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Approval: Assistant Vice President for Research and Sponsored Programs
Director, Procurement Services and Contract Management

Purchasing Goods and Services with Federal Funds

Purpose

This policy outlines the institutional requirements for managing the purchases of goods and services using federal funds.

Reason for this policy

The U.S. Federal Government requires purchases of goods and services meet specific standards when using Federal funds including grants, cooperative agreements, contracts, and Federal funds “passed-through” to Northern Illinois University from a non-Federal entity (i.e. subrecipient agreements). These requirements are codified under the Code of Federal Regulation’s (CFR) Title 2, Subtitle A, Chapter II, Part 200 (also referred to a “2 CFR 200” or “Uniform Guidance”) and the Federal Acquisition Regulations (FAR), as applicable.

The following standards apply to all purchases of goods and services using Federal funds:

1. Procurement transactions shall be conducted in a lawful and ethical manner.
2. Unnecessary/duplicative purchases are not permitted.
3. The use of a vendor or supplier on the U.S. Federal Government’s Debarred and Suspended List (available at SAM.gov) is prohibited.
4. All individuals involved in the expenditure of federal monies must avoid any actual or apparent conflict of interest.
5. Procurement transactions must be conducted in a manner providing full and open competition.
6. Opportunities should be provided to minority businesses, women's business enterprises, and labor surplus area firms when possible.
7. Contracts and purchase orders should include the contract provisions required by 2 CFR 200 Appendix A.
8. Purchases of goods and services must include documentation detailing the history of the procurement.

As a State of Illinois Public Institution of Higher Education, both federal and state rules require NIU to meet standards set forth in the Illinois Procurement Code. As such, Federal standards must be adhered to in addition to applicable Illinois Procurement Code requirements. The most restrictive terms prevail. The following matrix outlines these requirements.

Purchase Threshold	Federal and State Requirements	Acceptable Documentation	NIU Purchasing Process
Micro Purchases: Total cost is less than \$10,000 (set forth in the National Defense Authorization Act NDAA)	<ul style="list-style-type: none"> • Must demonstrate price reasonableness • When practical, distribute purchases evenly among qualified suppliers or use existing University wide pricing agreement. 	<p>Written explanation from PI supporting the selection of the vendor as part of the cost approval process with SPA.</p> <p>Reasons for selecting a vendor may include:</p> <ul style="list-style-type: none"> • Item is only availability from one source • Emergency or scheduling requirement • Expected processing time • Need for research or programmatic compatibility • Personal knowledge of the item being purchased <p>Documenting Department: SPA</p>	<p>P-Cards: See P-Card program and policy at: http://niu.edu/aps/pcard/index.shtml</p> <p>Check Request: See Accounts Payable at: http://niu.edu/aps/forms/index.shtml</p> <p>Purchase Order: Initiated by Purchase Requisition through Procurement at: http://www.niu.edu/procurement/</p>
Small Purchases: Total cost is \$10,000 or less than \$100,000	<ul style="list-style-type: none"> • Price or rate quotes must be obtained from an adequate number of vendors. • Vendor does not have an existing University wide pricing agreement. • Geographical preferences are not imposed except where applicable Federal statutes expressly mandate or encourage geographic preference 	<p>PI must obtain at least two (2) vendor quotes.</p> <p>Cost Quotation Summary form and quotes must be attached to the Purchase Requisition.</p> <p>Summary form must include an explanation when the lowest cost provider is not chosen or if the PI is unable to obtain more than one quote.</p> <p>Quote examples:</p> <ul style="list-style-type: none"> • Screen capture with vendor pricing • Written quote from vendor • Catalog pricing • Verbal discussion– must document date/time of quote, vendor name and contact, quote amount and period for which quote is valid <p>Documenting department: SPA, Procurement</p>	<p>Purchase Order Commodities, Equipment, General Services, Professional & Artistic ((P&A)</p> <p>Initiated by Purchase Requisition through Procurement: http://www.niu.edu/procurement/forms/index.shtml</p>
Large Purchases: Total cost is \$100,000 or more	<ul style="list-style-type: none"> • Competitive proposal process • Sealed bids for construction projects • Proposals must be solicited from an 	<ul style="list-style-type: none"> • Vendor Selection • Competitive bid form • Sole or Single Source Request (if requesting exemption from competitive bid requirement) • A cost/price analysis must be completed before receiving bids or proposals 	<p>Competitive Bid Process</p> <p>Initiated by Purchase Requisition through Procurement: http://www.niu.edu/procurement/forms/index.shtml</p>

