EXECUTIVE ORDER 07-2003
POLICY VPFA-AVPSPFM-03.00
ISSUED: 18/JUL/03
REVISED:

COST SHARING AND COST MATCHING FOR SPONSORED PROGRAMS

1. PURPOSE:

SUAGM POLICY VPFA-AVPSPFM-03.00, COST SHARING AND COST MATCHING FOR SPONSORED PROGRAMS defines COST SHARING & COST MATCHING and establishes procedures to identify, propose, approve, and administer SUAGM’s portion of funding for SPONSORED PROGRAMS.

2. AUTHORITY:

Vice-President of Financial Affairs
Assistant Vice-President of Sponsored Programs Financial Management

3. POLICY STATEMENT:

COST SHARING and COST MATCHING requirements related to a SPONSORED PROGRAM must be identified, proposed and approved before an application for assistance is submitted to a SPONSORING AGENCY. SUAGM discourages VOLUNTARY COST SHARING and COST MATCHING as a means of obtaining SPONSORED PROGRAMS and such costs may not be included in a proposal unless they are specifically required to accomplish the program objectives. All proposed COST SHARING or COST MATCHING must be specifically identified on a CS/CM CERTIFICATE in order to accurately administer and record such contributions.

4. DEFINITIONS:

ADMINISTRATION – means general administration and expenses, departmental administration, sponsored program administration, student administration and services, and any other costs not classified as Facilities

SPONSORED PROGRAM AWARD AND/OR ADMINISTRATION – includes all activities related to the preparation, revision, packaging and/or submission of a proposal to a SPONSORING AGENCY; all decision making activities regarding the subcontracting or purchasing of goods and/or services utilizing funding from a SPONSORED PROGRAM; and the general or financial management of a SPONSORED PROGRAM including, but not limited to budgeting, purchasing, reporting, accounting, travel preparation, disbursements, collections, inventory and SPONSORED PROGRAM close-out.

COST MATCHING – a type of COST SHARING, wherein a contribution to a SPONSORED PROGRAM is pledged to match some portion of funds provided by the SPONSORING AGENCY

COST SHARING – defined as all contributions not borne by the SPONSORING AGENCY, including cash and third party in-kind contributions, which meet all of the following criteria: Verifiable in SUAGM’s records, not included as contributions for any other federally-assisted SPONSORED PROGRAM, necessary and reasonable for the accomplishment of the SPONSORED PROGRAM’S objectives, allowable under agency guidelines or the specific SPONSORED PROGRAM agreement, not
paid by the Federal Government under another award (except where authorized by Federal statute to be used as COST SHARING or matching), provided for in the approved budget when required by the Federal awarding agency, and conform to other agency guidelines.

**CS/CM CERTIFICATE** – written proposal and approval of MANDATORY or VOLUNTARY COST SHARING OR COST MATCHING

**F&A COSTS** – acronym for Facilities & Administrative Costs

**F&A COST RATE** – Federally negotiated and approved rate for the recovery of Facilities & Administrative Costs incurred

**FACILITIES** – refers to depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses and library expenses

**FACILITIES & ADMINISTRATIVE COSTS** – means costs incurred for common or joint objectives not readily and specifically identified with a particular SPONSORED PROGRAM, instructional activity, or other institutional activity. F&A costs are synonymous with "indirect" costs.

**IN-KIND CONTRIBUTION** – means the value of non-cash contributions not borne by the SPONSORING AGENCY, which may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the SPONSORED PROGRAM

**MANDATORY COST SHARING** – a binding contribution to a SPONSORED PROGRAM required by the SPONSORING AGENCY as a condition of obtaining the award

**OMB** – acronym for the Executive Office of the President, Office of Management and Budget

**POLICY VPFA-AVPSPFM-03.00** – the index number assigned to the policy pertaining to the Vice-President of Financial Affairs, Assistant Vice-President of Sponsored Programs Financial Management, Policy number three (03), Original version (.00)

**PROJECT** – a collection of processes, activities, and supporting resources, whose objective is to carry out SUAGM’s mission or specific program-associated elements of that mission

