

# RESEARCH ND POLICIES AND PROCEDURES

Updated September 10, 2019

## RND 1.0 GENERAL PROVISIONS

### 1.01 PROGRAM PURPOSE

Research ND promotes the development and commercialization of products and processes through industry/university research partnerships. Research ND provides matching funds to help companies pay for the university research. Projects are initiated by the companies to meet their own research and development goals.

Through Research ND, firms have the opportunity to leverage their research, development and commercialization funds and gain access to the creative talents and extensive research base of North Dakota's Research Universities. Research ND matching funds are awarded on a competitive basis for projects based on proposals submitted jointly by researchers from one North Dakota's Research Universities and a Private Sector Partner.

The overall goal of Research ND and the Venture Grant programs is to have a long term positive economic impact on the State and Private Sector through various means including, but not limited to; economic diversification, improved production factors, and the development of new markets

### 1.02 LEGISLATION

#### 1.02a N.D.C.C. § 54-65-06 Research North Dakota Grants

"The department shall establish and administer a research North Dakota grant program to provide grants to a research university for research, development, and commercialization activities related to a private sector partner. The department shall make grant award determinations under this section. The department shall establish guidelines to qualify for a grant under this section, including the requirement that an application must be accompanied by a partnership agreement between the private sector partner and a research university. The agreement must include details regarding the scope of the work, the budget, the location of the work to be completed, the intellectual property ownership rights, and the intellectual property income distribution. The department may approve changes to the scope of the work or the budget only to the extent that the changes are agreed upon by the private sector partner and the research university. Before the department distributes funds awarded under this section, the research university shall provide the department with detailed documentation of private sector participation and the availability of one dollar of matching funds for each dollar of state funds to be distributed. Matching funds must be in the form of cash and may not include in-kind assets."

#### 1.02b N.D.C.C. § 54-65-07 Research North Dakota Venture Grants

"The department shall establish and administer a research North Dakota venture grant program to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota. The department shall establish guidelines to qualify for a grant under this section."

### **1.03 RESEARCH ND FUND**

Funding ends as of June 30, 2021. All disbursements must be made prior to this date.

The Department may utilize up to 2.5% of the funds appropriated to the Research ND for administrative expenses. Administrative costs may include economic impact studies, printing expenses, audits, or attorney's fees.

### **1.04 PROGRAM DESCRIPTIONS**

#### 1.04a Research ND

Research ND promotes the development and commercialization of products and processes through industry/university research partnerships. This program is open to all industry sectors with priority being granted to industry sectors that are targeted or identified within the Economic Development Foundations current strategic plan ([www.commerce.nd.gov/about/foundation/](http://www.commerce.nd.gov/about/foundation/)).

#### 1.04b Research ND BIO

A sub-program of Research ND specifically to provide matching grants to a Research University "to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious disease; or other pathogens, including bacteria, mycobacteria, fungi and parasites" (Section 30 of Chapter 49 of the 2013 Session Laws) in conjunction with a Private Sector Partner.

#### 1.04c FAST Track

The FAST Track program has been designed as a sub-program under Research ND for projects with a limited budget, short duration and a compelling need to begin on short notice.

#### 1.04d Venture Grants

The Research ND Venture Grant program was established by the 63rd Legislative Assembly (N.D.C.C. § 54-65-07) with intent to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and either startup or spinoff business operating in North Dakota.

### **1.05 RIGHTS TO INTELLECTUAL PROPERTY**

Matters with regard to Intellectual Property (e.g. intellectual property ownership, distribution of royalty payments, licensing fees) shall be defined in a binding agreement between the Research University and the PSP before the application is submitted. The Research University shall abide by State Board of Higher Education policy 611.2. The North Department of Commerce does not reserve the right to any of the Intellectual Property that may be generated as part of funding through Research ND or any of its subprograms.

### **1.06 DEFINITIONS**

**Applicant:** A Research University in partnership with the private sector which is applying for a matching grant from the Research ND Fund.

**Application:** The written document that is submitted to the Department for consideration under the Research ND program.

**Authorized Representative:** An individual from either the Research University or the Private Sector Partner authorized by their representative organization to sign agreements.

