

Policies of the University of North Texas	Chapter 13
13.012 Sponsored Project Procurement and Property Management	Research and Innovation

Policy Statement. The purpose of this policy is to establish the requirements for procurement of goods and services for sponsored projects. Further, this policy establishes procedures for safeguarding property funded by sponsored projects, and establishes related management and reporting requirements.

Application of Policy. Faculty and staff engaged in sponsored project activities. This policy applies to all expenditures of monies paid from a sponsored project account.

Definitions.

1. **Allocable.** “Allocable” means a cost incurred that advances the work of a sponsored project and is chargeable to a particular cost objective.
2. **Allowable.** “Allowable” means a cost incurred that is reasonable, allocable, consistent, and conforms to any limitations or exclusions of the sponsor.
3. **Award.** “Award” means a grant, contract, subcontract, sub-grant, or cooperative agreement that provides funding from an external sponsor of a sponsored project and is entered into between the sponsor and UNT.
4. **Contract.** “Contract” means any written agreement or other document that creates a legally binding obligation, financial or otherwise, for UNT. Contracts related to sponsored project activity can include but are not limited to: documents with the title of contract, agreement, memoranda of understanding, affiliation agreement, cooperative agreement, interagency contract, professional services agreement, letter agreement, letter of intent, nondisclosure agreement, material transfer agreement, or a purchase order.
5. **Contractor.** “Contractor” means a consultant, vendor, or service provider who provides ancillary goods or services that UNT needs to conduct a sponsored project research activity. Examples include, but are not limited to, an entity or person who provides:
 - a. Expert advice or consulting
 - b. Non-University labor or services paid for as a “fee-for-service”
 - c. Commercially available supplies and expendable materials
 - d. Equipment or component parts for fabricated equipment or equipment which will be delivered to and used by the sponsor or an entity designated by the sponsor.

6. Funding. “Funding” means financial support for a sponsored project, including money, property, services, or anything of value in lieu of money.
7. OMB Circular A-21. “OMB Circular A-21” means United States Office of Management and Budget (OMB) Circular A-21, “Cost Principles for Educational Institutions,” relocated to 2CFR, Part 220, as revised or superseded.
8. OMB Circular A-110. “OMB Circular A-110” means United States Office of Management and Budget (OMB) Circular A-110, “Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” relocated to 2 CFR, Part 215, as revised or superseded.
9. Pass Through Entity. “Pass through entity” (PTE) is a non-federal entity that provides an award to a sub recipient to carry out a program.
10. Principal Investigator. “Principal Investigator” (PI) means a single individual who, in the event of an award from an external funding agency, shall have the full and final responsibility for the conduct of the sponsored project as proposed and set forth in an award.
11. Sponsor. “Sponsor” means any external entity that provides funding to UNT for sponsored projects. Sponsors may be (i) governmental agencies (for example, federal, state, or local governments or their administrative organizations); (ii) nonprofit organizations (for example, universities, nonprofit corporations, foundations, or associations); (iii) for profit organizations (for example, corporations, partnerships, sole proprietorships, and other business entities); or (iv) individuals. Governmental, nonprofit, and for profit sponsors are sometimes referred to by themselves and others as “agencies”.
12. Sponsored Project. “Sponsored Project” means a project funded by an external sponsor through a grant or contract with UNT where one or more of the following obligations apply (examples of sponsored projects include but are not limited to instruction projects, public service projects, or research projects):
 - a. Financial obligation – UNT is required to comply with conditions imposed when a sponsor awards funding for the performance of services or delivery of products described in a statement of work;
 - b. Regulatory obligation – UNT is required to comply with sponsor regulations, which may include federal or state regulations;
 - c. Reporting obligation – UNT is required to provide to the sponsor technical performance reports or regulatory or administrative reports;
 - d. Performance obligation – UNT is required to perform within a certain period and may be required to meet other specified requirements related to performance;

- e. Accounting obligation – UNT is required to establish a separate accounting record of project expenditures to demonstrate allowance of costs, to maintain financial accountability, to provide financial reports to the sponsor, and to preserve appropriate records for audit purposes.
13. Sub-award. A “sub-award” (also referred to as sub-grant if the prime award is a grant, and sub-contract if the prime award is a contract or sub-agreement) means a secondary award provided by a pass-through entity (PTE) to a sub-recipient in order for the sub-recipient to carry out a portion of the sponsored effort required under the terms of the primary award between the sponsor and the PTE. The definition also includes sub-awards made by a sub-recipient to a lower tier sub-recipient. Sub-awards differ from procurement contracts used to acquire goods or services from vendors.
 14. Sub-recipient. A “sub-recipient” means the recipient of a sub-award from a PTE for the performance of a portion of the work statement or programmatic effort required by a prime award. The sub-recipient's responsibility under a sub-award is also called "programmatic decision-making" under federal funding terminology. The sub-recipient is accountable to the PTE for the use of sub-award funding. The sub-recipient may be another educational institution, an independent laboratory, a foundation, a for-profit corporation, a non-profit corporation, or other organization, and may be a domestic or foreign entity. A sub-recipient may be referred to as a sub-awardee, sub-grantee, or lower-tier institution.
 15. Uniform Guidance. “Uniform Guidance” means *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Part 200, et al.* The Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in the *Federal Register*. The Uniform Guidance replaces the administrative, accounting and audit rules and principles promulgated in the OMB Circulars, including A-21, A-110, and A-133.

