reviews and submits on behalf of the Authorized Organization Representative (AOR) the cost sharing report in Research.gov.

For non-federal awards, cost sharing reporting expenses should be reported according to terms and conditions. It may be required as part of regular invoicing (e.g., monthly or quarterly), or interim and final financial reporting. The OSP Research Finance Team will coordinate with the department/local level managing unit to determine the amount of cost sharing to be reported, which may require additional supporting documentation.

OSP Review of Cost Sharing Expenses for Reporting

When an award requires the reporting of cost sharing, OSP Research Finance reviews the cost sharing module in GMAS, the terms and conditions of the award, and the cost sharing expensed in the GL and/or supporting documentation provided by the department/local level managing unit. This review process generally follows the steps below:

- Review the cost sharing commitments in GMAS and review the cost sharing requirements listed in the terms and conditions of the award

For cost sharing expenditures in the GL:

Access the cost sharing expenses posted to the companion account by running a HART Transaction Listing or obtaining a HART Transaction Listing from the department/local unit for any cost sharing expenses that were not posted to a companion account.

- For sponsored contributions access the sponsored cost sharing account(s) in GMAS and the GL
- Review and confirm that the cost sharing expenses in the GL are consistent with the approved cost sharing commitments recorded in GMAS and that they are in accordance with the terms and conditions of the sponsored award
- Request the department/local level managing unit remove any unallowable cost sharing transactions and exclude these transactions from the cost sharing reporting to be submitted to the sponsor
- If there are sponsor-approved indirect costs as part of the total cost sharing commitments and the cost-sharing indirect costs are not captured on the non-sponsored fund in the GL (when the cost sharing source is a University fund or the sponsor's indirect cost rate is lower than the University's federally negotiated rate), OSP

Research Finance will prepare an OSP internal cost sharing indirect cost calculation summary sheet, which includes the total direct cost sharing and the calculated Indirect Costs using the IDC rate of the award. A copy of the sheet will be sent to the department/local level managing unit for review and signoff. The certified summary sheet is uploaded in GMAS and serves as verifiable cost sharing information in the University's official records.

- For cost sharing not posted in the GL, most commonly in-kind cost sharing commitments, OSP will obtain the supporting documentation from the department/local managing unit and confirm that the cost sharing obligation was fulfilled before submitting the cost sharing report to the sponsor.
- After the cost sharing is reported to the sponsor, OSP Research Finance uploads the submitted report, the HART Transaction Listing of cost sharing expenses, and any other relevant supporting documentation in GMAS.

See Appendix A: Recommended Documentation to identify recommended documentation to be uploaded to the GMAS Cost Sharing document repository

OSP Cost Sharing Review at Award End

As part of the award closeout process, if the award does not require any cost sharing reporting, the OSP Research Finance conducts a final review of the award expenditures and the cost sharing status, following the same review process for cost sharing reporting as previously mentioned, including the review of any related supporting documentation to validate the cost share commitment that was met.

When necessary, OSP will initiate a discussion with the department/local level managing unit, school officials, and OSP/ ORA if the cost sharing commitment did not meet the sponsor's requirement or if cost sharing expenses were not in compliance with University or sponsor's policy. In the event that cost sharing requirements were not met and the sponsor does not agree to reduce or remove the requirements, the PI, department/local level managing unit, and/or the school will be responsible for any financial loss due to the funding reduction by the sponsor.

Reconciling Cost Sharing Companion Accounts for Account Disabling

To close a sponsored account in the GL, the sponsored activity-subactivity combination must net to zero.

Sometimes a sponsored account may appear fully reconciled in GMAS with a zero balance in GMAS but fails to disable in the GL because of transactions to a non-sponsored fund using the same sponsored “activity-subactivity” combination. This situation occurs when a companion account is used for cost sharing and the cost sharing transactions are posted in the current fiscal year, or if there are prior year deficit balances carried forward at the sponsored activity-subactivity level. To reconcile a companion account, the department/local level managing unit should do the following:

1. Run a HART Transaction Listing (with balance forward) and enter only the sponsored “activity-subactivity” values in the search fields.
2. Then sort the results by fund for the current fiscal year period. This will identify any fund values with balances that need to be reconciled.
3. To reconcile the accounts in the GL, the department/local level managing unit can process one of the following entries:
 - a. For deficit balances, a journal to allocate income can be processed to fund the expenditures, or expenditures can be transferred to a non-sponsored fund so that income and expenditures net to zero
 - b. For surplus balances, a journal to remove income can be processed, or additional expenditures can be posted to the account so that income and expenditures net to zero
 - c. The department/local level managing unit can also elect to process an entry using object code 5910, activity 000000, and subactivity 0000 to offset the balance on the account and allow it to be disabled. However, please note that any surplus or deficit that existed will need to be addressed later. The entry against 5910 is only for disabling purposes.

