

## Agreements for Goods or Services under External or University-funded Research

### Which University Office to Approach for Assistance

#### Background

Under federal grants there are different administrative and audit requirements for subrecipients (financial assistance) and suppliers (procurement actions). Because of these differences, University agreements must be funneled to and administered by either the Office of Research or the Purchasing Services Department. Determining which of these two offices should handle the agreements is sometimes difficult.

#### Office of Research or Purchasing Services Department

Along with several other duties, the **Office of Research** is authorized to enter into agreements with **subrecipients**, for example, other institutions of higher education. In contrast, the **Purchasing Services Department** is able to manage the procurement process with **suppliers / vendors**. The information on the following pages should help clarify the terms “subrecipient” and “supplier” or “vendor” and thus provide direction regarding which office handles each type of agreement.

#### Subrecipient or Supplier / Vendor

The United States Office of Management and Budget (OMB) Circular A-133 attempts to distinguish between subrecipients and suppliers (vendors), thus A-133 §\_201(d) states that:

In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement.

<b>Office of Research versus Purchasing Services Department</b>	
<b>Differences Between Subrecipients and Suppliers / Vendors</b>	
<b>Office of Research – manages agreements with subrecipients</b>	<b>Purchasing Services Department – manages agreements with suppliers / vendors</b>
<i>OMB Circular A-133 §_210(b)(2-5) describes a subrecipient as one that:</i>	<i>OMB Circular A-133 §_210(c) describes a supplier or vendor as one that:</i>
Has its performance measured against whether the objectives of the federal program are met	Provides goods and services within normal business operations
Has responsibility for programmatic decision making	Provides similar goods and services to many different purchasers
Has responsibility for adherence to applicable federal program compliance requirements	Operates in a competitive environment
Uses the federal funds to carry out a program of the organization as compared to providing goods and services for a program of the pass-through entity.	Provides goods or services that are ancillary to the operation of the federal program and
	Is not subject to compliance requirements of the federal program.

The Federal Demonstration Project's Subaward Task Force in its "FDP Statement on Subawards" as revised on September 18, 2000 states that:

Subawards may be called subcontracts, subagreements, purchase orders, subgrants, etc., and they may also have the appearance of procurement agreements in format and language, but they nonetheless remain forms of "financial assistance" and do not constitute what (OMB Circular) A-110 describes as a "procurement action". Thus their issuance is not subject to the procurement standards specified in Sections 40 – 48 of A-110.

### **Requirements for Suppliers / Vendors**

2 CFR Part 215 (formerly OMB Circular A-110) explains, among many other things, the procurement requirements for institutions of higher education receiving federal grants (financial assistance). §215.41 through §215.48 explain:

- (1) The recipient's (University's) responsibilities;
- (2) That codes of conduct must be written and cover individuals involved in purchases;
- (3) The requirement for free and open competition;
- (4) The need to have written procurement procedures that ensure that the University:
  - does not purchase unnecessary items;
  - analyzes a purchase versus a lease;
  - issues quality requests for proposal;
  - makes efforts to purchase from small businesses, minority firms and women-owned businesses;
  - chooses the appropriate type of contract vehicle; and
  - contracts for goods and services with responsible persons or organizations that are not debarred or suspended from doing business with the Federal government.
- (5) the requirement to document cost or price analysis for each procurement action;
- (6) the need to keep accurate records that include the basis for the supplier selection, justification for any lack of competition and the basis of the award cost or price;
- (7) that the University must have a system of contract administration; and
- (8) what provisions should be inserted into the University's agreements with its suppliers.

### **Checklist to Determine Which Office to Approach for Assistance - Office of Research or Purchasing Services**

On the following page you will find a series of questions that coupled with the information and definitions above will help University departments determine which office to contact for assistance with University agreements. Please keep in mind that while the questions may initially indicate one office rather than another, after the agreement is reviewed one or both of the offices may determine that the transaction is handled more appropriately in the other office.

## Agreements for Goods or Services under External or University-funded Research

### Which University Office to Approach for Assistance


#### Which purchases for goods or services in support of External or University-funded Research should be processed through Purchasing Services versus the Office of Research?


**Office of Research** is a central department charged with administrative responsibility for all University research and related activities involving extramural sponsorship. The areas supported by Office of Research staff include information services, project and proposal development assistance, and grants and contracts administration for pre-award and selected post-award tasks. All proposals submitted by University personnel must be transmitted to and reviewed by Office of Research staff to assure adherence to internal and external policies and procedures. The Office of Research is responsible for assuring that proposals submitted for external funding and awards made to the University meet sponsor and University requirements.

**Purchasing Services'** mission is to obtain the overall best value for purchases of goods and services University-wide; provide efficient, effective purchasing processes; assist departments in complying with federal, state and local laws; implement a system of sound internal controls, and monitor compliance; provide opportunities for Disadvantaged Business Enterprises (DBE's), and; provide excellent customer service to the University community. Purchasing Services analyzes departmental spending patterns to identify opportunities or savings and assists departments with specialized or complex purchases.

### Questions

- Do the requested services significantly contribute to the development of the science?
- Are the requested services part of a collaborative research project with another institution of higher education?
- Is a substantive portion of the research being transferred to the potential contractor?
- Does the Notice of Award or award document providing funding have "flow down" provisions that must be applied to subcontracted goods or services?
- Will the contractor conduct research involving human subjects or animals under this agreement?
- Will the contractor conduct research involving rDNA or ionizing radiation under this agreement?
- Will University materials or data be given to contractor for contractor to use for conduct of research under this agreement?

If you answered "**yes**" to **any** of the questions above then  you must contact the **Office of Research** at 412-624-7400 or the Grant or Contract Officer assigned to your department ([www.pitt.edu/~offres/const.html](http://www.pitt.edu/~offres/const.html)). Please note that it is possible that after Office of Research review, agreements may then be referred to Purchasing Services for processing.

If you answered "**no**" to **all** of the questions above then  you must contact **Purchasing Services** for all other purchases of goods, equipment and services, such as:

- consulting services with companies or individuals
- programming services
- information management
- website development
- lab testing
- computers
- microscopes
- major equipment
- equipment loans
- office and laboratory supplies

Contact Purchasing Services at 412-624-6648 or visit [www.bc.pitt.edu/purchasing](http://www.bc.pitt.edu/purchasing) for the complete [Guide to Purchasing](#) for various types of goods and services.