

Procurement Instruments

Effective Date: March 21, 2016
Function: Purchasing
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Basis for Procedure

This document describes different types of Research Foundation (RF) purchasing instruments, tells what type of information must be included in all purchasing instruments, and provides references for information on negotiating and executing the instruments.

Procedure Summary

OMB Circular A-110 states that "the type of procuring instruments used (for example, fixed price contracts, cost reimbursable contracts, and purchase orders) shall be determined by the recipient but shall be appropriate for the particular procurement and for promoting the best interest of the particular program or project involved" (section .44[c]). The RF uses various types of procurement instruments.

The [Terms and Conditions Applicable to All RF Purchase Orders](#) are posted on the RF public website as a link at the bottom of the home page. If the supplier/seller (the "Seller") is unable to access these terms and conditions through the RF website, a hard copy will be transmitted at the Seller's request.

Requisition

A requisition is the document which begins the purchasing process. It is used to create a purchase order. The requisitioning department completes either a [Paper Requisition](#) or creates an online requisition in Oracle, obtains appropriate approvals, then sends it to the purchasing department for review. The purchasing department will review the requisition for the appropriate project, task, award, and organization, and vendor selection. The purchasing department will also ensure that there is adequate documentation and that the requisition is signed by an authorized signatory. Once this review is complete, a purchase order will be created in Oracle.

Authorized Signatures

A requisition should be signed by a designated signature authority. The Purchasing Department maintains a list of authorized signatories at your locations.

Blanket Purchase Projection

The RF blanket purchase projection is a system-generated form with no contractual obligation to the Seller. A blanket purchase projection has no accounting information connected with it, it does no encumbering, and invoices cannot be created against it. The RF blanket purchase projection is used as an administrative tracking device in conjunction with the RF blanket release.

Possible uses include the following:

- supplies on a yearly contract
- routine equipment maintenance
- subaward contracts for multiple years
- continual use of the same PO number
- consultant agreements.

Blanket Release

The RF blanket release is a system-generated form that, when accepted by the Seller, creates a relationship between the RF and the Seller. Once a blanket release is created against a blanket purchase projection, the total amount of the projection available is reduced by the amount of the blanket release, and that amount is encumbered much the same as a purchase order.

The blanket release evidences the intent of the supplier to be obligated to supply the goods and/or services ordered in accordance with the terms specified. It evidences the intent of the RF to be obligated to pay for the goods and/or services, as long as the goods are received in acceptable condition and the services are rendered in an acceptable manner in accordance with the agreement of the parties. A blanket purchase projection must exist in order to create a blanket release. An invoice is created against a blanket release.

Purchase Orders

The RF purchase order is a system-generated form that, when accepted by the supplier, serves as a contractual relationship between the RF and the supplier. The purchase order obligates the supplier to supply the goods and/or services ordered in accordance with the terms specified by the purchase order. It obligates the RF to pay for the goods and/or services, as long as the goods are received in acceptable condition and the services are rendered in an acceptable manner in accordance with the agreement of the parties.

Contracts

A contract is a binding, written agreement between two or more parties. Contracts may require negotiation and formal acceptance of specific terms for work performance and/or services to be provided between a vendor or independent contractor and the RF.

The RF standard agreement for independent contractors is provided in the Agreements resource area of the RF Web site. Refer to [Engaging Independent Contractors](#) for information on when to use the Independent Contractor Agreement.

Subcontracts

A subcontract is a contract that assigns some of the obligations in the prime contract to another party. A subcontract is used when a substantial amount of program work under a prime contract is to be performed by an outside firm or organization.

Generally, subcontracting arrangements fall into one of four categories. Subcontracts may be used as follows:

- under the prime account, to engage the services of an outside organization to carry out a portion of the project terms and conditions;
- for the fabrication of equipment;
- for the alteration or renovation of facilities; or
- for consulting arrangements (for procurement arrangement in which costs are expected to equal or exceed \$10,000).

Written Contracts

In those instances, in which the nature of the procurement will require the vendor or provider to fulfill special or unique requirements, such as in the case of fabrication of research equipment, alteration or renovation of facilities, obtaining long-term consultant services, etc., a formal written contract will be required.

The contract mechanism facilitates the confirmation of a statement or schedule of work to be performed, delivery of services to be rendered, standards of performance, warranties of workmanship, etc., by means of specific detailed terms and conditions.

Mutual understanding with the vendor on such other considerations as insurance, rights in technical data, title to property, retention of records, payment, etc., may be confirmed through appropriate contract terms. Properly executed contracts will also define those legal remedies available to the RF in the event of vendor default in delivery or performance. To protect its interests, a vendor may request that a contract be issued.

Federal Regulations

The federal government requires that positive efforts be made to utilize suppliers from labor surplus areas, small businesses, and small disadvantaged business concerns when subcontracting for goods or services costing greater than \$25,000. In addition, certain clauses must be included in subcontracts and if the proposal exceeds \$500,000 and offers subcontracting possibilities, the applicant must have a subcontracting plan.

Federal Acquisition Regulations (FAR) describing the federal requirements and clauses are provided on the [FAR website](#).

Lease Agreements

A lease agreement is a contract under which a property owner conveys to a lessee the right to occupy and use real property for a specified term or on a month-to-month basis. This may also pertain to all other types of leases, including the use of equipment for a specified term or on a month-to-month basis. Lease agreements may include purchase options and any appropriate flow-down clauses.

For more information on leases, contact the RF Office of General Counsel and Secretary.

Maintenance Agreements

A maintenance agreement is a contract requiring that the Seller provide services to the RF to maintain or support an item in suitable condition, for a specified term and premium amount. Maintenance agreements are entered into for items such as copy machines, typewriters, and other items that require servicing or frequent repair.

Procurement Clauses and Provisions

Clauses and provisions that detail the terms and conditions of purchasing arrangements with vendors must be made part of the procurement instrument to create a sound and complete agreement.

Flow-Down Clauses

In addition to specific clauses, all written procurement instruments described in this document must also contain other provisions, referred to as "flow-down clauses." These clauses must be directly incorporated in agreements or attached as an addendum if they are not already incorporated in the purchase order or contract.

The purpose of incorporating flow-down clauses is to:

- allow the buyer administrative, contractual, or legal remedies in instances in which vendors violate or breach contract terms
- provide for termination, manner of termination, and the basis for settlement of purchase agreements
- require the vendor to comply with certain federal, state, and local laws as well as executive orders affecting procurement
- preclude any direct contractual relationship, or notion thereof, between the vendor and the sponsoring agency.

Definitions

None

Related Information

[Terms and Conditions Applicable to All RF Purchase Orders](#)

[Engaging Independent Contractors](#)

[Federal Acquisition Regulation \(FAR\)](#)

[A-110 Excerpts](#)

Forms

[Purchase Requisition Form](#)

Change History

Date	Summary of Change
March 21, 2016	Minor revisions to procedure summary. Fixed broken links.
November 4, 2008	Removed reference from EPSS.
July 16, 2008	Added "Requisition" and "Authorized Signatures" sections.
May 6, 2006	Added Blanket Purchase Projection and Blanket Release sections. Removed discussion of verbal agreements.
November 9, 2000	New document.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.

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