AWARD/CONTRACT ACCEPTANCE AND NEGOTIATION PROCEDURE

PURPOSE:
CSUSM Corporation Office of Sponsored Projects (OSP) has established this procedure in accordance with ICSUAM policy number 11002.04 – Sponsored Programs Award Acceptance and Negotiation. Contracts must be submitted in a timely manner to allow all internal reviewers and execution processes.

This procedure outlines the process that the Office of Graduate Studies and Research (OGSR) and OSP follow to negotiate and accept a grant award or a contract agreement. Typically, grants do not require negotiation, other than budget revisions because most federal awards incorporate standard terms and conditions that are not negotiable. Most negotiations conducted by OSP involve awards from non-federal sponsors, contracts, and subagreements from other institutions.

SCOPE:
This procedure outlines the process for accepting grant awards and negotiating contract agreement terms for CSUSM University faculty- and staff-led sponsored projects. As noted in the Sponsored Programs Administration at CSUSM Policy, the recipient of the contract or grant shall be CSUSM Corporation generally, or in some cases, the University, and not an individual, department, or other constituent unit. As such, grants, contracts, and subaward agreements may only be executed by the Executive Director of CSUSM Corporation or designee.

PROCEDURES:
I. As noted in the Pre-Award Review and Approval Procedure, if an award or contract is received without prior approval of the proposal, the proposal is subject to the Pre-Award Review and Approval Process prior to acceptance of the award at the discretion of the Provost.

II. The Sponsored Projects Analyst (SPA) in OSP for the project forwards a copy of the award/contract to the Principal Investigator/Project Director (PI/PD) and initiates a conversation about deliverables noted in the document.

III. The SPA reviews the terms and conditions of the award/subaward or contract/subcontract, with particular attention to:
   a. The Payment Schedule
   b. General Terms and Conditions
   c. Special Provisions
   d. Scope of Work
   e. Budgets and payment method

IV. If any of the requirements concerning these areas are considered unacceptable, the PI/PD should discuss with the SPA so that they can be negotiated with the sponsor.

Note: Unacceptable requirements are those that would cause an extreme burden on CSUSM or CSUSM Corp administration or are programmatic requirements that CSUSM could not fulfill. Examples include:

   a. Monthly invoicing with special requirements, or invoicing by task
   b. Deliverable(s) requiring an infusion of resources greater than those provided by the award
   c. Technical Reports due every two weeks
   d. Final invoice or final financial report due less than 90 days after the project’s end date
V. If there is any mention of Intellectual Property in the award/contract, the SPA will forward to the Dean of OGSR, if necessary.

VI. MOUs and agreements that are in place or sought with K-12 districts or other community partners should be reviewed by CSUSM Procurement. Such agreements may be referenced in the grant, contract, or subagreement. PI/PDs should contact Grants and Contracts Development for assistance in securing campus signatures from administrators following Procurement's review.

**Contract Review**
The process of reviewing and negotiating contracts can span weeks if there are extraordinary or unique requirements, if there are missing documents.

I. After initial review and completing an OSP Contract Review Checklist, the SPA routes the checklist and contract to the OSP Director for review and signature; the OSP Director will then forward to the CSUSM Corp Executive Director, as necessary, according to delegated signature authority. The document will then be returned to the SPA or sponsor.

II. If the agreement is already signed by the sponsor, this becomes a fully executed agreement. The SPA will send a copy to the sponsor.

III. Once the fully executed agreement is returned to CSUSM Corp, the SPA begins the Project Setup procedure.

**Award Review**
I. For federal grants and private organization grants that have no extraordinary requirements, the SPA simply initiates the Project Setup procedures. If the award requires a CSUSM countersignature to accept the award, the SPA forwards the award document to the OSP Director. The Director will determine if the award needs to be forwarded to the CSUSM Corp Executive Director for review and signature. Any notes from the SPA concerning any unacceptable reporting and billing requirements should be included.

II. Once the review is complete, the OSP Director, or CSUSM Corp Executive Director, when necessary, countersigns the document, and returns the agreement to the SPA to begin the award setup process.

