AWARD CATEGORIES AT UD

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Presentation Team

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Expected Learning Outcomes

- Differentiate between contracts, cooperative agreements and grants
- Gain an understanding of how awards are categorized and how this ties into the incentive structure
- Improve communication between PI and admin to ensure awards are categorized correctly and consistently
- Determine if your agreement is cost reimbursable or fixed price
- Define a **Time and Materials** contract
Award Types

• This quick guide provides an overview of the most common types of agreements made between the University and outside Organizations.

• Sponsored agreements set out requirements for accepting funds in support of a specific project or program.
Grant - Patron

• Purpose is to transfer money, property, services or anything of value to recipient in order to **accomplish a public purpose**

• No substantial involvement anticipated between sponsor and recipient
Cooperative Agreement - Partner

- Purpose is to transfer money, property, services or anything of value to recipient in order to **accomplish a public purpose**
- Similar to that of a grant, but Substantial involvement anticipated between sponsor and recipient
Contract - Purchaser

• The principle purpose is to acquire property or services for direct benefit or use of the government/sponsor.

• The sponsor determines that the procurement contract is appropriate.
  – Very restrictive
  – Never under Expanded Authorities
  – Almost never unsolicited
Cost Reimbursable versus Fixed-Priced

- Sponsor pays full costs incurred up to agreed-upon amount.
- If project costs less to complete than budgeted – sponsor is obligated to reimburse only up to allowable costs incurred.

- Sponsor pays a fixed sum of money for deliverable, service or specified level of effort.
- If project is completed with less spending than contracted amount – UD can keep unexpended funds.
Cost Reimbursable/Fixed Price
“When to proceed with caution”

• Contract Title “Fixed-Price” but billing term is cost-reimbursement (subject to audit)
• Audit clause
• Financial Reporting required
• Payment schedule is not an indication of contract type (monthly, quarterly, semi-annually or other)
Cost Reimbursable/Fixed Price Example
“When to proceed with caution”

• Article III – Contract Type
  – This Agreement is a Firm Fixed Price contract

• Article IX – Invoicing and Payment
  – Invoices shall be submitted monthly as costs are incurred. Invoices are paid net 30 days from receipt of a proper invoice
Cost Reimbursable/Fixed Price Example
“When to proceed with caution”

• Article 4 – Supporting Payments
  – As payment for the costs incurred and services provided hereunder by University, (Sponsor) will pay University according to budgeted agreement. Fixed monthly payments of $10,000 will be paid within 15 days of receiving the monthly invoice from University. Sponsor will have no obligation to reimburse University for any costs beyond this amount. (Caution: Typically - set up in People Soft as Fixed contract since payment schedule and amount is fixed)
Time and Materials Contract

- Sponsor pays based on specified labor hours (wages, overhead, etc.) and actual material cost
- Sponsor will scrutinize closely costs attributed to effort
- Department will be responsible for intensive tracking and reporting of labor hours and pay
“In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.”

(A-21, J10b (1) (c) )
Sponsored Programs

- Organized Sponsored Program activities are funded by external sponsors

- Sponsored Program funds are restricted for expenditures directly related and specifically for the funded research.

- These expenditures must be tracked separately.
Sponsored Program expenses are reported by function:

• Research
• Instruction
• Public Service
Definition of Research

• Research activities include the rigorous inquiry, experiment or investigation to increase the scholarly understanding of the involved discipline.

• Original investigation undertaken in order to gain and exchange knowledge and understanding.

• There are 2 types of Research: Fundamental Research and Applied Research.
Instruction

• Includes expenses for all activities that are part of an institution’s instructional program.
  – All instruction subcategories include expenses for formally organized separately budgeted instructional activities.
Instruction

- General Academic Instruction
- Vocational/Technical Instruction

- Activities for both are carried out only during the academic year.
Instruction

• Special Session Instruction
  – Activities offered for credit or not for credit that are carried out during the summer session

• Community Education
  – Activities do not generally result in credit toward any formal postsecondary degree or certificate
Instruction

• Preparatory/Remedial Instruction
  – Activities that give students the basic knowledge/skills required by the institution before they undertake formal academic course work.
Public Service

• Expenses for activities established primarily to provide **non-instructional** services beneficial to individuals and groups **external** to the institution.
  – Community service
  – Cooperative extension
  – Public broadcasting
  – Public service information technology
Public Service cont’d

• Cooperative Extension
  – intended primarily for land-grant colleges and universities and includes both agricultural extension and urban extension services

• Community Service
  – make available to the public various resources and special capabilities that exist within the institution
Why does classification matter?

• Research incentives are based upon the type of sponsored program.
• Proper classification is important so that the incentive values are accurately provided to the department.
What are questions you should ask your PI to identify appropriate classification?
## Research Challenge

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<th>Funding Mechanism</th>
<th>Billing/Payment</th>
<th>Classification of Expenses by Function</th>
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Questions
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