

Sponsored Programs Foundation Cost-Sharing documentation and Retention Procedures

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Purpose:

Humboldt State University Sponsored Programs Foundation is responsible for recording cost sharing and maintaining records that are subject to audit. If cost sharing documentation is not maintained, costs may be disallowed and future funding jeopardized. This document outlines procedures to be followed when an award has a cost-sharing requirement.

Definition:

Cost sharing:

- Is not provided by the project sponsor as the Foundation has agreed to fund it.
- Can be called “Cost Sharing,” “In-kind” or “Matching.”
- Should be included in the itemized costs of the project’s budget that has been approved by the sponsor.
- Cost sharing can be either:
 - Mandatory: Cost contribution required by the sponsor as a condition of the award.
 - Voluntary: Cost contribution voluntarily offered by the Principal Investigator and accepted by the sponsor.

Federal Regulations Regarding Cost-Sharing:

Per OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, “All contributions, including cash and third party in-kind, shall be accepted as part of the recipient’s cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the recipient’s records.
- (2) Are not included as contributions for any other federally-assisted project or program.
- (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- (4) Are allowable under the applicable cost principles.
- (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- (6) Are provided for in the approved budget when required by the Federal awarding agency.
- (7) Conform to other provisions of OMB A-110, as applicable.”



Procedures:

A. Set-up Cost-Sharing requirements in PeopleSoft

Upon acceptance the award documents will be given to the Grant Analyst. The award documents must contain the matching requirements. The Grant analysts are responsible for reviewing the award documents and entering cost match requirements into the PeopleSoft grants module. The PeopleSoft module will note the type (3rd Party Cash/In-Kind, University Cash/In-kind, Foregone Indirect Cost) and amount/ratio required.

B. Allowable costs that may be claimed for matching

The allowability of specific costs as cost sharing is usually determined by the sponsor's award terms and conditions. Cost sharing expenses must meet the same requirements that apply to costs that are directly charged to a project and OMB A-110 and A-21 guidance. Cost-sharing may be comprised of direct or in-direct costs. Examples of appropriate cost-sharing are:

- Faculty or Staff Effort
- Equipment
- Other Direct Costs allowed in the award such as travel expenses and laboratory supplies
- Indirect Costs (Facilities and Administrative Costs (F&A))

Examples of expenses that are not appropriate cost-sharing:

- Administrative salaries, services and supplies that are not appropriate as direct costs, but are included within the F&A rate, as stated in OMB A-21 section F.6.(b).
- Audit costs
- Entertainment, alcohol, advertising costs
- Other unallowable costs as defined in A-21, section J.
- Cost incurred outside the project period

C. Documenting Cost-Sharing

Third-Party Effort: If cost sharing obligations are provided by third-party effort, documentation should be obtained by the Principal Investigator. A recommended Third Party Cost Sharing Form located on the SPF's website is available. The Principal Investigator must sign the form, indicating approval, and forward the letter to the Foundation. The Director of Sponsored Programs will approve the form and the Grant Analyst will scan the letter to be retained in the project's cost share folder.

Third Party Contributions: If donated supplies, equipment, or other contributions are provided by third-parties for cost-sharing, the Principal Investigator is responsible for providing appropriate documentation, such as invoices, to the foundation. Items should be valued in accordance with the applicable cost principles, which is usually fair market value. A recommended Third Party Cost Sharing Form located on the SPF's website is available. The Principal Investigator must sign the form, indicating approval, and forward the letter to the Foundation. The Director of Sponsored



Programs will approve the form and the Grant Analyst will scan the letter to be retained in the project's cost share folder.

University Effort: For contributions of employee time, Level of Effort Forms must be completed by the contributing employee, reviewed, and approved by the Principal Investigator. The Principal Investigator is responsible for turning in the Level of Effort Forms to the Grant Analyst. Once received the Grant Analyst will ensure that correct payroll information was used to calculate the cost-sharing amount claimed. The Grant Analyst will scan the forms to be retained in the project's cost share folder.

Foregone Indirect Costs: Foregone Indirect Costs used for matching requirements must be documented by the grant analysts and retained within the project's cost share folder. For example, if Humboldt State University's negotiated IDC rate is 45% and the sponsoring agency's rate is capped at 25%, the 15% difference is unrecovered for foregone In-Direct Cost that can be claimed as in-kind cost-sharing. These contributions cannot be counted as "cash match" cost sharing.

D. Monitoring and Reporting of Cost-Sharing

Grant Analysts will at least quarterly run a query in the CFS grants module, pulling data from the grants module. This query will identify projects with cost sharing requirements and other pertinent information.

Based on the query results, the Grant Analysts will analyze the cost share that has been contributed and ensure proper documentation is obtained. Grant Analysts will also document foregone In-Direct costs calculations. All cost-sharing documentation should be contained either in the project's cost share folder on the Sponsored Programs drive or within PeopleSoft identified with the project's cost-share program code. If the Grant Analyst identifies a project that is not making adequate progress to meet the required cost-sharing level, they will contact the Principal Investigator and take steps to ensure that the situation is remediated. After the analysis is complete, Grant Analysts will report the status of cost sharing by project to Financial Services. When a project has reached its close date the Grant Analysts will perform a final review of cost-sharing and ensure all required amounts have been met and documented.