Policy Title: Sponsored Project Revenues - #1005

POLICY DETAILS

Effective Date: February 1, 2008
Responsible Office: Office of University Controller
Approved by: President
Application: University-wide, all University funds
Replaces: APS "Accounting for and Deposit of Funds for Non-Government Gifts, Grants and Contracts" dated April 1, 1986

Brief Description: Sets forth university requirements for revenues resulting from Sponsored Projects.

I. INTRODUCTION

This policy sets forth university requirements for characterizing, processing, and recognizing revenues resulting from Sponsored Projects that must be followed by employees.

II. POLICY STATEMENT

Sponsored Project revenues arise from Sponsored Project awards from an external sponsor that both restricts the use of funds or property and stipulates conditions with which the university must comply. All Sponsored Project revenues are required to be recognized and processed in accordance with this policy, which includes the following policy sections:

- Characteristics - sets forth defining qualities of Sponsored Project revenues.
- Processing Procedures - sets forth the responsible office, deposit procedures, and fund accounting policies.
- Recognition Basis - sets forth the accounting recognition policies.

A. Characteristics
Organizational units should forward awards to the appropriate campus sponsored projects office for determination as to whether or not the award is a Sponsored Project. If the award meets at least one of the following criteria, it is likely a Sponsored Project. However, the existence of any one of the criteria may not be determinative. The campus sponsored projects office makes the determination, in consultation with the supporting foundation, as applicable. If the campus sponsored projects office subsequently determines that the revenue is not from a Sponsored Project, then they should direct the organizational unit to the applicable Administrative Policy Statement and responsible office.

The award is a grant or contract from a governmental entity, unless exempted under OMB Circular A-21. The proposal responds to a Request for Application (RFA), Request for Proposal (RFP), or other formal solicitation, and the project is initiated by notice of award. Certain RFPs issued by private charitable foundations may not qualify as a Sponsored Project.

The award includes terms that bind the university to a line of scholarly or scientific inquiry. The Statement of Work specifies programmatic objectives mutually agreed upon by the university and the sponsor, which are to be accomplished within a specific period of time or within a detailed budget framework.

The sponsor is entitled to receive the following types of deliverables: a detailed technical report of research results, milestone reports, or a required report of allowable expenditures. Certain reporting requirements of private charitable foundations that are stewardship- or accountability-oriented may not qualify as Sponsored Projects.

The award requires separate accounting procedures and detailed financial reports. The sponsor requires the return of unexpended funds or only reimburses for incurred costs (expenditure-driven).

The award provides for compliance audits by or on behalf of the sponsor, which may or may not include a financial audit.

The award is for a project requiring compliance oversight including, but not limited to: human subjects, animal use, biohazards, or bio-safety.

The award terms include publication or data restrictions or monitoring.

The award requires a matching or cost sharing commitment on the part of the university.

The award generates program income to a federal award.

The award from the sponsor is for membership fees to centers and affiliate programs. The university may receive membership fees for its centers and affiliate programs, as characterized by any one of the following examples:

1. The member agreement imparts “Center Member” status to the sponsor.
2. The member receives the right to exert any type of control over the operation of the institute, center, or program.
3. The member receives special or discounted access to laboratories or other university facilities for its use.
4. The member receives patent, licensing rights, or other intellectual property rights provisions benefiting the sponsor.
B. Processing Procedures

All Sponsored Projects must be processed through the appropriate campus sponsored projects office, deposited with
the University Treasury, and accounted for in the Sponsored Projects restricted fund.

C. Recognition Basis

All Sponsored Project revenues are required to be classified in accordance with GASB Statement No. 33, Finance
Procedural Statement (FPS) GASB Statement No. 33 Impact on Recognition of Sponsored Project Revenues. The
classification is required to be determined and documented by the Sponsored Project Accounting Office, using the
analysis process as outlined in FPS Documentation of GASB Statement No. 33 Recognition of Sponsored Project
Revenues, prior to the creation of a SpeedType in the Finance System.

III. PROCEDURES, FORMS, GUIDELINES AND RESOURCES

A. Procedures and Forms

Finance Procedural Statement (FPS) GASB Statement No. 33 Impact on Recognition of Sponsored Project
Revenues
FPS Documentation of GASB Statement No. 33 Recognition of Sponsored Project Revenues
FPS Analysis of Sponsored Project Revenues from Private Foundations

B. Related Administrative Policy Statements

The APS Revenue Definition and Recognition is the parent policy for a suite of policies providing guidelines as to the
categorization (definition), processing, and accounting of revenues received by all university funds. The other policies
within this suite include this policy and the following:

Auxiliary and Self-Funded Revenues
Gift in Kind Transactions
Gift Revenues
University-Sponsored Fundraising Events

C. Educational Resources

Educational resources including guides, training announcements, and newsletters are announced and available on
the Office of University Controller website. A key resource is the:

Decision Matrix for Distinguishing Gift, Sponsored Project, Auxiliary and Self-funded, and Fundraising Event
Revenues

IV. DEFINITIONS
Italicized terms used in this Administrative Policy Statement are defined in the Administrative Policy Statement Dictionary.

V. CONTACTS

The appropriate campus sponsored projects office and controller, who will consult with the University Controller as appropriate, will respond to questions and provide guidance regarding interpretation of this policy. Any exceptions to this policy must be approved by the University Controller.

VI. HISTORY

Revision: November 1, 2005
Original: "Accounting for and Deposit of Funds for Non-Government Gifts, Grants and Contracts" dated April 1, 1986

1 Note the Administrative Policy Statement Gift Revenues identifies instances where a center member fee is considered a gift.
2 The Finance System is designed assuming that all Sponsored Projects are operating exchange or exchange-like transactions. If a Sponsored Project is determined to be another type, please contact the Office of University Controller to ensure proper financial statement reporting.