



The University of South Dakota

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| <b>Responsible Executive:</b> | Vice President for Research               |
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# External Sales (Contrast to Sponsored Projects and Gifts)

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## I. REASON FOR THIS POLICY

This policy distinguishes transactions that are distinct from grants, contracts, and gifts; and provides an avenue to ensure that these funds are accounted for in reports of external funding.

## II. STATEMENT OF POLICY

External sales are transactions that involve transfer of funds from a third party to the University and that meet these criteria:

1. The funds are in exchange for: *i)* services performed by the University and any tangible goods produced as a result of such services; *ii)* use of laboratory equipment; or *iii)* a license to use information in University maintained databases.
2. The transaction is not a sponsored project, gift, or an excluded transaction (defined below).

Units responsible for the external sales (provision of services, equipment, data, etc.) will report to the Office of Research and Sponsored Programs the amount of external sales within 90 days after the end of each fiscal year.

### III. DEFINITIONS

**CONTRACT** - means a written agreement between two or more parties creating obligations that are enforceable at law.

**DIRECT ECONOMIC BENEFIT** - includes but is not limited to the transfer of intellectual property, data rights, marketing and licensing rights.

**EXCLUDED TRANSACTION** - means the following activities: room and board; instruction offered in the University's regular, extension, evening or continuing education programs, including non-credit instruction; services provided in the practicum aspects of the University's instructional programs; retail food and beverage services including catering; admission to University sporting or entertainment events; license for rights under a University patent, trademark, or copyright, including software support and maintenance; use, sale or transfer of University real property; naming rights or athletic promotions and signage; sale of University equipment, fixtures, or supplies; delivery of health care services to individuals; delivery of veterinary care services to individual animals; and delivery of services by University physicians to other health care systems.

**GIFT** - means a transaction involving the transfer of funds by a third part to the University without any requirement on the University's part to provide the third party with any direct economic benefit or to return any unused funds.

**NACUBO CLASSIFICATION** - categories are instruction, research, public service, academic support, student services, institutional services, operations and maintenance of plant, scholarships & fellowships, auxiliary enterprises.

**SERVICES** - as used herein, may include research, training, and public service/outreach activities.

**SPONSORED PROJECT** - means a transaction, other than **excluded transactions**, involving a transfer of funds by a third party, other than an individual, to the University and that meets any of the following criteria: the University performed research for a third party under a fixed price or cost-reimbursement contract; the contract is for the performance of a clinical trial; the university performs services for the federal government or a department thereof; the contract for the transaction is a sub-award; the contract is for services and requires the University to account for and return unspent funds; the university performs services that require prior approval or monitoring by a University institutional review board or committee, unless the services are funded by a gift or by department funds; the contract provides funds for a training grant; the contract for services requires the University to provide cost sharing or matching funds; the University performs services for the State of South Dakota (or a department thereof) and the State of South Dakota desires that the contract be administered through a sponsored projects agreement; or the contract provides federal funds to the University for a building or capital equipment project.

**TRAINING GRANT** - means a grant of funds to the university to develop or enhance research training opportunities for individuals, selected by the University, who are training for careers in specified areas of research or scholarly inquiry. Under the terms of such grant, the university

must account to the third party for use of the funds, must return unused funds, and/or must report the results of research or other scholarly inquiry undertaken by the trainee.

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## IV. PROCEDURES

External sales must receive all appropriate approvals within and outside the University prior to conduct of the activities and receipt of funds. University approvals should begin with the immediate supervisor, such as a department head, and extend through the cognate vice president.

To ensure that external sales are included in reports of external funding that the University makes annually to a variety of constituencies, each responsible unit should send its report electronically, preferably as a spreadsheet, to the Office of Research and Sponsored Programs ([orsp@usd.edu](mailto:orsp@usd.edu)) within 90 days after the end of the fiscal year. The report minimally should contain totals for external sales received between July 1 and June 30, segregated by source of funds (federal, state/local, industrial/private, and non-profit) and the activity type identified by NACUBO classification (as listed under Definitions). A template for this purpose may be requested from the Office of Research and Sponsored Programs.

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## V. RELATED DOCUMENTS, FORMS AND TOOLS

For additional information on external sales, refer to policy and procedures for external sales at The University of Minnesota (the model for the current policy):

<http://researchnews.umn.wordpress.com/2010/10/28/gifts-sponsored-projects-external-sales/>

[http://policy.umn.edu/Policies/Finance/Accounting/EXTERNALSALES\\_PROC01.html](http://policy.umn.edu/Policies/Finance/Accounting/EXTERNALSALES_PROC01.html)