

PURPOSE

The purchasing program is designed to meet the needs of IIHMC and to ensure that state and federal laws and regulations are followed. It is the intent of IIHMC to acquire quality goods and services within required time frames, while promoting fair and open competition within the procurement process. The process ensures that contracts for the acquisition of goods and services are awarded equitably and economically without favoritism. Every expenditure must be prudent and directly benefit IIHMC. IIHMC will not accept responsibility for the payment of purchases not made through the approved purchasing procedures. No employee shall accept, solicit, or agree to accept a gratuity of any kind in connection with any contract to purchase goods or services.

GENERAL REQUIREMENTS AND DISBURSEMENT GUIDELINES

In general, all orders must be covered by an approved purchase order form. IIHMC does not accept responsibility for any invoice that does not have a properly signed purchase order. Invoices received without a purchase order number will be returned by Accounts Payable to the vendor for completion. The process starts with a –Purchase Order and ends in Accounts Payable where payment is made for goods and services received.

IIHMC will make the following types of disbursements within the purchasing process (See further discussion in Specific Documentation Requirements section, page 2)

1. **Disbursements to vendors for purchases occurring within the established IIHMC guidelines, (i.e. normal accounts payable disbursements).**
2. **Disbursements for purchases directly from contract and grant funds.**
3. **Re-imbusement to employees for travel or other reimbursable expenses.**
4. **Payroll tax disbursements.**
5. **Disbursements for IIHMC credit card purchases.**

PURCHASING

The CEO of IIHMC has the authority to approve establishment of procurement policies, procedures, and practices to be used by employees making purchases on behalf of IIHMC. Designated individuals with the appropriate level of authority will be responsible for ordering all goods and services necessary for the operation of IIHMC. All personnel with purchasing authority must be approved by the Chief Executive Officer or -other member of the Leadership Team as designated. All authorized personnel have the duty to:

1. Investigate appropriate sources for the purchase or lease of goods and services.
2. Utilize vendors and master contracts if so designated by IHMC.
3. Monitor and ensure that guidelines established for competitive solicitation requirements are followed and documented.
4. Ensure that all purchases from contract and grant funds are authorized under the terms defined by the granting agency.

SPECIFIC DOCUMENTATION REQUIREMENTS IN THE PURCHASING PROCESS

Purchase Orders

Purchases that equal or exceed \$1,000 to be paid using grant and/or contract funds must be covered by an IHMC purchase order. Additionally, each purchase order must contain the signature, whether manually, or electronically, of the appropriate P.I. Such signature will constitute the P.I.'s approval. Purchases that equal or exceed \$5,000 to be paid using non-grant/contract funds (i.e., general funds) must also be covered by an IHMC purchase order. These types of purchase orders must be signed by an employee with designated purchasing authority. IHMC accepts no liability for the payment of bills unless covered by a properly signed purchase order. All pertinent information - should be included on the purchase order. Once signed, the order becomes a formal legal document binding IHMC to accept and pay for goods and services.

Disbursements

IHMC will make the following types of disbursements within the purchasing process:

- 1. Disbursements to vendors for purchases occurring within the established IHMC guidelines**, (i.e. normal accounts payable disbursements).

Disbursements for accounts payable must be processed through the normal procurement cycle. All disbursements must have the approval and the signature of the accounting office, or the Director of Sponsored Research if the disbursement is charged to a grant or contract. Disbursements greater than \$5,000 require dual signatures. This will include normal recurring expenditures as well as unique, one-time purchases.

- 2. Disbursements for purchases directly from contract and grant funds.** These disbursements must meet the same requirements as Accounts Payable disbursements above. However, all disbursements must have an

approval from the PI before the check can be written.

3. Re-imbursement to employees for travel or other reimbursable expenses.

All disbursements for travel must be approved by the travel department prior to a check being issued. This will be required for payments to both employees or directly billed to the 3rd party company. Employees must follow the guidelines for travel and other reimbursable expenses.

4. Payroll tax disbursements.

All payroll tax disbursements require approval of the accounting office. These disbursements must be reconciled to tax vouchers prior to approval.

5. Disbursements for IHMC credit cards

All purchases on IHMC credit cards are subject to the requirements of the IHMC purchasing policies and procedures.

COMPETITIVE BIDS

Where appropriate, purchases are to be contracted by free and open competitive bidding, on sealed bids, to the lowest responsible bidder. IHMC's policy relative to federal expenditures requires bidding for purchases of \$100,000 or more. The purchase of goods and services shall not be divided to avoid the requirement of competitive solicitation.

Competitive solicitation for bids is not limited to items over \$100,000. The Accounting Office may open a competitive solicitation when competitive bidding may lower costs or serve other interests of the Institute.

The intended award shall be publicly posted by the Purchasing Department for three working days. Bids, proposals and negotiations shall remain sealed until notice of final contract award is given.