Procedures and Responsibilities.

A. General Purchasing Requirements.

When making purchases for a sponsored project, the principal investigator and Grants and Contracts Administration, in conjunction with the UNT System Procurement Services Department, are responsible for ensuring the following:

1. Procurement related to sponsored projects must be conducted in a lawful and ethical manner. Purchases must be consistent with the sponsored project budget and comply with UNT System and UNT purchasing policies and procedures as well as applicable award requirements and federal and state regulations, which includes but is not limited to the procurement regulations set forth in the Uniform Guidance.
2. All purchases must directly benefit the sponsored project(s) to which they are charged and must be allowable, allocable, and reasonable in accordance with applicable sponsor guidelines included in the award grant or contract.
3. The splitting of the cost of a purchase in order to avoid compliance with a requirement that relates to any purchase threshold is prohibited.

Responsible Party: Principal Investigator; Department Administrator;
Department Research Administrator; College Research Officer;
Grants and Contracts Administration;

B. Purchasing Requirements for Sub-Awards.

When a sub-recipient uses federal grant funds for purchases related to a sponsored project, Grants and Contracts Administration shall ensure that the sub-recipient is contractually required in the sub-award to comply with §200.317 of the Uniform Guidance if the sub-recipient is a state entity or with §200.318-through §200.326 of the Uniform Guidance if the sub-recipient is not a state entity.

Responsible Party: Grants and Contracts Administration

C. Sole Source Purchases – the Uniform Guidance §200.320 **limits the use of sole source purchases to four justifications:**

1. Product/service is only available from a single source;
2. Public Emergency Procurement;
3. Federal Awarding Agency Authorization: the awarding agency specifically authorizes a non-competitive procurement after a written request (Principal Investigators must coordinate with Grants and Contracts Administration before making this type of request to a sponsor); and
4. Inadequate competition after solicitation of multiple sources.

The Principal Investigator must provide a Proprietary/Sole Source Purchase Justification form to System Procurement when making a sole source purchase. The Principal Investigator, Department Research Administrator, College Research Officer, and Grants and Contracts Administration, in conjunction with the UNT System Procurement, are responsible for working together to ensure that the requirements of

the Uniform Guidance are met prior to a sole source purchase being made using federal grant funds for purchases of goods or services related to sponsored projects.

Responsible Party: Principal Investigator; Department Research Administrator; College Research Officer; Grants and Contracts Administration; System Procurement

- D. Contract Provisions to be included in Purchase Orders or Contracts with Contractors. When using federal grant funds for purchases of goods and services related to sponsored projects, purchase orders and contracts must incorporate provisions as required by Appendix II of Part 200 of the Uniform Guidance.

Responsible Party: Principal Investigator; Grants and Contracts Administration

- E. Procurement Records.

In addition to following the standard UNT policies and procedures for procurement, the Principal Investigator, Department Research Administrator, College Research Officer and Grants and Contracts Administration, in conjunction with the UNT System Procurement Services Department, shall maintain procurement records for purchases related to sponsored projects. These records shall include the following:

1. Rationale for the method of procurement
2. Selection of contract type
3. Contractor selection or rejection
4. Justification for lack of competition when competitive bids are not obtained
5. Basis for award cost or price

Responsible Party: Principal Investigator; Department Research Administrator; Department Research Administrator; College Research Officer; Grants and Contracts Administration; System Procurement

- F. Responsibilities When Receiving Purchases.

Principal Investigators and/or Department Research Administrators, not Grants and Contracts Administration, are responsible to account for and document the receipt of goods and services and contractor performance related to grant expenditures in a complete, timely, and accurate manner and in accordance with the guidelines of the UNT System Procurement Services Department. The Principal Investigator must notify UNT System Procurement Services Department of the receipt of goods and services in order for payments to contractors to be made. Grants and Contracts Administration, in conjunction with the UNT System Procurement Services Department, also must be

notified if there is a problem with goods and services upon delivery.

