Guidance Memo: Purchasing Goods and Services on Sponsored Awards

**Responsible Office:** Sponsored Programs Administration (SPA), Procurement Services and Contract Management (PSCM)

**Responsible Officer (title only):** Director, Sponsored Programs Administration, Director, Procurement Services and Contract Management

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**University Policy Reference:**Purchasing Goods and Services on Sponsored Awards, Competition Requirements for Small Purchases Greater than or Equal to $20,000

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# Purpose

To establish standards to properly acquire goods and services for sponsored programs.

# Procedures

When purchasing goods and services on sponsored awards, certain documentation and competition requirements must be met based on the dollar value of the purchase. Purchases that do not follow the correct procedures are considered unallowable and such costs cannot be charged to the sponsored award.

These requirements also apply to any purchases used to meet matching or cost sharing requirements.

Because most sponsored awards are subject to Uniform Guidance, SPA policy and related guidance applies these guidelines to all purchases on sponsored awards. SPA may consider exceptions to these specific requirements when allowed by the award.

# General Considerations for all Purchases

## Price Reasonableness

A “reasonable” price means a “fair market price” based on normal competitive conditions. It does not necessarily mean the lowest price. Methods to establish price reasonableness include:

* Comparison between multiple quotes from different vendors
* Comparison of price quotes with industry publications
* Comparison of price quote(s) with other governmental entities

The general expectation is that all factors being equal, the vendor selected will be the vendor offering the lowest price. If this is not possible, it is important to document the reason for selecting a higher price vendor. Factors may include:

* Item is only available from one source (sole source)
* Emergency or scheduling requirement (e.g., need to avoid loss of research data)
* Expected processing time (i.e., quicker service to meet scope deliverables and timelines)
* Need for research or programmatic compatibility
* Personal knowledge of the item being purchased

Principal Investigators are best positioned to make these determinations and are responsible for demonstrating price reasonableness for all purchases and for providing documentation supporting their purchase decision, regardless of dollar value, upon SPA or PSCM request.

## Documentation Thresholds

### Under $20,000 (Micropurchase)

**Requirements:** Price reasonableness and distribution of purchases across qualified suppliers or use of existing University wide pricing agreements (including [Illinois Public Higher Education Cooperative IPHEC](https://www.iphec.org/vendors) approved vendors).

**Documentation:** No submission of formal quotes or documentation of price reasonableness is required. Selection should be based on quality and cost.

Investigators should establish a clear record keeping system for filing quotes or vendor screenshots, phone or email inquiries with vendors, and any other extemporaneous information to support vendor selection and be prepared to provide this information in the event of audit or other SPA or PSCM request.

**Purchasing Procedures:**

* [P-Card](https://www.niu.edu/procurement/card-services/index.shtml)
* [Check Request](https://www.niu.edu/controllers/aps/forms/index.shtml)
* [Purchase Requisition (P2P0)](https://www.niu.edu/procurement/electronic-purchase-requisition/index.shtml)

### $20,000 - $99,999 (Small Purchase)

**Requirements:** Price reasonableness and distribution of purchases across qualified suppliers or use of existing University wide pricing agreements (including [Illinois Public Higher Education Cooperative IPHEC](https://www.iphec.org/vendors) approved vendors).

**Documentation**: Obtain at least three quotes and document purchase decision via the NIU Procurement Small Purchase Summary Form. Attach the Small Purchase Summary Form to the Purchase Requisition in P2P0. Vendor selection should be based on quality and cost. Multiple quotes are not required when using an IPHEC approved vendor or other existing University wide pricing agreement or if purchasing from a [General Services Administration](https://www.gsaadvantage.gov/images/products/elib/pdf_files/66.pdf) approved vendor.

If it is known at the time of proposal submission that only one vendor is available, explain in the budget justification why a noncompetitive (i.e., sole source) procurement is necessary. It is recommended that PIs complete the Small Purchase Waiver Form to document actions taken at pre-award to support the sole source. Doing this may allow NIU to meet the Uniform Guidance criterion that allows sole source when *“The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity’.*

See Sole Source Frequently Asked Questions for additional guidance.

**Purchasing Procedure:**

* [Purchase Requisition (P2P0)](https://www.niu.edu/procurement/electronic-purchase-requisition/index.shtml)

### $100,000 + (Large Purchase)

**Requirements:** Competitive proposal proceduresincluding sealed bids for construction projects.

**Documentation:** Competitive Bid Forms, Sole Source Request (if applicable), Cost/Price Analysis Prior to Receiving Bids, Requests for Proposals Require Public Posting and Must Identify All Factors and Their Relative Importance, Methods Used to Technically Evaluate Proposals and Select Vendor Selection

**Purchasing Procedures:**

* Invitation for Bid (IFB)
* Request for Proposal (RFP)
* Sole Source
* Emergency Purchase

# Roles and Responsibilities

## Principal Investigator (PI)

* Adhere to all University procurement policies and procedures including conflict of interest
* Ensure that all purchases are allowable and 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 to comply with purchasing policies
* Ensure supplier performance (i.e. scope of work) is in accordance with the award and the issued contract or purchase order and contact the SPA Grants and Contracts Associate and Procurement Services and Contract Management team 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 the scope of work expectations.
* Approve payments in a timely manner and any progress reports required of the vendor
* Review award budget with your department upon receiving your award to identify procurement actions and begin appropriate purchasing processes; confirm funds are available to cover the purchase
* Respond to information requests by SPA to determine allowability and reasonableness of the purchase or service
* Respond to information requested by PSCM to complete purchases process according to threshold and need

## Department

* Assist PI in completing necessary purchasing paperwork or P-Card and P2P0 transactions
* Review purchasing paperwork to make sure requests are complete

## Sponsored Programs Administration

* Evaluate purchase for allowability
* Ensure purchasing requisitions include documentation as required in this guidance
* Approve payment to vendor based on receipt of PI approval that terms and deliverables have been met

## Procurement Services and Contract Management

* Evaluate and guide the PI towards the appropriate procurement mechanism (e.g. IFB, RFP,
* etc.)
* Maintain documentation supporting the procurement history and purchase for small and
* large purchases
* Incorporate necessary contract provisions for federally funded procurements