



## **Cost Share/Matching Funds/In-Kind Contribution Procedure**

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On December 26, 2014, the federal government implemented new guidelines for the management of grants, referred to as the Uniform Guidance (2 CFR §200), that replaced OMB Circulars A-21, A-110 and A-133. Awards issued prior to this date will continue to be managed under OMB Circulars. This document is applicable to grants awarded after December 26, 2014 and references the Uniform Guidance.

### **BACKGROUND**

“Cost Sharing,” “Matching,” or “In-Kind” contributions are defined as the portion of the cost of a sponsored project that is borne by the University as a specific contribution to that project. Cost sharing must be verifiable from University records, necessary and reasonable for proper and efficient accomplishment of the project, and allowable under Federal cost principles and regulations (2 CFR § 200.29, 200.99, 200.306, 200.403). Cost sharing should be limited to those situations where it is an eligibility requirement for a proposal submission, or when marked in the Notice of Funding Opportunity that institutional support and/or cost sharing is included as a review criterion.

### **PROCEDURES**

#### **Proposals including Cost Share**

- Principal Investigator (PI) identifies any cost sharing that will be included in the proposal.
- When submitting the online PI Checklist, PI indicates that cost sharing will be included in their proposal in the “Indirect Costs” and/or “Project Information” section(s).
- All cost share commitments must be approved by the unit providing the resources (i.e. Deans must sign a *Notice of Cost Sharing / Matching Contribution* form for all faculty time included as cost share).

#### **Budget Preparation**

- Grant Administrator (GA) confirms with PI that cost sharing/matching funds are being proposed/requested.
- GA reviews the proposal guidelines and determines if the sponsor requires the cost share.
- GA consults with the PI to create a separate cost sharing section in the draft proposal budget, highlighting the cost share commitment, using the recommended Pre Award budget template.
- The GA is responsible for identifying cost sharing commitments whether or not the PI has indicated that there is a cost share commitment on the PI checklist. In some cases, questions may arise regarding what constitutes cost sharing. The following are examples of cost sharing:
  - Providing in-kind effort to the project (e.g., requesting no salary from the sponsor but providing effort on the project).
  - Using less than the full rate of pay to calculate faculty salary for a proposal budget (e.g., replacement rate).
  - Providing student support but not requesting compensation for the students on the grant (i.e., commitment of volunteer time).

- GA reviews the proposed cost share budget to determine if expenses are allowable and allocable to the proposal.
- In the Cayuse Proposal Record, the GA enters information about the Cumulative Budget Period (all years) under “Cost Sharing Information” in the “Budget Data” section of the *Summary* page:

BUDGET DATA			
Performance Dates	Begin Date	End Date	Cost Sharing Information:
First Budget Period:	<input type="text"/>	<input type="text"/>	Mandatory Committed <input type="radio"/> Yes <input type="radio"/> No Amount: <input type="text"/> Source: <input type="text"/>
Cumulative Budget Period:	<input type="text"/>	<input type="text"/>	Voluntary Committed <input type="radio"/> Yes <input type="radio"/> No Amount: <input type="text"/> Source: <input type="text"/>

### Approval of Cost Share Commitment: Notice of Cost Sharing / Matching Contribution form

- GA completes a *Notice of Cost Sharing/Matching Contribution* form, then forwards to the PI to review for accuracy. PI signs and then collects all other signatures.
- The budget category/categories of the proposed cost sharing, cost share type, and dollar amount provided on this form must match the information on the proposal’s cost share budget.
- The Organizational Unit(s) that will support the cost share must be identified on this form.
- PI submits the form to an official representing the Organizational Unit(s) making the cost share commitment(s) for their review and approval signature(s).
- PI returns completed form to ORSP.
- Original copy is included as a part of contract/award’s budget and kept in the proposal folder; copies are sent to the PI and the Cost sharing/matching Department/School or Institution.
- In the Cayuse record for the proposal, the GA uploads a copy of the signed/completed *Notice of Cost Sharing/Matching Contribution* form on the *Documents* page. The GA also checks “Yes” to the question *Cost Sharing Authorization Form Attached?* in the “Investigator Data” section of the *Summary* page.
- A copy of the signed *Notice of Cost Sharing/Matching Contribution* form is routed via email with several other proposal documents to the AVP Fiscal Affairs, College Dean, AVP Research & Sponsored Programs, and ORSP Director for review and approval; the accompanying email notes the proposed cost sharing.
- The AVP for Fiscal Affairs reviews the proposed budget, including the proposed cost sharing, and gives official University approval of the final proposal budget.

