



New Procurement Policy

JOINT POLICY AND PROCEDURE BETWEEN OFFICE OF SPONSORED PROGRAMS
AND RESEARCH ACCOUNTING

Why is this new policy necessary?

- ▶ Because both the Federal and State government require standard and consistent steps when procuring good and services to ensure fair and open competition and proof of good stewardship of tax payer funds
- ▶ On December 26, 2013, the Office of Management and Budget ("OMB") issued the "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards," (UG). The Uniform Guidance consolidates, streamlines and supersedes eight existing OMB Circulars, including Circulars A-21, A-110 and A-133. The new guidance, which affects all federal grants and contracts, took effect on December 26, 2014. In response, Texas Christian University ("TCU") adopted this policy to comply with the Uniform Guidance Procurement Standards set out at 2CFR 200.317-326.

When do I have to use the new policy?

- ▶ This policy and associated procedures are intended to be applied exclusively to all sponsored projects that are funded either directly or indirectly by federal and state sponsors.
- ▶ Does not apply to privately funded sponsored projects or TCU departmental or gift fund purchases.
- ▶ For any purchase of a good or service on federal or state sponsored projects after June 1, 2018.
- ▶ Do not have to use for employment, travel or subawards indicated and approved in the proposal.



General Procurement Guidelines

- ▶ Vendors who assist in drafting specifications for requests for proposals must be excluded from competing for those opportunities.
- ▶ Any person procuring a good, service, or item from a vendor must maintain an appropriate level of oversight of vendor's performance.
- ▶ All procurements must be conducted in a manner that provides full and open competition with no unreasonable requirements to limit competition.
- ▶ Procurements must be conducted in a manner that prohibits the use of geographical preferences in the evaluation of proposals, except in certain case where federal law explicitly requires or encourages geographic preference or when contracting for architectural and engineering services, provided that specifying geographic location leaves an appropriate number of qualified firms.
- ▶ All procurements must take necessary affirmative steps to ensure small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

What are the Five Procurement Methods?

- ▶ 1) Micro-Purchase - any purchase where the aggregate dollar amount does not exceed \$10,000
 - ▶ When practical, micro-purchases should be distributed equitably among qualified suppliers.
 - ▶ No competitive quotes are required if PI determines that the price is reasonable.
 - ▶ PI must not intentionally split purchases or transactions to circumvent the dollar threshold limitation.
- ▶ 2) Small Purchase - includes purchases up to the Simplified Acquisition threshold, which is currently \$250,000.
 - ▶ Informal purchasing procedures are acceptable, but price or rate quotes must be obtained from at least three sources.

What are the Five Procurement Methods?

- ▶ 3) Sealed bids: used for purchases over \$250,000.
 - ▶ Formal solicitation is required, and the fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest in price.
 - ▶ This method is primarily used for construction type contracts and would be very rare to apply to TCU sponsored projects
- ▶ 4) Competitive proposals: used for purchases over \$250,000.
 - ▶ Formal solicitation is required, and either a fixed-price contract or a cost-reimbursement contract can be issued.
 - ▶ The contract should be awarded to the responsible bidder whose proposal is most advantageous to the program, with price being one of the various factors.

What are the Five Procurement Methods?

- ▶ 5) Noncompetitive proposals (single or sole source procurement): Used for purchases over \$250,000 but only appropriate when:
 - ▶ the product or service procured is unique to one source or the requirements for the product or service can only be met by one supplier or contractor;
 - ▶ limited circumstances that justify procurement without open competition, such as a public emergency;
 - ▶ when the federal awarding agency authorizes; or
 - ▶ after a number of attempts at a competitive process, the competition is deemed inadequate.
- ▶ All Single or Sole Source procurements require documentation of solicitation elements that includes a clear and accurate description of the technical and programmatic requirements for the material, product, or services being procured.

Procurement Ethics

- ▶ Cost or price analysis must be made and documented in the procurement files for all purchases in excess of small purchase threshold.
 - ▶ Price analysis may be accomplished in various ways including the comparison of price quotations submitted, market prices, or similar assessments.
- ▶ All transactions and activities related to purchasing goods or services from a supplier must comply with all applicable TCU policies, including TCU's Conflict of Interest Policy, Code of Conduct Policy and OSP Financial Conflict of Interest Policy.
- ▶ All responsible vendors must demonstrate all of the following attributes:
 - ▶ integrity; compliance with public policy; satisfactory record of past performance; and technical and financial resources.
- ▶ All vendors will be screened for eligibility prior to conducting any business with TCU.