**Award:** Funds distributed after a grant application has been approved and an agreement signed.

**Award Agreement:** A document describing the rights and duties of the Department, Research University and Private Sector Partner. This document must be signed by all parties after a grant application has been approved and prior to award funds being distributed.

**Cash:** Funds from the Private Sector Partner provided to the Research University for use on the project's scope of work.

**Cash reserved:** Cash to be spent by the Private Sector Partner on expenses directly related to the approved project.

**Department:** The North Dakota Department of Commerce

**Fund:** Means the Research North Dakota Fund available to the Department to provide funding for the Program as authorized in N.D.C.C. § 54-65-06.

**Grant:** The monetary award made by the Department to a Research University under the Program.

**Grantee:** The Research University which has been awarded a Grant from the Fund.

**Errors:** Significant inaccuracies, inconsistencies, omissions, or incorrect formatting identified in the application.

**Matching Funds:** Funds provided to the Research University from the Fund for work on an approved project.

**Partnership Agreement:** An agreement between the Private Sector Partner and a Research University that must include details regarding the scope of the work, the budget, the location of the work to be completed, the intellectual property ownership rights, and the intellectual property income distribution. (As defined in N.D.C.C. § 54-65-06.)

**Principal Investigator:** The Research University's lead scientific contact.

**Private Sector:** Businesses and industries that are not owned or controlled by the government.

**Private Sector Funds:** Any combination of Cash or Cash Reserved invested in a project by the Private Sector Partner in an amount of at least \$1 for every \$1 of matching funds requested by the Application in accordance with N.D.C.C. § 54-65-06.

**Private Sector Partner:** Any private sector entity that has entered into a Partnership Agreement with a Research University and submitted an application under one of the Research ND programs.

**Project Budget:** Total of Private Sector Funds and Research ND Funds to be applied to a project.

**Project Director:** The lead scientific contact from the Private Sector Partner (required for Research ND, Research ND BIO, Venture Grant Phase II and Venture Grant Phase I/II).

**Program:** Any of the programs under the authority of the Department utilizing Research ND funds.

**Program Manager:** The person designated by the Commerce Commissioner to provide the Department with technical, administrative and economic development support.

**Research University:** An institution under the control of the North Dakota State Board of Higher Education which has a full-time student enrollment in excess of nine thousand students.

**Research University Budget:** The total of Cash from the Private Sector Partner and Matching Funds provided by Research ND.

**Significance:** The importance of the problem or critical barrier to progress that the proposed project addresses.

**Spinoff business:** The creation of an independent company through the sale or distribution of new shares of an existing business/division of a parent company. A spinoff is a type of divestiture.

**Startup business:** A company that is in the first stage of its operations. These companies are often initially bank rolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand.

**Subcontract:** The term subcontract will be used to represent subcontracts, sub-awards, and consortium for the purposes of these policies.

**Substantial Presence:** The business must have its principal office in North Dakota and have the majority of its business activity performed in this state, except sales activity, or have a significant operation in North Dakota that has or is projected to have more than ten employees or \$150,000 of sales annually.

**Technical Reviewers:** Independent technical reviewers contracted through a third party to review the merits of the application.

### **1.07 ABBREVIATIONS**

PI – Principal Investigator

PD – Project Director

PSP – Private Sector Partner

### **1.08 COSTS OF APPLICATION PREPARATION**

The Department is not liable for any cost including costs of preparation of applications, incurred by the applicants prior to issuance of an Award Agreement. The Department will be liable only for those costs and expenses expressly identified by the Award Agreement.

### **1.09 ACCEPTANCE AND REJECTION OF APPLICATIONS**

These policies do not commit the Department to award funds. The Department reserves the right to accept or reject any or all applications received as a result of the Program and to negotiate with any and all qualified applicants.

### **1.10 APPLICATION OWNERSHIP**

Information contained in all applications, both successful and unsuccessful, will remain the property of the applicant but the Department will retain file copies of all applications, findings and reports. Except with regard to confidential information, applications are public information and are available to the public upon request and payment of copying charges.

