

# STATE CONTROLLER POLICY

## SPONSORED PROJECTS

- 1) Sponsored Project Criteria** If an award meets one or more of the following criteria, it is likely a Sponsored Project. However, the existence of any one of the criteria is not determinative, and the Institution of Higher Education (IHE) sponsored projects office has authority to make the final decision.
- a. The award is a grant or contract from a governmental entity, unless exempted under OMB Circular A-21.
  - b. 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.
  - c. The award includes terms that bind the IHE to a line of scholarly or scientific inquiry.
  - d. The Statement of Work specifies programmatic objectives mutually agreed upon by the IHE and the sponsor, which are to be accomplished within a specific period of time or within a detailed budget.
  - e. 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.
  - f. The award requires separate accounting procedures and detailed financial reports.
  - g. Sponsors requiring return of unexpended funds or only reimburses for incurred costs (expenditure-driven).
  - h. The award provides for compliance audits by or on behalf of the sponsor, which may or may not include a financial audit.
  - i. The award is for a project requiring compliance oversight including, but not limited to: human subjects, animal use, biohazards, and bio-safety.
  - j. The terms include publication or data restrictions or monitoring.
  - k. The sponsor requests intellectual property rights or controls the disposition of capital equipment.
  - l. The award is by a sponsor who has licensing rights to inventions from the same lab/researcher benefiting from the award.
  - m. The sponsor designates a sponsor employee (agent) as project technical monitor (as opposed to designating a contract person to improve communications).
  - n. The award is for a subaward project under a federal award.
  - o. The award requires a matching or cost sharing commitment on the part of the IHE.
  - p. The award generates program income to a federal award (third party provides additional funding)
  - q. The award from the sponsor is for memberships fees to centers and affiliate programs. The IHE may receive membership fees for its centers and affiliate programs, as characterized by any **one** of the following examples:
    - i. The member agreement imparts "Center Member" status to the sponsor.
    - ii. The member receives the right to exert any types of control over the operation of the institute, center, or program.
    - iii. The member receives special or discounted access to laboratories or other IHE facilities for its use.
    - iv. The member receives patent, licensing right, or other intellectual property rights benefiting the sponsor.
- 2) Contract forms for Sponsored Projects.** IHEs shall use the following contract forms for sponsored projects:
- a. Federal Demonstration Partnership (FDP) Subaward Agreements as approved by the U.S. Office of Management and Budget
  - b. Contract forms approved by the designated reviewing Assistant or Special Assistant Attorney General, the State Controller, or delegate.
  - c. Vendor agreements provided that the use of the vendor agreement complies with the requirements of the State Controller policy entitled "*Vendor Agreements.*"
  - d. Sponsored projects with the Federal Government shall comply with the requirements of the State Controller policy entitled "*Federal Government Contracts.*"

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**David J. McDermott, CPA**  
**State Controller**