

COST SHARING/ MATCH PROCESS

Purpose

The Santa Clara County Office of Education cost sharing process is required to meet compliance and regulatory requirements of government sponsored projects. Non-government sponsored cost sharing requires similar due diligence. Therefore, all committed cost sharing for SCCOE sponsored projects is subject to this process, must be tracked, and may require reporting (based on grantor/ sponsor requirements). Cost sharing expenditures must meet the same rigorous accounting, financial, legal, and regulatory requirements as direct cost expenditures on sponsored projects. Cost sharing written into a proposal becomes a commitment under the terms of the award, and represents a binding obligation for the agency. Please reference *2 CFR §200.306*, *2 CFR §200.334*, and *SCCOE AR §3240* for additional information.

If you are unsure of any step in this process, please contact the Director of Internal Business Services Department for clarification.

Steps in the Cost Sharing Process

Step 1. Cost Sharing During Proposal Development & Submission

A. Grant Application & Submittal Routing Form

When cost sharing is required by the sponsor/ grantor for proposal submission, the program manager will indicate this on the *Grant Application & Submittal Routing Form* under the *Grant Information* section. Please check the “yes” box indicating that there will be “cost sharing/ matching funds requested.” Voluntary cost sharing is prohibited.

B. Grant Cost Sharing/ Match Request Form

When cost sharing is required, the program manager will complete the *Grant Cost Sharing / Match Request Form* and attach the form to the *Grant Application & Submittal Routing Form* during Step 1, routing both forms for approvals concurrently.

For the *Grant Cost Sharing/ Match Request Form*, all fields with an asterisk are required. Include both SCCOE and the third party commitments, checking all applicable boxes (local, state, and/or general fund) and providing the associated resource code for each relevant source. Delineate the cost sharing proposed budget listing all applicable dollar amounts for each section and total amounts. For the third party, attach the completed *Third Party Commitment Form*.

The completed form is attached to the *Grant Application & Submittal Routing Form*, and routed for approvals during Step 1. A draft of the Third Party Commitment Form will be accepted during Step 1, yet a final signed version is required for Step 3. Initials from your division head, and signatures from the Internal Business Services Director, Assistant Superintendent of Business Services, and County Superintendent of Schools are required to proceed with the *Grant Cost Sharing/ Match Request Form* and approval for proposal submission.

C. In-Kind Indirect Cost Sharing/ Match

If there is a cap on indirect costs, use the difference for cost sharing and include it in the *Grant Cost Sharing/ Match Request Form* in the in-kind budget. If the sponsor/ grantor's stipulated indirect cost rate is lower than Santa Clara County Office of Education's (SCCOE) approved indirect cost rate, the difference between the SCCOE approved and the sponsor's indirect cost rates shall be included as part of required cost sharing/ matching.

Please note, [2 CFR 200.306\(c\)](#), provides that indirect costs may only be included as part of cost sharing and/or match with **prior approval** from a government sponsor/ grantor.

D. Third Party Commitment Form

If cost sharing obligations are made by an entity other than SCCOE, the program manager must ensure that a third party commitment for cost sharing is obtained prior to submitting the grant application for final review by Internal Business Services. This requirement means that the signed *Third Party Commitment Form* is required in Step 3 of the *Grant Application Submittal & Routing Form*. A draft of the *Third Party Commitment Form* shall be submitted with the *Grant Application Submittal & Routing Form* in Step 1.

Section A of the *Third Party Commitment Form* is completed by the program manager. Section B and C are completed by the third party and certified by the third party authorized personnel.

The program manager must ensure that the values for the contribution of service, materials, supplies, etc, provided by the third party have been established in accordance with Cost Principles of the Uniform Guidance (2 CFR 200.306) and meet the following criteria:

- Are allowable under Subpart E—Cost Principles of the Uniform Guidance;
- Are necessary and reasonable for the performance of the award and are allocable under the cost principles;
- Are not included as contributions for any other government award;
- Are not included as a cost or used to meet cost sharing or matching requirements of any other government funded program in either the current or a prior performance period.

A brief statement describing the basis for determining the valuation of services, material, or equipment must be included.

Third party cost sharing offered voluntarily in a proposal becomes a commitment under the terms of the award, and represents a binding obligation for the agency.

Step 2. Cost Sharing During Award Set Up

A. Changes in Cost Sharing During Award Set Up

Before accepting the award, upon receipt of an agreement/ grant award notification, the program manager shall:

- Determine whether there have been any changes to any proposed cost sharing commitments, including third party commitments;
- Confirm that the committed cost sharing funds and resources are still available; and
- Review the terms and conditions of the award to ensure accuracy of cost sharing commitments listed.

If there are no changes, the program manager must follow the GAN routing process (or appropriate routing process based on type of agreement) to obtain authorized signatures for the agreement.

If cost sharing commitments cannot be met or changes are required, the program manager needs to amend the *Grant Cost Sharing/ Match Request Form* and reroute for internal approvals along with a change justification. Once approved internally, the program manager shall request sponsor/ grantor approval for a reduced or amended cost sharing commitment. Note that reduced or amended cost sharing may result in a lower award amount. Also, note the SCCOE may be forced to decline the award if the cost sharing commitment cannot be renegotiated with the sponsor/ grantor.

