

## **Policy: Management of Gifts and Grants**

Policy Number: F/UNTHSC/RES/OGCM-023

Scope: All Researchers

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### **1. DEFINITIONS**

Both sponsored research projects and gift-funded activities are externally supported, with funds provided typically in response to a request or proposal. The classification of funding as "gift" or "sponsored" will affect, among other things, the way UNTHSC accounts for the funds, calculates and applies F&A (indirect) costs, and reports on the use of the funds to the sponsor or donor.

#### **A. Definition of Sponsored Projects**

Sponsored Projects are externally-funded activities in which a formal written agreement, i.e., a research grant, contract, or cooperative agreement, is entered into by the University of North Texas Health Science Center (UNTHSC) (and by the sponsor). A sponsored project may be thought of as a transaction in which there is a specified statement of work with a related, reciprocal transfer of something of value. If funding is a governmental entity (federal, state or local) or includes governmental flow-through funds, it would be considered a sponsored project agreement.

The following conditions characterize a sponsored project agreement, and help to distinguish such agreements from gifts:

### **1. STATEMENT OF WORK**

Sponsored projects are typically awarded to UNTHSC in response to a detailed statement of work and commitment to a specified project plan. As described below, this statement of work is usually supported by both a project schedule and a line-item budget, both of which are essential to financial accountability. The statement of work and budget are usually described in a written proposal submitted by UNTHSC to the sponsor for competitive review.

There are usually progress or annual technical reports due to the sponsor based on the statement of work.

### **2. DETAILED FINANCIAL ACCOUNTABILITY**

The sponsored project agreement includes detailed financial accountability, typically including such conditions as:

- a line-item budget related to the project plan. The terms of the agreement may specify allowable or unallowable costs, requirements for prior approvals for particular expenditures, etc.
- budget restrictions and rebudgeting limits
- a specified period of performance, typically defined with "start" and "stop" dates
- periodic payments are made to UNTHSC so that the financing of the project is on a continuous basis.
- regular financial reporting and audit, including, for federal and state awards, accountability under the terms of OMB A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements With Educational Institutions and OMB A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.
- A sponsored project budget will include UNTHSC's full negotiated F&A (indirect) cost rate, unless a waiver of those costs has been approved.

These conditions generally define the level of financial accountability associated with a sponsored project. While not all of the above conditions are necessary to define a sponsored project, they are collectively indicative of the increased level of financial accountability associated with such projects.

### **3. DISPOSITION OF PROPERTIES ("Deliverables")**

Sponsored project agreements also usually include terms and conditions for the disposition of tangible properties (e. g., equipment, records, specified technical reports, theses or dissertations) or intangible properties (e.g., rights in data, copyrights, inventions). The presence of such terms and conditions in the agreement indicate that the activity is a sponsored project.

#### **B. Definition of Gifts**

A gift, on the other hand, is defined as any item of value given to the University by a donor who expects nothing significant of value in return, other than recognition and disposition of the gift in accordance with the donor's wishes. In general, the following characteristics describe a gift:

- No contractual requirements are imposed and there are no "deliverables" to the donor. However, the gift may be accompanied by an agreement that restricts the use of the funds to a particular purpose.
- A gift is typically irrevocable. While the gift may be intended for use within a certain timeframe, there is no specified "period of performance" or "start"/ "stop" dates as associated with sponsored projects.
- There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures. These reports may be thought of as requirements of good stewardship, and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or "deliverables."

UNTHSC agrees to use restricted gifts as the donor specifies, and does not accept gifts that it cannot use as the donor intends. If circumstances change such that a gift cannot be used as the donor specified, the donor must approve a change in the original restriction, or UNTHSC must receive court approval to waive the restriction (if the donor cannot be contacted). UNTHSC approval for changes in the purpose of a gift fund can only be granted by the President.

Gift solicitations should be coordinated with the Office of Institutional Advancement, and the Office of Institutional Advancement should be contacted for procedures applicable to gift solicitations.

#### **C. Guidance For Properly Distinguishing Gifts from Sponsored Projects**

### **1. DISTINCTIONS BASED ON SOURCE OF FUNDS**

Any funding provided by U.S. Government agencies, at the federal, state, or local level, in support of UNTHSC activities is treated as sponsored project funding. Government funds are not treated as gifts. Funding from Voluntary Health Organizations or Associations, such as the American Cancer Society or American Heart Association, is usually treated as a sponsored project and not a gift.

### **2. DISTINCTIONS BASED ON INTENT OF DONOR/SPONSOR**

In remaining cases, e.g., where funding is being provided by corporations, foundations, trusts or others not specified above, the distinction between gifts and sponsored projects will be made based on the proposal, statement of work, and terms of the agreement, taking into consideration the intent of the donor/sponsor.

Note that, in some situations, communication, including the proposal and award as well as conversations, makes it clear that the donor's/ sponsor's intent is to classify an award to UNTHSC as either a gift or a sponsored project. In these cases, the terms of the accompanying agreement may have to be adjusted in consultation with the donor/sponsor in order to clearly document the intent and avoid unintended classification. See section D.1 below.

#### **D. Administrative Issues**

### **1. DECISION-MAKING PROCESS IN UNCLEAR SITUATIONS**

In some cases, particularly when the source of funds is a non-profit entity, the distinction between gift and grant, i.e., a sponsored project can be difficult to draw. In fact, donors may sometimes use the word "grant" when the donation qualifies as a "gift" or vice versa. When an individual is in doubt about the proper classification and handling of an award to UNTHSC, the Office of Grant & Contract Management and Institutional Advancement will confer and resolve the question. In addition, staff from the Office of Grant & Contract Management and Institutional Advancement should consult, as needed, with the Executive Vice President of Academic Affairs and Research or designee, the Principal Investigator and the Investigator's Departmental Chair.

See also Attachment A – Gift or Sponsored Project Indicators

## **2. DONOR/SPONSOR RELATIONS**

In resolving issues related to the classification of an award, UNTHSC personnel must maintain an appropriate balance between the interests and preferences of the donor/sponsor and UNTHSC's administrative policies and objectives. Personnel should seek the guidance of UNTHSC's Office of Grant & Contract Management and Institutional Advancement to determine appropriate resolution when classification questions arise. In the process of resolving these issues, in some cases it may be necessary to contact the donor/sponsor for clarification of intent and requirements, and/or to discuss the planned use of the funds. Such contacts are usually best handled by Institutional Advancement in order to ensure positive donor relations in this and other instances.

## **3. ACCOUNT SET-UP**

Whenever a new account is requested, the responsible organization (Office of Grant & Contract Management in the case of sponsored projects or Institutional Advancement in the case of gift funding) verifies that the account being set up is proper, in accordance with the definitions in this policy. These offices are responsible for assuring that a proper determination of gift or grant status has been made.

## **4. FACILITIES & ADMINISTRATIVE (F&A), i.e., INDIRECT COST, IMPLICATIONS**

UNTHSC's policy is to apply full applicable F&A (indirect) cost rate to all sponsored research projects unless the sponsor has published guidelines, which limit or prohibit the recovery of our full F&A. All other instances must be approved using a F&A waiver request form. Gift funds will be assessed a fee in accordance with Institutional Advancement policy.