Sponsored Programs

Gifts, Sponsored Programs and University Business Transactions

Money coming in to the university from sources other than appropriations or tuition and fees usually necessitates supplementary oversight and management. External funds may come with restrictions on use, carry compliance requirements beyond standard UCM practice or engender tax consequences that may impact UCM’s tax-exempt status (gifts, UBIT, etc.). Generally, this external funding will fall into one of three categories: gifts, sponsored programs or business transactions. Accurate classification and processing of external funds assures the University’s ability to comply with any terms specified by the sponsor/donor, meet reporting requirements, properly recover its costs – both direct and indirect – and facilitate acceptable levels of accountability and stewardship for these funds. Individuals or departments misrepresenting or not reporting external funding to avoid university requirements constitutes fraud and may incur personal penalties or university sanctions.

Acceptance and management of gifts is provided by the University Development Office. Business Transactions are managed by the Division of Administration and Finance. Sponsored Programs are accepted and managed through the Office of Sponsored Programs (OSP). If there is any question regarding the proper classification of external funding, particularly in cases where the nature of the potential funding relationship is not immediately clear, consultation with the offices listed above is required.

Sponsored Programs

Funding for sponsored programs is provided to the university with the understanding that the sponsor will receive value (academic, proprietary, etc.) from UCM commensurate with the magnitude of the award and that the award may be withdrawn if that value is not received. The value to be provided by UCM to the sponsor is normally specified as a part of a grant, contract, cooperative agreement, and/or other legally binding means of transfer. Sponsored programs may include: designation of key personnel; involvement of any compliance activities (Human Subjects etc.); reporting requirements; return of unexpended funds; and/or cost share or non-reimbursed commitment of any university resources (e.g., space, personnel, equipment, etc.).

The University is the official recipient of sponsored program funding. While principal investigators/project directors (PIs/PDs) may be the authors of proposals requesting funding, UCM is the legally accountable entity for the award and as such, accepts responsibility for oversight, compliance management and appropriate conduct of sponsored programs. It is therefore required that, through OSP, the University maintains a centralized, coordinated approach to the development and management of policies and regulations for UCM sponsored programs. OSP is responsible for developing procedures in accordance
with these policies and regulations including; proposal and budget review and approval, proposal submission, award negotiation and management, cost sharing/matching and reporting oversight in order to provide the university with appropriate controls for compliance and sound management of all sponsored program activity.

**Authorized Organizational Representative - Signature Authority**

A university Authorized Organizational Representative (AOR) must approve all components of proposals (including budget) prior to submission and sign all sponsored program award documentation. The persons authorized to make this approval are designated by the University President. The Director of Sponsored Programs shall be the primary university official designated as the AOR and be responsible for approving proposals for submission, entering into agreements and accepting awards for externally sponsored programs on behalf of the university. Other university personnel not specifically authorized by the University President do not have the authority to submit proposals or enter into agreements with funders of sponsored programs.

**PI/PD Eligibility**

To serve as a PI/PD on a UCM sponsored program, the PI/PD must have a contractual relationship with UCM and be approved by OSP.

**Proposal Submission**

Submission to an external funder is accomplished via the OSP Internal Routing Sheet. Signatures on all forms must be obtained prior to submission to OSP for final approval. The routing sheet and required supporting documentation must be received by OSP five (5) working days prior to an agency deadline. The PI/PD must be available during the full five-day review period. Review and signoff on the Internal Routing Sheet by directors/chairs/deans/vice presidents indicate support and approval of the project and the assumption of responsibility on behalf of the submitting units to conduct the project and provide all resource commitments contained in the application and budget.

**Sponsored Programs Management**

All sponsored program funds must be spent in accordance with university policy, applicable federal and state laws, federal and state regulations, and funder terms and conditions. While the university provides oversight for the overall administration of all sponsored programs, PIs/PDs are held individually responsible for the proper management of the project and for meeting the objectives of the project. PIs/PDs are responsible for completing and routing all Accounts Payable, Human Resources, and other administrative forms through OSP.

Payment of grant expenses should always be made out of the FOAPAL provided for the specified project. In no instance should grant expenses be paid from a department’s general fund.
PI/PDs are responsible for completion of the scope of work, management of the project and ensuring all requirements for the program are met.

Facilities and Administration Cost Recovery

Description. The cost of acquiring and conducting sponsored programs at UCM includes direct costs (e.g. faculty or staff time, materials, supplies, travel directly covered by the award), facilities and administration costs incurred in the general day-to-day operations needed to support the project (e.g. space and utilities, information systems, accounting, payroll services, human resources, general counsel, etc.) and cost sharing. Facilities and Administration (F&A) cost recovery (formerly known as Indirect Cost Recovery) provides UCM with a method to recover some of these costs.