	<p>adequate number of vendors.</p> <ul style="list-style-type: none"> • Sole source justification if only one vendor considered. • Contract cost and price if vendor does not have an existing University -wide pricing arrangement • Geographical preferences are not imposed except where applicable Federal statutes expressly mandate or encourage geographic preference. 	<ul style="list-style-type: none"> • Requests for Proposals must be publicized and identify all evaluation factors and their relative importance. Responses to publicized requests must be considered to the maximum extent possible. • The method for the technical evaluation of the proposal and for selecting recipients must be documented. • Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered. <p>Documenting Department: Procurement</p>	<ul style="list-style-type: none"> • Invitation for Bid (IFB) Commodities, Equipment, General Services • Request for Proposals (RFP) Instances when sealed bidding is not practicable, Services, Professional and Artistic Services (P&A) • Sole Source Purchase Only one source available: Commodities, Equipment, General Services, Professional and Artistic Services (P&A), other instances when sealed bidding is not practicable. • Emergency Purchase Purchase made as a result of a justified emergency as defined by State and Federal procurement rules, one or more of the following statutory emergency conditions exists: <ol style="list-style-type: none"> 1. When there exists a threat to public health or public safety; 2. When immediate expenditure is needed for repairs to university property to protect against further loss or damage to university property; 3. To prevent or minimize serious disruption in critical university services that affect the health, safety, or collection of substantial State revenues. 4. To ensure the integrity of university records
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Intended Audience

- Principal Investigators
- Director, Department Chair, Division Head
- Departmental/Divisional Business Administrators
- Procurement Services and Contract Management
- Sponsored Programs Administration Personnel

Policy

Principal Investigators named on Federal awards are responsible for ensuring that the purchase of goods and services are procured consistent with this policy and the procurement standards within it. If the source of funds is uncertain at the time of the purchase but it is expected that federal funds may be used to pay for all or part of a purchase, the policy and incorporated procurement standards should be followed. This also applies to any purchases used to meet a matching or cost sharing requirement on federal awards.

If it is discovered that any purchases on a federal award or a purchase used to meet a cost sharing/ matching requirement is not compliant with this policy, the associated expenses will be transferred to a non-federal source of funds or disallowed as cost share.

This policy does not apply to subrecipient agreements (i.e. Subawards).

Roles and Responsibilities

Principal Investigator (PI)

- Adhere to university conflict of interest policies regardless of purchase cost. Disclose any conflicts of interest prior to the purchase of any goods or services. See Applicable Conflict of Interest policies under Citations at the end of this document.
- Ensure that all purchases are necessary for the conduct of the project and do not duplicate goods already available.
- Obtain quotes and provide written documentation supporting the selection of vendors as required under this policy. Provide supporting documentation as necessary at both pre and post award to justify the cost, support its reasonableness, and advance the purchase through the procurement process.
- Ensure supplier performance (i.e. scope of work) is in accordance with the federal award and the issued contract or purchase order and contact the Grants and Contracts Associate and Procurement Services and Contract Management immediately if any disputes exist with a vendor. *Payments should never be approved for a vendor or supplier not in compliance with the contract's terms, including meeting scope of work expectations.*
- Approve payments in a timely manner and any progress reports required of the vendor.