### **1.11 RESERVATION OF FUNDS**

The Department is not obligated to award the total amount of funds made available under this Program. Funds not awarded will be reserved for future grants under the Program.

### **1.12 PROGRAM ADMINISTRATION**

Decisions related to Research ND and all of its subprograms will be made by the Department except as to where the Department has authorized others in these policies. Program administration will be

handled by the North Dakota Department of Commerce and any questions related to Research ND can be referred to:

Research ND Program Manager  
ND Department of Commerce  
PO Box 2057  
Bismarck, ND 58503-2057  
701-328-3698

## **RND 2.0 RESEARCH ND**

### **2.01 PROGRAM DESCRIPTION**

The Research ND program was established by the 63rd Legislative Assembly (N.D.C.C § 54-65-06). It is intended to provide grants to a Research University for research, development and commercialization activities related to a Private Sector Partner (PSP).

### **2.02 ELIGIBLE APPLICANTS**

To be eligible for funding under the Program, Applications must be jointly submitted by a Research University and a PSP.

### **2.03 ELIGIBLE AND INELIGIBLE PROJECTS FOR RESEARCH ND**

Any project in partnership with a Research University proposing research, development or commercialization activities is eligible for funding under this Program. In all cases, projects must demonstrate a reasonable probability of advancing to a commercially viable stage. The application must include information about how the proposed work fits into the overall plan for commercialization of the product or process.

Research ND will not accept similar grant applications with essentially the same focus from the same PSP. Individual applications from a single Research University with different PSP may have similar research focus as long as the work on the projects is being done independently.

The following activities or uses are ineligible for funding under this Program:

- Receiving funding for the same project from other North Dakota state grant programs

- Indirect costs

- Sub-awards or subcontracts to the PSP

- Activities illegal under North Dakota State law

- Sponsorship of conferences

  - Unallowable expenses include:

    - 1) food and beverages

    - 2) travel unless directly related to the achievement of the project. Travel requests in proposed budgets will be carefully considered.

    - 3) subcontracts that amount to more than 30% of the requested funds

### **2.04 MATCHING AWARD AMOUNTS**

**Research ND:** Matching funds may be granted up to \$300,000 per project.

### **2.05 SPECIAL PROJECT FUNDING**

Not available

## **2.06 PRIVATE SECTOR FUNDING REQUIREMENTS**

The Private Sector Funds designated to the project budget must be equal to or greater than 50% of the total project budget. The PSP portion of the budget may be provided as:

1. Cash to the university for use on the approved project;
2. Cash Reserved by the private sector to be spent on expenses directly related to the approved project (e.g. salaries and benefits (apportioned to work on project), travel, direct expenses); or
3. A combination of the above to meet the match requirements in statute.

## **2.07 FUNDS INELIGIBLE FOR MATCHING THROUGH RESEARCH ND**

The following funds are ineligible to count as Private Sector Funds:

- Private sector funds spent prior to the Application being submitted to Research ND;
- Unrecovered indirect costs on monies supplied to the Research University through the Research ND Fund; or
- Salaries and benefits of Research University personnel even if paid by non-state funds.

## **2.08 REQUIRED DOCUMENTATION**

The Application must provide adequate documentation validating the Private Sector Funds, including letters of commitment from all funding sources. The Application will be in error if the documentation is not provided with the submission of the Application.

The Department may later request additional documentation of Private Sector Funds as it deems necessary. Failure to provide all requested information to the Department may result in termination of the award process.

## **2.09 APPLICATION REQUIREMENTS**

An application must be direct, concise, and informative. The application form, instructions and other documents required by the Program are available at [www.ResearchND.com](http://www.ResearchND.com) or may be obtained by contacting the North Dakota Department of Commerce at the address in Section 1.12.

Research ND applications are a joint application between a ND Research University and a PSP where the submitting Applicant is the Research University. The application needs to present a cohesive picture of the work to be done, the impact to the private sector, and clearly delineate the responsibilities of the Research University and the PSP. The completed application should be reviewed through both the Research University and PSP's organizational review process prior to submission through the Research University's normal grant submission process.

Applications must clearly demonstrate the project will be completed and all funding disbursements requested to Commerce before June 30, 2021.

