POLICY STATEMENT

Subject:	Policy for the Classification of Gifts, Grants, and Contracts	
Date: Revision Date: 03/20/12, 1/23/25	Distribution Code: D, E, G, I	Reference Number:
Revision __X__ Deletion ___ New Item ___	Originating Office: Research & Innovation (formerly SGSR)	President's Approval

1. PURPOSE: The purpose of this policy is to clarify the roles of the various offices in the matter of the solicitation and administration of gifts and grants that originate from private corporations and foundations and to provide guidance and a review process for those cases that may seem unclear.

2. SCOPE: This policy details the distinctions between gifts, grants, and contracts and defines the appropriate offices of the university, the IUP Research Institute, and the Foundation for IUP that will be responsible for the solicitation and administration of these funds. Related policies include "Grants Administration" Administrative Manual Section 7124 and University Policy on Soliciting and Acknowledging Gifts" Administrative Manual Section 7521.

3. OBJECTIVE: Because of the increased levels of varied but sometimes overlapping activity and the corresponding need for proper coordination and accountability, this policy specifies the various responsibilities for those offices and individuals involved in the solicitation and custodianship of grants, contracts, and gifts awarded to the university, the IUP Research Institute, and the Foundation for IUP.

4. POLICY: The following university policy addresses gift, grants, and contractual activities, including all aspects of those efforts which relate to identification, coordination, fund solicitation, acceptance, and administrative procedures.

   Areas of overlapping interest exist among private agencies, professional associations, private foundations, corporate foundations, and corporations. These entities can sometimes be perceived as either donors or sponsors, depending on the circumstances of the solicitation and the specifics of the award instrument.

5. DEFINITIONS: For purposes of this policy, the following basic definitions are provided:

A **gift** or **donation** is a voluntary and irrevocable transfer of money, property, or other assets made by a donor without any expectation of or receipt of direct economic benefit or any other tangible compensation (i.e., goods and services) from the donee that is commensurate with the worth of the donation. A gift or donation may, however, be restricted for a limited use (e.g., establish an Honors College, naming a building).

A **grant** or **contract** is a written agreement representing the voluntary transfer of money or other assets by the sponsor in exchange for the specifically enumerated performance of services, often including proprietary rights to and provisions of work products derived from this performance, and usually including some formal financial and/or technical reporting by the recipient as to the actual use of the money or assets involved. The agreement is enforceable by law, and performance is usually to be accomplished under time and other constraints, with the transfer of support revocable for cause.

In cases where a donor/sponsor uses the terms gift and grant interchangeably, the definitions and procedures in this document will apply. For the purpose of this policy, **grants** that are gifts can be distinguished from grants that are grants/contracts by examining the nature and purpose of the award.

6. RESPONSIBILITIES:

University Relations is charged with the responsibility for actively soliciting the private sector for gifts in support of IUP. At times, particularly when dealing with corporate prospects, it may become apparent that there is interest in providing some other form of university support (e.g., a sponsored research project or an employee training program). In these cases, the funding mechanisms could be a grant or a contract rather than a gift.

When a private sector contact by the development staff leads to the possibility of a sponsored project grant or contract support, this information will be brought to the attention of the Research and Innovation Office, and also the IUP Research Institute.

Research and Innovation promotes university participation in seeking grant and contract awards to support and develop university programs, research, and scholarly activities. It also provides a variety of services to faculty and staff to facilitate the acquisition of grants and contracts.

Therefore, it is recognized that there may also be opportunities for representatives of these three offices (University Relations, Research and Innovation, and the IUP Research Institute) to work together and identify the potential for a gift or for a non-competitive grant/contract on the part of the private sector sponsor.

The administrative leaders of these three units will be responsible for communicating to each other as soon as contacts are known to be (or thought to be) more appropriately pursued by the other office to ensure prompt information sharing and the maintenance of good sponsor/donor relations. University Relations will lead in all charitable gift and friend-raising activities and Research and Innovation/IUP Research Institute will lead in all grant and contract activities.

7. PROCEDURES: The following indicators have been developed to direct specific awards to the proper university office for administration of accounts.

A. Indicators for Administration by the University

If any of the following indicators exists, the IUP Research Institute shall have responsibility for solicitation, negotiation, and receipt of the award. This unit will also have responsibility for the administration of the award by ensuring proper accounting for expenditures, maintaining auditable records, and providing accountability to sponsors.

