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## Policies and Procedures for Procurement

**Purpose:** To establish standards and operating procedures for purchase of supplies and equipment.

**General Policy:** All procurement transactions shall be made in a manner to provide, to the maximum extent practical, open and free competition. The Company shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may eliminate competition or otherwise restrain trade.

Small purchases, less than \$5,000, shall be subject to comparison among competitive suppliers to assure the most economical and practical procurement of goods and services. Large purchases may be subject to a bid or quote, where practical, to assure that the purchase meets Company requirements and specifications.

The type of procurement instrument (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts) shall be appropriate for promoting the best interest of the program or project involved. Current inventories shall be screened to avoid duplicative purchases.

Whenever possible, procurement will be made from small businesses, minority-owned firms, and women's business enterprises. Identification of these organizations may be made with the assistance of the Small Business Administration and the Department of Commerce's Minority Business Development Agency.

Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Elements to be considered may include, but are not limited to, record of past performance, financial and technical resources or accessibility to other necessary resources, and eligibility to receive federal funds.

### Procedures

1. **Authority:** All chemicals and other laboratory supplies shall be ordered by the laboratory manager or principal investigator. Purchases in excess of \$5,000 must be preapproved by the President or other authorized business official for the Company. Review of the existing stock, supplies or equipment shall be made prior to submitting purchase orders to avoid duplication.
2. **Requisition for order:** All orders are to be documented on numbered purchase orders with the following information included:
  - a. Vendor.
  - b. Ship to address.
  - c. To be billed address.
  - d. Date ordered.
  - e. Project code.
  - f. Items ordered.
  - g. Description.

- h. Price, if available.
3. Place the order: Place the order by mail, fax or phone as necessary for prompt delivery of required chemicals and supplies. Obtain the name of the individual at the vendor site who is taking the order over the phone.
  4. Receiving the order: The receiving person must verify:
    - a. The quantity actually received agrees with the packing slip and the purchase order.
    - b. The receiving person must initial and date the packing slip and the purchase order.
    - c. Forward a copy of the purchase order and the verified packing slip to the bookkeeper for processing invoice payment.
    - d. Equipment shall be tagged with an identification number and entered into the inventory recordbook. Equipment purchased with federal funds shall be further identified with the project number on the ID tag. The inventory records for equipment includes all of the following:
      - (1) Description of the equipment.
      - (2) Manufacturer's serial number, model number, Federal stock number and National stock number (if applicable), and identification number.
      - (3) Source of equipment (award number or project number).
      - (4) Acquisition date.
      - (5) Location and condition of the equipment (updated annually for inventory).
      - (6) Unit acquisition cost.
      - (7) Ultimate disposition of equipment, including date of disposal, and sales price. For equipment purchased with federal funds, the method used to determine current fair market value where the Company compensates the federal government.
  5. Paying the invoice:
    - a. The packing slip and the purchase order must be reconciled with the invoice received direct from the vendor.
    - b. Payment by check shall be made on a timely basis to avoid penalties or late fees.
    - c. Code the disbursement payment for project accounting.
    - d. Cross reference the check number and date with the invoice paid.
    - e. Present completed check with supporting document to President for signature.
    - f. File the invoice and all related documents together by vendor.
  6. Review of procurement by Board of Directors: Quarterly, or more frequently if determined necessary, the Board of Directors shall review the paid invoices for the quarterly period to provide a review of the procedures and expenditures.
  7. Purchase order format: The Purchase Order must contain a reference to the project associated with the order.

### **Reports and Record Retention**

All invoices and records relating to procurement shall be retained for a minimum of three years after the date of purchase. For equipment, records shall be maintained for three years beyond the disposal date. Records related to federally funded projects will be retained for three years beyond

the completion of the project (i.e., project period end date). Equipment purchased with federal funds must be disposed of in accordance with 45 CFR part 74.34(g).

An inventory record for equipment includes all of the following:

- a. Description of the equipment.
- b. Manufacturer's serial number, model number, Federal stock number and National stock number (if applicable), and identification number.
- c. Source of equipment (award number or project number).
- d. Acquisition date.
- e. Location and condition of the equipment (updated annually for inventory).
- f. Unit acquisition cost.
- g. Ultimate disposition of equipment, including date of disposal, and sales price. For equipment purchased with federal funds, the method used to determine current fair market value where the Company compensates the federal government.

### **Reporting Procedures (Federal projects)**

All financial, performance, and other reports required by the terms and conditions of award shall be prepared and submitted within 90 calendar days after the date of completion of the project (project period end date).