Once the agreement is signed, cost sharing becomes a commitment under the terms of the award, and represents a binding obligation for the agency, including third party commitments.

B. Memorializing Cost Sharing in Written Third Party Agreements

Upon receiving the fully executed agreement/ Grant Award Notification (GAN) from a sponsor/ grantor for a sponsored project, third party commitments delineated in the pre-award *Third Party Commitment Form* are required to be memorialized into a written agreement with the third party partner. Use the appropriate agreement format based on the type of partnership including but not limited to an MOU, contract, Professional Service Agreement, or other agreements with the third party. A *Cost Sharing/Match MOU Sample* is available for

consideration to include in a MOU or other agreement. Also, when sending the third party the fully executed agreement, also disseminate the *Third Party Certification of Cost Sharing/ Match Form* so that they understand cost sharing reporting requirements and frequency.

Step 3. Cost Sharing During Implementation

A. Monitoring Post-Award Cost Sharing Costs & Guidelines

When the SCCOE or third parties commit to sharing in the cost of a sponsored project, the SCCOE assumes an obligation to the sponsor/ grantor. The program manager accepts certain responsibilities for tracking and reporting cost share expenditures in order to meet those obligations.

The cost sharing process provides various types of cost shared commitments and the required supporting documentation that shall be maintained. For example, the fulfillment of cost shared effort commitments is reflected in the Personnel Activity Report (PAR), by indicating percentages of work performed by personnel on the sponsored projects. Such reports shall include effort that was performed for sponsored projects, but not directly charged to the grant or contract account. **Note:** All cost shared commitments from the program manager and/or third parties must be verifiable from our agency and the third party records.

The following guidelines for cost sharing must be followed during the award period of performance:

- Monitor the fulfillment of the cost sharing commitment for SCCOE and the third party on a regular basis. If cost sharing obligations are not met, and the grantor/ sponsor does not approve a reduction of cost sharing commitment, the SCCOE may have to assume any resulting financial loss.

Note: When an award is received in which cost sharing (whether mandatory *or* voluntary) is proposed, the cost sharing becomes a **binding commitment** and is subject to audit.

B. Cost Sharing Revisions

When cost sharing revisions are required during the period of performance of the sponsored project, internal SCCOE approvals are required and any changes may also require sponsor/ grantor approval if allowable in the terms and conditions of the award. Revisions can include but are not limited to changes in indirect cost rate, budget line items, or source of cost sharing. The program manager shall submit an amendment to the *Grant Cost Sharing/ Match Request Form* and reroute for internal approval with the proposed revisions. Following receipt of internal approval, approach the sponsor/ grantor to request approval for the cost sharing budget revision modification.

C. Monitoring Third Party Cost Sharing & Certification

After the award has been granted, it is the program manager's responsibility to ensure that the third party completes and certifies the *Third Party Certification of Cost Sharing/ Match Form* on a quarterly basis to **substantiate that the commitment has been fulfilled for the period. The program manager must maintain the certification on file for audit purposes.**

D. Record Keeping

The program manager shall keep a copy of all cost sharing documentation, including third party documentation, for their records for up to five years, or as designated by the grantor/ sponsor as delineated in the *Cost Sharing/Match Guidelines*. The copies shall be maintained in a hard copy file folder, in a share drive folder, and in Laserfiche or other non-email storage. Records for cost sharing are retained for the same time period as the records for related sponsored agreements. Email is not authorized as a record retention storage method.

Cost sharing records and supporting documents, such as paid invoices, travel vouchers, and receipts shall be retained in accordance with the sponsored award terms and conditions. In addition, effort contributed by project personnel shall be recorded and certified on a Personnel Activity Report. If third party contributions are used to fulfill a cost sharing commitment, source documents supporting the dollar amount of third party cost sharing shall also be retained.

E. Reporting

The program manager is responsible for coordinating the certification and reporting of cost sharing to the sponsor/ grantor. The program manager shall also ensure any third party commitment is accounted for and certified. When the program manager certifies a cost sharing report (internal or external), it is assuring the sponsor/ grantor that:

- The costs recorded on the report are true and accurate;
- The costs were contributed to the identified project during the reporting period; and
- The costs have not been, and will not be, used as cost sharing contributions on any other projects or for any other periods relating to the sponsored project.

Note: If the sponsor/ grantor does not require reporting of cost sharing contributions, the program manager is still required to file and retain all cost sharing documents for audit purposes.

Step 4. Cost Sharing During Close Out

A. Close Out

Prior to sponsored award/ agreement closeout, the program manager must use the *Closeout Checklist* and:

- Confirm that all cost sharing commitments have been met and that they comply with sponsor/ grantor requirements;
- Clarify potential cost sharing concerns and, if necessary, resolve with appropriate members or third party partners; and
- Report cost share commitment to sponsor/ grantor, if required.

Cost sharing contributions and third party contributions are subject to audit. Thus, the program manager may be required to provide auditors with supporting documentation and records that support and document the cost sharing contributions tracked and ultimately reported to sponsors/ grantors.

The agency will assume any financial loss if cost sharing commitments are not met and the sponsor/ grantor does not approve a reduction of cost sharing commitment. Thus, it is the responsibility of the program manager to monitor the fulfillment of all cost sharing commitments for both the SCCOE and the third party on a regular basis.