Distinguishing Between Grants, Gifts, & Contracts

Objective
External funding can be received from many sources and the need to be able to correctly distinguish between a grant, a gift, and a contract is necessary for proper processing.

Overview
External funding to the University is made in a variety of forms, reflecting the diversity of sponsors as well as their purposes. Correct classification and processing of this external funding are essential for the mandatory fiscal and fiduciary management of these funds.

The language used by a sponsor in their provided support is generally the source for making a determination as to whether the funds should be considered a grant, a gift, or a contract. Sometimes the wording of the governing document makes it difficult to determine how these funds should be handled.

The sponsor may refer to the award as a Memorandum of Agreement (MOA) or a Memorandum of Understanding (MOU). These may be either a grant or a contract.

When in doubt, contact the Office of Post-Award Grants Administration. They, in consultation with Business Services, will make the final determination as to whether the funding in question shall be treated as a grant, a gift, or a contract. The determination may be made by a single characteristic or in the totality of the funding instrument.

Grants (a.k.a. Sponsored Awards)
A Grant, also known as a Sponsored Award, is funding from an external entity such as a private foundation, corporation or governmental agency for an activity with a scope and purpose defined by the recipient.

In general, a grant or sponsored award can contain one or more of the following:

- Budgetary constraints such as limits on budget categories, prior approval of the sponsor or other controls over expenditures.
- Fiscal accountability is required, as evidenced by submission of financial reports or invoices to the sponsor.
- Audit provisions.
- Provision to return any unexpended funds at the conclusion of the project.
- Federal or Federal Pass Through source of funding.
- Require that there is "cost sharing" or a "match" to the funds.

Grants or sponsored awards are administered by the University's Office of Post-Award Grants Administration. You should not sign any award document as the Office of Post-Award Grants Administration will obtain the proper signatures.
Gifts

A gift is any item of value given to the university by a donor who expects nothing in return other than recognition and the disposition of the gift in accordance with the donor's wishes. Although a donor may place some restriction on use or disposition of a gift and may require a report that demonstrates that the donor's wishes have been met, these terms do not make the gift a grant or contract.

Contracts

A Contract is defined as an exchange of promises between two or more parties which creates binding legal obligations either to do or not to do a particular thing or things.

In general, a contract can contain one or more of the following:

- Substantial involvement by the sponsor in the scope of the work to be performed or services to be provided.
- If the services or the items of value are not provided at the prescribed times there are usually serious legal or monetary ramifications.

Contracts are administered by Business Services and may need approval from the State of Connecticut's Office of the Attorney General. Business Services will obtain the proper signatures on any contract, Memorandum of Understanding (MOU), or Memorandum of Agreement (MOA).

Signatory Authority

For the purposes of the activities addressed above, an official grant proposal (accompanied by the University's internal grant routing sheet with the appropriate signatures as indicated on that form) should only be signed by one of the following (or their officially authorized delegate) as required and allowed by the sponsor:

- President
- Provost and Vice President for Academic Affairs
- Chief Financial Officer

Any award or contract resulting from a grant proposal should also only be signed by the appropriate University official (or their officially authorized delegate) mentioned above.