

## **BUSINESS POLICY**

TO: All Members of the University Community 2021:10

DATE: October 2021

### **Grant/Gift/Contract Policy and Procedures** (Supersedes 2012:05)

#### **I. Purpose**

This policy applies to externally funded grants, sponsored projects and funded contracts, including pre-award and post-award procedures at Ferris State University (all campuses and subsidiaries). Grants and sponsored projects are best defined by their detailed and structured application process, and in most cases are competitive awards with detailed regulations based on state, federal, municipal, or private foundation terms and conditions (see additional defining factors provided in Appendix A, and Glossary of Terms in Appendix B).

The Board of Trustees Contracting Policy (Subpart 4-1) and Purchasing Policy (2020:01) describes the process to enter into purchasing contracts and should be consulted for additional information.

#### **II. Scope**

This policy is applicable to any Ferris State University program, department, unit, College or division preparing and submitting grant or sponsored program applications (including sub-awards) to agencies outside the University for funds, materials, or equipment to be received and administered by the University or by an agency for which the University acts as fiscal agent. Grant acceptance will involve a review of management reporting costs greater than the grant amount. Such costs include, but are not limited to, indirect costs, overhead and any other items needed to administer the grant. Any unapproved application by any University program, department, unit, College, or division in violation of these grant procedures shall not bind the University.

#### **III. Procedures to apply for an external grant, sponsored project, or research contract (pre-award)**

Applications for external grants and sponsored projects, including competitive awards and sub-awards, must be reviewed by the Office of Research and Sponsored Programs (ORSP) and appropriate VP's office, prior to submission to the Sponsor, as outlined below:

- a. Individuals or groups considering grant opportunities will work in cooperation with their respective Dean or Division designee to decide whether to pursue the grant. The Dean or Division designee, in coordination with ORSP, will provide a recommendation to the appropriate VP or President of KCAD (if applicable) who will have authority to determine whether to pursue the grant.
- b. Intent to hire external vendors for grant writing services must be reviewed with ORSP and approved by the appropriate VP or President of KCAD (if applicable) prior to contracting and must take place in accordance with FSU Purchasing policies.
- c. The individual or group pursuing a grant opportunity (as a prime or sub-award) will notify the ORSP Grants Administrator of their intent to apply, ideally 4 weeks prior to the application deadline. The project director will meet with ORSP to develop the budget and necessary application components in accordance with the Sponsor's Request for Applications (RFA) instructions and federal regulations, as applicable.

- d. In cases of funding requests to individuals, closely held corporations, and private foundations, the Grants Administrator will forward the application request to the Vice President for University Advancement and Marketing, or designee, for review. (See applicable policies on Gift Acceptance and Fundraising Activities for more information).
- e. The project scope of work, abstract, and detailed budget/justification will be routed to the Department Head/Chair, Dean, Director of ORSP, appropriate VP, President of KCAD (if KCAD is applicant), and, if the total budget exceeds \$250,000 or includes a matching component of \$100,000 or more, to VP for Administration and Finance (for FSU) or President of KCAD (if applicable) for submission approval, per University Contracting Authority Policy.
- f. The grant or sponsored project application will be submitted to the Sponsor by either the PI (with prior ORSP approval), Grants Administrator, or designee. A final copy of the application will be submitted to ORSP for record keeping.
- g. Sponsor requests for adjustments to the grant budget during the pre-award period will be reviewed and approved by the principal/lead investigator and Grants Administrator.
- h. Release time, overload and compensation for faculty time and effort, shall be governed by all applicable union contracts and agreements as well as Academic Affairs governing policies.

#### **IV. Indirect Cost Allocation**

Grants, sponsored projects, and contracts eligible for the recovery of indirect costs will have a portion allocated to the faculty member's College and other entities as determined by the VP for Administration and Finance and appropriate VPs (see Indirect Cost Allocation Guidelines). Waivers of allowable indirect costs require prior approval from the appropriate VP or President of KCAD (when applicable). For fundraising requests to private entities, the VP for University Advancement and Marketing may also grant waivers of allowable indirect costs.

