

Classification and Acceptance of External Funding Policy

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Previously Named: Acceptance and Processing of Gifts

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100.00 Introduction and Purpose

Accurate classification of external funding to the University — Gifts, Sponsored Projects, or Other External Funding — is essential to ensure that such funding receives proper compliance review, accounting management, and administrative oversight at the University.

Montana State University Alumni Foundation (MSU Alumni Foundation) has the administrative responsibility for activities that result in external funding classified as Gifts (definition in Section 200.00). The Office of the Vice President for Research and Economic Development, the Office of Sponsored Programs (OSP), and the Office of Research Compliance have administrative and compliance responsibilities over activities that result in external funding classified as Sponsored Projects (definition in Section 200.00).

The University and MSU Alumni Foundation must manage all external funding received in accordance with applicable federal, state, and local regulations, and with the specific terms, conditions, and restrictions of the Gift or Sponsored Project. The University's processes for approval, negotiation and agreement, accounting, budgeting, oversight, and compliance differ depending on whether funds received are categorized as a Gift, Sponsored Project, or Other External Funding. Thus, it is essential that the classification of external funding be carefully considered.

200.00 Definitions

A **Gift** is provided voluntarily by an individual or organization ("Donor") for use by the University. A Donor may restrict or designate the use of their Gift (e.g., restricted for scholarships or for use by a specific department, college or unit) in accordance with Section 500.00.

In addition to being voluntary and for the University's use, a Gift shall meet these additional criteria:

- It is irrevocable;
- The Donor relinquishes all control of the Gift;
- It is not restricted for use by a specific person (see Other External Funding); and
- It is not a Sponsored Project.

Gifts may be a pledge to give or an outright transfer of assets, including non-cash assets such as stocks and other securities, tangible personal property, and real property. Gifts may result from fundraising events, campaigns, and solicitations as well as longer-term relationship development and proposals.

Grant is an award from an external source which must be evaluated as either a sponsored project or a gift.

Indirect Costs (also known as Facilities and Administrative costs) are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved (Section 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, § 200.1 Definitions).

Other External Funding is a payment to the University that is neither a Gift nor a Sponsored Project. This includes outright sales transactions and payments restricted for the benefit of a specific individual.

Sponsored Projects are any projects receiving external funding (including research, scholarly work, training, workshops, conferences and symposia,

and services) that have performance requirements or deliverables, whether designated as contracts, cooperative agreements, grants, subcontracts or subgrants. Sponsored Projects are typically research endeavors and do not meet the definition of Gift above.

The following criteria shall be used for classifying sponsored projects:

- A. Any project receiving either direct or indirect ("pass-through") external funding from any federal, state, local, foreign, or other governmental entity shall be a Sponsored Project.
- B. A project receiving external funding from a non-governmental entity may be a Sponsored Project if:
 1. The project involves any of the following: human subjects, vertebrate animals, radioactive materials, recombinant DNA, infectious agents, third-party proprietary materials or confidential information; or
 2. The external funding is subject to any of the following conditions or requirements: Delivery of goods or services by the University that provides direct benefit to the sponsor. Examples of goods or services are products, testing or educational services, technical reports, test results, and data;
 - a. Performance milestones or programmatic tasks with specified timelines and performance expectations to receive funding;
 - b. Transfer of intellectual property, ownership, or related rights;
 - c. Restrictions on publication of research results, including prior review by the sponsor;
 - d. Requirements for specific external audits to ensure compliance with terms and conditions of the project;
 - e. Requirement to subcontract (subaward) part of the scope of work to an outside entity;
 - f. Requirement to return unused funds to the sponsor;
 - g. The external support is given on a cost-reimbursement basis; or
 - h. The sponsor may withhold or seek a refund of the external funding if the project fails to meet performance requirements or project objectives.

300.00 Classification of External Funding

The definitions within this Policy provide criteria for classifying external funding as one of three types:

1. Sponsored Project
2. Gift
3. Other External Funding

The presence of any single factor does not determine the type of external funding. Rather, one must look holistically at the scope of work and support to determine its proper classification.

Classification assistance is available by using the [decision matrix](#) maintained by OSP and the Office of Research and Economic Development.