NOT SUBJECT TO COMPETITIVE BIDDING

Certain situations are not subject to the competitive solicitation process.

Emergency purchases are not subject to the competitive solicitation process. Emergency is defined as "An unexpected situation or sudden occurrence of a serious and urgent nature that demands immediate action" The CEO or his or her designee must determine in writing that an emergency does exist that threatens the safety of person(s) or the protection of property or the continuance of a vital IHMC function. Purchases are limited to only the type and quantity of goods or services to resolve the immediate crisis.

Purchases of goods or services available from a single source are not subject to the competitive solicitation process. A detailed statement, written and signed by the user must accompany the requisition.

In addition, any and all services from sub-contractors under federal grants are exempt from competitive bidding.

Professional services are not subject to the competitive bidding process. These include, but are not limited to: health services, legal services, auditing and accounting services, management and consulting services, and advertising.

OTHER APPROPRIATE NON-FEDERAL EXPENDITURES

IHMC has the authority to purchase insurance as deemed necessary and appropriate for the operation of the Institute.

IHMC has the authority to establish standard classes of motor vehicles, obtain the most effective and efficient use of motor vehicles, establish and operate facilities for the acquisition, disposal, operation, maintenance, repair, storage, control and regulation of IHMC motor vehicles, and contract for specialized maintenance services.

No competitive bid shall be accepted by any person who has been convicted of a violation of any state or federal law in the transaction of business with any public entity of any state or with the United States government involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy or material misrepresentation.

DISPOSITION OF SURPLUS

Surplus equipment will be disposed of by the Accounting Office based upon market conditions and good business practice. When replacing old equipment with new, trading in the old is allowed. If one has used equipment, which is not to be traded but is surplus, complete a Property Control Form and forward to the Accounting Office. This will serve to maintain the equipment inventory.

BONDS

Solicitation Security Bonds. IHMC is authorized to require a vendor to submit to IHMC, as a condition for participating in a competitive solicitation, a bid bond, certified cashier's or treasurer's check or bank draft with their response to the solicitation when IHMC is reasonably uncertain about the vendor's ability to perform.

Payment and Performance Bonds. IHMC is authorized to require any contractor providing goods or services to furnish a payment and performance bond, with good and sufficient securities, to IHMC prior to the issuance of a contract when the total value of the contract is greater than \$100,000 and IHMC is reasonably uncertain about the vendor's ability to perform.

Solicitation Protest Bond. Any contractor that protests a decision or intended decision pertaining to a solicitation, shall post with IHMC upon filing of the formal protest, a bond payable to IHMC in an amount equal to 10% of the estimated value of the protestor's bid or proposal; 10% of the estimated expenditure during the contract term; or \$10,000; whichever is less. The bond shall be conditioned upon the payment of all costs which may be adjudged against the contractor filing the protest action. In lieu of a bond, IHMC will accept a cashier's check or money order in the amount of the bond. Failure of the protesting contractor to file the required bond, cashier's check or money order at the time of filing the formal protest shall result in the denial of the protest.

CONTRACTS

Contracts for goods or services shall consist of a purchase order signed by the authorized designee prior to the goods and services being rendered by the contractor. In the case of an emergency agreement the purchase order must be signed by an employee with designated purchasing authority prior to or within 30 days of the goods or services being rendered by the contractor.

An extension of a contract shall normally be for a period not to exceed twelve months, shall be in writing, shall be signed by both parties, and shall be subject to the same terms and conditions set forth in the initial contract. A contract may contain provisions for renewal. If the goods or services are purchased as a result of a competitive solicitation, the cost of any contemplated renewal must be included in the competitive bid. All contract renewals are subject to sufficient annual appropriations. The total value of the contract shall be the purchase price for the initial term plus all renewal costs.

EQUAL OPPORTUNITY

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SPECIFIC DOCUMENTATION REQUIREMENTS IN THE PURCHASING PROCESS

Requisitions

A requisition is the requesting form for goods and services. It is an in-house document, traveling from the user through the accounting office to Accounts Payable. It should be prepared timely to allow for securing bids, placing the order, and delivery.

The requisition must be signed by the individual requesting the goods or services and the PI or authorized individual. Requests for capital asset purchases and related items must be signed by the Director/ Associate Director(s). Requisitions to be paid from a grant or contract that is greater than or equal to \$5,000 must be approved by the Controller.

The requisition should be filled in completely and sent to the accounting office. Funds will be automatically encumbered against the specific accounts indicated on the requisition when the purchase order is processed.

If the requisition is equal to or less than \$5,000.00, list the preferred vendor and address. If the purchase is between \$5,000 and \$100,000 list at least three potential vendors. If the requisition is greater than \$100,000, list all potential vendors for the competitive solicitation process.

No requisition is required for purchases made within the user department on Limited Purchase Order forms, or with authorized credit cards.

Purchase Orders

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