

DEFINITION OF SPONSORED PROJECTS AND ADMINISTRATIVE ISSUES

The ORTM Office is dedicated to facilitating the research and research-related programs of faculty, administration, students and staff at Case Western Reserve University.

The Office of Sponsored Projects Administration (OSPA) assists faculty, staff and students with a host of pre-award processes in support of garnering external funds for research and scholarship pursuits, including:

- identifying funding opportunities
- understanding requests for proposals and sponsor requirements
- assisting with the components of a proposal including the budget, agency forms and subcontracting plans
- serves as institutional official in
 - o submitting applications to the sponsor
 - o accepting grants and contracts
 - o negotiating contracts and subawards
- establishing or modifying the account once an award has been made or revised
- representing the university in communicating to the sponsor items that require prior approval
- training faculty, staff and students in sponsored projects policies and procedures including proposal development and submission

Sponsored Project Accounting (SPA)

The Sponsored Project Accounting unit of the Office of Sponsored Projects supports the research mission of the University by providing customer service and support to the research community for post award activities related to grants, contracts and other types of sponsored projects. Sponsored Project Accounting is committed to provide timely, accurate, and courteous assistance to our faculty, staff, external sponsors, and other University personnel.

After the University receives a sponsored award, our Post-award services will keep principal investigators and staff up-to-date and ensure compliance with guidelines and regulations. We'll perform monthly financial reviews and reports, provide reports, and oversee any financial adjustments, corrections, or transfers. We'll also meet with faculty to answer questions and assist in financial planning.

Sponsored Project Accounting assists faculty and staff by providing:

- account monitoring
- financial reporting
- invoicing
- non-salary journal review and approval
- salary adjustment review and approval
- project closeouts
- training faculty, staff and students in sponsored projects policies and procedures including financial reporting, invoice processing, cost transfers, and project closeout
- cash management, including cash receipt and drawdown
- financial cash transaction reports
- collection activities on outstanding invoices
- effort reporting systems

Office of Research Compliance (ORC) supports compliance with federal, state, and local regulations with regard to research. In promoting research excellence, the office assists faculty and staff by providing assistance with:

- **creation and implementation of targeted educational programs (CREC)**
- **Outside Financial Interest Disclosures**
- **Research Misconduct**
- **Institution Review Board (IRB)**
- **Institutional Animal Care and Use Committee (IACUC)**

Technology Transfer

Case Western Reserve's Technology Transfer Office (TTO) serves our innovators with full-spectrum intellectual property services. For both faculty and students, we provide support for intellectual property and commercialization that spans the research & development continuum. We serve our researchers by assessing and building upon the commercial potential of new ideas and inventions.

Through interaction with our inventors, regional and national networks, including our affiliate healthcare systems, and potential commercial partners, we endeavor to determine the best path of translation and ultimate commercialization for University intellectual assets.

Consistent with the University's mission, the Technology Transfer Office is working towards enhancing its role in the promotion of an inclusive culture of global citizenship by exploring issues of access to essential medicines by resource-limited countries. This work includes moving towards the Universities Allied for Essential Medicine's Global Access Licensing Framework

PURPOSE:

The purpose of this policy is to define sponsored projects, as distinguished from gifts and other supported activities, provide guidance on how to distinguish between sponsored projects and gifts, highlight major administrative issues associated with sponsored projects, and illustrate the major categories of sponsored projects, i.e. organized research (including both sponsored research and university research), sponsored instruction, and special projects (e.g., service, testing, conferences, planning).

DEFINITION OF A SPONSORED PROJECT:

Sponsored Projects are externally-funded activities in which a formal written agreement, i.e., a grant, contract, or cooperative agreement, is entered into by Case Western Reserve University 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.

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 CWRU 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 CWRU to the sponsor for competitive review.

2. DETAILED FINANCIAL ACCOUNTABILITY

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

- 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.
- specified period of performance, typically defined with "start" and "end" dates
- requirement to return any unexpended funds at the end of that period
- As prescribed under the terms of 2 CFR Part 200, Uniform Guidance, regular financial reporting and audit, including, for federal and state awards is required.
- A sponsored project budget will include the University'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. DETAILED NON-FINANCIAL ACCOUNTABILITY

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

- Award restricts or monitors publications or use of results.
- Award requires protection of sponsor and/or confidential information.
- Project involves the use of human subjects, vertebrate animals, radioisotopes on humans, radioactive materials, recombinant DNA, human body substances, etiologic agents or proprietary materials

4. 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.

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"/ "end" 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."

CWRU 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 CWRU must receive court approval to waive the restriction (if the donor cannot be contacted). University approval for changes in the purpose of a gift

fund can only be granted by the Senior Vice President for University Relations and Development.

Gift solicitations should be coordinated with the appropriate Development Officer in each school, and the Development Office should be contacted for procedures applicable to gift solicitations.

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 CWRU 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 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 CWRU 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.

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 CWRU, the Office of Sponsored Projects Administration, the School of Medicine's Office of Grants and Contracts (for School of Medicine projects) and the Development Officer for the involved School will confer and resolve the question. This consultation will typically take place within the involved School, involving the School Dean's office as needed. In addition, staff from the Office of Sponsored Projects Administration (or the School of Medicine's Office of Grants and Contracts, as applicable) and from Development should consult as needed with the Associate Vice President for Research, respective Associate Dean for Research, Corporate and Foundation Relations and the Controller's Office.

