

**SOUTHERN METHODIST UNIVERSITY
SPONSORED RESEARCH ADMINISTRATION**

SPONSORED PROJECT

PROCUREMENT POLICY AND PROCEDURE

May 1, 2015

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Based upon:

University Policy #7.4 (Sponsored Project Procurement)
[Go To Policy #7.4 - click here](#)

SPONSORED PROJECT PROCUREMENT

INTRODUCTION

This document outlines the procedure necessary to extend university procurement policy and procedure to the procurement of goods and services with sponsored project funds. The programs affected are sponsored research projects, sponsored training projects and other externally funded grants and contracts.

Effective December 26, 2014, OMB Circulars A-21, A-110 and A-133 were replaced by regulations under the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (also known as Uniform Guidance). All new federal funds (new awards, continuations, supplements, etc.) with a start date on or after December 26, 2014 are subject to Uniform Guidance (UG). **To assist with transitioning, OMB has granted an extension to June 1, 2016 for SMU's implementation of UG Procurement Standards. Therefore, between now and June 1, 2016, SMU will continue to comply with the Procurement requirements of OMB Circular A-110.**

ACRONYMS

A number of acronyms are used for university functions to shorten the document. Many terms from the federal procurement literature are used as well.

AM	Asset Management
FAR	Federal Acquisition Regulation (there also are agency specific FARs)
GCA	Grant and Contract Accounting
OMB	Office of Management and Budget
ORGS	Office of Research and Graduate Studies
PD	Project Director
PI	Principal Investigator
SB/SDB	Small Business/Small Disadvantaged Business, Women-owned/Veteran-owned Business, and other Under-utilized Businesses
SPT	Small Purchase Threshold
UPD	University Purchasing Department

DEFINITIONS

AWARD - Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants, contracts and other agreements in the form of money or property in lieu of money, by the federal government or other external sponsor to an eligible recipient.

CONSULTANT - An individual who contracts to provide services, particular to his or her unique skills, to an externally funded project and does not have any of the distinguishing characteristics of a subrecipient or of an SMU employee.

COST ANALYSIS - An element-by-element analysis of a vendor's cost structure to establish the reasonableness of the quoted price.

PRICE ANALYSIS - An analysis to determine the best price by comparing quotations, market prices, published list prices, etc., taking into account discounts.

PROCUREMENT - The use of federal or other external sponsor funds to obtain goods and services excluding:

- travel, see [University Policy #3.7](#) and Sponsor's terms, if applicable
- employment relationships (i.e. SMU faculty, staff, students)

- subrecipient and consulting relationships (covered under other policies and procedures)
- a single purchase of goods (including shipping, handling, installation, etc) or services totaling less than \$3,000.00. Splitting of purchases to avoid compliance requirements related to purchases of \$3,000.00 or more is strictly prohibited.

SIMPLIFIED ACQUISITION THRESHOLD – defined in the FAR at 48 CFR 2.101 as \$150,000, at the time of publication, and also referred to as Small Purchase Threshold.

SMALL PURCHASE THRESHOLD – a term used in OMB A-110 procurement standards and defined in the FAR at 48 CFR 2.101 as \$150,000, at the time of publication, and also referred to as the Simplified Acquisition Threshold.

SUBAWARD - An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services or any form of assistance that is excluded from the definition of “award” in paragraph __.2(e) of OMB A-110.

SUBRECIPIENT - The legal entity to which a subaward, also referred to as subcontract, is made and that is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the awarding agency/external sponsor.

