

Policy: Procurement

1.0 Purpose

The purpose of this policy is to promote open and free competition in procurement transactions to the maximum extent practical, so that procurements are priced competitively and meet the technical, programmatic, and/or performance requirements of the purchase.

2.0 Scope

This policy is compliant with the procurement standards in the OMB Uniform Guidance as codified in 2 CFR Part 200. The policy governs all procurement transactions made, whether the purchases are made using Unrestricted Funds or funds from a sponsored program or contract

3.0 Policy

Procurements of goods and services charged directly to federal awards must comply with the procurement requirements of the Uniform Guidance, 2 CFR Part 200, and the debarment and suspension provisions of 2 CFR Part 180. In addition, all purchases must comply with all terms and conditions of the funding source and must be used as authorized by VHA Handbook 1200.17. Funding must be immediately available in the requestors account to cover costs. Some exceptions may apply, as with the example of a federal grant.

Conflict of Interest, Regardless of Funding Source

All purchasing activities conducted on behalf of VHF, regardless of funding source-, must follow the standards outlined in Appendix A. These standards are intended as a supplement to VHF's existing conflict of interest policies.

- A. VHF receives significant funding from federal sources and **must** comply with the federal regulations for purchases with federal funds as well as expenses transferred onto federal funds. See Appendix B for a summary table of purchase requirements. These purchases are reviewed by the VHF administrative offices for compliance with federal regulations (i.e., Debarment) and are subject to internal and external audit. **PIs and their authorized designees are required to provide the Accounting Office with back-up documentation and retain a copy on file for federal auditors. Examples of documentation include bids, quotes, and cost/price analyses.**
- B. Goods or Services < \$10,000: A VHF Vendor Justification Form (VJF) is not required.
- C. Goods or services > \$10,000 to \$250,000: Purchasers must complete the VJF and provide backup documentation to the Accounting Office. Expenses transferred onto federal funds must meet the VJF criteria; however, the VJF is activated only when federal funds are used.

Note: A subaward formally negotiated through and signed by VHF does not require a VJF since the award's scope of work and terms should adequately reflect vendor selection justification and contain debarment language.

- D. Purchases >\$250,000: A formal bid process with three (3) written quotes is required for purchases greater than \$250,000. Quotes must follow competitive proposal guidelines (or sealed bids if construction). A competitive bid proposal requires that a formal Request for Quote (RFQ) or Request for Proposal (RFP) be publicly advertised.
- E. Avoid wasteful or duplicative purchases: The Uniform Guidance requires VHF to consider ways to prevent the purchase of unnecessary or duplicative items. In addition, when possible, purchasers should compare the costs of leasing versus buying, and assess the feasibility of consolidating, breaking out purchases or sharing a product or service to reduce overall costs.

All Funds Other Than Federal

Follow fund terms and best practices for purchases with any non-federal funds. Typically, only purchases made with federal funds must comply with the terms of Uniform Guidance. However, note that any expenditures transferred to a federal award **must** comply with the Uniform Guidance and the terms of the award, even if the purchase was originally made with non-federal funds.

Likewise, purchases transferred to other funds **must** comply with sponsor or donor terms, if applicable, even if the purchase was originally made with unrestricted funds. See Appendix B regarding a summary table of best practices when using non-federal funds.

- A. Goods or services ≤\$10,000: for purchases with a total value of \$10,000 or less, the purchaser may use their discretion to select a responsible supplier to purchase goods or services.
- B. Goods or services > \$10,000 to \$250,000: for purchases greater than \$10,000 to \$250,000, if a VRFP-preferred vendor is not available (or a purchaser believes there is an opportunity to acquire the good or service for a lower cost, taking the total cost of ownership into consideration), purchasers should obtain at least two quotes (three or more is best practice) from qualified suppliers. See Appendix B regarding a summary table of best practices when using non- federal funds.
- C. Goods or services >\$250,000: for purchases greater than \$250,000, purchasers should conduct a formal bid process from at least two vendors (three or more is a best practice). Contact the VHF administrative offices if you have questions regarding obtaining bids.
- D. Wasteful or Duplicative Purchases: A best practice is to consider ways to prevent the purchase of unnecessary or duplicative items.
- E. Not engage in transactions with any parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities pursuant to Executive Orders 12549 and 12689, 2 CFR part 180.

