



# Administrative Procedure

## Contracts and Grants Policy

Number: 906  
Effective: 4/18/03  
Supercedes:  
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**Subject:** COST SHARING & IN-KIND COMMITMENTS

### Policy

Cost sharing represents that portion of the project or program costs not borne by the sponsor. The provision of University cost sharing is an important component to the success of grants and contracts and to successful program completion. The process of providing cost sharing and cost sharing documentation on a grant includes many parties such as: the principal investigator (PI), the Office of Research and Sponsored Programs (ORSP), UAS Contracts and Grants (UAS), the various colleges, departments/divisions/schools and other University units within CSULA, and in some instances, outside partners. Considering the administrative requirements and responsibilities inherent in the cost sharing commitment, the appropriate University administrator should weigh the research program against the financial impact of each cost sharing commitment, prior to making such commitments.

Specified cost sharing can be voluntary or mandatory and can take the form of either cash contributions or in-kind contributions. Cost shared expenses, whether mandatory or voluntary, are to be accounted for separately for each project. Acceptable sources/types of cost sharing expenses are provided in Appendix A to this policy. Records for cost sharing are retained for the same periods as the records for the related sponsored project, usually a period of three (3) years from the date of submission of the final expenditure report as specified in OMB Circular A-110.

### Definitions

Cost Sharing -- Cost sharing refers to the resources contributed or allocated by the University and/or external sources to a sponsored project over and above the support provided by the extramural sponsor of the project.

Mandatory Cost Sharing -- Mandatory cost sharing is that portion of cost sharing that is required by means of statute, law or sponsor guidelines. The sponsoring agency's program guidelines typically indicate whether or not cost sharing is mandatory for submissions to that agency or for submissions to a specific program.

Voluntary Cost Sharing -- Voluntary cost sharing is that portion of cost sharing that the University and/or external source formally commits to a project of its own initiative, when there is not a specific sponsor requirement. Voluntary cost sharing commitments are monitored and reported using the same procedures as mandatory cost sharing obligations.

Approved:

Date: 4-18-03

Cash Contributions -- Cash contributions represent CSULA's cash outlay, including the money contributed to the University by non-Federal third parties for the purposes of cost sharing on a specific project.

In-kind Contributions -- In-kind contributions represent the value of all non-cash contributions, including services and equipment use provided by the University and/or non-Federal third parties. Services and equipment that are included in the University's federally negotiated facilities and administration (indirect) costs are not considered in-kind contributions.

University Administrator -- The University administrator for purposes of this policy is any employee (college dean, department/division/school chair or other administrator authorized to enter into cost sharing commitments) who has responsibility for the management of University resources and the authority to pledge and the responsibility to monitor such resources for cost sharing.

### **Procedures**

- During the budget preparation process and before a proposal's budget is prepared in final form by ORSP, the PI must obtain at least informal approval for cost-sharing arrangements from the relevant University administrator(s).
- The PI then works with ORSP to assure accurate budget preparation, including information on the required level of mandatory cost sharing or the agreed upon level of voluntary cost sharing.
- The PI and ORSP work together to obtain required signatures on the internal Proposal Approval form to authorize cost sharing obligations included in the budget proposal. These include signatures of the authorized University Administrator(s) and outside partners (often attached as a letter), as appropriate.
- When an award for a project is received by UAS and assigned a Project/Grant ID code, any cost sharing obligations will be outlined in a Cost Sharing Cover Memo (see attached sample) and included in the award packet generated by UAS and forwarded to the PI, the designated University administrator(s), the dean of Graduate Studies and Research, ORSP and the University Controller's office.
- The designated University administrator(s) will initiate a request to set up the cost share allocation on the CSULA General Ledger. This will use the Project ID code that was assigned by UAS for the particular award. If the award includes cost sharing from outside parties, the PI and UAS work together to determine how best to document and manage this cost sharing contribution. Typically, an outside partner provides UAS with a letter of commitment and, on a schedule specified in the agreement, the partner remits the actual certified cost sharing incurred, along with backup supporting documentation.
- The PI and the designated University administrator(s), usually the college dean, are responsible for tracking cost sharing commitments to ensure that resources are not committed for more than 100% of their time/value.

- The PI and the same University administrator(s) are also responsible for monitoring their cost sharing commitments to assure that the total amount of funds is spent and reported properly and according to the terms of the award.
- The PI and designated University administrator(s) will document and reconcile the time and effort of personnel pledged to the cost sharing component of an award, using the attached Cost Sharing Certification form. If cost sharing is from sources outside of CSULA, the PI and the University administrator are responsible for obtaining the documentation of cost sharing.
- When project expenses result in more charges to a sponsored account than were funded, the amount of the over-expenditure is accounted for in the same manner as cost sharing. These costs represent project costs being borne by the respective University organization (i.e. college/department/division/school).
- On a quarterly basis, the responsible University administrator, usually the college dean's office, will submit to UAS, with a copy to the PI, the Cost Sharing Certification form (see attached) showing a summary of expenditures with a description of cost sharing activities, along with supporting expense documentation.
- At the end of a project, the University administrator will provide a final report of cost sharing to UAS and the PI, with a written explanation of deviations, if the actual cost sharing is not equal to the original cost sharing commitment.