**SPFM** – acronym for the Assistant Vice-President of Sponsored Programs Financial Management

**SPONSORED PROGRAMS** – all PROJECTS financed through an external funding source including Federal, State, Municipal, or Local Government and/or Private agencies and organizations which involve the performance of work in the form of instruction, research, service and/or support

**SPONSORING AGENCY** – means an organization providing external funding for the performance of SPONSORED PROGRAMS

**SUAGM** – acronym for Sistema Universitario Ana G. Mendez refers to the Central Administration and all its Colleges, Universities and Centers, including, but not limited to Universidad del Este (UNE), Universidad Metropolitana (UMET), Universidad del Turabo (UT) and Centro de Telecomunicaciones y Educacion a Distancia (CETED)
VOLUNTARY COST SHARING - a binding contribution to a SPONSORED PROGRAM not required by the SPONSORING AGENCY as a condition of obtaining the award

5. OVERVIEW:

SUAGM has created this policy in accordance with agency guidelines to establish written procedures and responsible parties for the identification, proposal, approval and administration of COST SHARING and COST MATCHING funds. This policy reflects SUAGM’s mutuality of interest with the SPONSORING AGENCY to share the cost of accomplishing the objectives set forth in the program proposal.

COST SHARING is considered an eligibility criterion, rather than a review criterion and any COST SHARING offered by SUAGM in excess of the required amount is not a factor in the review of a proposal and as such, is discouraged.

COST SHARING and COST MATCHING are binding commitments and are subject to audit. Audits must be able to verify that: SUAGM’s accounting system captures COST SHARING or COST MATCHING identified with a particular SPONSORED PROGRAM; adequate source documentation for claimed COST SHARING or COST MATCHING exists; the claimed COST SHARING or COST MATCHING is of a type permissible under agency rules and the relevant SPONSORED PROGRAM agreement; there is a clear valuation of in-kind donated contributions; support for COST SHARING or COST MATCHING contributions by sub-recipients is documented; and there are completed annual CS/CM CERTIFICATES for awards with COST SHARING OR COST MATCHING requirements of $500,000 or more.

6. PROCEDURES:

IDENTIFY COST SHARING OR COST MATCHING REQUIREMENTS

- SUAGM officers, employees, associates and agents involved in SPONSORED PROGRAM AWARD AND/OR ADMINISTRATION must identify whether or not a SPONSORING AGENCY or SPONSORED PROGRAM requires COST SHARING or COST MATCHING before considering submittal of a request for proposal.

- SUAGM officers, employees, associates and agents involved in SPONSORED PROGRAM AWARD AND/OR ADMINISTRATION should refer to the agency guidelines and/or PROJECT regulations which clearly indicate the amount of COST SHARING involved, whether it be a percentage of the total cost or a specified amount.

PROPOSE COST SHARING OR COST MATCHING CONTRIBUTIONS

- Proposed COST SHARING or COST MATCHING contributions may be made from any non-Federal source, including non-Federal grants or contracts, but may only be counted as COST SHARING toward a Federal SPONSORED PROGRAM once.

- Proposed contributions may be in any allowable budget category or combination of categories, but when direct cost items are contributed to the SPONSORED PROGRAM, any F&A costs related to that item may not be charged to the SPONSORED PROGRAM. Those F&A costs may, however, be counted as part of the proposed COST SHARING or COST MATCHING contribution.

- Proposed contributions may include un-recovered F&A costs only with the prior approval of the SPONSORING AGENCY.
APPROVE COST SHARING OR COST MATCHING CONTRIBUTIONS