- Notify department as early as possible to initiate necessary purchasing paperwork or P-Card transactions. Supply needed documentation to support the purchase in accordance with this policy.
- Respond to information requested by Sponsored Programs Administration to determine allowability and reasonableness of the purchase or service.
- Respond to information requested by Procurement Services and Contract Management to complete purchases process as necessary according to threshold and need.

Department

- Assist PI in completing necessary purchasing paperwork or P-Card transactions.
- Review purchasing paperwork to make sure supporting documentation as required through this policy is included before submitting to SPA or Procurement

Sponsored Programs Administration

Pre-Award

- Evaluate the purchase for allowability as part of the normal proposal approval process.
- Screen named vendors for debarment or other prohibitions and notify PI right away if the university cannot do business with a desired vendor.

Post-Award

- Evaluate the purchase for allowability as part of the expense approval process.
- Approve appropriate purchasing paperwork (P-Card transactions and Purchase Requisitions) and ensure paperwork includes sufficient documentation from the PI to support the purchase and vendor selection rationale.
- Approve payment to vendor based on receipt of PI approval that terms and deliverables have been met.
- Maintain documentation supporting the procurement history and purchase for all dollar amounts.
- Screen named vendors for debarment or other prohibitions and notify PI right away if the university cannot do business with a desired vendor.

Procurement and Contractual Services

- Evaluate and guide the PI towards the appropriate procurement mechanism (e.g. RFP, etc.) for large purchases.
- Maintain documentation supporting the procurement history and purchase for small and large purchases.
- Incorporate necessary contract provisions for federally funded procurements.
- Screen vendors for debarment or other prohibitions and notify PI and SPA right away if the university cannot do business with a desired vendor.

Definitions

Contractor: 2 CFR §200.23: A contractor is an entity that receives a contract as defined in §200.22 Contract (see Contract below).

Contract: 2 CFR §200.22: Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward. For purposes of this policy, the term contract is used to describe vendor or professional services required for the conduct of a sponsored award.

Subrecipient: 2 CFR §200.93: A Non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of Federal awards directly from the Federal awarding agency. This policy does not apply to subrecipient's, see SPA Subrecipient Monitoring Policy.

Illinois Procurement Code: Statutory provisions outlined at (30 ILCS 500/) for which NIU, as a state institution of higher education, must adhere to when purchasing goods and services.

Micro-Purchase: A purchase of supplies or services using simple acquisition procedures, the aggregate amount which does not exceed the micro-purchase threshold. The micro-purchase threshold is set by the Federal Acquisition Regulations at 48 CFR Subpart 2.1 and is subject to change.

Invitation to Bid: A document which invites a supplier, usually in competition with other suppliers, to submit prices and other information for a particular good or service which a university wishes to purchase. (Source: IL Procurement Bulletin)

Request for Proposal (RFP): A document which describes a university's need for goods or services and invites suppliers to submit information, including price, describing how the supplier can provide what is needed. (Source: IL Procurement Bulletin)

Request for Quote (RFQ): A document that invites suppliers to submit prices for a particular good or service which the university wishes to purchase. (Source: IL Procurement Bulletin)

Open Order: A standing/open order is a purchase order that has been issued to a vendor, against which specified purchases may be made for a specified period of time. When repeated purchases of the same type of supply items are expected, multiple purchase requisitions may be eliminated by submitting one purchase requisition to establish a standing/open order.

Sole Source Purchase: A contract entered into without a competitive process based on a justification that only one known source exists or that one single supplier can fulfill the requirements. (Source: National Association of State Procurement Officials)

Reasonable Costs: Reasonableness is one of the basic conditions that must be met in deciding whether an expenditure is appropriate to a federal award. A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Frequently Asked Questions (FAQS)

1. Why is the government issuing these new rules?

These new procurement rules are part of the Uniform Guidance rules that were implemented on December 26, 2014 and are outlined in Subpart D 200.17 – 200.326. The Office of Management and Budget provided grantees with a grace period to implement these rules, this grace period expires for NIU on June 30, 2018.