Upon Receipt of Goods, the Principal Investigator and Department Administrators are responsible for completing the following:

1. Inspect packaging and goods for signs of damage. Save packing materials. Insurers may want to inspect the materials if the goods are damaged.
2. Do not accept the shipment if the goods are damaged. Document damage directly on the receiving carrier's forms as justification for non-acceptance.
3. Compare the merchandise received to the supplier-generated documentation (usually a packing slip or supplier invoice). The merchandise and documentation should match. Verify that the shipment is the correct quantity and price.
4. If the merchandise is incorrect, call supplier immediately to discuss the problem. If returning any merchandise, request a Returned Goods Authorization (RGA) number from the supplier.
5. Sign the receiving forms. Sign only for what was actually received. Verify the item belongs to the proper department.
6. Verify immediately that the product performs correctly. If the product is defective, call the supplier and arrange for the return of the product. Do not try to fix a defective product. This may violate the warranty or it may be construed as acceptance of an inferior product.

Responsible Party: Principal Investigator; Department Research Administrator

G. Property Management Records.

The Principal Investigator, Department Designated Inventory Coordinator, and Office of Property Management are responsible for creating and maintaining property management records for all equipment purchased for sponsored projects. Property management records must include the following information:

1. description of equipment purchased
2. applicable sponsored project
3. serial number or other identification number
4. source of funding
5. who holds title
6. acquisition date
7. equipment cost
8. disposition or transfer information

Responsible Party: Principal Investigator; Department Designated Inventory Coordinator; Office of Property Management

H. Tagging and Tracking.

In addition to complying with other tagging requirements as set forth in UNT policies, the principal investigator and the Office of Property Management are responsible for tagging and tracking equipment purchased for a sponsored project. Grants and Contracts Administration is responsible for noting when a sponsor has specific equipment disposition requirements, such as the project sponsor retaining ownership of UNT purchased equipment or when the project sponsor has furnished the equipment to UNT.

Responsible Party: Principal Investigator; Department Administrator; Department Research Administrator; College Research Officer; Grants and Contracts Administration; Office of Property Management

I. General Property Management.

Principal Investigators and others participating in a sponsored project must manage, safeguard, inventory, and report property funded through an award in compliance with applicable UNT policies and with requirements established by the sponsor. The principal investigator is responsible for making reports of change of location of property, changes in need, annual and bi-annual inventories, and other property reports required by an award to Grants and Contracts Administration and the Office of Property Management.

Responsible Party: Principal Investigator; Department Administrator; Department Research Administrator; College Research Officer; Office of Property Management

J. Lost, Stolen, or Damaged Property and Equipment that was Purchased on Sponsored Projects.

The principal investigator must promptly report all incidents resulting in equipment loss, damage, or destruction to their department, Grants and Contracts Administration, the Office of Property Management, and Risk Management.

Responsible Party: Principal Investigator; Department Research Administrator; Department Research Administrator; College Research Officer; Grants and Contracts Administration; Office of Property Management; Office of Risk Management

K. Disposal or Transfer of Property.

Equipment purchased using sponsored project funds cannot be disposed of or

transferred without the approval of Grants and Contracts Administration in conjunction with the Office of Property Management. Sponsors reserve the right to assume title to capital equipment that is purchased with sponsor funds through final closeout of the award.

1. Exempt Property - Federal awarding agencies with statutory authority have the option to vest the title to property acquired with federal funds at UNT without further obligation to the federal government. This property is deemed “exempt property”. Generally, if exempt, this designation is made in the award. Property guidelines vary by awarding agency. Grants and Contracts Administration is responsible for maintaining all awarding agency guidelines and providing assistance in determining applicability to specific grants and contracts. Proceeds from the sale or trade-in of exempt property should be handled as follows:
 - a. If the project(s) on which the item was purchased is still active, the proceeds or value from the sale/trade-in should be credited to the project(s).
 - b. If the project in which the item was purchased has expired and the sponsor has accepted the final reports, the proceeds may be deposited into an appropriate departmental account/fund.

Exempt property originally purchased with sponsored funds should not be sold to other departments/academic units within the University. Items that are no longer needed by the department should be donated to another department, if needed. Contact Grants and Contracts Administration for assistance with issues concerning the sale or trade-in of exempt property. The Office of Property Management maintains a Surplus warehouse for redistribution of equipment for campus use or sale to the public.

Exempt property is not subject to following the disposal guidelines for Government-funded and owned property. All Government funded and owned property not specifically exempted are subject to the procedures included in this policy.

2. Federal government-funded property, where the federal government has retained ownership, acquired in whole or part with Federal grant funds requires special disposition procedures. Grants and Contracts Administration and the Office of Property Management are responsible for disposing of such property as allowed by the Uniform Guidance.
3. Procurement of Recovered Materials.
When using federal grant funds for purchases related to sponsored projects, UNT must comply with §6002 of the Solid Waste Disposal Act when procuring items

designated in the EPA guidelines of 40 CFR 247.

