

## ADMINISTRATIVE POLICY & PROCEDURE MANUAL

### POLICY NAME: Federal Purchasing Policy

POLICY		IMPLEMENTATION
<b>Policy Name:</b> Federal Purchasing Policy		<b>Responsible Department or Division:</b> Corporate, Foundation and Sponsored Programs
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#### Federal Purchasing Policy

Olin College's Office of Corporate, Foundation and Sponsored Programs supports an environment that puts investigators in the best possible position to get the products and services they need to effectively run their programs while ensuring compliance with sponsor requirements.

This policy establishes standards and guidelines when using federal funds for the procurement of supplies, equipment, construction, professional services, and other purchases to ensure they are obtained economically through an open and fair competitive process and that contracting decisions are made using sound business judgment.

#### Relevant Procurement Regulations

1. Olin College policy requirements regarding conflict of interest also apply to procurement procedures.
2. All procurement activities billed to a grant must be allowable and allocable under the terms of the grant agreement.
3. Olin College follows OMB Circular 2 CFR 200 (the Uniform Guidance) when using federal or federal flow-through funds for purchases.

#### College Purchasing Policies

All purchasing transactions must be consistent with college purchasing policies & practices.

#### Purchasing Reminders:

All purchases made on behalf of Olin College should be reasonable, necessary, and include a clear and concise description of why the purchase is needed. On federal awards you also need to describe how a purchase relates to a particular award or awards being charged.

Purchases in the following categories may require more detailed descriptions (this list is not exhaustive; rules among sponsoring organizations vary; contact the Office of Corporate, Foundation and Sponsored Programs if you have any questions):

- I. Costs considered “unallowable” by the federal government: Certain expenses are unallowable as direct or indirect charges to federally-sponsored projects, including alcoholic beverages and non-coach airfare/seat upgrades. Sometimes expenses that appear to be unallowable may be necessary for completion of your project, such as expenses for decorative objects or entertainment. In these cases a detailed description is required (good example: theater ticket purchase for prototype testing of audiovisual enhancement device per statement of work; incomplete description: reimburse student for theater tickets).
- II. General purpose expenses: General purpose expenses are incurred for common or joint objectives, and cannot be identified specifically with a particular project or activity. A detailed description is required for items that may appear to be for general purposes, such as laptop computers, external hard drives, and furniture.
- III. Food and meals: For each purchase of food/meals, except for individual meals while on travel status, a complete explanation of why the food was necessary to accomplish the objectives of the project is required (good examples: meal served during mandatory all-day training per statement of work; meal during working meeting with project advisors who traveled to Olin; incomplete descriptions: meal with project team; dinner with advisors). A complete list of attendees must also be included (IRS requirement).

The College must maintain proper documentation for all purchases that demonstrates compliance with sponsor requirements because sponsored accounts are subject to audit by individual sponsors, the federal government, internal auditors, and external auditors.

### **Requirements for Procurement with Federal Funds**

Olin College is required to establish the following procurement guidelines for purchasing with federal funds and to ensure that those making procurement decisions are free from any conflict of interest.

- I. Olin College will follow the six OMB required provisions in taking all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible (200.321). Affirmative steps must include:
  1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
  2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
  3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
  4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
  5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
  6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

- II. Contracts over the simplified acquisition threshold currently set at \$150,000 will address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate (Appendix II to 2 CFR 200).
- III. Olin College will not knowingly purchase from any entity or individual on the Federal debarment list (200.318). All subgrants and any contract over the micro purchase threshold of \$10,000 will be cross checked to the debarment list before a purchase is made.

### **Procurement Types and Thresholds**

The federal requirements for purchases depend on their total dollar amount and acquisition method. Olin College follows the standards established in 2 CFR 200 for procurement types and thresholds:

1. **Micro-purchases** - the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000.
2. **Small purchases** - the acquisition of supplies, services or equipment in the range of \$10,001 to \$150,000. Three or more price or rate quotations must be obtained from an adequate number or qualified sources prior to making a purchase.
3. **Sealed bids** - For acquisitions costing more than \$150,000, bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid is the lowest price.
4. **Competitive proposals** - For acquisitions costing more than \$150,000 and conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program with price and other factors considered.
5. **Noncompetitive proposals** - procurement through solicitation of a proposal from only one source. A waiver must be granted by submitting the Sole Source justification form for purchases over the micro-purchase threshold of \$10,000.

For additional information on each of these methods, please contact the Office of Corporate, Foundation and Sponsored Programs.

### **Capital Purchases**

Capital projects on federal awards are defined as purchases that cost \$5,000 or greater and have a useful life of at least one year. Capital purchases can be acquired with federal funds only if the purchase has been specifically approved in the award document or by prior approval in writing by the sponsoring agency. All capital purchases on federal awards must follow Olin College policies and practices for capital purchases which includes an approved Capital Authorization form.