To: ORSP and Development Staff

From: Mike Leto  
Jim Hageman  

Re: Administration of Private Sector Gifts and Grants

Date April 5, 2002

Enclosed is a copy of the new guidelines for the administration of gifts and grants. As we seek to significantly increase external revenue, it is important that efforts are coordinated to maximize our success particularly when seeking funding from public and private organizations.

The Office of Research and Sponsored Programs (ORSP) and Development and Alumni Relations have developed these guidelines to clarify our respective roles and to assist the campus community in fundraising and grantwriting activities. The guidelines cover four areas of responsibility:

- Solicitation activity
- Award receipt and accountability
- Reporting of external support
- Coordination and cooperation

We ask that you review the guidelines and share them with appropriate individuals within your college, division or department. Please feel free to contact us if we can provide any additional information.

cc: Mike Rao  
Dick Davenport  
Abdul Nasser  
Bob Berry  
Deans
PRIVATE SECTOR SOLICITATION, AWARD ACCOUNTING AND REPORTING PRACTICES FOR CENTRAL MICHIGAN UNIVERSITY

A Memorandum of Agreement

Introduction

Central Michigan University is accelerating efforts to maximize total external financial support. Responsibility for increased resource development lies primarily with the Assistant Vice President for Research, through the Office of Research and Sponsored Programs (ORSP) and the Vice President of Development and Alumni Relations.

This memorandum is intended to help clarify a reasonable division of responsibilities, thus promoting greater cooperation and coordination and increased productivity for both university offices. This memorandum is also intended to help ensure compliance with accepted accounting and reporting practices as advocated or mandated by such entities as the Council for Advancement and Support of Education, the Governmental Accounting Standards Board, the National Council of College and University Business Officers, and the President’s Office of Management and Budget.

Certain divisions of responsibility are easily identifiable and not at issue in this agreement. For example, ORSP has specific responsibility for soliciting and administering all governmental research grants and contracts. Similarly, Development has responsibility for soliciting and administering all gifts from individuals, whether alumni or friends of the university, and for soliciting and administering all gifts to the university’s endowment, if from a non-governmental source.

The targeted area for clarification in this agreement is the realm of corporate and foundation support, which is of specific interest to both ORSP and Development. This area of overlapping interest includes private agencies, professional associations, private foundations, corporate foundations, and corporations. These entities provide funding that may be considered a gift/donation/philanthropic grant or a contract/exchange grant depending on the circumstances of the solicitation and the specifics of the award instrument.

This agreement will establish guidelines for defining the type of funding being provided by the corporation/foundation, thereby, preventing potential duplication of effort and inefficiency in this very important area and ultimately to maximize university support. It covers four distinct areas of responsibility (1) solicitation activity, (2) award receipt and accountability, (3) reporting of external support, and (4) coordination and cooperation.
I. Solicitation Activity

For purposes of this agreement, the following basic definitions are provided:

A GIFT, DONATION, or PHILANTHROPIC GRANT is a voluntary and irrevocable transfer of money or property, made by a donor without any expectation of or receipt of direct economic benefit or any other tangible compensation (i.e., goods or services) from the donee that is commensurate with the worth of the donation. A gift may require some formal financial and/or performance reporting by the recipient as to the actual use of the money or property donated.

An EXCHANGE GRANT or CONTRACT is a written agreement representing the voluntary transfer of money or property by a sponsor in exchange for specifically enumerated performance of services and usually requires some formal financial and/or performance reporting by the recipient as to the actual use of the money or property awarded. The agreement is enforceable by law, and performance is usually to be accomplished under time and fund-use constraints, with the transfer of support revocable for cause.

In cases where a donor uses the term “gift” and “grant” interchangeably, the definitions and policies in this document will apply.

A. Collaboration

When a corporate/foundation contact by Development staff leads to the possibility of an exchange grant or contract support, this information will be brought to the attention of ORSP. An ORSP staff member will follow-up with the potential funding source, in concert with the Director of Corporation/Foundation Relations and appropriate faculty member(s).

Similarly, when representatives of ORSP identify the potential for a gift or philanthropic grant from a corporation/foundation, ORSP staff will likewise bring this information to the attention of the Director of Corporate & Foundation Relations. This information will then be referred to the appropriate Development officer who will work in concert with ORSP staff and other appropriate university faculty/staff in determining a solicitation plan.
II. **Award Receipt and Accountability**

The following indicators will be used to help direct specific awards to the proper university office for administration of accounts.

A. **Indicators for Administration by the Office of Research and Sponsored Programs**

While no one factor can provide sufficient information to determine the responsible office, if any one of the following indicators exist, ORSP will likely have responsibility for solicitation, negotiation, receipt, and administration of the award by insuring proper accounting for expenditures, maintaining auditable records, and providing proper accountability to sponsors.