- SPFM shall accept the following COST SHARING or COST MATCHING contribution proposals:
  - All contributions not borne by the SPONSORING AGENCY, including cash and third party in-kind, which meet all of the following criteria: Verifiable in SUAGM’s records, not included as contributions for any other federally-assisted SPONSORED PROGRAM, necessary and reasonable for the accomplishment of the SPONSORED PROGRAM’S objectives, allowable under agency guidelines and the relevant SPONSORED PROGRAM agreement, not paid by the Federal Government under another award (except where authorized by Federal statute to be used as COST SHARING or matching), provided for in the approved budget when required by the Federal awarding agency, and conform to other agency guidelines
  - Un-recovered F&A costs with the prior approval of the SPONSORING AGENCY
  - Values for SUAGM contributions of services and property in accordance with applicable cost principles
  - Volunteer services furnished by professional or technical personnel, consultants, and other labor when the service is an integral and necessary part of an approved PROJECT, valued at rates for services consistent with SUAGM policy, or, if not applicable, the labor market or the employees regular rate of pay
  - Donated supplies such as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies valued at the fair market value of the property at the time of the donation consistent with agency cost principles
- All contributions shall be documented utilizing the same basis SUAGM used when determining the valuation of its own personal services, materials, property, plant or equipment

ADMINISTER COST SHARING OR COST MATCHING CONTRIBUTIONS

- Verifiable records of all COST SHARING or COST MATCHING contributions must be maintained in SPFM, as they are subject to audit.
- The basis for determining the valuation for volunteer services and donated property must be documented, if the cost participation includes in-kind contributions.
- In cases where the COST SHARING or COST MATCHING contribution is $500,000 or more, the amount of cost sharing must be documented (on an annual and final basis), certified by SPFM and reported to the SPONSORING AGENCY.
- If, following receipt of an award, SUAGM determines that COST SHARING OR COST MATCHING in the full amount proposed cannot be achieved; the SPONSORED PROGRAM principal shall inform the SPFM.

7. RESPONSIBILITIES:

SPFM

- Provide a copy of this policy to each officer, employee, associate or agent of SUAGM, engaged in SPONSORED PROGRAM AWARD AND/OR ADMINISTRATION
- Safeguard a CS/CM CERTIFICATE for each proposal submitted to a SPONSORING AGENCY in the respective SPONSORED PROGRAM file
- Enforce this policy to the extent permissible under Federal, State and local law or to the extent to which the SPFM determines it has practical enforcement capacity
- Review each CS/CM CERTIFICATE to determine the validity of the proposed COST SHARING or COST MATCHING per agency and program guidelines and make a
recommendation to the BUDGET OFFICE to approve or deny the proposed COST SHARING or COST MATCHING

- Immediately report infringements of this policy to SUAGM's PRESIDING OFFICER or his/her delegate
- Provide orientation regarding this policy and/or the Agency Guidelines referred to herein, as appropriate, to officers, employees, associates or agents of SUAGM

SUAGM OFFICERS, EMPLOYEES, ASSOCIATES OR AGENTS ENGAGED IN SPONSORED PROGRAM AWARD AND/OR ADMINISTRATION

- Obtain and thoroughly read, understand, comply with and/or request an orientation regarding this policy
- Provide a CS/CM CERTIFICATE to SPFM prior to submitting the proposal for review and subsequent safeguarding in the respective SPONSORED PROGRAM file
- Immediately report known infringements to this policy

BUDGET OFFICE

- Review SPFM recommendation on each CS/CM CERTIFICATE to make final determination
- Create an encumbrance for the COST SHARING or COST MATCHING amount indicated on the CS/CM CERTIFICATE to ensure the availability of funds
- Return original CS/CM CERTIFICATE to SPFM for safeguarding in the official SPONSORED PROGRAM file, and keep a copy in Budget Office files

8. CONTACT:

Assistant Vice-President of Sponsored Programs Financial Management
Telephone (787) 751-0178 Ext 7655
Facsimile (787) 751-0178 Ext 7407
Email spfm@suagm.edu

9. APPLICABILITY:

This policy applies to all SUAGM officers, employees, associates and agents involved in SPONSORED PROGRAM AWARD AND/OR ADMINISTRATION.

10. AGENCY GUIDELINES:

OMB CIRCULAR A-21 Cost Principles for Educational Institutions

OMB CIRCULAR A-110 Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

NSF 02-151 Grants Policy Manual

11. EFFECTIVE DATE:

This policy is effective as of the date of issuance and rescinds all previously issued SUAGM policies pertaining to COST SHARING and COST MATCHING for SPONSORED PROGRAMS.