#### **V. Procedures to accept a grant award and proceed to post-award phase**

Formal approval is required to accept a grant award, as follows:

- a. The VP for Administration and Finance, President of KCAD, or designee, must approve the terms and conditions and sign the grant or sponsored project agreement or contract on behalf of the University prior to commencing the project.
- b. Grant or sponsored project awards of \$500,000 and above require Board of Trustees approval prior to official acceptance by the University. The notice of grant award will be sent to the respective VP's Office for submission to the Board for approval.
- c. Grant or sponsored project awards requiring a match of over \$150,000 require Board of Trustees approval prior to acceptance by the University. Grants requiring formal approval will be sent to the respective VP's Office for approval by the Board.
- d. Legal and/or Risk Management Review: University General Counsel's office or Board Counsel must review the following contracts prior to execution: Contracts over \$100,000; Any federal, state or private grants of \$250,000 or greater; All contracts with a foreign entity.
- e. The principal investigator, in cooperation with their Dean or designee and Grants Accounting (Finance), will have the overall responsibility of managing and reporting on the activities of the grant according to the terms and conditions of the grant proposal, award letter and University policies and procedures.
- f. Human Resources Department will be notified through the hiring process of any grant funded positions.
- g. Award notifications from individuals, closely held corporations, or private foundations will be forwarded to the VP for University Advancement and Marketing, KCAD President (if applicable), or designee for acceptance.

Vice President for Administration & Finance  
 Provost and Vice President for Academic Affairs  
 Contacts: Director of ORSP; Director of Accounting

## Appendix A:

### **Determination of Sponsored Program Grants vs. Gifts and Philanthropic Donations**

Ferris State University receives funding support from a variety of initiatives, donors, and sponsors. When the question “Is this a sponsored project/grant or a gift?” arises, the table below may be helpful. Its various elements fall on a continuum. Placement near one side or the other, together with an understanding of the intent of the source of funds and agreement’s terms, should help to classify a questionable award.

Governmental Sponsors: If the source of the funds is a government agency, the funds are NOT a gift and may NOT be treated as such. Note that most private and corporation foundations refer to their funding as “grants,” so use of that term is not determinative in and of itself.

Some characteristics can be similar between sponsored projects and gifts, and are not determining factors as to whether funds are a gift or support for a sponsored project:

- Payment or nonpayment of indirect costs.
- Designation as a gift will not prevent recovery of indirect costs where indicated by donor.
- A proposal may be solicited or unsolicited.
- Award is labeled by the donor as a gift or as a grant.

The following factor is an indicator of a sponsored project, but not by itself a determining factor for defining funds as a sponsored project:

- Awards deriving from both competitive and non-competitive proposals for non-research purposes.

The following table indicates typical features of gifts versus sponsored projects/grants. Questions about the determination of a gift vs. a sponsored project/grant will be addressed by the appropriate VP.

| Gifts/Donations   | Sponsored Projects/Grants  |
|---|--|
| Items of value given to the University by a donor without a requirement for something of value in return, other than recognition.                     | Funding for a project provided by an external sponsor that typically has defined expectations for activities (whether research, scholarly activity, training, instruction and instructional design, etc.). |
| Funding does not originate from a government agency.  | Funding may originate from government agencies, as well as from corporations, associations, and foundations (private, public or professional organizations).   |
| Funding for a general or specific purpose, within a general area of work.   | Funding based on a specific statement of work as stipulated in the agreement conveying the award. The sponsor may also predetermine it.  |
| Deliverables not typically required, or minimal reporting as noted below, plus use of funds as generally requested and awarded.                       | Deliverables defined by agreement, e.g., reports, results, IP rights, services, training, equipment prototypes, specific start and end dates, etc.   |
| Pre-approval of expenditures not required unless a change in circumstances requires the University to revisit the purpose of the gift with the donor. | Certain expenditures may require prior approval by the sponsor.  |
| No requirement for return of unexpended funds.  | Sponsor may (or may not) require that unexpended funds be returned if funds are not approved to be carried forward to extend the project.  |
| No technical reports required. Non-technical reports are recommended as a courtesy.   | Often requires technical, quarterly or annual progress reports, and detailed financial reports. May also include right of sponsor to audit project.  |
| No restriction on publication of research rights. Acknowledgement of donor support in publication is recommended as a courtesy.                       | Sponsor requires or restricts acknowledgement of support in publications. May require/request minor publication delays.  |

## **Appendix B. Glossary of Terms**

### **Allowable Cost**

A cost for which an institution or agency may be reimbursed under a grant or contract, per the Sponsor's guidelines.

### **Assurances**

Statement concerning the institution's or organization's compliance with Civil Rights, Title IX, Section 504 guidelines, lobbying, etc. Assurances are required with many proposal applications.