Applications materials, instructions and other information about the Research ND program can be found at [www.ResearchND.com](http://www.ResearchND.com).

## **2.10 APPLICATION SUBMISSION**

Applications will be submitted by designated personnel at the Research University to the Department of Commerce.

## **2.11 APPLICATION DEADLINES**

Applications will be accepted for Research ND depending on the availability of funds.

Applications will be considered on time if they are time stamped on or before 5:00 PM local time for the submitting Research University on the submission deadline dates as listed under Programs on [www.ResearchND.com](http://www.ResearchND.com).

Applications that do not clearly demonstrate the project completion with all funding disbursements requested to the Department before June 30, 2021 will be denied.

## **2.12 REVIEW PROCESS**

All Research ND applications will be evaluated according to the criteria set forth in N.D.C.C. § 54-65-06 and the criteria established by the Department as stated in these policies. All Department decisions are final.

Priority will be given to applications that focus on industry sectors that are targeted or identified within the Economic Development Foundation's current strategic plan ([www.commerce.nd.gov/about/foundation/](http://www.commerce.nd.gov/about/foundation/)). These include targeted industries such as advanced manufacturing, technology-based business, value-added agriculture, and energy.

### 2.12a Initial Review.

The applications will initially be reviewed to ensure that the applications are complete and meet the eligibility requirements of the program. If errors are found in the application, amended applications will be returned.

Failure to include the fully executed partnership agreement at the time of submission will result in the application being returned.

### 2.12b Review for North Dakota Priorities

The Program Manager will assess and score all applications for North Dakota priorities as outlined in these policies.

Ten (10) points will be given to grant applications that have as their PSP a business that has a substantial presence in ND.

Ten (10) points will be given to grant applications focus on industry sectors that are targeted or identified within the Economic Development Foundation's current strategic plan ([www.commerce.nd.gov/about/foundation/](http://www.commerce.nd.gov/about/foundation/)).

Up to ten (10) points will be given to grant applications that have a clearly defined direct economic impact to North Dakota.

Up to five (5) points will be given to applications that exceed the required dollar for dollar match required in statute.

### 2.12c Technical Review

Grant applications may be sent out for technical review at the discretion of the Department.

The technical review of the application will address (at a minimum) the following as they relate to the proposed project:

- technical feasibility
- quality of methodology
- budget
- likelihood of success,
- the background of both the PI, PD and other key personnel
- the project management plan

- facilities and equipment

#### 2.12d Review of Applications by Department

The Department shall consider, but is not bound by, the recommendations of the Technical Reviewers in deciding to either fund or not fund a particular project.

#### 2.12e Presentations to the Department

Applicants may be asked to present their project to the Department.

The Department members will submit Project Score Sheet to the Program Manager after the presentation. The Project Score Sheet will score the applications on three criteria: Probability and Extent of New Wealth Creation, Timeliness and Merit.

#### 2.12f Department Decisions

All Department funding decisions are final.

## **RND 3.0 VENTURE GRANTS**

### **3.01 PROGRAM DESCRIPTIONS**

The Research ND Venture Grant program was established by the 63rd Legislative Assembly (N.D.C.C. § 54-65-07) with intent to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and either startup or spinoff business operating in North Dakota.

**No Phase I awards will be accepted.**

### **3.02 ELIGIBLE APPLICANTS FOR RESEARCH ND VENTURE GRANTS**

Any Research University proposing to pursue further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota.

ND Venture grant funds are ONLY available to startup or spinoff businesses operating in North Dakota.

Phase I applications may be submitted by the Research University alone or with an identified PSP.

**No Phase I awards will be accepted.**

Phase II applications must be a joint submission between the Research University and the PSP.

### **3.03 ELIGIBLE AND INELIGIBLE PROJECTS FOR RESEARCH ND VENTURE GRANTS**

No Phase I awards will be accepted.