Appendix A provides additional information about allowable cost sharing. Samples of the Cost Share Cover Memo, Cost Sharing Certification, and Cost Sharing Report are also attached.

This policy is effective immediately and remains effective until further notice.

**APPENDIX A**  
**COST SHARING & IN-KIND COMMITMENTS**

Costs are allowable as a University cost sharing contribution in grants and contracts provided they:

- Qualify as allowable costs under provisions of OMB Circular A-21.
- Are provided for in the approved budget when required by the sponsoring agency.
- Do not duplicate the type of costs included in the University's indirect costs rates.
- Have not been charged to any other contract or grant.
- Are verifiable from the University's records.

**Acceptable Cost Sharing Items**

Cost sharing or matching may consist of the following cost elements used to further project objectives:

1. Salaries of faculty or staff who are paid by the University or UAS, and who devote a percentage of their compensated time to a sponsored project, without receiving reimbursement from the sponsor.
2. Fringe benefit costs associated with cost shared salaries.
3. Indirect costs foregone, where the application requests less than the federally approved negotiated rate, and where the sponsor does not prohibit the use of indirect foregone as cost sharing.
4. Rent when there is less than full recovery of indirect costs.
5. Other direct costs, such as supplies, equipment, or travel that are paid for from nonfederal funding sources.
6. Project costs financed by cash contributions by the recipient, or by cash donated to the recipient by third parties.
7. Project costs represented by services and property donated by third parties (non-Federal public agencies and institutions, private organizations, and individuals).

***Cost Sharing Valuation Methods:***

1. **Recipient In-kind Contributions:** Values for recipient in-kind contributions must be in accordance with applicable cost principles (generally OMB Circular A 21). Grantee institutions are only allowed to offer goods and services as cost sharing when they are able to verify the value from their records. A faculty member who is released from some part of his/her teaching load could devote that released time to a project (if corresponding reimbursed time is not realized from the project), and this compensated time could be used as cost sharing.
2. **Third Party In-kind Contributions** OMB Circular A 110 is the primary source for determining the allowability of cost sharing. Subpart C, Section .23 of that circular provides definitions and guidelines for the computation of cost sharing and matching. The attachment clearly allows for the use of volunteer services as cost sharing, but only when such services are provided by non-federal third parties.

Contact the Office of Research and Sponsored Programs at Adm. 301 for additional information about cost sharing.

**Appendix A.1- Administrative Procedure 906**

**Sample Cost Share Cover Memo**

Dear University Administrator:

A new award has been received that requires cost sharing on the part of the CSULA. The award has been set up by the UAS Contracts and Grants Administration as Project Number XXXXXX. Please use this same Project Number when creating the cost share budget in the CSULA General Ledger.

Attached you will find a copy of the budget and cover sheet specifying the source of the Cost Share amounts. I have summarized, below, the Cost Share information

	<b>Source 1</b>	<b>Source 2</b>	<b>Source 3</b>	<b>Totals</b>
Salaries	\$	\$	\$	\$
Fringe Benefits	\$	\$	\$	\$
Equipment	\$	\$	\$	\$
Totals	\$	\$	\$	\$

The period of the award runs from (mo./date/yr.) to (mo./date/yr.).

Please provide me with quarterly reports as of September 30, December 31, March 31 and June 30, as documentation of CSULA's cost sharing for this project. I will need to include this information in my file for proper record keeping purposes. Please call me at extension 3-xxxx, if you have any questions.

Sincerely,

Contracts and Grants Financial Analyst

Copies to: University Budget Office  
Principal Investigator  
School/Unit Resource Manager

Appendix A.2 –Administrative Procedure 906

**Cost Sharing Certification**

**Project Title:** \_\_\_\_\_

**Principal Investigator:** \_\_\_\_\_

**Project Award Period:** \_\_\_\_\_

**Cost Sharing Reporting Period:** \_\_\_\_\_ to \_\_\_\_\_

Describe the cost sharing activities and the cost sharing expenditures that are being reported for the cost sharing reporting period: I certify that the cost sharing activities described above are true statements of activities for this reporting period:

Cost Sharing Activities

Cost Sharing Expenditures

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Printed Name

Signature

Copies to: UAS  
University Budget Office  
Principal Investigator

**Appendix A.3-Administrative Procedure 906**

**Sample Cost Sharing Report**

<b>Qtr. Ending</b>	<b>30September</b>	<b>31 March</b>	<b>30 June</b>	<b>Totals</b>
Salaries				
Fringes				
Equipment				
Totals				

In the space below, please provide an explanation of deviations, if the actual cost sharing is not equal to the original cost sharing commitment.

**Prepared & Signed By:** \_\_\_\_\_, **University Administrator**

**Print Name:** \_\_\_\_\_

Copies to: UAS C&G Financial Analyst  
Principal Investigator  
University Budget Office