2. DONOR/SPONSOR RELATIONS

In resolving issues related to the classification of an award, CWRU personnel must maintain an appropriate balance between the interests and preferences of the donor/sponsor and the University's administrative policies and objectives. Personnel should seek the guidance of CWRU's Office of Sponsored Projects Administration (or the School of Medicine's Office of Grants and Contracts, as applicable) and the Development Office 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 the faculty member and/or development officer who initiated the activity.

3. ACCOUNT SET-UP AND MANAGEMENT

The Office of Sponsored Projects Administration or the School of Medicine's Office of Grants and Contracts (for School of Medicine awards) are responsible for establishing and managing accounts **for sponsored projects (e.g., RES, TRN and SPC speedtypes) and for other sponsored activity (OSA speedtypes)**. These offices verify 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 sponsored project status has been made. And finally, these offices are responsible for the ongoing management of these accounts including reports to sponsor, requests to rebudget funds, extend the

account, or transfer costs, and account close-out.

4. COST SHARING IMPLICATIONS

CWRU policy and federal regulations define cost sharing as that portion of total project costs of a sponsored agreement borne by the University, rather than by the sponsor.

Committed cost sharing, i.e., that which a sponsor would otherwise pay, which CWRU offers in its proposal and is accepted by the sponsor, must be funded from a non-federal source and charged to a separate cost sharing account. Gift funds may be used to meet a cost sharing commitment on a sponsored project if the purpose of the gift so allows.

Where a donor requires that their gift funds be leveraged with other resources, for example, matching gifts, there is no requirement to account for cost sharing. In these cases, the donor typically expects CWRU to use other gift funds to meet the requirement for matching or additional funding requirements.

5. FACILITIES & ADMINISTRATIVE (F&A), i.e., INDIRECT COST, IMPLICATIONS

CWRU's policy is to apply the University's full applicable F&A (indirect) cost rate to all sponsored projects. However, each school may on rare occasions decide through its Dean's office or Research Office to waive the indirect rate or accept a reduced indirect rate. Gifts generally do not have F&A rates applied to them.

GENERAL CATEGORIES OF SPONSORED PROJECTS

Sponsored projects at CWRU are categorized under the following general headings:

1. Organized Research, including Sponsored Research and University Research (RES)
2. Sponsored Instruction (TRN)
3. Special Projects (SPC)

Classification of a sponsored project into one of these categories affects the calculation of CWRUs Facilities & Administrative (F&A), i.e., indirect cost, rates, and determines the appropriate rate to be charged. Definitions and examples of these categories follow.

Organized Research (RES)

Research and scholarship activities include the rigorous inquiry, experiment or investigation to increase the scholarly understanding of the involved discipline. Organized research activities are funded by both external sponsors (Sponsored Research) and by CWRU (University Research), and must be separately budgeted and accounted for. Together, these categories comprise the Organized Research distribution base, used to calculate the Organized Research F&A rate.

1. Sponsored Research

Research activities are properly classified as Sponsored Research if the activity is sponsored (funded) by an external organization, i.e. a federal, state or private organization or agency. Examples of sponsored research include:

- awards to CWRU faculty to support research activities
- external Faculty "Career Awards" to support the research efforts of the faculty
- external funding to maintain facilities or equipment and/or operation of a center or facility which will be used for research
- external support for the writing of books, when the purpose of the writing is to publish research results.

2. University Research

Research activity is properly classified as University Research if the activity is supported by either of the following:

- Funding that is derived from CWRU institutional funds (e.g. gifts, endowment income, interest income, technology licensing income, operating budget) through a competitive application and award process, and where the proposed activity is characterized by the same factors which generally distinguish sponsored projects, or
- Cost sharing expenditures which are committed to be borne by CWRU rather than by the sponsor.

Sponsored Instruction (TRN)

Sponsored Instruction (TRN) is defined as teaching and training activities at CWRU funded by grants and contracts from federal or non-federal sponsors. Sponsored Instruction includes agreements which support curriculum development as well as all types of teaching/training activities, whether offered for credit toward a degree or certificate, on a non-credit basis, or through regular academic departments or by separate divisions, summer school or external division.

Sponsored Instruction includes:

- any project for which the purpose is to instruct any student at any location; recipients of this instruction may be CWRU students or staff, teachers or students in elementary or secondary schools, or the general public
- curriculum development projects at any level, including projects which involve evaluation of curriculum or teaching methods; such evaluation may be considered "research" only when the preponderance of activity is data collection, evaluation and reporting
- projects which involve CWRU students in community service activities for which they are receiving academic credit
- activities funded by awards to departments or schools for the support of students
- dissertation work funded by grants, including grants for travel in relation to a dissertation
- Upward Bound Program, bringing local students on campus for classes
- general support for the writing of textbooks or reference books, video or software to be used as instructional materials.

Special Projects (SPC)

Special Projects (SPC) are defined as academic projects funded by sponsors in which project activities involve the performance of work other than Sponsored Instruction or Sponsored Research.

SPC may include:

- Travel grants
- Support for conferences or seminars
- Support for University public events
- Service or facility use projects
- Support for student participation in community service projects which do not result in academic credit
- Support for projects pertaining to library collections, acquisitions, bibliographies or cataloging
- Programs to enhance institutional resources, including Data Center expansion, computer enhancements, etc.