VHF purchasers are encouraged to create a climate of inclusion and support of diverse and disadvantaged businesses. This category includes disadvantaged, minority owned, women owned, small, veteran-owned and service-disabled veteran-owned businesses. Whenever possible, purchasers are encouraged:

1. Identify and place qualified diverse and disadvantaged businesses on solicitation lists;
2. Assure that such businesses are solicited when they are potential sources;
3. Divide total requirement, when economically feasible, into smaller tasks or quantities to permit maximum participation by such businesses;
4. Establish delivery schedules, where requirements permit, which encourage such business to respond; and,
5. Use service and assistance from such organizations as SBA and the Minority Business Development Agency of the Department of Commerce.

4.0 Procedures

- A. A "Purchase Order (PO)" form is required for the procurement of all of goods and services, except for travel authorization, or expense reimbursements which require the preparation of a separate form. All completed forms should be submitted to VHF for processing.
 - i. Please ensure that the PO or applicable request form provides a clear justification for the purchase and how it pertains to research and/or education.
- B. Requests for Goods and Services supported by unrestricted or residual funding will submit a completed PO to VHF for review and approval by the ED.
- C. Every effort will be made to achieve delivery as requested in the "Date Required" field. The project account will be charged for any increased shipping costs resulting from rush orders. Any questions or problems with the order, e.g., significant price difference, back orders, discontinued products, will be conveyed to the contact information provided on the PO.
- D. If you are not utilizing a preferred vendor, please submit your PO with ample time to allow for account setup.
- E. All purchases for sponsored research projects must be reasonable and necessary for the performance of the project as well as allowable and allocable under the terms and conditions set forth in the agreement.

There will be a delay in placing the order or providing reimbursement until proper documentation is received.

Written documentation is required for personnel authorized to sign on accounts other than the PI. Using the "Delegation of Authority" form the PI will identify all individuals who have signature authority for requesting disbursements from the account.

If an order is not received within the expected time frame, the intended recipient should notify the Administrative office, which will follow up regarding anticipated delivery. Upon delivery, packing slips are retained by the office and should be attached to the PO. Payments are made after an invoice is received and matched to the corresponding PO and packing slip. If a packing slip is lost or not provided the purchaser will be required to complete a Packing Slip

Replacement form. Some purchases may be made with the credit card if required by the vendor and upon approval by the ED.

The ED is the only official authorized to commit expenditure of funds. The ED will review and approve all expenditures and determine the appropriateness of the request. If an expenditure request is determined inappropriate within the defined policy, the account holder may request a review and final determination by the Executive Committee at its next scheduled meeting

5.0 Definitions

Bid: A request to suppliers to make submissions to a purchasing organization. One of the critical documents in the solicitation is the specification or statement of work. It may be called a request for proposal (RFP), request for response (RFR), a request for quotation (RFQ), or a request for information (RFI).

Competitive Proposal: Used for purchases over \$250,000 made with federal funds. Requires advertising, includes a written method for conducting the technical evaluation, responses must be solicited from two or more sources, the award is fixed-price or cost-reimbursement contracts. The contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors.

Contract: An agreement having a lawful object entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them.

Contractor: A supplier providing goods or services to VHF. For purposes of this policy, the term "contractor" is used interchangeably with the term "vendor."

Micro Purchases: VHF has defined a micro-purchase as purchases of \$10,000 or less. A micro-purchase does not require competition or a cost/price analysis but should be distributed equitably among qualified supplies (to the extent practicable).

Non-Competitive Proposal or Bid (also known as Single Source): Used when choosing a specific company and bypassing the competition. One or more of the following must apply: 1) public emergency procurement will not permit a delay in competitive solicitation, 2) after solicitation of a number of sources, competition is determined inadequate, 3) awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented), or 4) continuity of existing research/work.

Quote: A written statement of promise (submitted usually in response to a request for quotation) by potential supplier to supply the goods or services required by a purchaser, at specified prices, and within a specified period. A quotation may also contain terms of sale and payment, and warranties. A quote may sometimes be called a proposal.

