

Federal Funds Procurement Policy

Background

In December 2013, the Office of Management and Budget (OMB) issued the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance). The Uniform Guidance includes procurement procedures required when using federal funds. The information below summarizes the Uniform Guidance in regards to procurement, but it is important that all Principal Investigators (PIs) on federally funded grants read the [procurement sections of the Uniform Guidance](#), 2 CFR §200.317 through §200.326, to ensure compliance.

Procurement Standards and PI Responsibilities

It is the responsibility of the College and PIs to ensure that federal grant funds are used properly. In regards to procurement, PIs are directly responsible for the following:

- Ensure purchases are reasonable and necessary, and approve grant purchases
- Avoid purchasing unnecessary or duplicative items
- Analyze lease versus purchase alternatives
- Use surplus property in lieu of purchasing new equipment and property
- Award contracts only to responsible contractors
- Maintain oversight to ensure contractors perform in accordance with terms and conditions
- Use recovered materials designated by the Environmental Protection Agency when practicable
- Maintain documentation to support procurement decisions
- Adhere to all College, funding agency, and federal policies

Conflict of Interest Considerations

The Uniform Guidance requires that the College “maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts.” ([Code of Federal Regulations, Title 2 – Grants and Agreements, §200.318 General Procurement Standards \(c\)\(1\)](#); May 30, 2017). For this reason, it is necessary for PIs to adhere to the Conflict of Interest section in the Randolph College Employee Handbook and the College’s Financial Disclosure Policy.

The Randolph College Employee Handbook, March 2015, states, “No employee shall have a conflict of interest in any sales, supplies, or services to the College. No employee who would benefit financially from the supplying of goods or services to the College shall participate in the decision process leading to the choice of supplier. Any potential conflict of interest (including interest in any sales, supplies, or services by immediate family members of an employee) should be disclosed to the Vice President for Finance and Administration.”

All personnel responsible for the design, conduct, or reporting of research under the terms of a federal grant or contract must comply with the College’s Financial Disclosure Policy, found on the College portal (Faculty/Grants – Sponsored Programs/Financial Disclosure Policy).

What are the Methods of Procurement?

This section introduces basic definitions of the five required methods of procurement. For purposes of calculating your project costs, purchase costs are aggregate dollar amounts, not unit costs. Calculate the total purchase price of all units, not the individual cost of the item(s), to determine the appropriate purchase threshold below. Documentation may be required to verify why the procurement threshold was chosen. See the “What Purchasers Need to Know and Do” section below for specific procurement procedures.

Micro-Purchase

- the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000
- the threshold for a micro-purchase is \$2,000 if the procurement is subject to the Davis-Bacon Act, as described further in the “Procurement Procedures” section below

Small Purchase

- the acquisition of supplies, services, or equipment, the aggregate dollar amount in the range of \$3,001 to \$150,000

Sealed Bid

- the acquisition of supplies, services, or equipment, the aggregate dollar amount exceeding \$150,000, when bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid is the lowest price

Competitive Proposal

- the acquisition of supplies, services, or equipment, the aggregate dollar amount exceeding \$150,000, conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement contract when a Sealed Bid is not appropriate

Noncompetitive Proposal

- procurement through solicitation of a proposal from only one source requiring preapproval

For additional information on each of these methods, refer to [2 CFR §200.320 of the Uniform Guidance](#).

What Purchasers Need to Know and Do

Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms

The College and PIs must take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. See [2CFR §200.321](#) for affirmative steps. Documentation of these efforts must be retained.

Tax Exemption

Randolph College is a 501(c)(3) tax-exempt organization and, therefore, does not pay Virginia sales tax for certain items. Purchasers should contact the Business Office for guidance about sales tax prior to purchasing. If needed, the Business Office will provide the purchaser with a Virginia sales tax exemption certificate. Taxes for which exemptions are available are unallowable costs.

Procurement Procedures

PIs and purchasers should choose the appropriate procurement threshold below and follow the procedures described. Questions should be directed to the **Assistant Controller or the Director of Finance and Budget**.

