

# Subcontractor or Purchase Agreement Matrix

All research projects include working with third parties to achieve the research goals, whether it is simply purchasing routine lab supplies, or conducting a large scale multi-site clinical trial. These transactions fall into two basic categories, collaborative research or the procurement of goods and services. The following guidelines are provided to assist you in the proper identification of these relationships when preparing proposals and expending sponsored funds.

The majority of transactions are straightforward and easily categorized as either a collaborative subaward or a procurement of goods and/or services; however, occasional transactions fall in to a 'grey area' where it is not clear how to identify the correct funding mechanism. Unfortunately, misrouting the transaction can have serious ramifications, including significant delays, increased administrative burden, incorrect indirect cost budgeting, inappropriate/inadequate intellectual property provisions, and failure to comply with the terms and conditions of UCSF's award and internal policies, as well as the applicable regulations and laws. These issues can result in audit findings and increase the level of risk to UCSF and can directly impact the investigator's project.

	DEFINITION	DETERMINING FACTORS	CHARACTERISTICS
<b>Collaborative Research</b>			
<b>SUBAWARD (INCLUDES SUBGRANTS and SUBCONTRACTS)</b>	Subaward means legal instrument by which UCSF as the recipient of a grant, cooperative agreement or a research contract provides funds to an eligible subrecipient to perform a substantive portion of the sponsor supported program or project <sup>1</sup> . The term includes such collaborative activities when funding is provided to the recipient by any legal agreement (even if the agreement is called a contract), but does not include activities which are excluded from the definition of grant, including the procurement of property or services needed to carry out the project or program.	Include, but are not limited to: <ul style="list-style-type: none"> <li>• Under the agreement, the recipient must perform a substantive role in the conduct of the planned research</li> <li>• There must be a Principal Investigator that is involved in the design, conduct or reporting for the UCSF program or project</li> <li>• The recipient must be eligible to receive funding as a subrecipient and able to meet the required flow down requirements of the award to UCSF</li> </ul>	Include, but are not limited to: <ul style="list-style-type: none"> <li>• Recipient Principal Investigator is a collaborator or Co-PI on the UCSF program or project</li> <li>• Recipient participates in the programmatic decision making on the UCSF program or project, and may have assisted in developing the scope of work for the proposal</li> <li>• Recipient is generally working on a cost reimbursement basis<sup>2</sup></li> <li>• Recipient may be involved in publishing or presenting the research results in journals and at conferences</li> <li>• Recipient's scope of work includes Graduate Student effort</li> </ul>
<b>CLINICAL RESEARCH RECRUITING SITES</b>	When the recipient is a recruiting site under a sponsored Clinical Trial or Clinical Research award, it is classified as Subawards even if they do not meet any other criteria that define the work as collaborative research.	<ul style="list-style-type: none"> <li>• The recipient is a recruiting site that is implementing a UCSF intervention protocol</li> <li>• The recipient is a recruiting site that is implementing the intervention protocol of UCSF's sponsor.</li> </ul>	<ul style="list-style-type: none"> <li>• The agreement includes terms and conditions that enable UCSF to monitor the recruiting site's compliance with the applicable human subjects research regulations and laws</li> <li>• Generally fixed price based on patient capitation</li> </ul>

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<b>UCSF FUNDED RESEARCH AWARDS</b>	These are research collaborations that are being funded by UCSF funds (including gift funds and pro fee accounts). These activities would meet the same criteria as Subawards, however there is no incoming research agreement, so there are no terms and conditions to flow down to the subrecipient.	<ul style="list-style-type: none"> <li>• Single projects with a defined scope of work and budget</li> <li>• Granting programs where UCSF is the direct sponsor</li> </ul>	<ul style="list-style-type: none"> <li>• The agreement includes basic research terms and conditions required under UC Policy</li> <li>• UCSF determines all other requirements rather than flowing down the a sponsor’s requirements</li> </ul>
<b>Procurement of Goods and Services</b>			
<b>PURCHASE OF SERVICES (INDEPENDENT CONTRACTOR)</b>	An independent contractor relationship exists when the University has the right to control only the result of the service, not the manner of performance. Independent contractors may be individuals or companies.	<ul style="list-style-type: none"> <li>• University is purchasing services from a vendor<sup>3</sup>.</li> <li>• Vendor is engaged in work-for-hire</li> <li>• University owns all Deliverables outright</li> </ul>	<ul style="list-style-type: none"> <li>• A purchase of services from a vendor who offers those goods or services to the public at large and who often has a price list for them often characterizes a procurement action</li> <li>• There is no expectation – from the University or the vendor – of any collaboration or co-publication</li> <li>• State law requires competitive bidding over \$100,000</li> <li>• Fed funded: Price reasonableness and source selection must be documented over \$3,000</li> </ul>
<b>PROFESSIONAL SERVICE AGREEMENT</b>	<p>Professional Services are a specific type of independent contractor (see above) defined by University policy as “Infrequent, technical, and/or unique functions performed by independent contractors whose occupation is the rendering of such services. While not limited to licentiates (i.e., persons granted a license to practice a profession or skill), the services are considered ‘professional,’ and the contract may run to partnerships, firms, or corporations as well as individuals.”</p> <p>The University has the right to control only the result of the service, not the manner of performance.</p>	<ul style="list-style-type: none"> <li>• University is purchasing services from a vendor.</li> <li>• Vendor is engaged in work-for-hire</li> <li>• University owns all Deliverables outright</li> <li>• Professional Services are characterized as services that: <ul style="list-style-type: none"> <li>○ Would normally need licensing to perform (e.g., medical, legal, architectural services) AND;</li> <li>○ Normally require professional/errors-and-omissions insurance.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• A purchase of services from a vendor who offers those goods or services to the public at large and who often has a price list for them often characterizes a procurement action</li> <li>• There is no expectation – from the University or the vendor – of any collaboration or co-publication</li> <li>• Fed funded: Price reasonableness and source selection must be documented over \$3,000</li> <li>• State law regarding bidding is more lax on a true Professional Service agreement, so we must make sure to categorize correctly or risk breaking law on bidding</li> </ul>

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<b>CONSULTING AGREEMENT</b>	Consultants are a specific type of independent contractor (see above) that generally provide advice only, and then only in matters of University administration and management. Per University of California policy, “An independent consultant is an individual not employed by the University of proven professional or technical competence who provides primarily professional or technical advice to the University and the University does not control either the manner of performance or the result of the service.”	<ul style="list-style-type: none"> <li>• University is purchasing services from a vendor.</li> <li>• An Independent Consultant Agreement is only to be used “for services which are of an advisory nature, provide a recommended course of action or personal expertise, have an end product which is basically a transmittal of information either written or verbal, and which is related to University administration and management.”</li> <li>• Vendors under a consulting agreement: <ul style="list-style-type: none"> <li>○ Are not involved in programmatic decisions</li> <li>○ Do not direct, carry out, or implement solutions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• A purchase of services from a vendor who offers those goods or services to the public at large and who often has a price list for them often characterizes a procurement action</li> <li>• There is no expectation – from the University or the vendor – of any collaboration or co-publication.</li> <li>• State law requires competitive bidding over \$100,000</li> <li>• Fed funded: Price reasonableness and source selection must be documented over \$3,000</li> </ul>

<sup>1</sup> As defined by the approved UCSF Scope of Work

<sup>2</sup> Excluding Patient Capitation

<sup>3</sup> The official terminology used in the US Federal regulations was changed from “vendor” to “contractor” with the implementation of 2 CFR 200. We have retained the use of “vendor” to avoid confusion with the type of agreement being issued.