### Cost Share Budget Set-up

- Once the proposal has been funded and ORSP receives an award notice, GA reviews the budget approved by the funding agency and verifies if any committed cost share was included in the proposal budget and in the notice of award.
- GA cannot create a project for an award with cost sharing without a completed and signed *Cost Sharing/Matching Contribution form*;** if one doesn’t already exist, GA must circulate for appropriate approval signatures as detailed above.
- If the cost share amount approved in the notice of award differs from that approved on the *Cost Sharing/Matching Contribution* form, a new form may need to be collected.
- If the awarded amount is less than what was included in the proposal budget, ORSP will contact the sponsor to negotiate a possible reduction in the cost share commitment associated with the award.
- When creating the Budget Request form to set-up the project budget, GA checks the box to indicate a Cost Share project and indicates the amount to be contributed and the project number for the cost share project.

- GA includes the details of cost share under “list any legal restrictions or other stipulations governing the use of funds in this account.”
- A second Budget Request form is created and routed to create the cost share project.
- When the Budget Request forms have been fully routed for approval signatures, Fiscal Affairs creates both project accounts in the Common Financial System (CFS).
- For cash-funded cost-share projects, the GA creates a Journal Entry (JE) form to transfer funds from the projects/accounts listed on the Cost Sharing/Matching Contribution form:
  - The JE will only transfer direct costs to the cost share project.
  - GA receives signature approval from the Unit contributing the funds on the JE form.
  - GA receives signature approval from the Director of ORSP on the JE form.
  - GA sends the JE form to Fiscal Affairs for processing.
- For cost share projects involving forgone indirect costs and in-kind contributions, the amount of the committed cost share will be budgeted as revenue by Fiscal Affairs.
- In cases when the use of equipment or contributed space, etc. is considered cost sharing, a letter signed by the contributing party will be placed in the award folder with an explanation of the cost share and the estimated amount/value of the cost share. This amount will then be verified by the PI prior to the completion of financial reports.

### Monitoring Cost Share Commitments

- A copy of the cost share budgets is forwarded to Compliance Unit, who identifies and enters all information on cost shared labor into the Time and Effort Database.
- Verification of Cost Shared Expenses:
  - All cost share expenses should be charged directly to the cost share project.
  - PI and GA periodically review expenses that post to the cost share project and verify that they represent all of the cost share expenses for the period being reported.
  - The Compliance Unit includes the percent effort contributed to the project in time and effort reporting by including the information contained in the cost share budget.
  - The value of the cost shared labor is verified in the University’s payroll records.
  - Cost shared labor is certified by the PI in the time and effort reporting process.
  - If the time and effort reports do not support the budgeted amounts, the Compliance Unit will contact the PI to resolve the discrepancy.

### Award Closeout Procedures

- Ninety days before the end of the project, GA contacts the PI to initiate close out procedures for the project and the cost share project.
- One month before the due date of a financial report for a sponsored project with cost sharing, the Fiscal Affairs Accountant (FAA) emails the GA to ask for confirmation that the balance in the cost share project is correct and to stipulate the time period of the financial report.
- The GA confirms with the PI or Department Administrator that the expenses posted to the cost share project represent all of the cost share expenses for the period being reported:
  - If the PI confirms that there are additional cost share expenses that will post to the cost share project, GA informs the FAA.
  - GA works with the PI and department to post the additional expenses to the cost share project.
- GA provides the FAA the cost share figures confirmed from the cost share project report or confirmed by the in-kind reporting sheets.
- FAA includes the cost share expense amount confirmed by the GA in the financial report for the project.