1. **For aggregate purchases less than \$3,000 and for aggregate purchases less than \$2,000 subject to the Davis-Bacon Act**, the purchaser should use his or her own judgment in identifying potential suppliers. Purchases must be reasonable and may require explanation for determination of the reasonableness. If the purchaser is uncertain as to whether or not a purchase qualifies as a micro-purchase, contact the **Assistant Controller or the Director of Finance and Budget** prior to making the purchase. Records must be maintained to support the purchase decision.

“The Davis-Bacon and Related Acts, apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.” ([Wage and Hour Division, Davis-Bacon and Related Acts, Overview](#); May 30, 2017.) For purchases subject to the Davis-Bacon Act, contact the **Assistant Controller or the Director of Finance and Budget** for assistance.

Purchasers must follow section [2 CFR §200.320 of the Uniform Guidance](#).

2. **For aggregate purchases between \$3,001 and \$150,000**, the purchaser will need to document at least three price quotes and the basis for vendor selection prior to making a purchase. Documentation from the vendors needs to be in writing and can include screen shots from websites, copies of published price lists, and advertised pricing in established magazines or journals. Price or rate quotations must be obtained from a minimum of three qualified sources prior to making a purchase. Documentation should be submitted to the **Assistant Controller and Director of Finance and Budget** before making the purchase.

Purchasers must follow section [2 CFR §200.320 of the Uniform Guidance](#).

- 3. For aggregate purchases greater than \$150,000**, buyers will need to contact the **Director of Finance and Budget or the Vice President for Finance and Administration** to assist with the formal bid process. They will work collaboratively with the PI to facilitate this process and meet all federal requirements, whether a Sealed Bid or Competitive Proposal. Therefore, it is important that the purchaser communicate plans for major purchases as early as possible to allow reasonable time to accomplish the bidding procedure. Completed records will be maintained by the Business Office.

Purchasers must follow section [2 CFR §200.320 of the Uniform Guidance](#).

Sole Source Purchasing

For aggregate purchases greater than \$3,000 and in which the aforementioned means of procurement are not appropriate, the purchaser may request that the procurement procedures be waived. Failing to anticipate needs resulting from poor planning is not an exception to the bidding process. For an exception to be valid, a clear statement of justification for waiving the competitive bidding process must be submitted in writing for approval by completing the Sole Source Justification Form. A waiver must be submitted to the **Assistant Controller** and approved by the **Director of Finance and Budget or the Vice President for Finance and Administration** prior to purchasing. See “How Do I Request a Waiver?” below for instructions.

Example situations that would justify purchases without the competitive bid process are:

- The supplier is obviously a sole source for the item. Examples:
 - Artwork
 - Unusual and not generally available used equipment
 - A very specialized piece of scientific equipment
 - A specialized service (lobbyist, consultant) when the supplier has a one-of-a-kind ability to provide the required service due to demonstrably unique circumstances (knowledge, contacts, experience)
- There is an undeniable compatibility requirement. The item will be connected to existing equipment or the purchase is an upgrade to existing equipment/software.
- Subcontracts which explicitly approve sole source purchasing, whereby such an agreement was written into the grant award
- There has been an unpredictable emergency and there is no time to bid. Examples:
 - Human life, health or College property is in jeopardy
 - Repairs are immediately needed for equipment where delay would lead to higher expense

Example situations that would **NOT** justify purchases without the competitive bid process are:

- *I waited so long to work on this that now I need it tomorrow.*
Business schedules do not excuse the College from following federal regulations.

- *We did some looking around and this supplier is offering a very good deal.*
While this may be true, federal guidelines require a competitive bidding process that demonstrates that due diligence was used in spending taxpayer dollars.
- *It would be so much more convenient if we could just use this supplier.*
Convenience is not a strong enough factor to allow the granting of a waiver from the process. An emergency situation must be present.
- *The company already started the work.*
Making such agreements or purchases is contrary to federal regulations.

How Do I Request a Waiver?

A waiver is obtained by submitting a Sole Source Justification Form, located on the Randolph College portal (Faculty/Grants – Sponsored Programs/Sole Source Justification Form). Complete the Sole Source Justification Form and submit it to the **Assistant Controller**. Include as much documentation as possible to justify the waiver. Do not proceed with any purchases until you have received notification from the Business Office that the waiver has been approved.