

Chapter 8

Purchasing

GENERAL GUIDANCE

The Executive Director or designee and the Treasurer of the Board are the only officials authorized to commit the expenditure of SIBCR funds.

If it is unclear whether any item or service should be paid for by SIBCR, the Executive Director will determine the appropriateness of the request.

Purchases that provide personal benefit are not allowed, nor are purchases that may give the appearance of a conflict of interest. Please note that some of the IRS rules in this area are not intuitive. SIBCR will provide guidance, but final authorization of payment rests with the Executive Director. Please review this section and whenever appropriate discuss the proposed purchase with SIBCR before ordering.

The following requirements apply for all purchases:

- Sufficient funds must be available in the requester's account to cover costs;
- A research rationale must be provided for each research-related purchase; for education activities the expense must be within the scope of the proposal as approved by the EC;
- 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 grant.

SIBCR funds may not be used to pay professional licensure payments. Also, the costs of CME credits cannot be paid for members.

SIBCR is not exempt from state sales and excise taxes and must pay tax on all tangible goods purchased for use in Washington State. If sales tax is not charged, SIBCR is required to pay use tax to the state. See High Technology Sales/Use Tax Deferral under Equipment in this chapter for the sales tax exemption on certain equipment.

No expenditures will be authorized for donations to organizations engaging in general charitable or other philanthropic activities unrelated to research conducted at VAPSHCS.

GENERAL PROCEDURES

Orders must be placed by members or an authorized designee.

An SIBCR purchase order (PO) is required for all purchases made using SIBCR vendor accounts. Forms are available on the SIBCR website or from the accounting office. Please clearly indicate SIBCR as the "bill to" party with the mail stop of 151F included.

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SIBCR maintains accounts with most of the vendors used by the VA and UW. A list of current vendors is available at www.sibcr.org under accounting forms.

The SIBCR accounting office will establish and approve new vendor accounts in advance of the purchase. Please contact the accounting staff with the vendor information. You will be notified once an account has been set up with the new vendor.

Members may give signature authority on their SIBCR accounts to individuals they designate. The authorization may include dollar limits on the purchasing authority. SIBCR will periodically review the signature authority on members' accounts.

An authorized signer on the SIBCR account must sign the PO. The signed PO serves as authorization for payment by SIBCR upon receipt of the invoice from the vendor.

Fax the completed, signed PO to the SIBCR office and mail the original form to Accounts Payable, S-151F.

The member or designee should verify receipt of the complete order, and inspect for damage, defects or other errors.

Please contact the accounting office immediately with any discrepancies with your items that will affect the invoice. This process will serve as documentation to verify discrepancies between items ordered, items shipped and items invoiced.

The recipient must initial and date the packing slip from received items and send it to the SIBCR accounting office. If a packing slip was not included with the items received, then the Packing Slip Replacement form must be completed. The form can be found at www.sibcr.org under accounting forms. SIBCR will not pay an invoice without first receiving the corresponding packing slip or Packing Slip Replacement form.

SIBCR will issue payment for the order upon receipt of the vendor invoice matching the authorized PO and packing slip.

PURCHASE REIMBURSEMENTS

A completed, signed Check Request Form should be submitted to SIBCR to initiate payments for the occasional purchases made not using an SIBCR PO. These forms are available at www.sibcr.org under accounting forms.

All Check Request Forms must be accompanied with original receipts. Photocopies or facsimiles are not acceptable.

All requests for payment or reimbursement should be made in a timely manner. NOTE: SIBCR reserves the right to deny payment for invoices or receipts held for more than 90 days.

PROFESSIONAL MEMBERSHIPS AND SUBSCRIPTIONS

Subscriptions must indicate a business, not a residential, address for delivery.

Memberships and dues are generally not allowable expenses through SIBCR. There are certain conditions that may allow memberships to be paid/reimbursed through SIBCR.

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Professional societies that are general in nature and not specialty driven are not allowable expenses.

For research oriented memberships, the organization must have a research focus demonstrated by provision of a research journal(s) and/or scientific meetings. Payment of such memberships is predicated on the membership providing a journal or other subscription that would be at a much higher cost to non-members (possibly in excess of the total membership if purchased separately). In some cases, an organization's journals are not available to non-members. Alternatively, a relevant research membership may provide access to the annual research meeting at a significantly reduced rate, and so justify membership as the prudent business decision.

Prior approval of the EC is required for educational memberships/subscriptions without research relevance. Educational subscriptions must show a benefit to VA or SIBCR employees or to VA patients.

If the subscription rate or annual meeting costs are not sufficiently reduced, SIBCR may not pay for the memberships.

GRANT PURCHASES

For all the purchases under the Federal Government Grants Programs, SIBCR abides by Circular A-110 of the Office of Management and Budget of the United States. OMB A-110 requires that we provide a:

- Basis for vendor selection;
- Justification for selected or sole source purchases; and
- Basis for the price of the purchase.

