

Sponsored Programs versus Gifts Policy

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Effective Date: April 3, 2007
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Issuing Authority: Vice President for Research and Compliance
Responsible Offices: Office of Sponsored Programs/Research Administration and University Advancement

Purpose:

To provide guidance in classifying funding received from external sponsors to support research, training, service, or other initiatives as a sponsored program or gift. Proper classification ensures good stewardship and maximizes the benefits that can accrue to both sponsor/donor and Howard University and all related entities, business units, subsidiaries and affiliated organizations including, but not limited to, Howard University Hospital (hereinafter referred to collectively as “Howard University”).

Policy:

It is the policy of Howard University for the Office of the Vice President for Research and Compliance (OVPRC) to be responsible for the administration and oversight of external funding classified as a sponsored program and the Advancement Department to be responsible for the oversight of external funding classified as a gift. The OVPRC website is (to be determined) and the Advancement Department website is <http://www.howard.edu/advancement/index.html>.

Sponsored program awards and gifts are both forms of external financial support for Howard University. Because sponsored programs and gifts are managed by different offices at Howard University, and may be subject to different accounting standards, it is important to distinguish between these two forms of external support.

Sponsored programs typically have one or more of the following elements:

- An agreement with the sponsor binding Howard University to a specific line of scholarly or scientific inquiry as detailed in a work statement, by stipulation of requirements for orderly testing or validation of particular approaches, or by the designation of performance targets. Excluded from this criterion are advances and contracts for publications involving scholarly writing and/or artistic creation.
- A specific commitment regarding the level of personnel effort, items, or output, or the achievement of specific performance targets as a condition of obtaining sponsorship.
- Cost-sharing as a condition of obtaining sponsorship.
- A line item budget detailing or limiting expenditures by activity function and project period to which adherence is a condition of funding.
- A required submission of a detailed fiscal or activity report or external audit at intervals during the course of the work and/or at the end of the project period.
- Overhead or F&A costs as a line item of the budget.
- A return of unexpended funds to the sponsor at the end of the project period.

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- The use or involvement of human subjects, laboratory animals, radiological hazards, biohazards, or recombinant DNA.
- A University agreement providing space/facilities beyond those that would otherwise be available to the investigator(s) or, in cases in which any government agency is involved, the requirement for construction, alteration, or renovation or the acquisition of equipment or facilities.
- An agreement with the sponsor providing for disposition of either tangible properties (e.g., equipment, records, supplies, technical reports, theses, dissertations) or intangible properties (e.g., rights in data, copyrights, patents, inventions), which may result from the research activity.

A **gift** is typically a voluntary and irrevocable transfer of money, services, or property (e.g., equipment, personnel time and skill) without expectation of direct economic benefit or provision of goods or services by the recipient to the funder. However, many gifts are designated to support specific purposes. Gifts also can contain some of the attributes of sponsored awards listed above.

For any given instance of external giving, the determination of whether the support constitutes a gift or a sponsored program award can involve subtle considerations and the judgment of senior decision-makers. However, the table below shows areas where clear determinations can be made, as well as the types of situations where judgment may have to be exercised:

Supported Activity	Source				
	Federal	State/local government	UN, multi-lateral or foreign gov't	Private Foundation or Individual	Corporate
Research	SP	SP	SP	SP	SP
Clinical trials	SP	SP	SP	SP	SP
Scholarships, training, instruction	SP	SP	SP	SP/G	SP/G
Other – restricted	SP	SP	SP	SP/G	SP/G
Other- unrestricted	NA	NA	NA	G	G

SP = Sponsored program, G = Gift, NA = Not applicable

All instances of external support for research or clinical trials, from whatever funding source, are considered to be sponsored programs. All instances of funding from the federal government, state and local governments, multi-lateral organizations or foreign governments are also considered to be sponsored programs. All unrestricted donations or contributions from private foundations, individuals or corporations are considered to be gifts.

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It is only in the area of scholarships, training, and instruction, or “other” restricted funding, from private foundations, individuals or corporations that subtle distinctions may need to be made before classifying the external funding as either a sponsored award or a gift. Factors that may be used to make that determination include, but are not limited to:

- The intention of the funding source
- The terms and conditions, if any, contained in the notice of funding given to the University
- The degree to which there is a value exchange between the funder and the University. The greater the direct economic value derived by the funder, the more likely the funding will be considered a sponsored award.
- The degree to which the Scope of Work determines the “how to” of the project as opposed to supporting the general goals of the project. The greater the determination of the “how to”, the more likely the funding will be considered a sponsored award.
- The degree to which there is a penalty for non-performance. The only penalty for non-performance on a gift is typically a requirement to return unspent funds. A provision for punitive damages or other penalties would typically make the funding a sponsored award.
- The degree to which there are restrictions, or prior review, on data or publications before dissemination to a wider audience. The more such restrictions are included with the funding, the more likely it will be considered a sponsored award.
- The degree to which the funding provides reimbursement of costs as opposed to providing a subsidy for the cost of something Howard University would be doing anyway. The greater the extent to which “cost reimbursement” outweighs “subsidy”, the more likely the funding will be considered a sponsored award.

Business Process Review:

The Principal Investigator/Project Director (PI/PD) notifies OSP/RA when seeking or receiving funding that is considered to be a sponsored program. The PI/PD notifies the University Advancement Department when seeking funding considered to be a gift or when a notice of such funding is received.

Upon submission of the appropriate documentation, OSP/RA or University Advancement confirms the determination made by the PI/PD. In cases where OSP/RA and the University Advancement Department disagree about categorization of the funding, the Vice President of Research and Compliance (VPRC) and the Vice President of University Advancement (VPUA) will confer and reach a mutual agreement concerning the final determination as to the categorization of the external funding and, therefore, which office retains responsibility for managing the funding. **This determination is made *before* the funding is officially accepted by either office on behalf of Howard University.**

The funding is managed in accordance with the policies and procedures of the office in which the determined responsibility resides and in accordance with the wishes and requirements of the sponsor/donor.



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Roles and Responsibilities:

Office of Sponsored Programs/Research Administration (OSP/RA) - OSP/RA is responsible for managing funding from external sponsors classified as sponsored programs. As necessary, OSP/RA may act as a liaison between Howard University and the sponsor to negotiate terms and conditions, or gain written clarification (e.g., email), to help define the award as a gift or sponsored program.

University Advancement Department - University Advancement Department is responsible for managing funding from external sponsors classified as gifts.

Vice President for Research and Compliance (VPRC) - If there is not agreement between OSP/RA, University Advancement, and/or the PI/PD as to the classification of the funding, the VPRC confers with the VPUA to make the final determination.

Vice President of University Advancement - If there is not agreement between OSP/RA, University Advancement, and/or the PI/PD as to the classification of the funding, the VPUA confers with the VPRC to make the final determination.

Principal Investigator/Project Director (PI/PD) - Makes the initial determination of whether external funding is a sponsored program or a gift and submits all required information to the appropriate office (University Advancement for gifts and OSP/RA for sponsored programs).

Related Processes/Events:

- Direct and Indirect Charging Policy
- Award Acceptance & Set-up Policy

Forms and Links:

- OVPRC Website <http://ovprc.howard.edu/>
- University Advancement Website <http://www.howard.edu/advancement/index.html>