SUMMARY of PROCUREMENT PROCEDURES REQUIRED BY OMB A-110 (as revised or superseded):

The procedure addresses the procurement of the goods and services necessary for PI/PDs to meet the requirements of their sponsored project awards. The procedure requires all procurement actions to be in accordance with OMB A-110 Procurement Standards and terms and conditions imposed by the agreed upon award document which may include FARs and/or agency specific FARs. The type of items being procured, the existing budget and award terms and conditions, the procurement may require prior approval of the sponsor. The PI/PD will assume much of the responsibility for ensuring that the requirements are met. The following discussion outlines, in detail, the major requirements of A-110 for the procurement of goods and services from vendors and how the PI/PD will accomplish the task of ensuring compliance. The basic requirements of A-110 that have the greatest impact on the PI/PD are:

(1) Procurements should be carried out free of conflicts of interest, (OMB A-110, Procurement Standards, Section __.42)

University policy prohibits employees with administrative responsibilities from engaging it contractually when they know, should know or suspect that conflicts of interest exist. The PI/PD, in accepting the responsibilities outlined in this document, now must adhere to the policy. The policy prohibits the PI/PD from contracting with relatives. The first question on the justification page of the purchase requisition addresses the conflict of interest. The PI/PD must answer the question in the affirmative in order for the procurement action to be forwarded to the purchasing department. A negative answer will cause the purchase requisition to be returned and the PI/PD would be required to explain the response and modify the procurement action until the conflict of interest requirement is satisfied.

(2) Procurements should be conducted in a manner that maximizes to the extent practicable, open and free competition, and be based upon clear and accurate specifications of the material, product, or service that do not unfairly restrict otherwise qualified vendors from participating in the process, ((OMB A-110, Procurement Standards, Section __.43)

Open competition is the best way to control the cost of a program. A-110 requires that the procurement actions be subject to competition whenever possible. The second question on the justification page of the purchase requisition addresses that issue. The question encourages open competition repeating the prohibition that any vendor/contractor involved in the preparation of specifications be excluded from bidding and that specifications be free of restrictive requirements that would preclude from bidding an otherwise qualified vendor.

When the PI/PD must obtain competitive quotations to carryout a procurement action he or she **must** obtain the quotations in compliance with the circular's requirements (free of conflict of interest, based on non-restrictive specifications etc.). UPD is available, upon request, to assist with this process.

(3) Procurement procedures should be such that duplicate purchases are avoided, (OMB A-110, Procurement Standards, Section __.44(a)(1))

The overall costs of sponsored projects are increased if an item that can be used in several different program processes is purchased separately (in duplicate) for each new award. In an effort to control the overall costs of the program A-110 requires that the recipient institution have in place procedures that prevent duplicate purchases. The third question on the justification page of the purchase requisition addresses this issue. It requires that the PI/PD, at a minimum, query his or her colleagues to determine if the item to be purchased exists through another award and is available for use. This requirement assumes that the institution has a central inventory control process. SMU does not centrally control its inventory except in the fixed assets area. If the item is a large item of equipment the PI/PD can make further inquiry through the asset management section of the controller's office. All externally funded purchases that exceed the capitalization level (currently \$5,000.00) are recorded there.

(4) Solicitations of goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service procured, (OMB A-110, Procurement Standards, Section __.44(a)(3)),

Specifications serve as the basis for the vendor's bid. It is particularly important that the PI/PD provide the same information to each vendor and that the specifications only contain what is required to meet the task at hand. Specifications do not have to be elaborate and formal but must contain the basics. The federal regulators prohibit unnecessarily restrictive specifications in that they restrict competition. The absence of some form of description of what was purchased is also prohibited. The PI/PD can be accused of favoring one vendor by simply not providing other potential vendors with the same information. Documentation of specifications provides reviewers with proof that the PI/PD made a positive effort toward open competition and thereby obtained the best price.

(5) Positive efforts shall be made to utilize small business or small disadvantaged businesses, (OMB A-110, Procurement Standards, Section __.44(b))

A-110 requires that, in each procurement, there should be an effort made to determine if a SB/SDB can participate. The fourth question addresses this issue on the justification page of the purchase requisition. If you do not search this list and answer "No" to the question, you must explain why in the section provided. The University purchasing department will manage the data collection effort for this process. The UPD will provide the PI/PD with an updated list of certified SB/SDBs, or by on-line inquiry on the UPD web site at [Minority and Small Businesses](#). The UPD will monitor the amount of business given to these entities and aid the PI/PD in the development of more business with them. In large procurements, the sponsor agency may mandate the level of SB/SDB participation and the university will be required to designate personnel to ensure the required participation is satisfied.

