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
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
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”
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?

<table>
<thead>
<tr>
<th>Institution</th>
<th>P-Card Limit</th>
<th>Competitive Bidding Limit</th>
<th>Sealed Bidding Limit</th>
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- 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