Sealed Bid: Used for construction projects more than \$250,000. Formal solicitation is required and the fixed price (lump sum or unit price) is awarded to the responsible bidder who meets all terms and is lowest in price.

Selected Source: Alternate vendors exist, but the buyer chooses a particular vendor because of technical requirements (precision, reliability) or past performance by other vendors (poor service, availability of parts).

Single Source (also known as non-competitive bid or proposal): Used when choosing a

specific company and bypassing the competition. One or more of the following must apply: 1) the item is available only from a single source, 2) public emergency procurement will not permit a delay in competitive solicitation, 3) after solicitation of a number of sources, competition is determined inadequate, 4) awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented), or, 5) continuity of existing research/work

Small Purchase: VHF has defined a small purchase as between \$10,000-\$250,000 and obtaining two quotes as an adequate number.

Sole Source: A designation for a vendor whose product or service is unique, and, to the best of the user's knowledge, the vendor is the only known source (worldwide) from whom the product or service can be purchased.

Solicitation: A request to suppliers to make submissions to a purchasing organization. One of the critical documents in the solicitation is the specification or statement of work. It may be called either a request for proposal (RFP), request for response (RFR), a request for quotation (RFQ), or, a request for information (RFI).

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: also known as Uniform Guidance or 2 CFR 200 is a government-wide framework for grants management and is an authoritative set of rules and requirements for federal awards that synthesizes and supersedes guidance from earlier OMB circulars.

Vendor: A supplier providing goods or services to VRFP. For purposes of this policy, the term "vendor" is used interchangeably with the term "contractor" (see definition above).

Vendor Justification Form (VJF): a form used to justify sole source selection and cost or price analysis, required for all purchases greater than \$10,000 made with federal funds, cost-share funds or expenses transferred onto federal funds.

APPENDICES

Appendix A: Responsibilities of Purchasers and Conflict of Interest Standards

Appendix B: Summary of Purchasing Procedures

Appendix C: Vendor Justification Form (VJF)/Price Verification Form (VJF)

Appendix A

Responsibilities of Purchasers and Conflict of Interest Standards

All individuals conducting purchasing activities on behalf of VHF **must** avoid conflicts of interest in their purchasing decisions, including but not limited to the following:

<ul style="list-style-type: none">• Avoid the intent, appearance, and conduct of unethical or compromising practice in relationships, actions, and communications, including with affiliates.
<ul style="list-style-type: none">• Demonstrate loyalty to VHF by diligently following the applicable laws, policies and procedures using reasonable care and only the authority granted as an agent purchasing on behalf of VHF.
<ul style="list-style-type: none">• Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of VHF. A conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
<ul style="list-style-type: none">• Avoid procuring goods or services from a vendor who participated in advising, developing or drafting the request for proposals or bidding criteria.
<ul style="list-style-type: none">• Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts; such as the acceptance of material gifts or entertainment, or any kind of favors or services from present or potential suppliers that might influence or appear to influence procurement decisions.
<ul style="list-style-type: none">• Handle information of a confidential or proprietary nature to VHF and/or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations. Bids and quotes submitted to VHF are to be held in strictest confidence.
<ul style="list-style-type: none">• Promote positive supplier relationships through courtesy and impartiality in all phases of the procure-to-pay cycle.
<ul style="list-style-type: none">• Do not use VHF vendor accounts for personal purchases or use VHF buying power for personal benefit.
<ul style="list-style-type: none">• If an individual believes that they may have a conflict of interest, the individual must promptly and fully disclose the conflict to their supervisor and suspend participation on the purchase until the conflict question has been resolved. The supervisor is responsible for documenting the conflict and elevating it to the VHF Operations Manager. The supervisor in conjunction with other relevant offices will assess the conflict and determine if the purchaser can resume participation or if a management plan is needed. This section is not meant to replace or detract from the existing VHF Financial Conflict of Interest Policies.

Violations of the above standards will be considered serious misconduct and will be referred for disciplinary action.