Phase II applications will be accepted from a Research University that has successfully completed the goals, milestones and objectives of the initial Phase I award or an active Phase I project may apply for Venture Grant Phase II funds up to 200 days before its end date if it meets the following criteria:

- 1) It is in good standing with the Department. Required reports and all other associated paperwork must be up to date at the time of application

- 2) A startup or spinoff company has been formed and it is capable of providing the required matching funds for the program
- 3) The startup or spinoff is eligible to participate as a Venture Grant Phase II partner

The Department makes this option available to assure that momentum is not lost on a promising opportunity to grow new businesses in North Dakota that are based on university developed technology. Failure to meet any of the above requirements will result in rejection of the Venture Grant Phase II application.

If a Venture Grant Phase II is funded, no timeline extensions will be granted to the Phase I project after the decision to fund Phase II has been made by the Department.

The Department recognizes the Research University along with the private sector may have made significant strides in moving technologies toward the market prior to the inception of this program. Therefore, a Phase I/II combined program is available. The Phase I/II program will allow a joint application to be filed by a Research University and the private sector.

The following activities or uses are ineligible for funding under this Program:

Receiving funding for the same project from other North Dakota state grant programs

Indirect costs

Sub-awards or subcontracts to the PSP (if established)

Activities illegal under North Dakota State law

Sponsorship of conferences

Unallowable expenses include:

- 1) food and beverages
- 2) travel unless directly related to the achievement of the project. Travel requests in proposed budgets will be carefully considered.
- 3) subcontracts that amount to more than 30% of the requested funds

### **3.04 GRANT AWARD AND MATCHING FUND AWARD AMOUNTS**

**Venture Grants:** Matching funds may be granted up to \$100,000 per project.

### **3.05 PRIVATE SECTOR FUNDING REQUIREMENTS**

#### 3.05a Venture Grant Phase I

**No Phase I awards will be accepted.**

#### 3.05b Venture Grant Phase II

The PSP's portion of the project budget must be equal to or greater than 50% of the total project budget. The PSP portion of the budget may be provided as:

1. Cash to the university for use on the approved project;
2. Cash reserved by the private sector to be spent on expenses directly related to the approved project (e.g. salaries, benefits, travel, direct expenses); or
3. A combination of the above to meet the match requirements in statute.

Private sector funds that will be considered for matching by Research ND are limited to those expenses directly related to the project.

#### 3.05c Venture Grant Phase I/II

**No Phase I/II awards will be accepted.**

### **3.06 FUNDS INELIGIBLE FOR MATCHING THROUGH RESEARCH ND**

The following funds are ineligible to count as Private Sector Funds:

- Private sector funds spent prior to the Application being submitted to Research ND;
- Unrecovered indirect costs on monies supplied to the Research University through the Research ND Fund; or
- Salaries and benefits of Research University personnel even if paid by non-state funds.

### **3.07 REQUIRED DOCUMENTATION**

The Application must provide adequate documentation validating the Private Sector Matching Funds for Phase I/II and Phase II applications, including letters of commitment from all funding sources. The Application will be in error if the documentation is not provided with the submission of the Application.

The Department may later request additional documentation of Matching Funds as it deems necessary. Failure to provide all requested information to the Department may result in termination of the award process.

### **3.08 APPLICATION REQUIREMENTS**

An application must be direct, concise, and informative. The application form, instructions and other documents required by the Program are available at [www.ResearchND.com](http://www.ResearchND.com) or may be obtained by contacting the North Dakota Department of Commerce at the address in Section 1.12.

#### 3.08a Venture Grant Phase I

No Phase I awards will be accepted.

#### 3.08b Venture Grant Phase II (I/II)

No Phase I/II applications will be accepted.

Applications must clearly demonstrate the project will be completed and all funding requested to Commerce before June 30, 2021.

### **3.09 APPLICATION DEADLINES**

Applications will be accepted for Venture Grants depending on the availability of funds.

Applications will be considered on time if they are time stamped on or before 5:00 PM local time for the submitting Research University on the submission deadline dates as listed under Programs on [www.ResearchND.com](http://www.ResearchND.com).

Applications that do not clearly demonstrate the project completion with all funding disbursements requested to the Department before June 30, 2021 will be denied.

### **3.10 REVIEW PROCESS**

All Venture Grant Phase I, Phase I/II and Phase II applications will be evaluated according the criteria set forth in N.D.C.C. § 54-65-07 and the criteria established by the Department as stated in these policies. All Department decision are final.