F&A Amount Required. The University employs a variety of F&A rates according to the type of sponsored program and the stipulations applied by the sponsor. These rates are negotiated and set by UCM’s Division of Administration and Finance. The federal rate (currently 44.5%) is applied to the total of salaries, wages and fringe benefits. For projects that do not utilize the full federally allowable rate, the university has established a minimum rate of 10% of total direct costs (TDC).

All sponsored programs must charge the UCM required F&A rate. Exceptions to this policy require:

- A published policy statement from the funder specifically limiting F&A cost recovery.
- Consultation with the Office of Sponsored Programs to ensure that all allowable direct costs have been fully identified and included in the proposal.
- Approval in writing by the Assistant Provost for Research by signature on the F&A Rate Exception Form.

Any request for consideration of a sponsored program with less than the UCM required F&A rate should be made only when the institutional benefits of the project clearly outweigh the reduction in sponsor funding and cost to the university. This request must be made using the F&A Rate Exception Form ten (10) working days in advance of the proposal submission deadline.

Distribution of F&A Cost Recovery. The university has elected to invest its F&A cost recovery in the support and stimulation of sponsored programs, with priority given to activities that invest in building UCM’s sponsored program capacity.

When F&A cost recovery is made at the UCM required F&A rate, funds from the cost recovery account will be distributed according to the following formula:

- Office of Sponsored Programs (45%)
- Division of Administration and Finance (25%)
- College Dean or Division Vice-President (or equivalent) (30%)
When a project does not recover the UCM required F&A rate, distribution of the F&A costs recovered will be in the order as follows until all recovered F&A funds have been distributed:

- Office of Sponsored Programs (4.5% of TDC)
- Division of Administration and Finance (The lesser of 2.5% of TDC or the remaining amount after that distributed to OSP)
- College Dean, Division Vice-President, or equivalent (The remaining amount after that distributed to OSP and the Division of Administration and Finance)

OSP will notify the appropriate university business office(s) of the formula to be used when a sponsored program meets the requirements for an F&A cost distribution.

Funds distributed to the Division of Administration and Finance will be placed in an account designated for that purpose. Funds distributed to College Deans or Division Vice Presidents (or equivalents) will be placed in accounts designated for the respective college or division. Further distribution of those funds will be the responsibility of the College Dean and Vice Presidents (or equivalents). The Office of Sponsored Programs does not oversee the expenditure of these funds.

**Cost Sharing or Matching**

*Description.* Cost sharing or matching represents the use of institutional funds to supplement project costs not borne by the sponsoring agency. Cost sharing constitutes additional financial obligations for the university, thus, UCM policy is to make cost sharing commitments only when required by the funder and then to cost share only to the extent necessary to meet those requirements. All cost sharing must be reviewed and approved prior to proposal submission by directors/chairs/deans/vice presidents (as appropriate) through the inclusion of the cost share on the OSP Internal Routing Sheet as well as completion of the OSP Commitment for Matching and Cost Sharing form.

Determining the acceptability of cost share and what sources can be used as cost share is the responsibility of the Office of Sponsored Programs.

*Cost Sharing Expenditures.* All types of cost sharing expenditures are reportable and must be documented and identifiable. All cash cost share will be transferred from its current university account into the sponsored program account in order to facilitate the reporting and tracking of all project expenditures in one fund. All cash cost share, including personnel salary and benefits, must be transferred as committed to the project.

PI/PDs are responsible for completing or acquiring all necessary documentation in order to appropriately budget cost share items for a proposal including in-kind cost share if awarded. PI/PDs are also responsible for obtaining any necessary documentation of in-kind cost share from third parties.
Collaborative UCM Sponsored Programs

When a sponsored program involves multiple departments, colleges, or divisions, one individual will be designated as the primary PI/PD by the collaborative units and be responsible for the management of the project.

F&A recovery distribution will be divided equally among the College Deans, Division Vice-Presidents, or equivalent of the collaborating units unless otherwise established prior to submission.

Sponsored Program Salary Savings

Salary savings accrue when the cost to replace individuals assigned to sponsored programs is less than their salary. Salary savings are distributed as follows:

- 25% to the provost
- 35% to the respective college
- 40% to the department/unit

Departments and/or colleges may use their salary savings to meet required institutional contributions (cost sharing/matching) for sponsored programs. When salary savings are used for cost sharing/matching, they will be transferred to the account created for each sponsored program (see Cost Sharing or Matching section above).

Salary savings which are not used for cost sharing/matching are unrestricted, but it is anticipated that they will be used to enhance the research mission of the University in activities such as meeting unanticipated costs required for sponsored program implementation and incentives, to upgrade research facilities, and to stimulate additional proposal development.

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