Appendix B: Summary of Purchasing Procedures

Methods of Procurement when using Federal or Federal Flow Through Funds

Total Purchase Amount	Requirement for Solicitations of Bids or Proposals
up to \$10,000(micro purchase)	No requirement for solicitations of bids or proposals. When the same suppliers are used repeatedly or on an ongoing basis for various procurements within this range, pricing and quality of the goods and services must be reviewed periodically and the results maintained in a supplier procurement file.
\$10,000, to \$250,000(small)	Solicitation of bids or proposals required, and procurement requires selection from a minimum of two written or verbal quotes.
over \$250,000	Solicitation of written bids or proposals required, and procurement requires selection from a minimum of three written bids or proposals. Also, requires a cost or price analysis which at a minimum should include making independent estimates before receiving bids or proposals.

Methods of Procurement when using Non-Federal Funding Sources

Total Purchase Amount	Requirement for Solicitations of Bids or Proposals
up to \$50,000	No requirement for solicitations of bids or proposals. When the same suppliers are used repeatedly or on an ongoing basis for various procurements within this range, pricing and quality of the goods and services must be reviewed periodically and the results maintained in a supplier procurement file.
\$50,000 to \$250,000	Solicitation of bids or proposals required, and procurement requires selection from a minimum of two written or verbal quotes.
over \$250,000	Solicitation of written bids or proposals required, and procurement requires selection from a minimum o

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Appendix C: VENDOR JUSTIFICATION(VJF)**

PO # _____

DATE _____

VENDOR _____

Purchased with: Federal Funds Non-federal Funds

ORDER THRESHOLDS

Check appropriate boxes, complete required fields and send to vrfpbilling@va.gov.

<input type="checkbox"/>	≤\$10,000 - Vendor Justification Form (VJF) not required. No further requirements.
<input type="checkbox"/>	>\$10,000-\$250,000 (Select vendor and bid type below)
<input type="checkbox"/>	Non-competitive/Sole Source Vendor: Procurement through solicitation of a proposal from only one source, therefore not allowing vendor & price competition. Indicate vendor in Section A and complete sections B & C.
<input type="checkbox"/>	Competitive purchase/bid: Same items priced differently by several vendors. <i>Minimum of two written or verbal quotes/bids required.</i> Complete Sections A & C. If only one bid is received, indicate bidder & complete Sections A, B and C
<input type="checkbox"/>	>\$250,000
	Purchaser must conduct a formal competitive bid process, obtain a minimum of 3 written bids AND complete Sections A and C. Contact the VHF administrative offices for further guidance.

SECTION A- VENDOR SELECTION

Retain copies of bids/quotations

Competitive Bid: *Minimum of two bids required, three preferred.* (Backup documentation must be sent to vrfpbilling@va.gov.)

Contractor A: _____ Total Price: _____ Quote Contact: _____ Quote Date: _____

Contractor B: _____ Total Price: _____ Quote Contact: _____ Quote Date: _____

Contractor C: _____ Total Price: _____ Quote Contact: _____ Quote Date: _____

SECTION B- SOLE SOURCE VENDOR JUSTIFICATION

If a noncompetitive purchase/bid check one or more of the following boxes:

- Item or service is available only from a single vendor/source. (e.g., when a service or item is only available with the required quality from one source or only one source can provide the items or service in the time frame required).
- Public emergency procurement will not permit a delay in competitive solicitation
- After solicitation of a number of sources, competition is determined inadequate.
- The Federal awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented).
- Continuity of existing research/work (justification must be approved)

SECTION C – Selection of Source and Price Reasonableness

Cost/ Price Analysis Select *one or more* of the following statements to indicate that the bid price was fair and reasonable.

- The quoted prices incorporate discounts not available to the general public & reflect substantial savings (e.g. contract partnership agreements, negotiated pricing, etc.).
- The quoted prices compare favorably to previous prices paid for the same or similar items on PO number:
- The quoted prices were reviewed as part of VHF’s overall proposal by the federal sponsoring agency & found to be acceptable.
- The contractor has stated that the quoted prices are no greater than those charged to the contractor’s most favored customer (e.g. VA, UPITT). _____
- The price was obtained from a current catalogue or standard printed price list.

PI Authorization

Signature: _____ Email _____ Address: _____

_____ Name (please print) _____ Telephone: _____

_____ Date: _____