### **Audit**

Review of financial transactions, documentation, accounting procedures and systems by external or internal auditors. The most common external audit is the Single Audit that is required by law and by OMB Circular A-133, which is conducted annually by the State Auditor General's Office.

### **Authorized Signature**

Signature of person legally responsible for making agreements on behalf of an organization; must appear on an application before it can be considered an official request; implies that if an award is accepted, the responsibility for its proper administration is assured.

### **Award**

The document, which may be a letter, a special form, or a contract, prescribing the amount of funds and restrictions imposed; an agreement between two parties.

### **Budget**

Financial plan for conducting a project submitted and/or approved by the funding source; should include whole dollar amounts only. It is the estimated cost of performance of the project as set forth in a proposal or in the notification of grant award or contract. After the award, the approved budget becomes a spending guide for the project.

### **Budget Detail**

An itemized list of expenditures and income that accompanies a narrative proposal.

### **Budget Justification**

A detailed description of each item within the budget; explains how dollar amounts were determined.

### **Capital Equipment**

An article of property that is not permanently attached to buildings or grounds and that has an acquisition cost of \$5,000 or more (including sales and/or use tax, freight, and installation) and a life expectancy of one year or more.

### **Carry Forward or Carryover**

The unspent balance from a prior award period, which may be added to the subsequent award budget if approved by funding agency.

### **Catalog of Federal Domestic Assistance (CFDA) Number**

Identifying number for a federal assistance program, composed of a unique two-digit prefix to identify the federal agency, followed by a period and a unique three-digit code for each authorized program.

**Certification**

A statement, signed by an applicant or grantee as a prerequisite for receiving federal funds, that it 1) meets or will adhere to certain conditions and/or 2) will undertake or not undertake certain actions.

**Contract**

A mutually binding legal relationship obligating the seller to furnish supplies or services and the buyer to pay for them. Contracts do not include grants and cooperative agreements.

**Contractor**

Contractor means an entity that receives a contract as defined in CFR §200.22 Contract.

**Cooperative Agreement**

An award mechanism used in lieu of a grant in which substantial programmatic involvement by the sponsor is anticipated.

**Direct Costs**

Expenses which can be itemized and for which vouchers or payroll records can be presented for payment. They include salaries and wages, fringe benefits, supplies, travel, equipment, printing, duplication, etc.

**Effective Date**

Date award is made, allowable project costs may not be charged to the project until this date.

**Effort (Time)**

The amount of time, usually expressed as a percentage of the total that a faculty member or other employee spends on a project. Does not include work done for supplemental pay.

**Effort Reporting / Certification**

Mechanism by which faculty/administrative effort commitments and salary charges made to sponsored projects are documented, reported on and signed by the individual working on the award, or by an individual possessing firsthand knowledge about personnel working on the award.

**Electronic Research Administration (ERA)**

Electronic and Web-based systems designed to support the administration, management and knowledge base of sponsored research.

**Evaluation**

A quantitative assessment of what was, or was not, accomplished by a project; a comparison of project objectives and actual project outcomes; an increasingly important part of proposal writing and project management.

**External Evaluator**

Professional evaluator external to the project with the background and qualifications to conduct a quality evaluation based on the project requirements. Most external evaluators are external to the applicant organization; however, some programs consider the evaluator to be external if they are external to the project in which case, the external evaluator could be a FSU employee or former employee.

**Financial Conflict of Interest (COI)**

The revealing of relevant significant financial interests of faculty and or staff (including those of their spouses and dependent children) which could appear to affect their research. Conflict of Interest Disclosure statements are required by the University for National Science Foundation or Health and Human Services.

**Fiscal Year**

Usually a 12-month period for which funds are appropriated during which expenditures must be made. The federal fiscal year runs from October 1 to September 30 and is designated by the calendar year in which it ends.

**Foundation**

Organization established to disburse funds based on a shared vision/mission. Usually private and philanthropic in nature but may be aligned with professional organizations (such as American Heart Association or National Kidney Foundation) to fund research for a specific disease or condition.

**Gift**

A gift is a contribution received for either unrestricted or restricted use in the furtherance of the institution's mission for which the institution has made no commitment of resources or services other than committing to use the gift as the donor specifies. The contribution is a nonreciprocal transfer in that there is no implicit or explicit statement of exchange, purchase of services or provision of exclusive information.

**Grant**

An arrangement under which there is a transfer of funds, property, services or anything of value from the sponsor to the institution to assist the institution in reaching a particular institutional goal or public purpose.

**Grant Application**

A comprehensive proposal prepared in accordance with instructions developed by a funding source that must be followed by applicants developing a proposal for consideration for funding.

