



Procurement Procedure

As of 4-19-2011

Purpose:

Procurement Services is tasked to support the research mission of the Veterans Medical Research Foundation (VMRF) by purchasing goods and services in a timely and cost effective manner, complying fully with funding agency requirements as well as good business practice.

Overview:

Federal and state law governs expenditure of certain funds. Requisitions submitted for the acquisition of goods or services using federal funds must be reviewed by the Contracts and Grants Administrator and Principal Investigator to ensure conformance with the proposed work, VMRF policies and procedures, and current federal regulations. The Contracts and Grants Administrator must flag the project number as a federal grant for the Procurement Department.

The Procurement Department must also ensure the awarded vendor is not on any federal or state excluded, suspended, or debarred list. Federal guidelines (FAR 9.405-2 and FAR 52.209-6) prohibit subcontracting of federal funds in excess of \$25,000 to an organization or an individual who is debarred, suspended, or proposed for debarment, unless there is a compelling reason to do so. Any transactions proposed with a federally debarred, suspended or proposed for debarment entity or individual must be approved by the VMRF Chief Executive Officer (CEO), Chief Financial Officer (CFO), or Controller. A list of such entities can be located at <http://www.epls.gov>. In addition, VMRF may

prohibit the use of certain vendors if past experience, legal action, or factors warrant an exclusion. A list of such entities is available from the Controller.

When possible Veterans Medical Research Foundation selects vendors who have identified themselves as small business, veterans owned, minority owned or women owned and who offer competitive prices and quality products and services.

To properly protect the Foundation from liability, no commitment (verbally or in writing) should be made to a vendor without an authorized VMRF Purchase Order number.

Purchase Order numbers may be requested from the VMRF Procurement Department.

Application:

Procedure

Originating Office:

- Submit a Purchase Order request form to the VMRF Procurement Department which contains a description or specification that is adequate to obtain competitive pricing.
- VMRF requires three (3) formal bids through the Request for Proposal Process (RFP) on all purchases of \$50,000 or more, and three (3) quotations on purchases of \$10,000 to \$49,999. Exceptions may be made for professional services and brand or trade name products or proprietary services available only from a sole source; or are designated to match others in use at a particular qualified institutional location. Purchases under \$10,000 may be processed without obtaining formal quotes or competitive bids.
- For purchases of \$50,000 or more, the description or specification must not favor one brand or trade name article, manufacturer or supplier over others. If the requisitioner, typically the Principal Investigator, obtains bids from vendors,

those bid documents must be submitted with the requisition. The Procurement Department must assure that the vendors submitting bids are as qualified as the vendor of choice.

- To justify sole source on purchases of \$50,000 or more, the Purchase Order request must be accompanied by a Sole Source Justification Form describing the features of a brand or trade name that only that product or service will fulfill, to the exclusion of all others. All such statements become a part of the purchase contract file and must be defensible at time of audit.

What are Sole Sources?

Sole sources are:

- a vendor, or a distributor, with whom Procurement has negotiated a contract based on competitive bidding;
- a vendor, or a distributor, given an exclusive right to sell in a geographic area;
- a vendor who supplies equipment to a requisitioner who needs matching or coordinating equipment.

Sole sources are not:

- a manufacturer or distributor supplying goods or services not essential to research, in competition with other manufacturers of like goods or services of equal quality;
- a vendor of personal choice or convenience

Sole Source Justification for Purchases of \$50,000 or More

The Federal Acquisition Regulation (FAR) and Office of Management and Budget (OMB) Circular A-110 provide guidelines for procurement standards that require a bidding process when selecting a vendor.

Justification is required for purchases made without such a process.

1. The requisitioner must complete a Sole Source Justification Form, which lists the reasons for the vendor selection.
 - Reasons must be specific and based on factual information that relates to the use of the item or service in the requisitioner's work or research.
 - Single source vendor quotations will be compared to quotations received from vendors of the same or comparable equipment; the requisitioner will be asked to prepare the justification sheet in terms of paying higher costs for the specified item/service.

Documentation

The Procurement Department will document the industry or markets involved, and/or document their opinion of the reasonableness of the requirement's cost provided by the requisitioner. Appropriate documentation includes:

- comparison of the requirement to analogous items or items containing the same or similar components, or
 - consideration of the cost of development or of the singular benefits to be obtained by the requisitioner, as supplied within the requisition.
2. The Procurement Department may determine that insufficient evidence has been provided to justify the requisitioner's instructions to buy from a sole source. In that case, details of the transaction, together with details of possible alternatives, may be sent to the Controller for specific approval prior to issuing the order. The decision of the Controller may be appealed to the CEO or CFO.
- It is not allowable to split orders to avoid the need for competitive bids or sole source justification.
 - Support the Purchase Order request with factual, auditable statements of need.
 - To the extent possible allow ample planning time for purchase of the goods or services. If the items are time sensitive clearly indicate this on the Purchase Order request.

Procurement Department

- Bids of \$50,000 or more shall be secured or confirmed in writing by a Procurement Department designee and reviewed and authorized by the VMRF Chief Executive Officer.
- Quotations from \$10,000 to \$49,999 may be secured in writing by the Procurement Department designee.
- Quotations less than \$10,000 may be secured verbally by the Procurement Department designee.
- All information necessary to prepare and submit bids/quotations shall be given equally to all suppliers solicited.
- The right shall be reserved to accept or reject bids/quotations on each item separately or the bid/quotation as a whole.
- The Procurement Department designee will forward to each vendor a Veterans Medical Research Foundation Supplier Diversity Program Questionnaire for them to fill out and return.
- The Procurement Department designee will be responsive to requests for goods or services; will maintain liaison with the user department on the status of the order until receipt of goods or services; and will maintain compliance with granting agency requirements as well as established federal and state law.