



**Division of Research  
University Policy**

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| <b>SUBJECT:</b><br>Procurement Policy for Sponsored Programs | <b>Effective Date:</b><br>11-01-2008  | <b>Policy Number:</b> |                |
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|  | <b>Responsible Authorities:</b><br>VP Division of Research<br>Director Purchasing |                       |                |

**I. Background**

Florida Atlantic University is required to comply with Procurement Standards in accordance with OMB Circular A-110.

**II. Purpose**

The purpose of this policy is to establish uniform guidelines for the procurement of supplies and other expendable property, equipment, real property and other services with sponsored funds.

**III. General Statement**

The Purchasing Department and the Division of Research are available to answer questions and provide assistance regarding the requirements of this policy.

**IV. Policy**

Purchasing Department Overview: The Purchasing Department’s main mission is to provide cost effective, expedient procurement services in accordance with state regulations and university guidelines. This includes the administration of public requests, contract formation and negotiation, conducting public bid openings, evaluating proposals, promoting sustainability initiatives, helping to protect the legal rights of the university and enforcing strict ethical guidelines. Florida Atlantic University’s centralized procurement process allows for the strategic sourcing of goods and services while considering economies of scale that would otherwise be lost in a decentralized system. This includes the use of consortia based contracts, the ability to pool orders for volume based discounts and the concept of leveraging the spend with other

entities. The complete Policies and Procedures for the Purchasing Department are located at <http://www.fau.edu/purchasing>.

Conduct of Employees engaged in Procurement: All University personnel engaged in the procurement process and related activities shall conduct business dealings in a manner above reproach in every respect. Transactions relating to expenditure of public funds require the highest degree of public trust to protect the interests of the University. All University personnel engaged in the purchasing cycle, including the President, Vice Presidents, Deans, Chairpersons, Directors, budget committee members, initiators of requirements and their supervisors, receiving personnel, finance and accounting personnel, pCard holders, and all members of Purchasing are bound by the standard of conduct for public officers and employees set forth in Chapter 112, Part 3, Florida Statutes and Florida Atlantic University Rule on University Ethics, Rule 6C5-5.013, F.A.C

Conflict of Interest: Except as may be permitted by the rules of Florida Atlantic University, it shall be a breach of ethical standards for any employee of the University to participate directly or indirectly in the purchasing process when the employee knows that:

- A. He/she or any member of his/her immediate family will benefit from a University purchasing transaction;
- B. A business or organization in which he/she, or any member of his/her family, (spouse, children, parents, brothers and sisters) has a financial interest and will benefit from a University purchasing transaction; or
- C. Any other person, business or organization with whom he/she or any member of his/her immediate family, is negotiating or has an arrangement for employment and will ultimately benefit from a University purchasing transaction;
- D. All employees having a financial interest in a private concern shall file a statement annually with the University disclosing such interest;
- E. All individuals taking part in the development or selection of criteria for evaluation, the evaluation process, and the contract award process in any purchase shall be independent of, and have no conflict of interest in the entities evaluated and selected.

Fair Competition: Unless otherwise exempt, university purchases shall ensure free and fair competition. General monetary limits and levels are set fourth as follows

- A. \$12,500 – Formal Quote Level. Two or more competitive quotes are required in writing;
- B. \$25,000 - Formal two-party contracts may be required for subcontracts in excess of \$24,999.

- C. \$50,000 - Formal competitive bids, (ITB/RFP/ITN) are required on purchases of commodities, contractual services, deferred payment and revenue generating contracts in excess of \$49,999.

Sponsored Programs Exemption: The sponsored programs exemption gives the Division of Research the authority to exempt from the bidding procedure certain purchases made with research funds which would provide for the more efficient and expeditious management of a research project. The Division of Research may exempt a contract from certain general requirements by certifying that one or more of the following conditions exist:

- A. A certain vendor is specified as a prime contract or grant award.
- B. A certain vendor is specified in writing by the prime contractor or granting agency in accordance with the provisions of the prime contract or grant award.
- C. The purchase of specific goods or services from a certain vendor can be demonstrated to be more efficient or expeditious based on compatibility, availability or the current capabilities of the principal investigator and staff.
- D. The purchase of specific goods or services from a certain vendor can be demonstrated to be necessary to meet time requirements of the prime contract or grant award.
- E. The purchase of specific goods or services from a certain vendor can be demonstrated to be mandated by scientific or technical requirements.

