

# Clarifying the Definitions of Grants and Sponsored Projects vs. Gifts

## The Role of the Office of Grants and Sponsored Projects

The "Transmittal Form for Grants and Sponsored Projects" must be used to secure institutional approvals for all types of externally funded grants and sponsored projects. "Sponsored projects" do not involve "gifts," such as those secured through the Office of University Advancement and/or the WSU Foundation, because unlike sponsored projects, gifts do not commit the University to any type of contractual obligation. Hence, a pre-solicitation formal institutional approval process is not required. (However, WSUians seeking gift support should coordinate their efforts with the Office of University Advancement.)

In a nutshell, if the institution is to act as the fiscal agent (and be liable in terms of accounting for expenditures of funds) on any project funded by a non-WSU entity (including MnSCU), the proposal to do so is subject to the institution's formal approval process use of a proposal Transmittal Form). The following definitions clarify the differences between "grants and sponsored projects" and "gifts." They are based primarily on guidelines developed by the National Council of University Research Administrators (NCURA), as well as a review of the definitions and policies of a number of universities and colleges nationwide (many of which are modeled on the NCURA guidelines).

In cases where there is a question as to whether an activity for which external funding is sought constitutes a sponsored activity or a gift, the Office of Grants and Sponsored Projects and the Office of University Advancement will determine what procedures should apply.

**Grants and Sponsored Projects** -- A sponsored project is any externally funded activity that has a defined scope of work or set of objectives which provides a basis for sponsor expectations. Generally a sponsored project involves a written agreement representing the voluntary transfer of money or property by a sponsor in exchange for specifically enumerated performance of services, often including rights and access to results of this performance, and some formal financial and/or technical reporting by the recipient as to the actual use of money or property provided. Such agreements are enforceable by law, and performance is usually accomplished under time and fund use constraints with the transfer of support revocable for cause.

Sponsored activities are characterized by one or more of the following criteria:

- Funds are awarded for a proposal submitted in response to an RFP (Request for Proposal) or published guidelines or through a competitive application process
- Sponsor is a governmental entity (or is awarding governmental flow-through funds)
- Funds are to match a government-funded project (including flow-throughs)
- Award is a contract, cooperative agreement, consortium agreement, grant, subgrant, or subcontract
- Funds are awarded for the purposes of research, model project, program development/operation, curriculum development, training, community service, planning,

or some other specific activity

- Funds are provided to cover a specified scope of work or to provide a specific product, service, or other deliverable or outcome within a specified period of time
- Funded activity involves humans in research, animals, radiation hazards, biohazards or R-DNA
- Activities involve use of university facilities or other university resources or the sponsor will have access to university facilities or other university resources
- Sponsor specifies how funds are to be used or includes a line item budget that identifies expenses by activity, function, or project period
- Funds are deposited in a University account and the University is the fiscal agent responsible for administration of the funds.
- Project will involve regular payment of employees (from sponsor funds) through a payroll system
- Sponsor requires external audits, detailed financial reports, invoices and/or technical reports as a condition of award
- Sponsor requires return of unexpended funds at the close of the project
- Sponsor stipulates other terms and conditions of award dealing with such topics as publication restrictions, conveyance of rights to tangible or intangible property, compliance with federal or state regulations, allowable or unallowable costs, subcontracting, insurance, warranties, indemnification or hold harmless requirements, protection of proprietary or confidential information, modifications, penalties, remedies, termination, applicable governing law, and assignment

Gifts -- Gifts are irrevocable transfers of assets (e.g. cash, securities, real or personal property) made by a donor without any expectation or receipt of direct economic benefit or tangible compensation (i.e. goods or services) from the recipient commensurate with the worth of the gift

Gifts have the following characteristics:

- Are referred to by the donor as a gift, bequest, donation or contribution
- Are given for an unrestricted purpose of for sponsoring such activities as endowments (eminent scholars, endowed chairs, professorships), capital projects (construction or renovation, equipment), or general student financial assistance (fellowships, scholarships)
- Carry no contractual requirements, written or oral

- Require only minimal reporting to the sponsor in the form of a general statement of how funds were used
- Are awarded irrevocably