4. Transfer/Sale of Equipment.

Transfer Out - A principal investigator transferring to another institution may wish to transfer equipment associated with a sponsored project to the new institution. To initiate this process, the principal investigator or their administrator should work with Grants and Contracts Administration to prepare a list of the items to be transferred. The list should be reviewed and signed by the principal investigator, the department Unit Administrator, the Vice President of Research and Innovation and the Vice President for Finance and Administration. After obtaining the required approvals, the list should be returned to Grants and Contracts Administration to provide institutional review and approval, as appropriate. The Office of Property Management also must be notified and must approve the transfer. The other university must be willing to accept responsibility for the equipment and pay for the shipping costs.

If the grant has ended and ownership of the equipment vests with UNT, Grants and Contracts Administration and the Office of Property Management are required to obtain the current fair market value for each item and calculate the amount that UNT is entitled to be reimbursed by the receiving institution before the transfer is made. Assuming all parties agree to the transfer, UNT receives something of value for the transfer, there are no unusual restrictions in the original award document that might limit ability to transfer title, and the equipment is not being shipped outside the United States then the Office of Property Management will collect payment from the receiving university prior to shipment.

The receiving institution and/or principal investigator are responsible for the removal and safe delivery of the items to their new location as well as any costs associated with this process.

5. Transfer In - A principal investigator transferring from another institution to UNT may bring equipment with him/her that is associated with a sponsored project. The principal investigator should contact the Office of Property Management to facilitate the transfer process. The principal investigator is required to provide a list to the Office of Property Management who will provide copies to Grants and Contracts Administration of the transferred items that have a fair market value greater than \$5,000. Grants and Contracts Administration and the Office of Property Management shall coordinate to create the appropriate equipment records for equipment that has been transferred into UNT.

6. Any equipment that has come in contact with hazardous materials that has been noted as hazardous in university records or in any way requires decontamination or removal of hazardous components during disposal or

transfer requires notification to and approval by the Office of Risk Management prior to disposal or transfer.

Responsible Party: Principal Investigator; Department Unit Administrator; Department Research Administrator; Department Research Administrator; College Research Officer; Risk Management; Grants and Contracts Administration; Office of Property Management; Vice President for Research and Innovation; Vice President for Finance and Administration

L. Property Management during Sponsored Project Close-Out.

To ensure proper inventory reporting and timeliness of disposition procedures, principal investigators are responsible for performing a physical property inventory prior to the close-out of a sponsored project. Adjustments or other property issues should be resolved at this time. Authorization and approval from federal awarding agencies should be requested for the transfer or disposition of federal government property.

Grants and Contracts Administration may be required to review and report Government-funded, owned, and furnished equipment to determine appropriate execution of disposition procedures.

Responsible Party: Principal Investigator; Department Administrator; Department Research Administrator; College Research Officer; Grants and Contracts Administration

M. Policy Non-Compliance.

Non-compliance with this policy may result in a variety of adverse consequences for UNT and the principal investigator and/or school, department, center, or division, including but not limited to the following:

1. Sponsor agency temporarily withholding payments pending correction of a deficiency and/or disallowance of all or part of the cost of a purchase
2. Complete or partial suspension of a grant or contract
3. Suspension or debarment of UNT or the principal investigator from participation in sponsor funded programs
4. Research Misconduct allegation and investigation
5. Criminal prosecution for fraud or other legal action

Failure to comply with this policy may result in disciplinary action, including

termination of employment. In addition, violation of federal or state requirements may expose individuals to civil and criminal prosecution.

Responsible Party: Principal Investigator; Department Administrator; Department Research Administrator; College Research Officer; any other faculty and staff engaged in sponsored project activities

References and Cross-references.

UNT System Regents Rule 03.900, *Delegation of Authority for Contracts and Agreements*
UNT System Regents Rule 05.700, *System Administration and Institution Ethics and Standards of Conduct*
UNT System Regents Rule 10.500 Disposal of Property
UNT Policy 5.015 Ethics
UNT Policy 10.003 Financial Reporting
UNT Policy 10.043 Purchasing Services
UNT Policy 10.048 Asset Management
UNT Policy 13.005 Conflict of Interest for Sponsored Projects
UNT Policy 13.007 Sponsored Projects
UNT Policy 13.006 Research Misconduct
UNT Policy 13.016 Sub-Awards and Sub-Award Monitoring
OMB Circular A-21
OMB Circular A-110
Federal Regulations regarding procurement are located in the Code of Federal Regulation, 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Procurement guidance is located in §§200.317-200.326

Forms and Tools.

Principal Investigator Handbook
Proprietary/Sole Source Purchase Justification

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