(6) All procurement actions utilizing sponsored project funds must be subjected to a cost or price analysis to establish the basis for the amount paid for the item procured, (OMB A-110, Procurement Standards, Section__45)

This issue is addressed by section 2 on the justification page of the purchase requisition. A price or cost analysis is a method used to substantiate the amount paid for the item procured. Use of the University Purchasing System is encouraged, however, if a cash/procurement card purchase is necessary, the requisition form **must** be attached to the check request for reimbursement or journal entry reallocating the charge to a sponsored project when the total procurement is more than \$3,000. A large, obvious note “cash purchase” should be displayed across “delivered to:” section.

A price analysis is accomplished by comparing three or more quotes, comparing the asked price to past amounts paid, vendor published price list, price indices etc. A cost analysis is accomplished by reviewing and evaluating each element of cost to determine reasonableness, allocability and allowability. Some of the cost elements examined for necessity and reasonableness are material costs, labor costs, equipment and overhead. These costs can be compared with actual costs previously incurred for similar work, the cost or pricing data received from other vendors and independent cost estimate breakdowns.

Periodically the UPD will receive a request from a PI/PD or a department; or will identify a product/service need that has developed where there is an opportunity to establish a relationship with a vendor to obtain preferential pricing and terms for the university. The UPD will invite vendors to bid for the right to supply the university as a preferred provider. The UPD will provide the PI/PD with a listing of all the vendors that have been approved to participate in the program and the commodities that each has agreed to supply ([preferred provider list](#)). The UPD's negotiation will establish the lowest price and determine the vendor to be used. The UPD also identifies buying consortiums that will benefit the University by leveraging the purchasing power of the group to optimize cost reductions. Buying consortiums with which SMU participates are listed on the UPD website along with the consortiums' websites and other contact information. The Director of Purchasing will provide passwords and guidance on utilizing these resources.

If the PI/PD chooses not to use the [preferred provider list](#) or a buying consortium, the PI/PD will have to either, seek vendors and obtain quotes, or sole source the procurement. If the PI/PD chooses to seek vendors and obtain quotes, the specifications must be written in a non-restrictive manner. The quotes must be attached to the purchase requisition if the procurement action has a value greater than \$150,000 along with the specifications upon which the vendor based his bid. If the PI/PD decides to sole source the procurement, he or she must be prepared to substantiate that the vendor is the only source of the item and substantiate the price of the item (vendor price list, comparison to other purchases of a similar nature etc.). Any sole source procurement with a value greater than \$3,000 is subject to review by the sponsor agency at the agency's discretion. There is an area provided on the justification page of the purchase requisition for the PI/PD to explain why the item was sole source.

(7) Procurement records for procurement actions with a value greater than \$150,000 shall contain (a) basis for contractor selection, (b) justification for the lack of competition when competitive bids or offers are not obtained and (c) basis for award cost or price, (OMB A-110, Procurement Standards, Section__46)

Records for procurement actions with a value greater than \$150,000, the Small Purchase Threshold (SPT), require that the records include (1) documentation substantiating the basis for the cost or price (e.g. there must be some documentation on record such as: quotations, price list, comparison to past

purchases etc.), (2) documentation of the reasons that a particular vendor was selected (e.g. price/cost, technical and/or financial capability, sole provider of required item) and (3) justification for sole source, if applicable. There are areas provided on the justification page of the purchase requisition for the PI/PD to provide brief explanations for these subjects. If the space provided on the justification page of the purchase requisition is not adequate to document the procurement action, attachments may be included. **Copies of the specifications, bids/quotations must be attached.**