What is the PI responsible for?

- ▶ The PI is responsible for initiating purchases for all dollar threshold amounts. At the time expenditures are initiated, the PI determines that expenditures are allowable, allocable, and reasonable; approves them; and provides scientific justification for the transaction, as necessary.
- ▶ It is the PI's responsibility to ensure that purchases are reasonably priced, necessary for the project and are not duplicative items and that they are procured through responsible vendors.
- ▶ The PI is responsible for overseeing the performance, ensuring all deliverables are met and the vendors perform in accordance with their contracts under all procured services.
- ▶ The PI is responsible for maintaining procurement records and decision points to justify vendor selection on all purchase amounts.

What is the PI responsible for?

- ▶ The PI is responsible for receiving the items, verifying the accuracy of the items received, recording and providing identifying capital asset information and managing any order discrepancies with the vendor.
- ▶ For all purchases greater than \$10,000, the PI must submit the completed Sponsored Project Procurement Justification form to OSP and RA for approval prior to finalizing the purchase.
- ▶ After PI receives the fully approved form back from RA, they can finalize the purchase with the vendor.
- ▶ The PI should include the fully approved form with the payment request after the purchase has been completed.
- ▶ If procurement decision is completed by PI without following process of obtaining proper bids and approval from OSP and RA, vendor must be paid from non-federal or state grant sources.

What are OSP and RA responsible for?

- ▶ OSP is responsible for review and approval of the submitted Sponsored Project Procurement Justification form and all supporting documentation.
- ▶ When the procurement threshold is over \$250,000, OSP will develop the bid document/request for proposal (RFP), in conjunction with the PI, and ensure all applicable federal or state provisions are included.
- ▶ OSP will publish the RFP, receive bids, work with the PI to determine vendor selection and to ensure cost analysis is completed and documented in the applicable file.
- ▶ Where services are being contracted, OSP will draft agreements to ensure all applicable federal or state provisions are included in the contracts.
- ▶ OSP will ensure conflict of interest review on vendor has been completed and that vendor is not listed on the EPLS and is registered in SAM.

What are OSP and RA responsible for?

- ▶ OSP and RA will maintain a list of current contract/consulting agreements that includes project and vendor name as an internal control to ensure dollar threshold requirements are met, required documentation is on file and institutional approvals are complete.
- ▶ OSP will be responsible for ensuring complete procurement files are made available to sponsor upon request.
- ▶ RA is responsible for the final review and approval of the submitted Sponsored Project Procurement Justification form and all supporting documentation.
- ▶ RA is responsible for ensuring all Financial Services policies and procedures are followed, including proper vendor set up.
- ▶ RA retains original Sponsored Project Procurement Justification and supporting documentation and sends a copy of fully approved form back to the PI and OSP for their record retention.

Who does what for each of the five methods?

Purchase Threshold	Policy Requirement	Responsible Party	Action Required
\$10,000 and less Micro-Purchase	No competitive quotes are required, PI determines if price is reasonable	PI	Initiate purchases following standard TCU process.
\$10,000.01-\$250,000 Small Purchase	Price and rate quotes must be obtained by at least 3 vendors.	PI	Obtain at least 3 quotes from vendors for the purchase. Complete Section 1 of the Procurement Justification Form. Submit quotes and completed form to OSP and RA for approval.
\$250,000.01 and greater Procurement will be either Sealed bid or Competitive Proposal	Procurement must be published for bid. Bid must be received as either sealed bids or competitive proposal bids.	PI and OSP	PI completes section 2 of the procurement justification form and submits to OSP. OSP determines if sealed bid or competitive proposals will be utilized. OSP develops and publishes the bid documents with input from PI and receives and reviews the responses. OSP and PI complete cost analysis and select vendor.
\$250,000.01 and greater Noncompetitive - Sole Source	Only allowable when one of four requirements is met	PI and OSP	PI completes section 3 of the procurement justification form. Submits the completed form and supporting documentation to OSP and RA for approval.

Where is the form and other information?

- ▶ The new Sponsored Project Procurement Form”
 - ▶ <http://research.tcu.edu/wp-content/uploads/2018/06/Procurement-Procedure-Justification-Form-June-2018.pdf>
- ▶ OSP website with Policy, Procedure and Form and upcoming FAQ's based on questions in our training sessions:
 - ▶ <https://research.tcu.edu/sponsored-programs/about-osp/policies-and-procedures/>