MIDWESTERN UNIVERSITY

STANDARD POLICY

DIVISION: All University Colleges AREA: Administrative

SUBJECT: Institutional Research - Extramural Procedures	POLICY NO. 0003		
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PURPOSE:

There are many public and private sources of funding to support Midwestern University's (MWU's) programs and activities. Support to the University for these activities can be generally characterized as **gifts**, **grants** or **contracts**, although the difference between these categories is sometimes subtle. It is important that principal investigators (PIs) understand the differences between gifts, grants and contracts, because MWU's procedures and handling of the funds is very different, based upon this initial categorization.

Additionally, it is important that PIs understand the requirements around both submitting proposals for extramural funding and managing extramurally-funded awards received to ensure compliance with local, state, and federal agency rules and regulations as well as Midwestern University guidelines.

DEFINITIONS:

Allowable Cost: Costs which are legitimate and permissible for extramural funding. Allowable costs must be in line with the programmatic or research requirements of the grant, agreement, or contract, treated consistently, and conform to any limitations or exclusions set forth in agreements or in Federal Cost Principles (OMB Uniform Guidance 200.403)

Allocable Cost: Costs which are distributed in an equitable manner to align with direct involvement in an extramurally funded project. Allocable costs must be incurred solely to support or advance the work of a specified sponsored award, or assigned to one or more objectives in a reasonable and realistic manner proportional to the benefit provided.

Reasonable Cost: Costs which are reviewed using sound judgement for fair and sensible activity on extramurally funded awards. This includes obtaining a reasonable price for goods and services, and refraining from purchases which to a reasonable person would constitute needless spending of sponsored funds.

POLICY:

Charitable donations from individuals, corporations, foundations, associations and other non-governmental agencies are generally recognized by the University through the Office of Development and Alumni Relations as **gifts**, and can be the result of the submission of a written proposal to the donor (sometimes referred to as a "grant" by the donor). However, awards that are received by the University as a **grant** or **contract** for a specific research or educational program following the submission of a written application or proposal to a governmental agency, corporation or foundation are generally recognized by the University through the Office of Research and Sponsored Programs (ORSP) as support for a **sponsored project**.

Because of the increased public and fiscal accountability of philanthropic foundations, they often require signed agreements that require formal budgets for projects, interim and final financial reports, and stricter parameters regarding the use of their funds. Philanthropic foundations may include community foundations, donor-advised funds, family foundations and not-for-profit professional foundations. The challenge in determining whether a transfer of assets should be considered a gift or a sponsored project often relies on the charitable intent of the donor. If the donor's purpose is to support a charitable activity—such as a community service project, a student scholarship, an educational-enrichment activity for the community, or increased access to patient care for which the donor receives no commensurate economic benefit—the donation should be considered a gift and recorded in the gift register. If the donor's purpose is to achieve a particular outcome or receive a deliverable back from the recipient—such as the purchase of equipment used for academics or research, the support of a basic science or clinical research project, or some direct economic benefit—the award should be considered a sponsored project and managed by the ORSP.

Although the difference between gifts, grants, and contracts may be subtle, the method of processing, use, and oversight is quite different. The following definitions are provided to assist faculty and administration in classifying, administering and reporting **gift**, **grant** or **contract** support to the University. In some instances, because of the philanthropic intent of the donor, funds may be credited and acknowledged by the Office of Development and Alumni Relations, but managed and reported by the ORSP because of financial complexities or restrictions.

Gifts: Gifts may be cash or non-cash contributions provided by a donor to the University without an explicit or implied expectation of commensurate economic benefit to the donor. The University is free to use unrestricted gifts for any purpose consistent with the mission of the University. However, purpose-restricted gifts must be used for the specific purpose designated by the donor. These gifts generally support the development of a University endowment, improvement and repairs, departmental programs, or provide financial aid for loans and scholarships or student activities. Some of the more typical characteristics of a gift include:

1. The donor is providing the funds to further a charitable intention, with no direct economic benefit.

2. The donor may include a letter or agreement outlining the expected use of the funds. Gifts from corporations and foundations may include a more formal contract that outlines the use of the funds and any financial or follow-up reports that are required. A budget may be included in the funding request and acceptance document. Certain gifts may also contain language requiring the termination of the project and return of the funds if the recipient's IRS status is revoked or if other serious criminal or ethical violations occur. This can also happen when the recipient decides not to move forward with the project or significantly changes the scope of the project, whereby the excess remaining funds are significant.
3. There are no "deliverables" to the donor, exclusive of financial and interim reports.
4. If used for the intended purpose, gifts are typically irrevocable (with the exception of extenuating circumstances such as revocation of the recipient's IRS status, criminal, or serious ethical violations). While the donor may intend that the funds be used within a certain timeframe, there is usually no specified start or stop date.
5. The funding is recognized by Midwestern University as a charitable donation in letters and annual publications.

   Gift and charitable grant solicitations should be coordinated through the Office of Development and Alumni Relations, and that office should be contacted for applicable procedures. The Business Services Office, the ORSP and Development will make a joint determination if there is a question about whether an award should be treated as a sponsored project or a gift.

Grants: Grants are awarded to the University to support specific and sometimes non-specific instructional, research, or academic programs of the University. The terms imposed by the grantor are usually specified in an award notice or published guidelines. Some of the characteristics of a grant typically include:

1. The grant or award was made following the submission of a formal or informal proposal to the sponsor binding Midwestern University to a specific line of scholarly or scientific inquiry (e.g., a project).
2. The proposal submitted to the sponsor has been endorsed by Midwestern University for both of the following purposes:
   a. To assure the sponsor that the University will adhere to the requirements or guidelines promulgated by the sponsor, and
   b. To ensure adherence to University obligations associated with the proposed activity, e.g., a proposed budget, a specific period of performance, cost sharing or matching requirements, specific commitments of personnel effort, or agreement to terms under which funding will be accepted.
3. The award specifies an end date for the use of the funds or the terms under which an award may be terminated in advance of all funds being expended.
4. The award document specifies deliverables such as technical, financial, invention, or procurement reports, milestones or timetables for performance.
5. The award document specifies fiduciary responsibilities such as:
   a. Adherence to a line-item budget

b. Delineation of costs into direct and indirect costs
c. Audit of the project by the sponsor or a third party
d. Payment contingent upon satisfactory programmatic progress, and
e. Return of unexpended funds at the conclusion of the project or guidelines regarding the transfer of funds from one period of time to another (e.g., a no cost extension).

6. The award specifies other terms and conditions or property requirements. Some of these terms include requirements imposed by the sponsor for the disposition of tangible and intangible property that results from the project, including equipment, records, reports, theses or dissertations, data, copyrights and/or inventions.

Contracts: A contract is an agreement between the University and a sponsor to conduct a specific teaching, research, or service activity, often with an economic benefit to the grantor for the compensation provided to the University. The contract is a detailed written agreement, often negotiated, between the University and the granting agency that is enforceable by law.

Cooperative Agreements: A cooperative agreement is a special type of contract activity between the sponsor and the University, which involves the sponsor in the actual conduct of the activity described in a formal agreement.

A single grant, contract, or cooperative agreement should not combine separable components that have distinct approval processes. For example, continuing education, educational research, research on materials, and a clinical trial should each have a separate component, even if they are all funded by the same funding agency. If a proposal for funding would result in a grant or contract that involves research in animals or humans, biological materials, recombinant DNA or radioisotopes, is for a fellowship, research, training or an educational grant from a federal agency or foundation, or requires the submission of a technical progress report, it should be processed through the ORSP. The following guidelines describes the process of intramural review and approval of the submission of proposals for grant or contract support through the ORSP and is provided to assist faculty members in adhering to University policy regarding these activities.

GUIDELINES:

I. Extramural Funding Proposal Submission

A. Faculty members should inform the ORSP prior to contacting extramural sources of funding for the research, educational or service programs of the University that are processed through the ORSP. By contacting the ORSP in advance, investigators will expedite the intramural review and clearance of the proposal, agreement, contract, or plan prior to submission to the potential sponsor. Staff in the ORSP can provide further information concerning meetings of institutional research committees and other sponsor requirements such as cost sharing that may facilitate the development and the submission of a formal proposal.