1. The award is from a governmental or quasi-government entity (i.e., federal, state, municipal, or foreign), or is from a sponsor that provides a subcontract containing federal "flow down" provisions.
2. The award is from a private sector sponsor for the work of an individual employee or department (center, institute, program), and the work is characterized by precise programmatic objectives that are to be accomplished within a specific time and budget framework.
3. The award is the result of a formal application process to solicit funds on a competitive basis, which is characterized by the sponsor as an application for grants/contracts, as defined within this document.
4. The award is subject to formal conditions outlined in a contractual instrument signed by an authorized university official.
5. The award document stipulates the method of payment as cost reimbursable or a letter of credit.
6. The sponsor desires restrictions on publication of data from studies supported by the agreement. This would include outright restriction of publication or the requirement for prior review or approval by the sponsor.

7. The sponsor wishes to obtain ownership of propriety rights in data resulting from activities conducted under the agreement. This would include any specification of deposition of propriety rights and/or references to licensing arrangements for patents or copyrights developed as a consequence of the funded activity.
8. The award will fund studies that are to be conducted on substances, products, and/or processes, etc., that are owned by the sponsor.
9. The for-profit private sector sponsor hopes to gain direct economic benefit or other tangible benefits as a result of the activity to be conducted under the agreement.
10. The sponsor places restrictions on the use of funds, and/or retains the right to revoke the award. Examples of restrictions include: requirement of prior sponsor approval for deviation from originally approved budget items, and disallowance of pre-award costs.
11. The grant/contract award instrument requires formal financial reporting on the specific use of funds and/or the project status.
12. The sponsor has participated in determining the statement of work to be performed or services to be provided on a research and development project.
13. The solicitation requires that compliance certification must be submitted (i.e., human subjects, clean air, Davis Bacon) and requires an authorized institutional signature.
14. The solicitation contains specific requirements concerning dispositions of residual funds, property and equipment, stipulations of direct costs, or a direct cash or in-kind match commitment of university resources (i.e., personnel, facilities, and equipment).

Research and Innovation, which is responsible for all research policies of IUP, shall be responsible for enforcing this Policy in consultation with University Relations.

B. Indicators for Administration of Gifts by the Foundation for IUP

If any one of the following indicators exists, the Foundation for IUP will have responsibility for solicitation, negotiation, receipt, and administration of the award by ensuring proper accounting for expenditures, maintaining auditable records, and providing proper stewardship with the donor.

1. Funds received from individuals, closely held corporations, and private foundations are usually classified as gifts; also, funds received from corporations, corporate foundations, and major foundations may be classified as gifts, depending on the circumstances.

2. The award is from a non-governmental source and is for the annual fund, a capital campaign, general project support, for bricks and mortar, or for a Foundation-held endowment.
3. Contractual requirements are not imposed. However, as gifts are transmitted to the university, objectives may be stated; the use of the funds may be restricted to a particular purpose such as scholarships, bricks and mortar, or general research support; and status reports of expenditures, fund balance, and activity may be requested.
4. The donor intends the gift to be irrevocable and, therefore, relinquishes the right to reclaim the gift or any unused remainder.
5. The donor makes the gift without expectations of direct economic benefit or other tangible benefits.
6. The gift award instrument requires formal financial reporting on the specific use of funds and/or the project status

C. Reporting of Assets

All equipment acquired through the Foundation for IUP intended for the use of the university will be transferred and recorded on the university's Fixed Assets System to ensure accountability for all fixed assets on campus.

Expenditures for renovations to university buildings and facilities are to be processed through the University. PASSHE requires that these funds must be transferred to IUP to be recorded as a capital improvement expense.

D. Reporting External Financial Support

The Foundation for IUP may count all private sector (non-governmental) grants and contracts managed by the IUP Research Institute toward private sector development totals for external reporting purposes. The IUP Research Institute shall manage all grant funds garnered by Foundation for IUP staff. Similarly, the Foundation for IUP shall manage all gifts garnered or donated to the IUP Research Institute.

E. Employee Compensation

All compensation paid to IUP employees, regardless of fund source, must be paid through the university payroll system.

8. RECISION: Not applicable

9. PUBLICATIONS STATEMENT: This policy will be published through memorandum to various campus offices.

10. DISTRIBUTION: D, E, G, I