SIBCR maintains accounts with vendors who are competitive and generally offer the lowest price available. SIBCR vendors often match the prices given to the VA (GSA) or University of Washington. Questions and concerns with vendor selection or competitive pricing may be directed to the SIBCR accounting office.

PURCHASING RULES BASED ON COST THRESHOLDS

Funds for payroll costs (including properly executed personnel agreements) are excluded from this policy.

Purchases under \$5,000

SIBCR understands the need to maintain continuity of vendors during the course of research. Also, the volume of purchases under \$5,000 makes it impractical to supply written price comparison documentation for each purchase.

Members and their designees are required to use sound business judgment and to rely on professional experience in making the buying decision. All reasonable effort should be made to use and verify available discounts, check comparable market prices and review past purchase orders for similar items.

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Purchases \$5,000 to \$24,999

When a member or designee must use a single or sole source in the acquisition of a product or service with a cost of \$5,000 or more, a vendor justification form is required.

Single source means other sources are available but the PI chooses to use only one particular source.

Sole source means that no other source than the one recommended is available.

The Vendor Justification Form can be found at www.sibcr.org under accounting forms.

Please contact the SIBCR accounting office in advance of making these types of purchases.

Purchases \$25,000 to \$49,999

Purchase requests greater than \$25,000 must be submitted to the SIBCR accounting office for approval. Members and their designees are strongly encouraged to obtain competitive bids for all purchases over \$25,000.

All purchases over \$25,000 must include documentation of the need for the purchase, the basis of the contractor selection and the price data.

A member's request for an expenditure of funds in amounts between \$25,000 and \$50,000 during any 30-day period shall require 30 days' prior notification and SIBCR approval.

See also the information under Purchases over \$5,000.

Purchases exceeding \$50,000

SIBCR requires three bids on all purchases over \$50,000. Exceptions may be made for professional services and brand or trade name products or proprietary services available only from a sole source, or for those designated to match others in use at a particular qualified institutional location.

The purchase request and competitive bids must be submitted to the SIBCR accounting office prior to placing the order.

A member's request for an expenditure of funds in amounts between \$25,000 and \$50,000 during any 30-day period shall require 30 days' prior notification and SIBCR approval.

A member's request for expenditure of funds for amounts greater than \$50,000 during any 30-day period shall require 60 days' prior notification and SIBCR approval.

Exceptions may be granted in an emergency with the concurrence of the Executive Director and the Treasurer.

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SUPPLIES

Laboratory supplies (including animals) and research office supplies may be purchased with research rationale provided.

Supplies purchased for an educational activity must be within the scope of the activity as approved by the EC.

Laboratory Animals

The Animal Research Facility (ARF) supervisor or the Veterinary Medical Officer (VMO) must approve in advance any animal orders that are to be delivered to the VA. Approval must be obtained before the order is placed with the vendor. This policy is to assure that only animals for which there is an Institutional Animal Care and Use Committee (IACUC) approved protocol are ordered; that an acceptable vendor is used; that space and caging are available; and that, should an expected order not arrive, it can be immediately investigated.

To obtain approval, you may send an email message to the VMO or ARF supervisor. An approval response will be sent back to you. An email message and response will provide confirmation that the order is approved. You may also contact the VMO or ARF supervisor by phone for approval. However, leaving a voice mail message is not sufficient.

The request must include the following information:

| | |
|-------------------------|--|
| Principal Investigator | Protocol Number (IACUC number) |
| Species of Animal | Strain |
| Quantity | Age or Weight |
| Sex | Vendor |
| Source of Funds (SIBCR) | Any special housing or care instructions |
| Date of Arrival | Contact person/phone number |

Please contact the VMO if you have questions about this policy.

Radioactive Materials

The preferred method for purchasing radioactive substances is to order through VAPSHCS. In those cases where SIBCR is used, the following should be done:

- The RSO must be notified by telephone at ext. 6-1433 whenever radioactive material is ordered. Notification must include the PI's name, isotope, quantity, and expected delivery date.
- The radioactive material must be covered under the site license, have the member's authorization and be approved by the RSO. Check with the Radiation Safety Officer (RSO) prior to ordering any material.
- Every order must clearly specify that delivery should be to the RSO.
- The investigator name should appear as user so the RSO will know where to send the supplies after the material is checked.

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ELECTRONIC DEVICES

Computer and Laptop Purchases

SIBCR funds may be used to purchase desktop and laptop computers for use in or support of VA-approved research. SIBCR funds may not be used to purchase a desktop computer for home use. To purchase a laptop computer, a specific rationale that explains the need for a laptop instead of a desktop computer must be provided.

Purchases in support of an educational activity must be within the scope of the proposal as approved by the EC for all education activities.

