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October 2014 COGR Meeting Presentation Thursday Morning - Dan Evon

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UG Procurement - What we know

200.317-326

- ▶ UG Procurement language came from A-102 States & Local Gov
 - ▶ However, States are exempted in 200.317!
 - ▶ No evidence of past audits and university procurement systems
- ▶ COGR identified the UG procurement language as having the potential to be the largest area of negative impact
- ▶ OMB FAQ 110-6 delayed procurement implementation for one full year after 12/26/14
 - ▶ For most that means 7/1/2016 or 10/1/2016
 - ▶ During the delay your policies must indicate whether you follow the old or new procurement standards

UG Procurement - What we know

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- ▶ OMB FAQ 320-6 indicates the procurement standards apply to direct charges only, i.e. not F&A
 - ▶ Allows for separation of federal procurement policies if desired
 - ▶ Still creates issues with transfers from non-federal to federal projects
- ▶ OMB FAQ 320-6 clarified that strategic sourcing is compliant/needs no individual additional documentation
- ▶ There are five UG procurement types
 - ▶ Micro-purchases \$1-2,999 – must be reasonable
 - ▶ Simplified \$3,000 - \$149,999 – must have documentation of more than one bid

UG Procurement - What we know

200.317-326

- ▶ Five Procurement types continued
 - ▶ Sealed Bids > \$150,000
 - ▶ Competitive Bids
 - ▶ Noncompetitive bids – No provision for scientific reasoning
 - ▶ FAQ 320-4 does recognize scientific reasons but the need for the FAQs is expected to fade with time
 - ▶ COGR recommended technical correction of 10/9/14 adds the FAQ language to the UG
 - ▶ UG 200.318(c)(1) No employee, officer, or agent must participate in ...if he or she has a real or apparent COI.
 - ▶ How do we purchase from a vendor with an employee (faculty) interest?
 - ▶ COGR recommended technical correction of 10/9/14 adds “unmanaged”
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UG Procurement - What are the benefits?

- ▶ Current A-110 language requires some form of cost or price analysis for every purchase
- ▶ Micro-purchase threshold recognized/streamlines efficiencies for small purchases
- ▶ Small purchase requires only two bids up to \$150,000
 - ▶ No sealed bids or requirement for three bids

UG Procurement - What are the major concerns?

- ▶ The micro-purchase threshold is too low
 - ▶ Many universities have P-card limits above \$3,000
 - ▶ how do they comply?
 - ▶ The under \$3,000 threshold was last updated in 2006 (from \$2,500)
 - ▶ Can it be raised?

Institution	P-Card Limit	Competitive Bidding Limit	Sealed Bidding Limit
Chicago	\$ 500	\$ 10,000	
Michigan State University	\$ 2,500	\$ 10,000	\$ 50,000
Stanford University	\$ 4,999	\$ 24,999	
Wisconsin	\$ 5,000	\$ 50,000	\$ 50,000

- ▶ Will COGR's sole source technical correction be accepted?
- ▶ Will the financial COI be modified to include unmanaged?

UG Procurement - What do we want and how do we get there?

- ▶ Return to A-110 language
 - ▶ How likely is this?
- ▶ Technical corrections
- ▶ Technical corrections and an increase in the micro-purchase threshold
- ▶ Other options??
 - ▶ Use State procurement policies
- ▶ COGR – FDP working group
- ▶ Data collections
 - ▶ Document the impact of lowering the threshold for procurement efforts
 - ▶ The costs to create a separate federal funds procurement group within purchasing