B. Nearly all sponsors of research require approval by institutional committees

for studies involving humans, animals, biosafety concerns, recombinant DNA, and/or radioactive materials in advance of funding. Some sponsors require documentation demonstrating that the institutional committee paperwork has been submitted prior to grant submission. Therefore, it is the principal investigator's (PI's) responsibility to obtain the appropriate institutional committee's approval at an appropriate time congruent with the sponsor's requirements.

C. **At least two (2) weeks (10 business days) prior to the intended submission date, the following are due to the ORSP:**

(1) **Abstract**
(2) **Budget** (see ORSP website for a template)
(3) **Budget Justification** (see ORSP website for a template)
(4) **Proposal Approval Form -** The Proposal Approval Form must be complete and at least have the signature of the PI and his or her supervisor 2 weeks prior to submission.
(5) The ORSP needs to be notified if a **consortium agreement (sub-grantee)** is involved, because there can be a number of different forms required based on the specific research.

At least one (1) week (5 business days) prior to the intended submission date, the following are due to the ORSP:

(1) **Full Proposal, Contract, or Agreement** – This is the minimum time needed for MWU's ORSP to review and take action on the completed proposal prior to submission to the extramural source of funding. If the PI submits the full proposal to the ORSP in less than one week, the ORSP cannot assist the PI by doing a thorough job in reviewing the proposal for compliance with the sponsor's regulations.
(2) **Proposal Approval Form** – Must now be complete with the Dean's and all other required signatures (pending review of the ORSP). A copy will be provided to the PI upon request.

Prior to the intended submission date, the following is due to the ORSP:

(1) **Form C (Conflict of Interest Form)** – Must be submitted to the ORSP in advance of the submission from all MWU personnel, including students.

D. The ORSP will:

(1) Assist researchers with the development of proposals, budgets, agreements, contracts and plans;
(2) Directly negotiate with extramural sponsors (this requires the PI to provide appropriate contact information to the ORSP);
(3) Provide support services for extramurally funded activities.

It is the PI's responsibility that the proposal or grant application be submitted in accordance with the instructions provided by the extramural source of support. The PI should use a current set of instructions and forms, read them carefully, and review the final documents, verifying that the sponsor's instructions were followed. The ORSP can assist the PI with this responsibility, however, the level of review provided will be directly related to how early the ORSP is provided the complete grant and the number of other grants being submitted.

E. The narrative portion of the proposal or grant application deserves the undivided attention of the author. Failure to obtain extramural funding often occurs because of inadequately described plans or poorly presented ideas. A second cause of failure is a lack of experience or qualification of the investigator. This may be circumvented by using co-investigators or consultants who can assist in the preparation of the proposal and the conduct of the study. Special attention should be given to guidelines available from the institutional committees when using animals, human research subjects, recombinant DNA, hazardous chemicals, or radioactive materials.

F. Budget proposals for projects are to include all personnel costs (including fringe benefits), equipment, supplies, per diem for use of the Animal Facility, etc., and the University's current indirect cost rate (contact the ORSP for current rates). The ORSP will review the proposed budget and may approve submission of the proposal as presented. However, if **cost sharing** or other requirements (e.g. space requirements) imposed by the sponsor or the nature of the study make it difficult for the University to support the proposed project, revision of the proposal or budget may be required as a condition for approval of the submission. Any proposal requiring cost sharing will require a written commitment from the Dean's office prior to submission.

II Extramural Funding Award Management

A. All funds received for support of the sponsored activity in the name of the University will be placed in a designated account. Disbursements will be in accordance with the budget presented in the proposal and upon approval by the researcher and Business Services, where Business Services ensures expenses are allowable, allocable, and reasonable. Business Services will work closely with the ORSP when determination of allowability, allocability, or reasonableness is questioned. The Vice President and CFO has final budget authority for the expenditure of grant or contract funds in University designated accounts.

(1) The Business Services Office will maintain records of all revenue, cash collected, and expenditures, maintain a balance sheet, and

provide investigators with live access to the University's information system.

(2) Any discrepancies in accounting records from the investigator's records should be addressed to the Controller for review.

