Guide to managing receipt of external funds

The following guide is designed to help departmental business staff manage the receipt of external funds. Academic departments may receive outside funds from a great many sources – sponsored awards from the federal government, gifts and endowments from donors, expense reimbursements from service center or other activity, and many others. In some cases, it may not be obvious how to treat these funds. Where can they be deposited? Who needs to be informed? What restrictions or reporting requirements may exist? To help alleviate uncertainty, follow these steps:

Step 1: Determine the funding type: Is it a Grant, a Gift, or something else?

After tuition, fees, & state subsidies, the next largest sources of income for the university are grants/contracts & gifts. Each comes with its own sets of rules, restrictions, and requirements, so it is extremely important that it is identified correctly. Often this distinction is obvious, but not always. Sometimes, a foundation may refer to a payment as a “grant”, but for our purposes it is more properly categorized as a gift. In other cases, you may receive funds with little or no additional guidance.

So I just received a check. What do I do with it?

First, try to determine if it is a grant/contract.

What is a grant/contract?

The university defines grant/contract as follows:

A grant or contract is an agreement formalizing the transfer of money or property from a sponsor in exchange for specified services (e.g., research and development), sometimes including proprietary rights to and products derived from the services, and including complicated financial and/or technical reporting by the recipient as to the actual use of the money or results. The agreement is enforceable by law, and performance is usually to be accomplished within a specified time frame, with payment being subject to revocation for cause.

All grants and contracts must be administered through the office of Sponsored Research Services (SRS). If you receive grant money, it is essential that you involve SRS in order to ensure the funds are properly deposited, administered, and reported. To help tell if funding is considered a grant or contract, ask the following questions:

1. Did the funding come with a contract requiring signature, or with a notice of grant award?
2. Does the payee require something in return for the payment, such as the completion of specified research & development activities, or the production of a deliverable item?
3. Does the payee require reports on the progress of the work?
4. Can the payee take back the money if certain tasks are not performed?
5. Is there a time frame for completing tasks?
6. Are there any provisions for assigning the rights to property resulting from use of the funds, (either physical or intellectual property)?

If the answer to any of these questions is “yes”, you probably have a grant/contract.

**OK. One or more of these things are true. This must be a grant. What do I do now?**

**Contact Sponsored Research Services, Grants Management Division.**

**I’m not sure if any of these things are true. I do not have enough information. Now what?**

**Contact Sponsored Research Services, Grants Management Division.**

**I’m certain none of these things are true. I do not believe this is a grant. What’s next?**

Now we need to determine if what you have received qualifies as a gift.

The university defines a gift as follows:

A gift is a voluntary and irrevocable transfer of personal or real property, or services (e.g., cash, securities, real estate, equipment, personnel time and skill, etc.) from a donor without any expectation of or receipt of direct economic benefit or provision of goods or services from the recipient commensurate with the value of the gift. A gift or endowment agreement may specify the use and purpose of the gift, including the time frame for use of the gift and the requirement that an annual or end-of-term report be provided to the donor for accountability purposes (e.g., a financial report detailing the use and market value of an endowed fund or a simple financial or narrative report summarizing the outcomes of a foundation grant.)

All gifts must be administered by the University of Cincinnati Foundation. The UC Foundation collaborates with the University to raise and administer private-sector gifts and promote relationships between the university and foundations, corporations, alumni, and other community partners.

To help tell if money received was a gift, ask the following questions:

1. Is the funding source a private –sector entity, such as an individual, private foundation, corporation, or corporate foundation?
2. Did the funding party explicitly state the funds were a charitable gift?
3. If not, did the funding party not ask for any direct tangible benefit in return for the money – that is, the university is not expected to provide a tangible good, service, or other benefit back to the donor?
4. Are restrictions placed on the funds, if any, general (such as directing it to be used for scholarships or infrastructure) and do not bind the university to specific programmatic objectives?
5. Does the funding party not demand or expect to gain any property rights as a result of the University’s use of the funds?
If these things are true, then the money is probably a gift. Contact the UC Foundation.

I think the money I received might be a gift, but it is a pretty small gift. Do I really have to turn this over to the UC Foundation and pay a fee?

Yes. It is important that all gift contributions be registered as such, for tax and accounting purposes, as well as to ensure that our fundraising operations are as efficient and effective as possible.

Some of our students held a fundraiser, and wish to deposit the money in a university account. Does this count as a gift?

Maybe. In cases like these, it is best to contact The Office of the Controller for clarification.

You know, this money does not seem to fit into either of these categories. Now what?

There are many funds you may receive that are neither grants/contract nor gifts. For example, your department might sell goods or services to outside entities, like tickets to a conference or performance. You may receive reimbursement for expenses, such as if a P-Card was accidentally used for an unallowable purchase. If an employee served jury duty, they may need to pay the University the funds they received from the county for jury service. There are mechanisms in place to account for these and many other potential sources.

If your department/college sells goods or services to outside entities, that money can be deposited and retained in a Sales & Service (D3) account. This may include conference fees, ticket sales, books, or any other goods or services sold to outside parties. An area may set up separate Sales & Service funds for various activities, and money deposited in such accounts is unrestricted – that is, it can be used for any allowable University purposes. When using a Sales & Service account, it is important to remember a couple of things:

1. Sales & Service accounts cannot be used to sell to grants & contracts, other departments, or any federal government organizations. For these activities, you must have an approved Service Center.
2. Income earned from Sales & Service activities may be subject to taxes, including the Unrelated Business Income Tax (UBIT)

OK, I think this might be Sales & Service activity, but I’m still not sure. Who do I ask?

For questions about Sales & Service accounts or Service Centers, please contact the office of Government Cost Compliance. For questions regarding tax issues, contact The Office of the Treasurer.

If you receive a reimbursement of an expense, it should be deposited back to the account where the original expense was incurred, if possible. Jury duty reimbursements should be sent to Payroll Operations. If you have other miscellaneous income that you are unsure about, contact The Office of the Controller.
I’m still confused. None of these things seem to describe my situation. What do I do?

Good news! We are here to help. The Office of the Controller, Sponsored Research Services, Government Cost Compliance, and The Office of the Treasurer are all more than happy to help you with any issues you might have. Please call or email us with any questions, even if they seem small. It’s what we are here for!

If you suspect that the item in question might be a grant or contract, the best place to start will always be SRS Grants Management. If you do not believe it involves a grant or contract, the Controller will usually be your best place to start. In any case, the people in the contact list below will always do their best to answer your questions or point you in the proper direction.

**Controller’s Office:**

Tony Stidham, Assistant Controller, 556-3175

**Sponsored Research Services:**

Accounting: John Ungruhe, Director, 556-4817

Grants Management/Electronic Research Administration: Chris Jones, Director, 556-4358

Contracts Management: David Gearring, Assistant Director, 556-5969

**Treasurer’s Office:**

Susan Albonetti, Assistant Treasurer, Operations 556-4793

**Government Cost Compliance:**

Patrick Clark, Director 556-2628
External Funds Decision Tree

Receive Funds

Are funds a grant/contract?

YES

Contact SRS Grants Management

NO

Unsure

Are funds a gift?

YES

Contact UC Foundation

NO

Unsure

Can you otherwise define the funds (sales & service revenue, reimbursement of expense, etc.)

YES

Contact Appropriate office, based on attached document

NO

Contact Office of the Controller