PI/PDs purchase services from one of four sources: **subrecipients, subgrantees, vendors and consultants**. Service procurements are based upon the particular skills of the provider and therefore are more likely to have a negotiated price. Service providers can range from universities to individuals. The procedures used to procure services from each will differ somewhat depending upon the circumstances. Certain procedures will remain standard such as the need to substantiate the cost or price and to sign an agreement outlining the work that is to be performed and the level of responsibility that the provider accepts. Service agreements should be signed prior to the commencement of the work. The performance of a cost analysis for subrecipients, subgrants and individual consultants is difficult. Consulting companies are entities with financial records that can be readily analyzed. Subrecipient institutions will certify that the costs represented in the cost proposal are accurate with the required cost certifications and through its A-133 audit report. Subgrantees and individual consultants usually do not have formal financial records. The PI/PD will be relied upon to justify the price paid for services rendered by subgrantees and individual consultants. The price for such services can be substantiated by the PI/PDs comparison of the price to that paid by other entities or past contracts, etc.

ORGS will be responsible for classifying service providers (e.g. subrecipients, subgrantees, consultants, or vendors) and preparing the required service agreements, subcontracts, or subrecipient agreements. Other policies, procedures and forms are applicable to subrecipients, subgrantees and consultants. Only service providers classified as vendors are included in this procedure. ORA will determine to what extent any passdown provisions are applicable and to what extent the provider is responsible for compliance with the applicable passdown provisions and provide any additional passdown requirements to be included on POs to GCA and the UPD.

The purchase order issued by the UPD will pass down certain general regulatory requirements to the vendors on the back of the purchase order. Any additional requirements provided by ORGS will be reflected by the UPD on the face of the purchase order.

TASK ASSIGNMENTS & RESPONSIBILITY

The following section outlines the tasks that each functional area must perform.

I. Principal Investigator/Project Director (PI/PD)

(1) Technical Specifications for all Project Requirements

The PI/PD will be solely responsible for the determination of the technical specifications of the project requirements. This includes compliance to OMB A-110 which prohibits the inclusion of brand names or other features of the specifications which would hinder the achievement of open competition in the procurement of the particular item. If brand names are necessary the PI/PD must document reasons for such necessity.

(2) Acquisition of Vendors Quotations

The PI/PD will be responsible for acquiring quotations from vendors in the procurement of the project requirements. Any quotations will need to be on the vendor's letterhead, have a brief description of the technical specifications and be signed by an authorized representative. Assistance of UPD with this process may be requested by the PI/PD.

(3) Purchase Requisitions

The submission of purchase requisitions will be the responsibility of the PI/PD for all procurements. The justification page of the purchase requisition will have a series of questions that will guide the PI/PD through all of the necessary steps to ensure compliance with A-110. No purchase requisitions will be approved unless each question is answered. The questions are simple and straightforward and should not add an unreasonable amount of time to the PI/PD's task of acquiring his or her project requirements. Quotations will be required when the supplier is not from Purchasing Department's [preferred provider list](#) or through a buying consortium and the value of the procurement is greater than the SPT.

Quotations should be acquired during the proposal compilation process. This will speed the process because the required quotations will already be in hand at the time the purchase requisitions are submitted for processing. Quotations can be written or oral for purchases that are less than the SPT. If written they will have to contain the specifications of the item, be on the vendor's letterhead and be signed by authorized vendor personnel. If oral, the PI/PD will be held fully responsible for its integrity and will be subject to sanctions outlined in the sponsored research policy for misrepresentation.

(4) Ensure that a cost or price analysis has been performed that will meet the requirements of OMB A-110 Section __.45.

A price analysis can be completed simply by ensuring that the vendor has a published price list and the project pays an amount equal to or less than the price list amount. The price analysis requirement will be met if the PI/PD selects the item from the [preferred provider list](#) or one of the buying consortiums provided by the purchasing department. The advantage in using this is that the purchasing department has done the work for the PI/PD. The purchasing department has established the validity of the vendor and has obtained discounts from the vendor based upon the buying power of the university as a whole or, in the case of a buying consortium, based on the buying power of the group.

Costs analyses are necessary when the price will be negotiated. In this case the sponsoring agency will usually provide the expertise to perform the cost analysis. Where the sponsoring agency cannot provide the expertise, the internal audit function may perform the analysis. The cost analysis is rare and is usually performed for large purchases greater than the SPT. Cost analyses can be avoided by competitive bidding.

