

Policy Manual

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7. Purchasing

General Guidance

The Executive Director or designee is the only official authorized to commit the expenditure of CARES funds.

If it is unclear whether any item or service should be paid for by CARES, 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. CARES administration 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 CARES 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 Executive Director.
- 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.

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

CARES is a tax exempt organization.

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

General Procedures

Orders must be placed by investigators or their authorized designee.

A CARES Order Request Form (ORF) is required for all purchases made using CARES vendor accounts. Forms are available on the CARES website or from the CARES office. Please clearly indicate CARES as the "bill to" party with the mail stop of CARES (151) included.

The CARES office will establish and approve new vendor accounts in advance of the purchase.

Investigators may delegate signature authority on their CARES accounts to individuals by hard copy memo or email. The authorization may include dollar limits on the purchasing authority. CARES will periodically review the signature authority on Investigators accounts.

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

Hand carry, email or fax the completed, signed ORF to the CARES office. The ORF can also be sent by mail to the CARES office with the mail stop of CARES (151).

Upon receipt of order, the Investigator or designee should verify that the order is complete, and inspect for damage, defects or other errors. The recipient must initial and date the packing slip. If a packing slip was not included with the items received, the CARES office will make a copy of the ORF and it will be used in lieu of a packing slip.

The receiver is responsible for contacting the CARES office immediately with any order discrepancies that will affect the invoice. This process will serve as documentation to verify discrepancies between items ordered, items shipped, and items invoiced.

CARES will issue payment most often at the time the order is placed using the CARES credit card and referencing a CARES ORF number. Should a vendor not accept a credit card, the ORF number will still be used as a reference number and payment will be made to vendor by check when all items have been received. This will be verified by matching the authorized ORF to the packing slip.

Laboratory Animals

The Veterinary Medical Unit (VMU) 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 must submit an ORF, signed by the Investigator, completing in full the front and back of the form, to the VMO or VMU supervisor. An approval response will be sent back to you. The VMO, VMU Supervisor or IACUC Coordinator will submit the original ORF to the CARES office to place the animal order. All animals will be delivered to Building 229.

Radioactive Materials

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

The Radiation Safety Officer (RSO) must be notified by email or telephone, before radioactive materials are ordered. Notification must include the PI's name and contact telephone number, the radionuclide and chemical form to be ordered, the quantity in units of millicuries or microcuries, and the expected delivery.

For the approval to be granted, the PI must be authorized by the Radiation Safety Committee or Radiation Safety Office to receive the material being ordered.

Before placing the order, assure that the PI's name appears as the user and that the RSO has approved the purchase, (verify with the RSO prior to ordering).

The vendor must be instructed to have the package delivered to the Radiation Safety Office. After receipt, the RSO will check the package for contamination, ensure the correct material was received and release the material to the PI.

Individual Purchases and Reimbursements

A completed, signed ORF should be submitted to CARES to initiate payment to a vendor or purchaser.

All ORFs must be accompanied by *original* receipts. Photocopies or facsimiles are generally not acceptable.

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

Professional Memberships and Subscriptions

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

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 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 Executive Director is required for educational memberships/subscriptions without research relevance. Educational subscriptions must show a benefit to VA or CARES employees or to VA patients.

Grant Purchases

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

Basis for vendor selection includes; justification for selected or sole source purchases; and basis for the price of the purchase.

CARES maintains accounts with vendors who are competitive and generally offer the lowest price available. Questions and concerns with vendor selection or competitive pricing may be directed to the CARES 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

CARES 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 documentation for each purchase.

Investigators 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.

Purchases \$5,000 to \$9,999

Purchase requests greater than \$5,000 must be submitted to the CARES office for approval. Approval must also be obtained by the President of CARES.

Purchases \$10,000 to \$49,999

Purchase requests greater than \$10,000 must be submitted to the CARES office for approval.

All purchases over \$10,000 must include documentation of the need for the purchase, the basis of the contractor selection and the price data.

Investigators and their designees must obtain multiple quotes to assure competitive pricing for all purchases over \$10,000.00.

Purchases exceeding \$50,000

CARES 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 CARES office prior to placing the order.

Sole Source Purchase

When an investigator or designee needs to use a single or sole source in the acquisition of a product or service with a cost of \$10,000 or more, approval from the Executive Director is required.

Sole source means other sources are available but the PI chooses to use only one particular source or no source other than the one recommended is available.

Please contact the CARES office in advance of making these types of purchases. A written sole source justification will need to be provided.

Electronic Devices

CARES funds may be used to purchase desktop and notebook computers for use in or support of VA-approved research. Computers purchased with non-federal funds will be donated to the VA for use on the VA network if required. A letter of donation will be completed by the CARES office.

CARES funds generally 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 by the Executive Director before purchase.

Donation of Animal Purchases and Expendable Supplies

The Institutional Animal Care and Use Committee at each VA facility, established in accordance with Federal law, reviews all studies involving the use of animal subjects. Only studies approved by this committee and its parent R&D Committee are conducted at VA 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. CARES 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 CARES policy that any animals purchased by CARES for the purposes of research are immediately upon receipt donated to, and become the property of the VA.

CARES also utilizes the VA facility 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 CARES policy that all expendable supplies

purchased by CARES that are to be used in VA research laboratories for approved research and educational activities become the property of the VA site.

Equipment

The acquisition of any equipment requiring space, utilities or other resources not available in the investigator's assigned research space must be reviewed by the VA facility 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 Executive Director.

Investigators should advise CARES of any equipment purchase prior to placing the order to assure sufficient funds are available.

Equipment purchased with CARES funds will be classified as defined below.

Fixed Assets

Tangible, non-consumable items (such as machines and equipment) which are not permanently attached or incorporated into VA buildings and grounds with an acquisition cost of \$3,000 or more, and a useful life of more than a year will be considered a fixed asset. All such fixed assets will be CARES property.

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 seven (7) years.

The equipment or furniture listed as part of the corporation's fixed assets will be affixed with a CARES property ID tag and tracked biennially for location and condition.

The value of fixed assets includes the purchase price, as well as costs to acquire (shipping and handling), install (excluding site preparation costs), secure, and prepare the item for its intended use.

Durable Items

Durable items (equipment/furniture/computer systems) purchased with CARES funds for less than \$3,000, but greater than \$500 will be listed on the CARES inventory and affixed with a "Property of CARES" tag in order to maintain an inventory record.

These items will be tracked biennially for location or status, but will not be depreciated as fixed assets by CARES.

A durable item purchased for less than \$500 will not be tagged or listed as inventory.

Desktop and laptop computers purchased with CARES funds which will utilize VA systems will be donated to the VA to assure compliance with the VA information technology regulations.

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

An investigator may direct a request to the Board of Directors that CARES items purchased with non-federal funds be donated to the VA facility for research support.

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