

## **Procedure SP-2.1: “Cutting the Red Tape Policies”- Exempted Purchases- Purchases with Outside Funds**

**A. Background.** Section 2(b)(1)(A) and Section 3 of Public Act 17-130 authorizes UConn to develop policies to allow UConn to make Outside Funds Purchases (as defined hereinafter) outside the typical Request for Qualifications (RFQ), Request for Proposals (RFP), and Invitation to Bid (ITB) processes. The Board of Trustees (BOT) approved SP-2, providing guidelines for executing Outside Funds Purchases and directing the development of procedures consistent with those guidelines.

**B. Overview.** Outside Funds Purchases may be made under the typical RFQ, ITB, and RFP processes described elsewhere in these Sourcing Procedures and, if they qualify, may be made through other Exempted Purchases processes (such as the Emergency Purchase Procedure or Sole Source Procedure). This Procedure provides two additional options for making Outside Funds Purchases.

- First, Outside Funds Purchases at or below the Simplified Acquisition Threshold may be made on the basis of three quotations as described in Section E.
- Second, Outside Funds Purchases may be made through a Funder-Prescribed Sourcing Process as described in Section F.

**C. Definitions.** The following capitalized terms shall have the meanings assigned below. Other capitalized terms shall have the meanings assigned elsewhere in the Sourcing Procedures.

- “Associated Purchase” is a secondary Purchase that is typically made from the same vendor as a primary Purchase. For example, when purchasing specialized equipment, maintenance services would typically be an Associated Purchase.
- “Outside Funds” are funds other than (i) funds appropriated or bonds authorized by the General Assembly; (ii) revenue generated from tuition; (iii) funds collected from student fees, housing fees, or dining services; (iv) revenue generated from athletic sponsorship deals or ticket sales; and (v) revenue collected from the clinical operations of The University of Connecticut Health Center and the John Dempsey Hospital.
- “Outside Funds Purchase” is a Purchase paid for with Outside Funds.
- “Funder” is a provider of Outside Funds to UConn.
- “Funder-Prescribed Sourcing Process” is process for selecting vendors prescribed by a Funder.
- “Simplified Acquisition Threshold” is a federal procurement threshold set in Subpart 2.1 of the Federal Acquisition Regulations. The Simplified Acquisition Threshold is currently \$250,000.

### **D. Requisitions for Outside Funds Purchases.**

- (1) The Requesting Department shall submit an Outside Funds Purchase Form (for the purposes of this Procedure only, the “Form”) with a Requisition for an Outside Funds Purchase desired to be made under the options provided by this Procedure.
- (2) The Form shall contain the following information:

- (i) The cost to UConn of the Outside Funds Purchase, including any extensions and Associated Purchases.
  - (ii) A statement that, to the best of the knowledge of the Submitter, there will be no need for extensions or Associated Purchases beyond those included in (i) above.
  - (iii) A statement that, to the best of the knowledge of the Submitter, Outside Funds will be used to pay for the Purchase, including any extensions and Associated Purchases.
  - (iv) If the Requesting Department wishes to utilize a Funder-Prescribed Sourcing Process in Section F, the Form shall also include:
    - A description of the Funder-Prescribed Sourcing Process and
    - A copy of the applicable agreement between UConn and the Funder.
- (3) If the cost in (i) above is at or below the Simplified Acquisition Threshold, the Purchase may be made under Section E of this Procedure.
- (4) The Submitter of the Form must be an individual at least at the level of Director or Department Head.

**E. Outside Funds Purchases at or below the Simplified Acquisition Threshold.**

- (1) The procedures under this Section E may be utilized if:
- The Purchase meets the definition of an Outside Funds Purchase;
  - The cost to UConn of the Outside Funds Purchase, including any extensions and Associated Purchases, will be paid from Outside Funds (per the statement required under D(2)(iii) above);
  - The cost to UConn of the Outside Funds Purchase, including any extensions and Associated Purchases, is at or below the Simplified Acquisition Threshold; and
  - No further extensions or Associated Purchases will be needed (per the statement required under D(2)(ii) above).
- (2) The Purchasing Agent shall determine whether the proposed Outside Funds Purchases meets the requirements of Section E(1) of this Procedure, based on the information provided on the Form. If the Purchasing Agent determines that the Purchase meets such requirements, the Purchase may be made through the RFQ sourcing process described in the Sourcing Procedures (although such process is otherwise only used for Purchases up to \$50,000). The RFQ process generally requires that three quotations be obtained prior to making the Purchase.
- (3) If, subsequent to an Outside Funded Purchase under this Section E, the Requesting Department requests additional extensions or Associated Purchases that cause the total cost to exceed the Simplified Acquisition Threshold, such extensions or Purchases may be made without a new RFQ, RFP, or ITB if: (i) such extensions or Purchases are Exempted Purchases (such as an additional Outside Funded Purchase, a Sole Source Purchase, or an Emergency Purchase) and (ii) the Requesting Department submits a statement, signed by an individual at least at the level of Dean, Vice Provost, or Associate Vice President, stating that the signatory has made appropriate inquiries and has confirmed, to the extent feasible, that the additional extensions or Purchases were not anticipated at the time of the original Outside Funded Purchase.

