



POLICY & PROCEDURE DOCUMENT

NUMBER: 3.2651
2.2651

DIVISION: Finance and Administration
Research

TITLE: Grants and Contracts Accounting - Cost Sharing and In-Kind Match

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I. Purpose and Scope

The purpose of this document is to establish policies for tracking/calculating/reporting cost-share for restricted accounts.

II. Policy

1. Many funding agencies require and/or encourage an institution to contribute funds towards a restricted project during the application and/or negotiation process. This is called matching or cost-sharing and may either be in the form of reallocated or unallocated cash.
 - a. "Reallocated" means a department agrees to spend part of its established budget on behalf of the restricted project (such as a faculty member's release time, office supplies, telephone, etc.).
 - b. "Unallocated cash" is a Western Kentucky University (WKU) contribution of unbudgeted cash specifically for that project. This is also known as cash match and typically comes from a department or college budget.
2. Cost sharing is not to be confused with the term "in kind" contribution, which comes from a third party. "In-kind" may be donated services, supplies, equipment, space, etc. received by WKU that does not involve a direct cash outlay from WKU.
3. All matching requires evidence of direct contribution to the project, and must meet the following general criteria:

- a. Be verifiable from the accounting records;
 - b. Not be included as contributions for any other restricted project;
 - c. Must be necessary and reasonable for proper and efficient accomplishment of the project;
 - d. Must be an allowable cost, and reflected in the project's budget;
4. The PI is responsible for ensuring that all cost-sharing commitment is tracked, kept current, and documented in an auditable format. Specific match percentages must be monitored by the PI to ensure this requirement is being met. Grants and Contracts Accounting also monitors specific percentage match.
 5. Cost sharing dollars are expected to be spent as promised in the proposal and are held to the same standards as the grant. Once the grant period is over, if all matching requirements have been met to the satisfaction of the sponsoring agency and budget remains in the cost share index, the remaining budget will be returned to the contributing department.

III. Procedure

1. WKU tracks cost sharing just like any other restricted or unrestricted index.
2. Cost sharing indexes are assigned to mimic the grant/contract in numbering.
 - a. Grant/contracts all have index numbers starting with 5 (5XXXXX) followed by 5 digits.
 - b. Cost sharing index numbers start with 6 followed by the same 5 digits as the grant/contract (6XXXXX). Cost sharing indexes have their own specific GL index just like the grants/contracts. Charges are posted directly to them as any other index.
3. Reallocated & Unallocated Cash Match

For projects involving a WKU commitment of reallocated or unallocated cash match, GCA creates a separate index at the time the project index is established. Documentation supporting all cost-sharing must be maintained with the grant documentation.

4. In-kind Match

In-kind match is not documented in Banner because no actual cash is exchanged. However, there must be documentation provided on behalf of the third party contribution and this documentation should be maintained in the grant file.

IV. Reason for Revision

May 2016

Five year policy review per policy 0.000V – no changes made other than including the provost under “Authorized by” as part of the ORCA reorganization.

May 2021

Revisions made to Sections II & III as part of the fifth-year review in accordance with Policy 0.000V Policy on Policies.

V. Related Policies

All 3.25xx, 3.26xx and 3.27xx policies