*Note:* If the new award includes subcontracts or subawards that will be issued by CSUSM Corp, the SPA will coordinate with the PI/PD to setup those agreements.

**ROLES AND RESPONSIBILITIES:**
PI/PDs and OSP have a shared responsibility in facilitating award management and monitoring internal controls during an award’s lifecycle. This section outlines the role of each individual or group for the successful acceptance of an award and contract negotiation.

PI/PDs have overall responsibility for the programmatic objectives of the research. In addition, PI/PDs are responsible for complying with sponsors’ terms and regulations and for meeting all deliverables – scientific, financial, and administrative. PI/PDs are responsible for managing an award and meeting deliverables. PI/PDs are also responsible for communicating issues to OSP throughout the award so that award terms and deliverables can be met or, if necessary, be modified. PI/PDs should keep OSP informed of any interactions with the sponsor that may impact the terms or deliverables of the award. Lastly, PI/PDs are responsible for reviewing the contract terms and conditions, i.e. scope of work, payment schedule, intellectual property, data rights, conflict of interest, export control, confidentiality, human research protections, responsible conduct of research, and animal care and use.

OSP collaborates with the sponsor and PI/PD to negotiate the contract terms and conditions to meet the financial terms and financial deliverables of federal and non-federal awards. This includes reviewing the payment schedule for reimbursement, termination clauses, audit, applicable law, use of name, publication rights, financial reporting requirements, property reports, and dispute resolution. These primary responsibilities are accomplished through ongoing engagement with the sponsor and PI/PD. In conjunction with these duties, OSP maintains the executed contract agreements.
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**TYPES OF AWARD MECHANISMS:**

- **Contract:** An agreement between CSUSM or Auxiliary and a sponsor to provide an economic benefit, generally in the form of services, for compensation. The agreement is binding and creates a quid pro quo relationship between the parties. A contract is a legal, mutually beneficial agreement between the institution and the sponsor with the expectation to accomplish a scope of work in return for compensation. There may be penalties for failure to perform the negotiated scope of work.

- **Grant:** A financial contribution to a recipient to carry out an approved project or activity. A grant generally anticipates no substantial programmatic involvement of the sponsor with the recipient during performance of the project or activity, but sponsors usually require deliverables/progress reports and/or final report – and an accounting of the use of funds or return of unused funds. The purpose of a grant is to support a specific scope of work. Funds provided must be utilized to support the project and the applicable terms and conditions. The work may or may not result in the expected outcome(s).

- **Gift:** Any item of value given to CSUSM or CSUSM Corporation by a donor who expects nothing of value in return, other than recognition and disposition of the gift in accordance with that donor's wishes. There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures. These reports may be thought of as requirements of good stewardship, and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or "deliverables." A gift is described as a voluntary transfer of funds from one entity to another without the expectation of anything in return. A grant is described as a unilateral transfer of funds through an agreement from one entity to another with terms and conditions, which may include the expectation of financial and technical reporting incorporated into the funding document.

- **Memorandum of Understanding (MOU):** A memorandum of understanding formalizes an arrangement or understanding regarding a particular transaction; it documents the key terms and provisions of that transaction. It could be binding or nonbinding and can be used in situations where the parties are still negotiating the definitive agreement. A Letter of Intent memorializes the intent of parties to enter into a formal contract. All deal terms are typically nonbinding except for the confidentiality provision. Examples of Contract Titles: Letter of Intent; LOI; Memorandum of Understanding; MOU.

- **Subagreements:** “Pass through funding” from the prime sponsor to a prime recipient, wherein the recipient of the funding, then issues a “sub” agreement to another organization to accomplish a portion of the scope of work that is integral to the success of the scope of work of the prime recipient.

**RELATED POLICIES AND DOCUMENTS:**

- OSP Contract Review Checklist
- CSUSM Corporation Policies and Procedures
- CSUSM Corporation Cost Principles for Sponsored Projects Policy
- OGSR Pre-Award Review and Approval Procedure
- Sponsored Projects Administration at CSUSM Policy