Computers purchased with SIBCR funds that are not related to federal awards may later be donated to the VA for use on the VA network if required. Forms for donation can be obtained from the SIBCR accounting office.

SIBCR computers may not be used to store VA sensitive data and may not be linked to the VA network.

All computers and laptops purchased with SIBCR funds are identified with purple tags for inventory and disposal purposes.

Computer Disposal

Principal Investigators are required to return all computers and laptops to the SIBCR Accounting Office for disposal.

It is the responsibility of the Investigator to ensure that all personal programs and information have been erased from the hard drive prior to returning them to SIBCR.

All data held on the computers will be irrevocably erased before disposal by either the SIBCR Controller or VA ADPAC.

These requirements apply to all computers (PCs, Macintosh, UNIX, etc) as well as other items of computer equipment (e.g., printers, scanners)

All computer equipment will be disposed of in an environmentally-friendly manner.

Other Devices

SIBCR funds may not be used for the purchase of cell phone equipment.

Personal Data Assistant (PDA) devices may be purchased, but must include a specific research-related rationale for their use and should reflect reasonable pricing.

Other specialty devices or electronic items such as digital cameras may have a valid research rationale, but due to the potential personal use must be pre-approved before purchase.

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Donation of Animal Purchases and Expendable Supplies to VAPSHCS

The VAPSHCS Institutional Animal Care and Use Committee, established in accordance with Federal law, reviews all studies involving the use of animal subjects. Only studies approved by this committee and its parent VAPSHCS R&D Committee are conducted at VAPSHCS facilities. The animal research program and facilities are accredited by the American Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC); the program is appropriately registered with the US Department of Agriculture; a current assurance is on file with the NIH Office for Laboratory Animal Welfare. SIBCR is included within this assurance.

Within the requirements of the law, and in order to eliminate duplication of registration, review and reporting activities, it is SIBCR policy that any animals purchased by SIBCR for the purposes of research are immediately upon receipt donated to, and become the property of, VAPSHCS.

SIBCR also utilizes VAPSHCS resources for such activities as handling and removal of medical and laboratory waste, including radioactive materials and other hazardous or controlled materials. In order to ensure conformance with requirements of the law and to eliminate duplication of activities, it is SIBCR policy that all expendable supplies purchased by SIBCR that are to be used in VA research laboratories for approved research and educational activities are immediately upon receipt donated to, and become the property of, VAPSHCS.

EQUIPMENT

The acquisition of any equipment requiring space, utilities or other resources not available in the member's assigned research space must be reviewed by VAPSHCS R&D administration prior to placement of the order. Equipment to be purchased as part of an educational activity must be explicitly included in the proposal as approved by the EC.

Members should advise SIBCR of any equipment purchase prior to placing the order to assure sufficient funds are available. Note that SIBCR is not exempt from Washington State sales tax and the appropriate amount must be included in your cost estimate unless the equipment is eligible for the High Technology Sales Tax Deferral (see below).

Equipment purchased with SIBCR funds will be classified according to the depreciation policy as defined below.

EQUIPMENT INVENTORY AND DEPRECIATION

A. Fixed Assets

1. Durable, non-expendable items with an acquisition cost of \$5,000 or more with a useful life of more than a year will be considered equipment. All such equipment, including furniture, will be SIBCR property and listed as a fixed asset.
2. GAAP (Generally Accepted Accounting Principles) require that such fixed assets be depreciated over a reasonable term or the estimated useful life. Therefore, fixed assets will be depreciated using the straight-line method at a term set uniformly at five (5) years.
3. The equipment or furniture listed as part of the Institute's fixed assets will be affixed with an SIBCR property tag and tracked biennially for location and condition.

4. The acquisition cost will include all reasonable components that allow the equipment to function. The acquisition date will be the date of the invoice.
- B. Inventory
1. Durable items (equipment/furniture/computer systems) purchased with SIBCR funds for less than \$5,000, but greater than \$2,000 will be listed on the SIBCR inventory and affixed with an SIBCR property tag in order to maintain an inventory record.
 2. These inventory items will be tracked biennially for location or status, but will not be depreciated as fixed assets by SIBCR.
 3. Individual components purchased for \$2,000 or more and added to an existing computer system will be tagged as SIBCR inventory, if reasonable to do so.
 4. A durable item purchased for less than \$2,000 will not be tagged or listed as inventory.

If a member transfers to another 501(c)(3) research institution, s/he may direct a request to the Board of Directors to transfer fixed assets or inventory items that were purchased with SIBCR funds if the item will continue to benefit VA research or education. Please see Chapter 3: Transfers of Funds and/or Equipment for more information.

A member may request that SIBCR items purchased with non-federal funds be donated to VAPSHCS for research support.

Durable items ordered through SIBCR will ordinarily be delivered to VAPSHCS and will be subject to acceptance based on available facilities and safety policy.