1. Award is from a governmental or quasi-governmental entity, e.g., National Science Foundation, or is from a sponsor that provides the university with a subcontract that contains federal flow-through provisions.

2. Award is from a private sector sponsor for the work of a specific faculty member(s) and the work is characterized by precise programmatic objectives that are to be accomplished within a specific time and budget framework.

3. The sponsor desires to place restrictions on publication of data from studies supported by the agreement. This would include outright restriction of publication or requirement for prior review or approval by the sponsor.

4. The sponsor wishes to obtain ownership of proprietary rights to data resulting from activities conducted under the agreement. This would include any specification of deposition of proprietary rights and/or references to licensing arrangements for patents or copyrights developed as a consequence of the funded activity.

5. Studies are to be conducted on substances/products/processes, etc. that are owned by the sponsor.

6. The private sector sponsor hopes to gain direct economic benefit as a result of the activity to be conducted under the agreement.

7. The sponsor places restrictions on the use of funds and 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.

8. The sponsor defines the statement of work to be performed or services to be provided on a research and development project.

9. The award document stipulates the method of payment as cost reimbursable or a letter of credit.
10. The award document contains specific requirement concerning disposition of property, equipment and/or unexpended funds at the close of the project.

11. The funded activity involves research using human subjects, animals, radiation hazards, chemical and biological hazards, blood-borne pathogens, or recombinant DNA.

B. Indicators for Administration by Development

While no one factor can provide sufficient information to determine the responsible office, if any one of the following indicators exist, Development will likely have responsibility for solicitation, negotiation, receipt, and administration of the award by insuring proper accounting for expenditures, maintaining auditable records, and providing proper stewardship with the donor.

1. The award is from a private individual.

2. The donor specifically intends the award to be a charitable gift or philanthropic grant.

3. The conditions or stipulations placed on the intended use of the award are reasonable and serve to direct the funds to general university functions such as scholarship, brick and mortar, research, or program support of specific interest to the donor.

4. The donor intends the gift to be irrevocable and, therefore, relinquishes the right to reclaim the gift of any unused remainder.

5. The donor makes the gift to the university without expectation of direct economic benefit or other tangible benefit commensurate with the worth of the gift. Indirect benefits such as tax advantages, business or personal goodwill derived from close association with the university, and miscellaneous benefits derived from donor status are not sufficient to negate gift intent.

6. Proprietary research results belong exclusively to the university after the work is completed.

7. The university defines performance objectives and the timetable for meeting those objectives on a research project.

8. The award does not include quid pro quo provisions.
C. **Conflicting or no Clear Indicators**

In the event that the specific circumstances of a proposal/funding contains indicators that meet both the ORSP and Development office guidelines or that none of the above listed indicators exist, staff from both offices will work together to determine the true nature of the proposal/funding and to determine a responsible party.

If the department staff cannot reach an agreement within 10 days, the AVP of Research and VP of Development & Alumni Relations will be advised of the situation and asked to make a determination.

III. **Reporting External Financial Support**

A. *For external reporting.* Development will count, with appropriate acknowledgement, all private sector (non-governmental) philanthropic grants administered by ORSP as counting toward fundraising totals. The definition of a gift from Section I and appendix D (NACUBO Guide to Distinguishing Between Contracts and Contributions) from the most current version of the CASE Management Reporting Standards (CMRS) will be used to determine philanthropic grant activity.

B. *For internal reporting and publicity purposes:* ORSP and Development will be responsible for entries to the university's ledger associated with grants/gift activity administered in their respective offices. Development will report all gift income as defined in the CMRS in campus publications such as Centraline, Centralight, CM Life, and Donor Honor Rolls. Any Development reports will make proper acknowledgement of philanthropic grant activity generated by ORSP.

IV. **Coordination and Cooperation**

A. The Vice President of Development & Alumni Relations and the Assistant Vice President for Research will designate appropriate representatives from Development and ORSP and will determine a mutually agreed upon manner of regular information exchange on solicitation efforts of mutual interest.

B. Specific effort will be made to inform all Development and ORSP staff as to the spirit and substance of this agreement. A spirit of cooperation will be fostered by bringing the two staffs together at least quarterly to discuss common concerns and interests, to share in-service training programs, and to get to know each other for a better working relationship.
C. Each of these offices recognizes the contributions made by the other and pledges to follow the guidelines set forth in this document. Each office will also aid and assist the other in their efforts to maximize total external financial support to the university.

Signed _______ Date 02/20/02
Michael Rao
President

Signed _______ Date 11/27/01
Michael Leto
Vice President of Development & Alumni Relations

Signed _______ Date 12/8/01
Richard Davenport
Provost and Vice President for Academic Affairs

Signed _______ Date 2/7/02
Abdul Nasser
Vice President for Finance and Administrative Services

Signed _______ Date 12/06/01
James Hageman
Assistant Vice President for Research