2. Does this policy apply to consultants as well?

Yes, consultants fall under professional and artistic services and are considered a vendor under federal regulation purposes. This is important for PIs to keep in mind when identifying consultants as key personnel in that they will need to document the purchasing decision as required based on the cost of the consultant.

3. Am I required to meet all the documentation requirements when preparing my proposal budget?

No. Given quotes are often only applicable for a short period of time, they may expire by the time the PI receives the award and is ready to make the purchase. However, some sponsors may require quotes as part of the proposal package. In this case, PIs should document the purchase and rationale for the desired vendor in the proposal's budget justification. Such documentation supports the reasonableness of the cost and can expedite the purchase upon receiving any award.

4. What if the vendor is specifically named in my proposal or the funding agency directed that I work with a particular entity?

In both cases, the purchase would likely meet the sole source exemption criteria. PIs should document the purchase and rationale for the desired vendor as required under this policy in the proposal's budget justification. If the federal agency issues the award without explicitly deleting the cost from the budget, the PI need not take any other action. NIU will consider the vendor to be approved by the agency and, therefore, allowable.

5. I plan to submit an order for many different types of lab supplies. The cost of each item is less than \$10,000 but my total order will exceed that amount. Which documentation requirements do I follow?

Because your *total* purchase is greater than the current micro purchase threshold of \$10,000, you would need to obtain quotes and meet the documentation requirements for small purchases. Alternatively, if your total purchase is less than the micro purchase threshold, you would only document your rationale for selecting the vendor.

6. Does this policy apply to purchases using P-Cards?

Yes. Purchases made with P-Cards meet the Federal government's definition of a vendor and purchase of services and/or goods.

7. Does this policy apply to open orders?

Yes.

8. Do you have any suggestions on where I can go to quickly find vendors that the Federal government would consider competitive?

Yes, Investigators are encouraged to visit the General Services Administration (GSA) purchasing schedules. Vendors have been vetted and deemed competitive, discounts can still be requested. Investigators interested in high end scientific instruments may find Schedule 66 of interest

<https://www.gsa.gov/acquisition/purchasing-programs/gsa-schedules/list-of-gsa-schedules/schedule-66scientific-equipment-and-services>

9. My grant was funded before July 1st, 2018, do I need to follow these requirements?

Yes, these procurement rules are in effect for all awards active as of July 1, 2018. Procurements initiated prior to this date will follow the previous procurement rules under OMB Circular A-21.

Citations:

2 CFR 200 Sections 200.318 through 200.325 and any additional terms imposed in the award: *Applicable to procurements under grants, cooperative agreements, and subrecipient agreements.*

48 CFR parts 03, 15, 44 and sections 52.244-2, 52.244-5, 52.203-13, 52.203-16, and 52.215-12, agency FAR supplements, and any additional terms imposed in the contract: *Applicable to cost reimbursement federal contracts.*

Applicable Conflict of Interest Policies

NIU Conflict of Interest Business Procedure 9-3

<http://www.finfacil.niu.edu/BusProcedureManual/09-03.htm>

Illinois Governmental Ethics Act: Disclosure of Economic Interests, 5 ILCS 420/4A

<http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=000504200HArt.+4A&ActID=129&ChapterID=2&SeqStart=5300000&SeqEnd=6300000>

State Officials and Employees Ethics Act (SOEEA): Gift Ban Provisions and Exceptions, 5 ILCS 430/10-10

<http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=000504300HArt%2E+10&ActID=2529&ChapterID=2&SeqStart=1900000&SeqEnd=2400000>

Governor's Executive Order 15-09: Restricting exceptions to the SOEEA Gift Ban

https://www2.illinois.gov/Pages/government/execorders/2015_9.aspx