In some cases the sponsor agency will allow the inclusion of a brand name or equal item in the proposal. Here it will be the responsibility of the PI/PD to determine if there are several sources or one source for the item. If only one source is available, the PI/PD must document this and name the vendor in the proposal. If there is more than one vendor, the PI/PD must obtain competitive bids from the vendors. A copy of all bids must be attached to the purchase requisition. This approach solves two problems. First, it ensures that the PI/PD has a credible source of the costs placed in the proposal. Second, it provides that the PI/PD has identified sources for the item and can readily obtain quotes.

(5) Minimum Documentation Requirements for Purchases greater than the SPT

When a purchase has a value greater than the SPT, the PI/PD will be responsible for ensuring that the additional requirements outlined in OMB A-110 Section __.46 a, b and c are met. These requirements are (1) basis for contractor selection (e.g. only source, best suited due to technical factors), (2) justification for lack of competition if competitive bids are not received, and (3) basis for award cost or price (e.g. cost analysis - if negotiated price; price analysis - reference vendor published price lists; selection from purchasing department [preferred provider list](#)) must be documented and retained in the file for future review. ORGS and UPD will provide the PI/PD with assistance on large dollar purchases (e.g. development of Request for Proposals and/or Invitation for Bids, maintain records/files, or solicit sources and distribute bid packages, summarize bids).

(6) Receipt of Goods

The university does not send all ordered items through a central receiving area. The person ordering the item is relied upon to verify the accuracy of the items received and record identifying information such as model and serial number for capital assets, which will be placed in a position that prevents access to said information by AM for tagging and recording purposes. When a purchase of goods is funded by a sponsored project the PI/PD is responsible for receiving the items, verifying the accuracy of the items received, recording identifying information for capital assets, providing capital asset information to AM and managing any discrepancies incident to the shipment. If the receiving task is performed by someone other than the PI/PD, the PI/PD will ensure that the designee has the guidance and/or technical expertise to assess that the appropriate items have been received in an acceptable condition, document the items received and report discrepancies when needed. The PI/PDs signature on the supplier invoice will serve as the confirmation of satisfactory delivery of all goods and services. For payment purposes the signed invoice will also serve as the receiving report.

(7) Contract Administration

The PI/PD will be responsible for ensuring that the **technical** requirements of the award are achieved, that costs incurred can be identified specifically with the particular project and are allowable in accordance with OMB A-21 -- "Cost Principles for Educational Institutions" and the project award agreement. ORGS will be responsible for ensuring compliance with the administrative and procedural terms of the agreement. GCA will be responsible for monitoring the costs incurred for reasonableness, allowability and allocability.

II. University Purchasing Department:

(1) Issuance of Purchase Order

The University Purchasing Department will issue the purchase order on the basis of a purchase requisition approved by GCA. No PO will be issued from a purchase requisition without the approval of Grant and Contract Accounting. The PO will have pertinent federal clauses on the back. All vendors are informed by inclusion that they are required to adhere to the requirements outlined by these clauses if they choose to enter into the agreement with the university. Special pass-down clauses, as identified by ORGS, will be inserted on the front of the PO. UPD may issue a contract with standard terms and conditions rather than a PO when the request is for work that is of a service nature to be performed on the campus.

(2) General Requirements Contract Negotiation

The Purchasing Department will maintain a list of preferred providers for the university. This will include identifying product/service needs or responding to requests by departments to negotiate reduced prices with those vendors that will participate. UPD will also arrange for the University's participation

with buying consortiums and provide listings including website links and other contact information. This will prevent the PI/PD from having to search for sources of supply, provide discounted prices and serve as the price analysis for purchases made from referenced vendors. Access to information on negotiated, preferred vendors will be made available for procurement decisions. Upon the request of the PI/PD, UPD will assist by managing the competition of an order (RFP or RFQ as appropriate).

