

## Determining Award Type for Non-Federal External Funding: RG, NG or NE?

Purpose: This document should be used to ensure that the classification of non-federal external funds received by the University complies with accounting rules and with the University's Chart of Accounts business rules. **Non-federal** external funding received by the University may be classified as a **gift**, a sponsored **grant** or a sponsored **contract** (Chart of Account ranges RG, NG and NE, respectively). The chart below outlines key considerations that must be considered in determining the classification assigned to funds received. In cases where the classification is unclear, school-level officials will consult with the relevant submitting office (OSP, HMS ORA and HSPH Research Administration) or ADS to determine which classification is appropriate. The submitting office and ADS will consult with one another and may include OVPR, OGC and OTD, as appropriate. Final decision-making authority rests with the relevant submitting office (OSP, HMS ORA, and HSPH Research Administration).

*External funds received may have characteristics that fall within different categories<sup>1</sup>; thus, all of the below factors must be weighed in order to make a final determination, with no factor afforded more weight than another.*

Table 1: Determining Award Type for Non-Federal External Funding

	<b>Factors Indicative of a Gift RG Administered by ADS in Advance (302000 –389999)</b>	<b>Factors Indicative of a non-federal Grant NG Administered by ADS &amp; OSP/HMS ORA/HSPH RA in GMAS (250000-299999)</b>	<b>Factors Indicative of a non-federal Contract NE Administered by OSP/HMS ORA/HSPH RA in GMAS (200000-249999)</b>
<b>Value Exchange</b>	The funder receives no or nominal value in exchange for the funding provided.	The funder receives no particular direct value in exchange for the funding provided, but the funded work benefits the funder's interests or issues.	The funder is entitled to receive a particular product or deliverable in exchange for the funding provided.
<b>Mission of and Benefit to Funder</b>	Activities may or may not be indirectly related to the funder's mission or business.	Activities are likely directly related to the funder's mission or business.	Activities are likely directly related to the funder's mission or business.
<b>Scope of Work</b>	The funder expresses the goal of an activity rather than the "how to's." The goal may be general support of a program or project.  There is typically no time period associated with the use of the funds.	The funder expresses the goal of an activity rather than the "how to's." The PI defines the Scope of Work. There is typically a specified project plan, where instruction is ancillary to the overall goal.  There is a specified time period associated with the use of the funds or items (i.e., a period of performance), including start and stop dates. There may be expected outcomes or deliverables at the end of the performance period.	The funder determines the "how to's," such as the protocol of testing (in the case of research) or the method of delivery. There is a research plan that meets the goals of the funder while remaining within the University's mission.  There is a specified time period associated with the use of the funds or items (i.e., a period of performance), including start and stop dates. Furthermore, incremental funding or payments is often based on milestones/achievement dates. There are likely to be expected outcomes or deliverables at the end of the performance period.
<b>Payment linked to performance</b>	No penalties are incurred for nonperformance or for failure to use all funds.	There may be penalties for failing to perform on a timely basis. The funder may include audit and compliance terms, and may require return of unspent funds.	There may be penalties for failing to provide deliverables on a timely basis. The funder may include audit and compliance terms, and may also require return of unspent funds.

<sup>1</sup>All federal funds received by the University are classified as FG. Cooperative Agreements are awards where the funder is "substantially involved" in the performance of research. Cooperative agreements with private sponsors tend to be characterized as contracts (NE) since the "substantial involvement" is likely to be considered to be value exchange. State or local government funding must be treated as a contract (NE).

	<b>Factors Indicative of a Gift <i>RG</i></b> <b>Administered by ADS in Advance (302000 –389999)</b>	<b>Factors Indicative of a non-federal Grant <i>NG</i></b> <b>Administered by ADS &amp; OSP/HMS ORA/HSPH RA in GMAS (250000-299999)</b>	<b>Factors Indicative of a non-federal Contract <i>NE</i></b> <b>Administered by OSP/HMS ORA/HSPH RA in GMAS (200000-249999)</b>
<b>Award Terms and Conditions</b>	Terms may define use of funds, but do not specify how the funding must be used. No restrictions are placed on review of results before they are made available.	Award may contain detailed terms or conditions. The funder may request information related to the use of funds but places little or no restriction on review of results before they are made available.	Award may contain detailed terms or conditions. The funder may place restrictions, in compliance with the University Policy on Publications, on how the results are reviewed before being made available to a wider audience.
<b>Cost and Budget Information</b>	There is generally no requirement for a line item budget, nor must there be any restriction on the use of the gift other than it be consistent with terms of the gift.  If financial reporting is required by the funder, it is limited and for stewardship purposes only.	Funding is generally preceded by a request from the University to the funder for funding for a specific purpose, and the request typically includes a detailed, line-item budget describing how the funds will be used, including the appropriate overhead/ indirect cost. Budget is considered an estimate and funder may allow room for re-budgeting without prior approval for certain limits. Unspent balances may have to be returned to the funder.	Funding is generally preceded by a request from the University to the funder for funding for a specific purpose, and the request typically includes a detailed, line-item budget describing how the funds will be used, including the appropriate overhead/ indirect cost.