Priority will be given to applications that focus on industry sectors that are targeted or identified within the Economic Development Foundation's current strategic plan ([www.commerce.nd.gov/about/foundation/](http://www.commerce.nd.gov/about/foundation/)). These include targeted industries such as advanced manufacturing, technology-based business, value-added agriculture, and energy.

### 3.10a Initial Application Review

The applications will initially be reviewed after submission to ensure that the applications are complete and meet the eligibility requirements of the program. If errors are found in the application, amended applications can either be returned within two (2) business days of receiving error notification or resubmit the application for a later funding round assuming funds are still available.

For Phase I/II and II applications, failure to include the fully executed partnership agreement at the time of submission will result in the application being returned un-reviewed and the application will not be accepted for submission until the next submission deadline.

For Phase I applications, the results of the initial application review will be emailed to the PI and the Authorized Representatives for the Research University. For Phase I/II and II applications, the initial application review will be emailed to the PI, PD, and the Authorized Representatives for the Research University and the PSP

### 3.10b Technical Review

Grant applications may be sent out for technical review at the discretion of the Department.

The technical review of the application will address (at minimum) the following as they relate to the proposed project:

- technical feasibility
- quality of methodology
- budget
- likelihood of success
- the background of key personnel as they relate to the proposed project
  - PI and other key personnel for Venture Phase I applications
  - PI, PD and other key personnel for Phase I/II and Phase II applications
- the project management plan
- facilities and equipment

### 3.10c Review of Applications by Department

The Department shall consider, but is not bound by, the recommendations of the Technical Reviewers and Review Committee in deciding to either fund or not a particular project.

### 3.11d Presentations to the Department

Applicants may be asked to present their project to the Department.

Department members will submit Project Score Sheet to the Program Manager. The Project Score Sheet will score the applications on three criteria: Probability and Extent of New Wealth Creation, Timeliness and Merit.

### 3.11e Department Decisions

All Department funding decisions are final.

## **RND 4.0 AWARD PROCESS**

### **4.01 AWARD AGREEMENTS**

An Award Agreement will be executed between the Research University, PSP, and the Department outlining the rights and obligations of each party. The application and supporting documents will be an integral part of the Award Agreement outlining expectations and timelines for the work to be

accomplished. Failure to provide all requested information to the Department may result in termination of the award process.

The Award Agreement will include language directing the Department of Commerce to distribute funds to the Research University as outlined in Research ND Policy or as stipulated in the Award Agreement. Once executed, changes to the scope of work will need to be approved as follows:

1. Minor changes to the project not resulting in changes to the budget or overall scope of work can be agreed upon between the Research University and private sector.
2. Changes to the project altering the budget by no more than 20% of the total project budget may be approved administratively by the Program Manager provided the change is submitted jointly by the Research University and PSP.
3. Substantial changes to the scope of work, budget or timeline will need to be jointly submitted by the grantees and are subject to approval by the Department.

The Award Agreement must be signed by all parties within sixty (60) days of the approvals of an application by the Department, or within any additional time granted by the Department. If the supporting materials are not received or the Award Agreement is not signed within the time specified, approval lapses and no grant may be made.

#### **4.02 DISBURSEMENT OF FUNDS**

Projects with a projected duration of six months or less will have all of the Matching funds released to the Research University in a single lump sum following the completion of the Award Agreement and submission of a completed Disbursal Request to the Program Manager.

Projects with a projected duration of greater than six months will have half of the funds released to the Research University following the completion of the Award Agreement and submission of a completed Disbursal Request to the Program Manager. The remaining funds will be disbursed to the Research University following a disbursal request from the Research University submitted with a signed affidavit from the PSP indicating that half of the matching funds have been spent.

Any deviations from this disbursement policy must be approved by the Department and be specified in the Award Agreement.

State funds provided through this grant program will be subject to the regular purchasing policies and procedures of the Research University.

Disbursements may be withheld if the Department deems the grantee has not complied with these policies or the Award Agreement.

#### **4.03 PROJECT DURATION**

The project must be completed within the time specified in the Award Agreement.