(3) SB/SDB Program

The UPD will assume full responsibility for the SB/SDB database, certification of applicants as SB/SDB, completion of SB/SDB subcontracting plan for major procurement projects, and providing the PI/PD with an up-to-date listing of SB/SDBs and certified vendors.

(4) Check for Debarred or Suspended Vendors

The UPD will check vendors against the list of debarred and suspended (excluded) parties (EPLS) for purchases of \$30,000 or more from a new vendor and periodically (at least annually) for continuing vendors.

(5) Review Vendor Terms and Conditions

Review vendor terms and conditions (t&c), if any, and address inconsistencies with University requirements. This may include removing vendor t&c, replacing them with the standard University t&c, negotiating modification of the vendor's t&c or clarification of items of concern.

III. Legal Affairs:

(1) Contract Legal Review

The legal affairs office is required to review all agreement boilerplates, actual non-standard contracts and leases for terms and conditions, legal accuracy and correctness. The Office of Legal Affairs will rely on the Office of Research Administration to provide all required pass-down clauses, FARs, and any other clauses required by the terms of the contract or grant, OMB Circular A-110 or other related regulations.

IV. Office of Research and Graduate Studies:

(1) Award Abstract (e.g. Grants and Contracts)

ORGS will prepare an abstract of the award outlining the pertinent compliance issues (e.g. passdown clauses, subrecipients, procurements, SB/SDB etc.) and provide to GCA prior to the authorization of expenses (at the time of preaward approval or with Form III approval). All major requirements affecting the PI/PDs ability to purchase the items required to complete the project should be communicated to the PI/PD, GCA and the UPD.

(2) Subagreement Negotiation

The negotiation of all subagreements will be the responsibility of ORGS. It must ensure that all passdown responsibilities are communicated; all agreement clauses are included in the document (e.g. administrative, legal and contractual remedies for breach of contract, unforeseen conditions and default etc.). Subagreements will take the form of subrecipient agreements, subgrants, subcontracts or personal service agreements for consultants.

(3) Contract Administration (OMB A-110 Section __.47)

(a) ORGS will retain a master file of each sponsored project which will contain the original proposal, accepted proposal, award, budget, Form II approval, Form III project initiation, all related

subagreements (subrecipient, consultants, subgrant, subcontracts), all subrecipient compliance material, all correspondence regarding the project with the sponsoring agency and subcontractors.

(b) ORGS will take affirmative steps to ensure that all subcontractors, subrecipients and subgrantees comply with the terms and conditions outlined in the award document. ORGS will rely upon the PI/PD to ensure technical compliance. ORGS will take primary responsibility for administrative and procedural compliance. GCA will monitor costs for compliance with the financial requirements (e.g. reasonableness, allowability and allocability).

(4) Project Purchases greater than \$150,000

(a) Passdown all additional requirements (e.g. legal compliance, small business and small disadvantaged business plan, FARs and special agency requirements etc.)

(b) Aid PI/PD in the performance of the cost analysis and retain results in project master file.

V. Grant and Contract Accounting:

(1) Retention of Disbursement Files

The disbursement file maintained by GCA is the focal point of the external audit. Consequently, this file contains many of the items related to the procurement of project requirements. The file contents, whether in electronic or paper form, include:

- (1) the completed purchase requisitions (including justification pages)
- (2) vendor quotations
- (3) purchase orders
- (4) greater than the SPT - justification of price/cost, sole source awards and vendor selection.
- (5) invoices (also serving as receiving reports after the PI/PD signature) from vendors, subrecipients, subcontractors, consultants and subgrantees.

(2) Review of Purchase Requisition for Completeness

GCA will review the purchase requisition for the completion of all questions on the justification page of the purchase request prior to release to the purchasing department for processing of the purchase order or, in the case of cash/procurement card purchases, release to accounts payable for reimbursement or processing a journal entry for reallocation.

(3) Large Dollar Purchases Files

GCA will maintain the permanent files for large dollar purchases made on POs. ORGS will maintain the permanent files for other items (e.g. Invitation for Bids, Request for Proposals, bid packages, subrecipient cost analysis).

