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| <b>Policies of the University of North Texas at Dallas</b>          | Chapter 13<br><br><b>Research</b> |
| <b>13.014 Sponsored Project Procurement and Property Management</b> |                                   |

**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, subgrant, or cooperative agreement that provides funding from an external sponsor of a sponsored project and is entered into between the sponsor and UNT Dallas.
4. **Contract.** “Contract” means any written agreement or other document that creates a legally binding obligation, financial or otherwise, for UNT Dallas.
5. **Contractor.** “Contractor” means a consultant, vendor, or service provider who provides ancillary goods or services that UNT Dallas 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Budget (OMB) Circular A-21, “Cost Principles for Educational Institutions,” relocated to 2CFR, Part 220, as revised or superseded.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 Dallas 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 Dallas 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 Dallas 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 Dallas is required to comply with sponsor regulations, which may include federal or state regulations;
  - c. Reporting obligation – UNT Dallas is required to provide to the sponsor technical performance reports or regulatory or administrative reports;

- d. Performance Obligation – UNT Dallas is required to perform within a certain period and may be required to meet other specified requirements related to performance;
  - e. Accounting obligation – UNT Dallas 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.**

#### **1. General Purchasing Requirements**

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

- a. 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 Dallas 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.
- b. All purchases must benefit the sponsored project(s) to which they are charged and must be allowable, allocable, and in accordance with applicable sponsor guidelines included in the award grant or contract.
- c. 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; Sponsored Projects Accounting;

## 2. Purchasing Requirements for Sub-Awards

When a sub-recipient uses federal grant funds for purchases related to a sponsored project, the Office of Sponsored Projects 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: Office of Sponsored Projects

## 3. Sole Source Purchases – the Uniform Guidance limits the use of sole source purchases to four justifications:

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

Under the Uniform Guidance, “continuity of research” is no longer an acceptable justification for sole source approval. The principal investigator and Sponsored

Projects Accounting, in conjunction with the UNT System Procurement Services Department, 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; Sponsored Projects Accounting

#### 4. Procurement of Recovered Materials

When using federal grant funds for purchases related to sponsored projects, UNT Dallas must comply with §6002 of the Solid Waste Disposal Act when procuring items designated in the EPA guidelines of 40 CFR 247.

Responsible Party: Principal Investigator; Sponsored Projects Accounting

#### 5. 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; Sponsored Projects Accounting

#### 6. Procurement Records

In addition to following the standard UNT Dallas policies and procedures for procurement, the principal investigator and Sponsored Projects Accounting, 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:

- a. Rationale for the method of procurement
- b. Selection of contract type
- c. Contractor selection or rejection
- d. Justification for lack of competition when competitive bids are not obtained
- e. Basis for award cost or price

Responsible Party: Principal Investigator; Sponsored Projects Accounting

#### 7. Responsibilities When Receiving Purchases

Principal Investigators, not the Office of Sponsored Projects, 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 Purchasing 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. Sponsored Projects Accounting, 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 is responsible for completing the following:

- a. Inspect packaging and goods for signs of damage. Save packing materials. Insurers may want to inspect the materials if the goods are damaged.
- b. Do not accept the shipment if the goods are damaged. Document damage directly on the receiving carrier's forms as justification for non-acceptance.
- c. 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.
- d. If this is incorrect, call supplier immediately to discuss the problem. If returning any merchandise, request a Returned Goods Authorization (RGA) number from the supplier.
- e. Sign the receiving forms. Sign only for what was actually received. Verify the item belongs to the proper department.
- f. 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

## 8. Property Management Records

The Office of Property Management and Sponsored Projects Accounting are responsible for creating and maintaining property management records for all

equipment purchased for sponsored projects. Property management records must include the following information:

- a. description of equipment purchased
- b. applicable sponsored project
- c. serial number or other identification number
- d. source of funding
- e. who holds title
- f. acquisition date
- g. equipment cost
- h. disposition or transfer information

Responsible Party: Principal Investigator; Sponsored Projects Accounting;  
Office of Property Management

#### 9. Tagging

In addition to complying with other tagging requirements as set forth in UNT Dallas policies, the principal investigator, Sponsored Projects Accounting, and the Office of Property Management are responsible for tagging equipment purchased for a sponsored project and noting when the federal government has retained ownership or when the federal government has furnished the equipment to UNT Dallas.

Responsible Party: Principal Investigator; Sponsored Projects Accounting;  
Office of Property Management

#### 10. 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 Dallas 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 Sponsored Projects Accounting and the Office of Property Management.

Responsible Party: Principal Investigator; Faculty and Staff engaged in Sponsored Project Activities

#### 11. Lost, Stolen, or Damaged Property and Equipment

The principal investigator must promptly report all incidents resulting in equipment loss, damage, or destruction to the Sponsored Projects Accounting, the Office of Property Management, and Risk Management.