#### **4.04 PARTIALLY FUNDED PROJECTS**

If the Department grant is less than the amount requested, the applicant may decline the award or proceed with the project as proposed, notwithstanding the reduced award.

If the applicant decides to move forward with the reduced level of funding a revised budget will need to be presented to the Department. The revised budget must outline how the State funds will be spent and include a narrative indicating how the budget shortfall will be made without interfering with the overall integrity of the project.

#### **4.05 DELAYED PROJECTS**

Failure of a grantee to proceed with the project in a timely manner or to comply with Award Agreement terms or the rules established by the Department entitles the Department to cancel the grant and Award Agreement and to receive from the Research University any unspent funds related to the project.

### **RND 5.0 REPORTING AND AUDITING REQUIREMENTS**

#### **5.01 INTERIM PROJECT REPORTS**

Research ND projects with an expected duration of one year or greater are required to submit semi-annual reports outlining progress towards the project goals. This report should focus on the progress towards goals, milestones and objectives, issues that have arisen affecting the timeline of the project, and an assessment of the project's progress compared to the original proposed timeline. The Research University must include the total amount of state funds expended to date, the amount of Cash received from the PSP and amount of PSP Cash that has been expended by the Research University. The PSP must include the amount of funds expended on the project as Cash Reserved for meeting the matching requirements of the program

#### **5.02 FINAL PROJECT REPORTS**

All projects, regardless of duration, will be required to file a final report outlining the major outcomes of the completed work within 60 days of the Project End Date. This report needs to take into account the goals and milestones in the initial application detailing the progress that was made, and any issues that arose affecting the project.

All projects, regardless of duration, will also be required to submit final financial statements prepared separately by the Research University and PSP (if included on project). These reports will due within 90 days of the Project End Date. The Financial Report from the Research University shall include a reporting of expenditures of all state and matching funds provided to the Research University for the purpose of the project. The Financial Report from the PSP shall provide a record of all Cash and Cash Reserved expended on behalf of the project.

#### **5.03 AUDITING REQUIREMENTS**

Projects awarded funding through Research ND or any of its subprograms will be subject to a random audit process. The Department may request supporting documentation for specified transactions from either the Research University or the PSP as part of an ongoing auditing process. The Program Manager may request the PSP and/or Research University provide supporting documentation for a list of project specific transactions. The list shall be limited to no more than ten (10) percent of a project's transactions.

Additionally, each year, the Department may select one or more ongoing projects for auditing to assess both the spending of state funds and PSP matching funds. The cost of random audits will be covered by the 2.5% of Research ND program funds reserved for administrative use.

Documentation provided to the Program Manager or Auditor must provide sufficient evidence that Private Sector Funds or Matching Funds were expended by the PSP or Research University on expenses directly related to the project.

## **RND 6.0 ECONOMIC DEVELOPMENT**

It is the intent that if a Research ND project results in commercialization of a product that North Dakota sees an economic impact as a result of that success.

### **6.01 ECONOMIC IMPACT REPORTS**

PSP utilizing the Research ND agree to provide information that can be used for economic impact analysis of the Program following submission of the Final Project Report. Data for the economic impact analysis shall be sent directly to the Program Manager. The specific information required the economic impact analysis will be specified in the Award Agreement. Economic impact information will only be reported in aggregated as one of the ways to assess the success of the Program.

Under N.D.C.C. § 44-04-18.4 trade secrets, proprietary, commercial and financial information is confidential if it is of privileged nature and not previously publicly disclosed.

### **6.02 FACILITATING COMMERCIALIZATION**

The North Dakota Department of Commerce leads the state's efforts to attract, retain and expand economic wealth. Charged with coordinating and focusing the state's economic development resources, the business development team works closely with national and local partners to accomplish that task.

Business incentives, government accessibility, and workforce performance, combined with North Dakota's favorable position as one of the lowest cost states for operating a business, are driving top companies to establish operations in North Dakota. The Economic Development and Finance division provides full service site location, incentive packaging and business liaison assistance.

Research ND projects nearing the commercialization stage will be paired with a professional economic developer from the Economic Development and Finance division to help the PSP with any expansion or relocation needs.