PROCUREMENT PROCESS STEPS

The following steps are provided as a guide through a routine procurement of goods and do not include steps that may be necessary for special circumstances.

- 1. PI identifies the need for goods (supplies, equipment, etc.).
- 2. PI ensures that funds are available within the budget, whether fully funded by the agency/sponsor or cost shared by SMU, and the type of cost is allowable under the terms of the award agreement.
- 3. PI obtains agency prior approval, if required for purchase, through ORGS.
- 4. PI performs the screening and vendor selection processes as outlined above.
- 5. PI initiates the purchase requisition (see detailed instructions on page 11) including, as required:

- Completion of Justification page.
 - Completion of Capital Asset section when capital assets or components are included.
 - Attaching documentation in support of vendor selection, as appropriate.
6. PI routes requisition to GCA for approval. This may be accomplished by mailing or delivering the completed and signed paper requisition or through the electronic requisition process, as appropriate under the eProcurement Procedure.
 7. GCA reviews for budget availability and allowability, requisition contents and attachments. If the requisition is not properly completed and actions are not documented, GCA will return the requisition to the PI. If the budget is classified as restricted and is not adequate to support the purchase or the item being requisitioned is equipment that is not included in the equipment list approved by the agency, GCA will contact ORGS and the PI for a budget revision and/or agency approval.
 8. GCA approves requisition and forwards to Purchasing for further review and generation of purchase order. If the item being purchased is capital equipment, a copy of the requisition is provided to AM to prepare for recording.
 9. Purchasing reviews the requisition and attachments for compliance, checks the vendor for suspension or debarment when applicable, issues purchase order to vendor and provides copy to GCA.
 10. Vendor supplies goods or services to PI or off-site location, if so indicated on the order.
 11. PI receives property, inspects it for condition and quantity and, if capital equipment, records identifying information such as serial number, when not included on the packing slip. PI retains copies of shipping documents.
 12. PI approves vendor invoice. This approval not only authorizes use of project funds for the payment, but also serves as acknowledgement that the goods were received and in good condition.
 13. PI completes Accounts Payable (AP) Payment Request form and attaches invoice. If the purchase is capital equipment, PI attaches copy of packing slip or other form documenting identifying information such as model number, serial number, etc. and forwards to GCA.
 14. GCA reviews for appropriate completion, follows-up with PI when required, rejects or approves as applicable.
 15. GCA forwards original payment request with vendor invoice to AP. GCA retains copies as matched with Purchase Order/Requisition for project file. For capital equipment, GCA provides a copy of the documents to AM.
 16. AP processes the payment request against the purchase order and pays the vendor.
 17. AM enters capital asset item(s) into the Asset Management System and ensures that appropriate tags are affixed to the item(s).

The Purchase Requisition

The Purchase Requisition form is available on-line in pdf with four pages or on-line in Excel with four tabs. This guidance refers to the Excel format but also applies to the pdf by substituting the word 'page' for 'tab'. The first tab is the requisition, the second tab is available as a continuation of the order as needed, the third tab is the justification page, and the fourth tab contains definitions of some terms used on the form. To access a fillable requisition form in Excel please click here: [Go to Requisition Form - click here](#)

Tab 1 of the file is the first page of the requisition. If the purchase is a Capital Asset (unit price \$5,000 or more), fill in the Capital Asset section of this page. Location is the building and room where the item will be housed. If the item is a component of another Capital Asset, enter the description and/or asset tag number of the item to which it belongs. Custodian/Responsible Party is normally the PI/PD.

Asset Management will use the combination of Custodian, Department and Location for tagging and recording purposes.

Sponsor Name is the name of the agency that provided the funds and Sponsor Award # is the award number on the grant or contract document.

Tab 2 is a continuation page. More than one may be filled out, if necessary to complete the order. It is not necessary to include this page if it is not filled out.

Tab 3 (Justification) is required for all procurements funded by Sponsored Projects (Grants or Contracts). See detailed instructions that follow.