Sponsored Programs Exemption forms are available at <http://www.fau.edu/research/osr/forms.php>.

Purchases for the Institution or Program: All purchases shall support the needs of the university or program, and shall not be personal in nature. The expenditures for the items listed below are prohibited unless expressly provided by law, or expressly referenced in the grant, or otherwise exempt.

- A. Congratulatory telegrams
- B. Flowers and/or telegraphic condolences
- C. Awards and Plaques
- D. Entertainment
- E. Refreshments, such as coffee and doughnuts
- F. Decorative items, such as globes, statues, potted plants, desk lamps, picture frames, and wall hangings
- G. Christmas or other greeting cards and postage for such cards
- H. Personal subscriptions to magazines and trade journals
- I. Desk pen sets
- J. Coffee and coffee brewing devices
- K. Portable heaters
- L. Fans, for personal use

- M. Refrigerators for personal use
- N. Stoves and microwave ovens
- O. Smoke filters and smokeless ashtrays
- P. Various decorative items
- Q. Clothing (except approved uniforms)
- R. Promotional materials and/or advertising expenses
- S. Personalized printed materials such as envelopes and stationary, except business cards

Lease Purchases: It shall be the responsibility of the Purchasing Department to evaluate whether a lease is economically prudent and cost-effective. Leases may be evaluated to determine if they transfer substantial benefits and risks inherent in the ownership of the property (capital lease), using the following criteria:

- 1) By the end of the lease term, ownership of the leased property is transferred to the lessee.
- 2) The lease contains a bargain purchase option.
- 3) The lease term is equal to 75% or more of the estimated useful life of the property.
- 4) The present value of rental and other minimum lease payments equal or exceed 90% of the purchase price of the leased property.

Formal Solicitations and Bid Specifications: Purchases of contractual services, commodities or deferred payment contracts in excess of \$49,999 shall not be made without attempting to secure formal competition, unless otherwise exempted. Formal solicitations shall be administered through the Purchasing Department and may include Invitations to Bid, Requests for Proposals and Invitations to Negotiate. For the purposes of determining the bidding threshold the total cost of the requirement may include any options, add or deduct alternates, and trade-ins, over the life of the contract.

Availability of Procurement Documentation: The Purchasing Department is responsible for the administration and maintenance of all procurement records and documents. Copies of these documents may be obtained through the records request process.

Basis for Contractor Selection: The Purchasing Department has the authority to develop specifications, selection and solicitation of sources, and prepare award of contracts for commodities and services, often working in tandem with the Principal Investigator or his/her designee. In formal competition, the documentation to support the award and basis for selection of a contractor shall be maintained by Purchasing and shall include:

- A. A copy of all advertisements,
- B. A copy of the proposal specifications,
- C. A copy of all bids/proposals received,
- D. A synopsis of the University's findings for award, and
- E. A publicly announced selection by the University.

Ensuring Contract Conformance: Contracts are developed in accordance with the University's Purchasing manual [www.fau.edu/purchasing/files/Purchasing\\_Manual.pdf](http://www.fau.edu/purchasing/files/Purchasing_Manual.pdf) as maintained by the Purchasing Department. University agreements represent clear milestones and deliverables

which shall be approved by the administrator of the contract (Principal Investigator or his/her designee) prior to any payment(s) being made. The Purchasing Department must be notified by the Principal Investigator as soon as any issues of vendor non-compliance, delays, changes to the scope, etc. become known.

**V. Annual Review of Procedures Manual**

The Funding in Anticipation of Award Policy will be reviewed annually.