(3) The Grant Accountant, under the supervision of the Director of Accounting, is responsible for posting journal entries, salary reallocations and cash drawdowns to the restricted accounts created to hold extramural funds. All expenses and revenue recorded on accounts holding extramural funds are reviewed and approved by the Director of Accounting or their designee. The Grant Accountant is also responsible for approving requisitions for goods and services, and employee expense reimbursements from extramural funding sources.

(4) The PI will be responsible for safeguarding all physical property purchased using extramural funding sources, and for ensuring that it is used in accordance with the terms and conditions of the agreement underlying the funding. The Business Services office will ensure that all funds are handled in accordance with proper cash handling procedures, and properly recorded in the general ledger for use during the project.

(5) The PI and Business Services Office share responsibility for ensuring that costs charged to sponsored research awards are reasonable, allowable, and allocable based on federal cost principles, guidelines of the sponsoring agency, and/or internal policies of Midwestern University or the college.

(6) Financial reports required by extramural sponsors will be prepared and submitted to the sponsor by Business Services with copies to the ORSP and the PI.

(7) MWU's procedure is to return any surplus of grant funds to the sponsor. If the project is completed and there is a surplus of grant funds, and such funds were not addressed in the original proposal:

a. in the absence of an agreement with the sponsor requiring the return of any unused balance, the PI may request approval to transfer the funds to the Dean's restricted account, or

b. the PI may request approval from the sponsor to use the funds for some other University approved scholarly activity.

III. Required Approvals:

All proposal approvals are required **at least one week (5 business days) in advance of the intended submission date** on the Midwestern University Proposal Approval Form (available on the ORSP website) which includes:

A. **PI** – Signs off on the PI Assurance of Compliance Statement.

B. **Department Chair or Program Director** – This signature approves the use

of departmental/program resources, when applicable, including commitment of investigator time and effort, support personnel, space and facilities, use of patients, and use of departmental/program equipment.

C. **Chair of any collaborating department, program or entity –** This signature approves the use of collaborating departmental resources, support personnel, space and facilities, etc., when applicable.

D. **CEO or designee from any participating hospital, medical facility, or other collaborating entity** – This signature approves conducting research at the participating facility or entity.

E. **Assistant Vice President of Research** – Has been designated as the **"institutional official"** with the authority to review and approve the submission of the majority of faculty authored proposals for research and other sponsored program activities. Once the proposal has been submitted to the ORSP for submission to the potential extramural sponsor, the proposal must be submitted by the PI to the following committees, as appropriate, for intramural review and approval:

(1) **Institutional Animal Care & Use Committee** for research proposals involving animals to evaluate the scientific merit and the feasibility of the study including compliance with policies and procedures for procurement, housing, care, use and disposal of animals.
(2) **Biosafety Committee** for review of proposals involving potentially hazardous biological, chemical, or physical agents. Proposals utilizing recombinant DNA will be required to obtain appropriate approval by the Institutional Biosafety Committee, when applicable.
(3) **Radiation Safety Committee** for review of proposals involving radioactive materials.
(4) **Institutional Review Board** for review of proposals involving human subjects (patient volunteers) and/or specimens, tissues, personal records or personal data obtained from individuals as research subjects.

IV. Additional Approvals (The ORSP will inform the PI when these approvals are required):

A. **Controller** – Approval required only when the budget is complex or involves a major commitment of University resources. In such instances, review and approval may also be required by the VP Finance (CFO) and/or the President and CEO. The ORSP will let the PI know if these approvals are required.

B. **Vice President and Chief Academic Officer** – Approval will be required when deemed necessary by the ORSP, usually in proposals involving new academic programs or major commitments of college resources.

C. **The Vice President (CFO)** – Has been designated as the final authority for

approval of budgets on all proposals submitted to extramural sponsors (but approval of the budget is delegated to the ORSP in most cases).

D. **The Vice President of Operations** – Has been designated as the final authority for approval of the use of space, institutional resources, and MWU support for all other sponsor requirements on grants and contracts.

E. **The President and CEO** – Is the final authority for approval of the submission of grants and contracts involving new academic programs, construction projects, projects involving a major commitment of institutional resources, or projects with a scope that requires CEO review.

References:

2 CFR Part 200, Subpart E-Cost Principles of Uniform Guidance