



Office of the President

BERKELEY, CALIFORNIA 94720

July 8, 1980

CHANCELLORS
VICE PRESIDENT KENDRICK
EXECUTIVE ASSISTANT WILSON

Subject: Review of Gifts/Grants for Research

In a review of the University's gifts/private grants for research, the State Auditor General concluded that in many cases monies awarded to the University which should have been classified and processed as grants were classified and processed as gifts.

To clarify this situation and to insure greater consistency among campuses, the following guidelines shall be observed:

In general, classify funds as gifts when the following characteristics exist:

- donor does not impose contractual requirements;
- funds are awarded irrevocably.

In general, classify funds as grants when the following characteristics exist:

- provision for audits by or on behalf of the grantor;
- the grantor is entitled to receive some consideration such as a detailed technical report of research results or a report of expenditures;
- testing or evaluating of proprietary products is involved;
- the research is directed to satisfying specific grantor requirements (e.g., terms and conditions stating a precise scope of work to be done rather than a general area of research);
- a specified period of performance is prescribed or termination is at the discretion of the grantor;

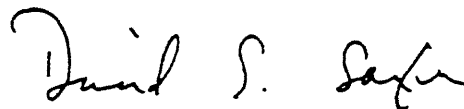
INTERNAL CORRESPONDENCE

- funds unexpended at end of period shall be returned to the grantor;
- patent rights requested by grantor.

Since in many situations all of the above characteristics will not be present, judgment must be exercised in order to classify the gift/grant in accordance with the intent of this policy. The decision as to whether a particular award should be considered a gift cannot be made based upon the presence or absence of a single characteristic or criterion. Rather, one must look at the award in toto in order to make a judgment as to its proper classification.

Regardless of the designation of an award for research as a gift or grant, it will be subject to the research review process as well as to the administrative rules and procedures which apply to all University Funds. The processing of gifts will not include the application of indirect costs. Processing of grants will include the application of indirect costs in accordance with University policy.

The above guidelines are not intended to indicate whether processing of gifts/grants occurs in the Contract and Grants Office or the Development Office. Report governmental grants to Systemwide Administration for inclusion in the contracts and grants EDP system and report all other gifts/grants to Systemwide Administration according to stated Gift and Development reporting needs. However, organization of the processing/acceptance/administration of gift/grant funds is a local matter.



David S. Saxon
President

cc: Principal Officers of The Regents
Laboratory Directors
Members, President's Administrative Council