Whether an Indirect Cost recovery or other fee may be applied to the external funding shall not influence the appropriate classification of external funding as a Gift or Sponsored Project. The difference in treatment for the recovery of indirect costs and assessments, although it may provide incentive for funders, faculty, or staff to prefer one category over another, must not be considered as a criterion in classifying whether external funding constitutes a Gift or a Sponsored Project.

If external funding is not determined to be a Sponsored Project or a Gift, then it is classified as Other External Funding.

Authority to determine classification of the unit to provide management of the external funding lies with the Vice President for Research and Economic Development in consultation with the Vice President for Administration and Finance.

400.00 Acceptance of Sponsored Projects

The Vice President for Research and Economic Development has authority to determine if the University will accept a Sponsored Project. All Sponsored Projects will be managed by the Office of Sponsored Programs in accordance with established operating procedures found in the [University Business Procedure Manual](#).

400.10 Required Support to 501(c) (3) Organization

If the sponsor requires their external funding be given to a 501(c)(3) organization, but it meets the criteria for a Sponsored Project as described in section 200.00 of this policy, MSU Alumni Foundation, under a Sponsored Research Agreement (SRA), will execute an SRA with the University. MSU Alumni Foundation will confer with the Vice President for Research and Economic Development regarding the Sponsored Project and its terms and conditions before accepting such funding. In cases where MSU Alumni Foundation is the recipient of a Sponsored Project, MSU Alumni Foundation will be responsible for reporting back to the sponsor.

500.00 Acceptance of Gifts

Gifts are accepted, acknowledged, and managed by the MSU Alumni Foundation on behalf of the University. The University's Gift acceptance is governed by the [MSU Alumni Foundation Gift Acceptance Policy](#) which outlines

- Circumstances under which Gifts may or may not be accepted;
- Allowable Gift asset types;
- Determination of acceptable Gift restrictions; and
- Appropriate Gift documentation.

500.10 Gifts from University Employees

Gifts from University employees involved in the expenditure of said Gifts must be considered carefully and may not be accepted if sufficient controls

cannot be implemented. Allowing a Donor to control Gifts they have given may invalidate an otherwise qualified tax deduction of a charitable gift and be in violation of the MSU Conflict of Interest Policy. Gifts under these circumstances shall be reviewed by the Office of Research Compliance prior to gift acceptance.

500.20 Direct Gift Acceptance by the University

As per "Board of Regents Policy 901.7 -- Donations," Gifts of cash that are not a result of MSU Alumni Foundation campaigns, solicitations, or relationship development may be accepted directly by the University. If a Gift comes directly to the University and the impetus for the Gift is unclear, the Vice President for Administration and Finance, after consulting with the MSU Alumni Foundation CEO, shall make the final determination on which entity shall accept the Gift.

Procedures for acknowledging and administering Gifts accepted directly by the University can be found in the [University Business Procedure Manual](#).

500.30 Gifts Used for Research Purposes

Research conducted at the University, regardless of funding source, must be conducted in a manner consistent with University policies and applicable federal, state and local regulations. This includes Gifts received in support of research activities. The Office of Research Compliance (ORC) oversees several University compliance programs designed to ensure research is conducted in compliance with applicable regulations and supports an environment that furthers the ethical and responsible conduct of research. All research activities involving Gifts must be conducted only after ORC review and appropriate institutional approvals have been obtained.

600.00 Acceptance of Other External Funding

External funding that is neither a Sponsored Project nor a Gift is classified as Other External Funding. Some forms of support, such as sales transactions, may be governed by other institutional policies or procedures such as the University Business Procedures Manual. Determining whether to accept any external funding not covered in this policy shall be made by the Vice President for Administration and Finance.

600.10 Scholarship Gifts and Student Loan Funds Received Directly by the University

Other External Funding for scholarships restricted to specific students and student loan funds shall be directed to the University Office of Financial Aid; this office is responsible for compliance with all applicable regulations and for the administration of such funds.

The document below is the decision matrix which will be maintained by OSP and The Office of Research and Economic Development on their website. It is being provided here for reference during the policy revision process.

[Gift vs Sponsored Project Decision Matrix](#)