**In-Kind**

A service or item donated in lieu of dollars to the operation of a funded project; usually given by a third party; e.g., donated equipment, percentage of an administrator's time, or guest speaker's time.

**Institutional Review Boards (IRB)**

Review boards established by institutions to ensure the protection of the rights and welfare of human research subjects participating in research conducted under their auspices. IRB's make an independent determination to approve, require modification in, or disapprove research protocols based on whether human subjects are adequately protected, as required by federal regulations and local institutional policy.

**Key Personnel**

Individuals who contribute in a substantive way to the scientific development or execution of a project, regardless of whether or not they receive compensation from the grant supporting that project. Must include Principal Investigator and any other personnel that the PI designates.

**Matching or Cost Sharing**

The value of third-party in-kind contributions and the portion of the costs of a project or program not borne by the sponsor. Matching or cost sharing may be required by law, regulation, or administrative decision. Costs used to satisfy matching requirements are subject to the same policies governing allowability as other costs under the approved budget.

**Misconduct in Science**

Fabrication, falsification, or plagiarism in proposing, performing, or reporting research, or in reporting research results.

**Non-Federal entity**

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

**Notice of Grant Award (NGA)**

The legally binding document that notifies the grantee institution that a grant or a cooperative agreement has been made. Contains references to the award's terms and conditions.

**Pass Through Agency**

State or local agency that receives federal funds and conducts its own application and award process.

**Performance Report**

A report of the specific activities the recipient of a discretionary grant or cooperative agreement has performed during the budget or project period.

**Peer Review**

System for evaluating research applications that use reviewers who are the professional equals of the applicant.

**Preapplication (pre-proposal or letter of intent)**

A statement in summary form of the intent of the applicant to request funds. May be used to determine the applicant's eligibility and the competitiveness of the project with other applications and to eliminate proposals for which there is little or no chance for funding.

**Principal Investigator (PI)/Project Director (PD)**

Faculty or staff member responsible for directing and managing all aspects of a sponsored project. A Co-investigator is a faculty member who collaborates with the Principal Investigator (PI) in the execution of the project.

**Program Announcement (PA)**

Process by which federal agencies publicize and implement new extramural grant programs and priorities, or update existing programs.

Office of Sponsored Programs

**Progress Report / Final Report**

Documentation required by sponsor at a defined time providing status of a project. May include financial, technical, or other reports. The final report is the technical or financial report required by the sponsor to complete a research project.

**Proposal**

Request submitted to a sponsor setting forth a project that includes at a minimum a description of the work and a budget.

**Recipient**

Recipient means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients.

**Request for Applications / Requests for Proposals (RFA / RFP)**

Formal announcement by sponsor of a funding initiative to support research projects within a well-defined area. Typically RFA's are published in the Federal Register, agency announcements, or in a foundation announcement.

**Seed Grant**

A small grant for the purpose of getting a project started or to obtain preliminary data or results; it is assumed that the project will be able to attract additional external funds following the "seed grant" period.

**Sponsored Project Award**

A sponsored project award is an agreement (grant, cooperative agreement or contract) between FSU and another entity typically for a specified statement of work, deliverable, or training with a related, reciprocal transfer of something of value. The agreement is binding and creates a *quid pro quo* relationship between FSU and the entity. Awards that meet one or more of the following criteria are generally considered to be sponsored awards:

- The award is from a federal, state or local government agency, or flow-through from one of these agencies
- The award is for a specific scope of work with a specified performance period or completion date
- The award includes budget restrictions (e.g., prior approval for re-budgeting and restrictions for certain budget categories)
- Detailed billing, separate accounting procedures, and/or regular reporting of expenditures are required
- The award includes a provision for audit of technical objectives or expenditures
- Unexpended funds must be returned to the sponsor at the end of the project period
- Detailed technical, financial, or property reports or other deliverables are required
- The award contains provisions such as:
  - Restricts or monitors publications or use of results
  - Protection of sponsor and/or confidential information.
  - Delivery of specific goods or services by the University (e.g., technical assistance or training)
  - Disposition of property whether tangible or intangible, (e.g. equipment, inventions, copyrights, or rights in data).

**Subaward**

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may



be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

**Subrecipient**

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

**Supplanting**

Use of grant funds to pay for ongoing activities already budgeted or for the usual activities assigned to a position.

**Vendor**

The term Vendor has been replaced with Contractor (see definition for Contractor above).