OSP Research Finance can also process this entry upon request to facilitate disabling. Example: The sponsored activity-subactivity combination 377171.0001 is failing disabling, even though it appears reconciled in GMAS. After running a HART Transaction Listing (with balance forward), fund 026670 is identified as having a \$15,000 deficit that is preventing 377171.0001 from being disabled. The following entry can be made in the GL to balance the companion account, allowing the fund to disable.

Credit: 125.45300.5910.026670.377171.0001.15399 OBJ ***(\$15,000)***

Debit: 125.45300.5910.026670.000000.0000.15399 \$15,000

- d. Once a reconciling entry has been made in the GL and there are no other transactions that would put it out of balance, the sponsored activity-subactivity will be queued for

the [monthly disabling process in the GL](#).

- e. In the event the sponsored activity-subactivity fails to disable, OSP Research Finance receives a monthly exception report identifying accounts that fail to disable. OSP Research Finance will research the reason for the failure and may use a HART GLAM report to identify the chart values causing the failure. Once adjusting entries are processed to reconcile the sponsored activity-subactivity, the account will be re-queued for the month's disabling feed.

Appendix A: Recommended Documentation

Table 2: University Contributions Documentation

Document	Description	At Proposal Phase	At Award Phase	During Award Phase	At Closeout Phase	GMAS Repository
Budget (See Note 1)	Included in proposal package	Required				Request
Revised Budget (See Note 1)	Included in proposal package		Required (if changed from proposal)	Required (if changed from awarded amt)		Request
Transaction Listing	HART Report			Required (at reporting)	Required	Cost Sharing

Table 3: Sponsored Contributions Documentation

Document	Description	At Proposal Phase	At Award Phase	During Award Phase	At Closeout Phase	GMAS Repository
Approval from sponsor, whose funds are proposed as cost sharing	Approves use of funds for cost sharing	Required		Required (if changed from Awarded amt)		Cost Sharing
Revised Budget (See Note 1)	For sponsored funds		Required (if changed from proposal)	Required (if changed from award)		Cost Sharing

Acknowledgement of reduced commitment	Provided by sponsor, if commitment is not met			Required (if reduction is known during the award)	Required	Cost Sharing
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Table 4: Subrecipient Documentation

Document	Description	At Proposal Phase	At Award Phase	During Award Phase	At Closeout Phase	GMAS Repository
Cost Share Commitment	Subrecipient commitment to cost share	Required				Subagreement
Budget (See Note 1)	Included in subagreement	Required				Subagreement
Revised Budget (See Note 1)	Included in Subagreement		Required (if changed from proposal)	Required (if changed from award)		Subagreement
Confirmation of Cost Share commitment	From sub recipient indicating commitment was met.			Required (at reporting)	Required (may be noted on invoice)	Cost sharing

Table 5: In-Kind Documentation

Document	Description	At Proposal Phase	At Award Phase	During Award Phase	At Closeout Phase	GMAS Repository
Value & Description of In-Kind Commitment	Provided by entity best able to identify the value of the goods or services	Required	Required (if changed from proposal)	Required (if changed from award)		Cost Sharing
Confirmation In-Kind commitment was met	Provided by entity best able to identify the value of the goods or services			May be required at reporting	Required	Cost Sharing

Note 1: Budget & Revised budgets containing cost share information are noted here for consistency, but they are typically included in the proposal package (or subagreement for subrecipient cost sharing) and can be uploaded as they currently are in the Request or Subagreement document repositories. There should be no duplication of uploaded documents.

In addition to the documentation noted above that is uploaded by the department/local level managing units, OSP Research finance uploads all approved invoices and reports to the financial deliverables repository which include cost sharing information when applicable.

Appendix B: School Specific Cost Sharing Signature Guidance

- [FAS Cost Sharing Guidance](#)

Other Resources

[Cost Sharing Policy](#)

[Cost Sharing FAQ](#)

[Cost Sharing GMAS Job Aids](#)