Responsible Party: Principal Investigator; Sponsored Projects Accounting; Office of Property Management; Office of Risk Management

#### 12. Disposal or Transfer of Property

Equipment purchased using sponsored project funds cannot be disposed of or transferred without the approval of the Office of Sponsored Projects in conjunction with Sponsored Projects Accounting and the Office of Property Management. The federal sponsor routinely reserves the right to assume title to capital equipment that is purchased with federal funds through final close-out of the award.

- a. Exempt Property - Federal awarding agencies with statutory authority have the option to vest the title to property acquired with federal funds at UNT Dallas 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. Sponsored Project Accounting is responsible for maintaining all federal 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:
  - If the project(s) in which the item was purchased is still active, the proceeds or value from the sale/trade-in should be credited to the project(s). If the original fund is expired but the project is still active in the general ledger, then then the current fund should be credited.
  - If the project in which the item was purchased has expired and the final reports have been accepted by the sponsor, 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 Sponsored Projects Accounting for assistance with issues concerning the sale or trade-in of exempt property.

Exempt property is not subject to the following 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.

- b. Federal government-funded property (and property where ownership has been retained by the federal government- property) acquired in whole or part with Federal grant funds requires special disposition procedures. Sponsored Projects Accounting and the Office of Procurement Management are responsible for disposing of such property as allowed by the Uniform Guidance.
- c. Transfer 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 should work with the Office of Sponsored Projects a to prepare a list of the items to be transferred. The list should be reviewed and signed by the principal investigator, dean of his/her school and the Provost. After obtaining the required approvals, the list should be returned to the Office of Sponsored Projects who will in conjunction with Sponsored Projects Accounting provide institutional review and approval, as appropriate. The Office of Property Management also must be notified and must approve the transfer.

If the request to transfer contains equipment where the purchase was partially funded by UNT Dallas, Sponsored Projects Accounting and the Office of Property Management are required to obtain the current fair market value for each item and calculate the amount that UNT Dallas is entitled to be reimbursed by the receiving institution before the transfer is made. The reimbursement amount should be noted in the appropriate section of the Sponsored Equipment Transfer Form. Upon receipt of payment for these items, the department should deposit the funds into the account/fund that originally funded the items.

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. The "responsible official" at the receiving institution will be required to verify delivery of the items by completing, signing, and returning a copy of the Sponsored Equipment Transfer Form to UNTD Office of Sponsored Projects.

- d. Transfer In - A principal investigator transferring from another institution to the UNT Dallas may bring equipment with him/her that is associated with a sponsored project. The principal investigator should contact the Executive Director for Office of Sponsored Projects to facilitate the transfer process. The principal investigator is required to provide a list to the Office of Sponsored Projects who will provide copies to Sponsored Projects Accounting and the Office of Property Management of the transferred items that have a fair market value greater than \$5,000. Sponsored Projects Accounting and the Office of Property Management shall coordinate to create the appropriate equipment records for equipment that has been transferred into UNT Dallas.
- e. Any equipment that has come in contact with hazardous materials, 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 Chair; Dean; Office of Sponsored Projects; Sponsored Projects Accounting; Office of Property Management

### 13. 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.

The Office of Sponsored Projects and Sponsored Projects Accounting may be required to review and report Government-funded, owned, and furnished equipment to determine appropriate execution of disposition procedures.

Responsible Party: Principal Investigator; Sponsored Projects Accounting; Office of Sponsored Projects

### 14. Policy Non-Compliance

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

- a. Temporary withholding of payments pending correction of a deficiency  
Disallowance of all or part of the cost of a purchase
- b. Complete or partial suspension of a federal grant
- c. Suspension or debarment of UNT Dallas or the principal investigator from participation in federally funded programs
- d. Research Misconduct allegation and investigation
- e. 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 requirements may expose individuals to civil and criminal prosecution.

Responsible Party: 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*  
 UNTD Policy 5.007, *Employee Ethics and Standards of Employee Conduct*  
 UNTD Policy 10.003, *Financial Reporting and Accounting*  
 UNTD Policy 10.004, *Purchasing and Payment*  
 UNTD Policy 11.005, *Physical Asset Management*  
 UNTD Policy 13.001, *Sponsored Projects*  
 UNTD Policy 13.004, *Integrity in Research and other Scholarly Activities*  
 UNTD Policy 13.005, *Integrity in Research and other Scholarly Activities (Research Misconduct)*  
 UNTD Policy 13.007, *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  
 Sponsored Equipment Transfer Form  
 Sponsored Equipment Transfer-In Form.

Approved: 2/11/2019  
Effective: 2/11/2019  
Revised: