

Sponsored Programs (Grant and Contracts) and Gifts: Definitions and Administration

SPA-11-014



About This Policy

Effective Dates:

02-01-2011

Last Updated:

05-10-2018

Responsible University Administrator:

Vice President for Research

Policy Contact:

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Scope

This policy applies to all gift/grant determinations at Indiana University and to all Indiana University faculty and staff involved in the preparation, submission, and processing of proposals and processing of awards for external funding.

Policy Statement

It is the policy of Indiana University that all external support received by the University is properly defined, processed and administered.

Reason For Policy

Due to the varied but sometimes overlapping paths by which funding for sponsored programs and corporate and foundation giving are solicited, it can be unclear to those involved whether the awarded funds will result in a gift or sponsored program. The intended purpose of this policy is to provide guidance in defining both sponsored programs and gifts.

Most importantly, it should be noted that neither the process by which funds are acquired, nor the source of the external funds, nor the term "gift" nor "grant" determine how the funds should be administered. The proper administration of funds is generally based upon the terms and conditions that are a requirement of the awarded funds.

This policy provides guidance to ensure best practices in the fiscal management of sponsored programs - grants and contracts - at Indiana University and to meet federal, state, and regulatory requirements for the proper stewardship of funds.

Procedure

All proposals for corporate and foundation support should be routed to the Office of Research Administration for review and approval irrespective of whether a gift or sponsored program is anticipated. In instances where the type of financial support from the external entity is unclear, the definitions of Gift and Sponsored Program below will provide guidance.

Resolution Process

Situations may arise where the proper classification cannot be readily determined by the guidance provided in this document. These situations should be referred to and shall be resolved mutually by and between the Vice President of Administration of the Indiana University Foundation and the Associate Vice President for Research Administration of Indiana University.

Definitions

Sponsored Program: a project funded by a non-institutional sponsor. The presence of any one of the following conditions may necessitate that the funds be treated as a sponsored program. However, the absence of any of these conditions shall not necessarily constitute a determinant as to how the awarded funds should be administered.

- The proposed work requires a specific line of scholarly inquiry such as a work statement, testing of a hypothesis, a model project, or a defined set of deliverables. Deliverables may include programmatic, technical, and detailed financial reports during or at the conclusion of the project.
- The sponsor requires a specific time period for conducting the project.
- The sponsor imposes restrictions on the publication or dissemination of results of the project.
- The line of inquiry involves testing proprietary products or intellectual property rights, or the sponsor requests options on the results or product.
- Funding is awarded based on specific budget categories, and prior approval must be sought from the sponsor to change the budget.
- The project includes funds for facilities and administration (also called indirect costs or overhead).
- The award is revocable, or unexpended funds must be returned to the sponsor at a certain point.
- There are requirements for audits by or on behalf of the funding source.

Types of Sponsored Programs:

Sponsored Programs - Assistance Mechanism: Grants

An award of financial or other assistance to the grantee institution to accomplish a public purpose. The project is conceived and details are defined by the investigator at the grantee institution. The sponsor is not significantly involved in the conduct of the project. The investigator retains scientific freedom and results are not guaranteed. Grants are more flexible than Cooperative Agreements and Contracts.

Sponsored Programs - Assistance Mechanism: Cooperative Agreements

A support mechanism used on federal projects when there will be substantial agency scientific or programmatic involvement. Substantial involvement means that, after award, scientific or program staff will assist, guide, coordinate, or participate in project activities. The principal purpose of a cooperative agreement is to accomplish a public purpose of support authorized by federal statutes as opposed to an acquisition by purchase of property or services for the direct benefit or use of the federal government.

Sponsored Programs - Procurement Mechanisms: Contracts

A mechanism for procurement of a product or service with specific obligation for both sponsor and recipient. Typically the research topics, scope, budget, time period of work are specified in detail by the sponsor, although some sponsors award contracts in response to unsolicited proposals. There is little, if any, latitude to modify scope of activities and expenditure. Sponsor approval is typically required for any such changes. The outcome is often a tangible deliverable.

Gift: funds from private individuals, or non-governmental source that is awarded irrevocably. Gifts received for the benefit of Indiana University must be spent or utilized according to donor intent. The Fiscal Officer must ensure that funds are used in compliance with donor intent. The following are conditions that will usually characterize awarded funds as "gifts".

- Irrevocable funds provided from private individuals. Individual gifts should be administered by the IU Foundation.
- Irrevocable funds from a non-governmental source that imposes no contractual requirements. Such requests should be routed to the Office of Research Administration for approval prior to submission and awarded funds will be setup in university accounts.
- Irrevocable funds from corporations or foundations that are initiated by the donor as an outright gift where no proposals are submitted by the unit.
- Endowment funds and funds intended to support scholarships.

Sanctions

Failure to correctly implement this policy may result in the misclassification of external support, inadequate administration of external support, and disallowances.

History

Replaces:

- Important Notice 01-4 “Defining a Sponsored Project vs. a Gift”
- Important Notice 98-02 “Contract Language”

Previous Versions:

Effective Dates:

- [2-1-2011 through 5-3-2017](#)
- [5-3-2017 through 5-10-2018](#)

Related Information

[Grant & Contract Services: Proposal Preparation & Submission](#)