**F. Outside Funds Purchases under a Funder-Prescribed Sourcing Process.**

- (1) The procedures under this Section F may be utilized if:
- The Purchase meets the definition of an Outside Funds Purchase;

- The cost to UConn of the Outside Funds Purchase, including any extensions and Associated Purchases, will be paid from Outside Funds (per the statement required under D(2)(iii) above); and
  - A Funder-Prescribed Sourcing Process is applicable under Section F(2).
- (2) A Funder-Prescribed Sourcing Process is a process contained in one of the following:
- (i) A grant award or other letter of award from a government entity Funder, if such award is governed by laws, regulations, or rules for the selection of vendors. For example, the federal government's sourcing laws, rules, and regulations will govern federal grants.
  - (ii) A grant award or other letter of award in which the Funder explicitly prescribes a process for selecting vendors with the funds in question.
  - (iii) A written agreement between UConn and the Funder in which the parties agree to a process that will be utilized to select vendors for the funds in question. If such agreement has not been approved in writing by a Director (or higher) in the Office of the Vice President for Research not so approved, the Purchasing Agent shall forward the agreement to an Associate Director (or higher) in Procurement Services for a determination as to whether the agreement has been adequately reviewed and approved by UConn officials.
- (3) The Purchasing Agent shall (i) review the documentation containing the Funder-Prescribed Sourcing Process and (ii) confirm that it is consistent with the description of the process provided by the Requesting Department. The Purchasing Agent shall inform the Requesting Department of any inconsistency and shall not process a Requisition until such inconsistency is resolved. Where the Funder is a government entity, this review shall be performed by the Office of the Vice President for Research instead of the Purchasing Agent, and the Purchasing Agent shall defer to such review.
- (4) If the documentation is consistent with the description of the Funder-Prescribed Sourcing Process provided by the Requesting Department, the Purchasing Agent shall ensure that a vendor is identified in a manner consistent with the Funder-Prescribed Sourcing Process.

**G. Unanticipated Additional Purchases.** If, subsequent to an Outside Funded Purchase under Section E or F of this Procedure, the Requesting Department requests additional extensions or Associated Purchases that will not be paid with Outside Funds, such extensions or Purchases may be made without a new RFQ, RFP, or ITB process: (i) if such additional Purchases are Exempted Purchases (such as a Sole Source Purchase or an Emergency Purchase) and (ii) upon receipt of a statement from the Requesting Department, signed by an individual at least at the level of Dean, Vice Provost, or Associate Vice President, stating that the signatory has made appropriate inquiries and has confirmed, to the extent feasible, that the additional extensions or Purchases were not anticipated at the time of the original Outside Funded Purchase.

**H. Reporting.** Any Department that issues a purchase order for Outside Funded Purchases that is made under the Simplified Acquisition Process described in Section E or through a Funder-Prescribed Sourcing Process under Section F shall report such Purchase to Procurement Services as provided in this Section H.

- (I) The Department shall report the initial contract and any amendments thereto, provided that the issuance of annual purchase orders need not be reported as amendments if such annual purchase orders simply effectuate the term and costs previously reported.

- (2)** All reports shall state the following:
- The name of the vendor.
  - The fund source.
  - The name of any Funder.
  - Whether it is an initial contract or an amendment.
  - The term of the contract for the Outside Funded Purchase, including any available options to extend.
  - The goods or services to be purchased or leased.
  - The cost of the Outside Funded Purchase, including any costs that would be incurred during the extension options.
  - In the case of an amendment, the reason for amendment.
- (3)** Reports shall be made to Procurement Services by September 1<sup>st</sup> of each year and cover the initial contracts and amendments for Outside Funded Purchases executed during the preceding fiscal year.
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