Tab 4 is a list of definitions of some of the terms used on the requisition and justification. It is not necessary to include this page with the completed requisition.

If you anticipate making several purchases, you may fill in the basic, recurring information and save the requisition for future use.

TAB 3 OF THE PURCHASE REQUISITION:

The justification page of the purchase requisition (tab 3) will provide the PI/PD a guide on procurement matters using a series of questions. There are additional steps required if the value of the item exceeds the SPT, currently \$150,000.

The questions are divided into four sections: (1 and 2) general and items less than \$150,000, (3) items greater than \$150,000 and (4) items which may require sponsor agency approval.

WHAT THE QUESTIONS ON TAB 3 OF THE PURCHASE REQUISITION MEAN

Section 1) General

Question 1 addresses the OMB A-110 Procurement Standards Section__42 requirement that the University have a policy on conflict of interest. PI/PDs should familiarize themselves with this policy and conduct themselves accordingly. The acceptance of the responsibilities outlined here places them in the category of employees with administrative responsibilities and thereby binds them to compliance.

Question 2 addresses the OMB A-110 requirement that the procurement process encourage open and free competition. When writing the specifications for a particular item, the PI/PD must be very careful not to include requirements that will exclude potential bidders or favor a particular vendor. Specifications do not have to be elaborate but simply state what is needed to satisfy the requirements without bias. If bias is necessary in the specifications the PI/PD must provide justification.

Question 3 addresses the prevention of duplicate or unnecessary purchases of materials, equipment and supplies. Due to the lack of centralized receiving and central inventory control and the diverse nature of items purchased, each PI/PD will be required to, at a minimum, inquire of his department colleagues as to whether the item is available for use prior to purchase. Another source of information regarding the availability of equipment is the asset management section of the Controllers office where major assets that exceed the capitalization requirement (\$5,000) and have a life of at least two years are recorded. If the item does exist, a determination must first be made as to whether the item can be used on the inquiring PI/PD's project. If the item was purchased by a federally sponsored project, permission from the original sponsor agency may be required prior to transferring it to another project.

Question 4 encourages the PI/PD to utilize SB/SDB (small business/small disadvantaged business, women-owned/veteran-owned business and other under-utilized businesses) vendors whenever possible and is encouraged by OMB A-110 Procurement Standards Section __.44(b). SMU must show that **positive efforts** are being made to utilize these businesses as much as possible. The UPD will make efforts to include as many SB/SDBs as possible in the negotiated vendor list and provide a list of SB/SDB upon request or by on-line inquiry on the UPD website at [Minority and Small Businesses](#). If the PI/PD does not search this list and answers "No" to the question, he or she must explain why in the section provided.

Section 2) For Procurements between \$3,001 and \$149,999

This section lists the ways that the PI/PD can satisfy the requirement that every procurement action must be subjected to a cost or price analysis. The questions on the justification page of the purchase requisition are designed to provide the PI/PD with a quick and effective method of procuring the items. The most effective way for the PI/PD to satisfy the cost/price analysis requirement is to use a vendor from the UPD [preferred provider list](#), buying consortium or university negotiated standing vendor contract. The UPD or the buying consortium has already negotiated with the vendor. When a suitable vendor is not on one of the lists or under contract, the PI/PD selects his own vendor. The PI/PD can take the quotes verbally but the federal regulators and auditors prefer written quotations. The PI/PD must indicate which option he chose to obtain the required item. Note that a sole source must be briefly explained as to why no more than one vendor quoted a price on the item.

Section 3) For Purchases Greater than the SPT/Simplified Acquisition Threshold (\$150,000)

OMB A-110 Section __.46 requires that the records and files for items with a cost greater than the SPT must have documentation stating the following: (a) basis for contractor selection (b) basis for the award cost or price and (c) if applicable, justification for the lack of competition for the award. The questions are to be answered as stated and documentation attached to the purchase requisition (e.g., quotes etc.).

Section 4) Issues

This section provides a reminder that general purpose equipment and special purpose equipment with a value greater than \$5,000.00 may require approval of the sponsor agency.