	GCA-717
ILLINOIS INSTITUTE OF TECHNOLOGY	**Grant Expenditures**
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Purpose

The purpose of the Policy defines the process for all those that request, create, and approve grant related expense transactions. This policy also clarifies the regulations, restrictions, and documentation required for federal grant expenses, which consistently is applied to all grant expenses at the university. Several methods for purchasing exist at the university and are further defined within this policy.

Policy

All expenses at the Illinois Institute of Technology have a defined process for requesting, approving, and recording. This policy is specific to all grant expenses and their related filing and maintenance of supporting documentation, as defined in the Uniform Guidance under §200.320 and §200.302.

All grant-related purchases require the review and approval of the Grant and Contract Accounting office, or a member of the Research Administration Services team.

All grant-related purchases made outside of the BuyIt eMarketplace (the University's eprocurement system) require documentation (IE: receipts) showing expense details.

Records related to procurement on grants are retained either in electronic or hard copy for at least seven years.

Definitions

Expense: The cost resulting from a purchase, represented by an entry into the general ledger.

Purchase Order (PO): An official document that buyers send to sellers to document the sale of products and services to be delivered at a late date. This is the preferred purchasing method for all purchases, regardless of purchasing method.

Procurement Card (P-Card): A university issued credit card that allows the assigned user to make purchases for their grant.

Expense Reimbursement: The form used to reimburse individuals for purchases made through using their own money.

Sole Source Procurement: The documented method for those purchases that cannot obtain

competitive bids as required by regulation or the university procurement policy.

BuyIt: Illinois Tech's online procurement system that enables requesters to purchase directly from preferred vendors.

Banner: The financial system chart of accounts used by the university.

Documented Quote: A formally written cost of good or service from a vendor.

Requester: A person requesting to purchase a good or service.

Approver: Designated university employee that reviews and affirms a purchase is allocable, allowable, reasonable, and appropriate prior to execution of the transaction.

Grant and Contract Accounting (GCA): Finance staff responsible for the accounting and reporting resulting from grant related expenses.

Research Administration Services (RAS): Finance staff designated to review and approve all requested grant purchases, prior to receipt.

Procurement Services: The university department responsible for all purchase and vendor related transactions.

University Preferred Suppliers: This designation indicates that the University has competitively solicited and negotiated competitive commercial pricing and established legal terms and conditions with the qualified suppliers. Procurement Services is the only University entity able to authorize and designate a supplier as a University Preferred Supplier.

Allowability: Legitimate and permissible allowance of grant activity and related costs.

Allocability: Grant costs are distributed in an equitable manner as to align with the direct involvement of a project.

Reasonableness: Using sound judgement with a fair and sensible approach for reviewing and approving grant financial activity.

Procedures

The following are the primary procurement methods employed by the University. Any method beyond those listed below requires Procurement Services' prior approval.

Negotiation and Approval of Contracts and all other related University policies. Any questions regarding the types of items and the method through which they should be purchased should be directed to Procurement Services.

Use of any purchasing method for personal purchases will be considered misappropriation of

University funds and will subject individuals to disciplinary action in accordance with University policies and procedures, which can result in termination of employment.

● Purchase Order (PO): A purchase order (PO) is the preferred purchasing method for all purchases regardless of dollar amount. It is done through a requisition process in Buy It eMarketplace, the University's eProcurement system, which encumbers funding and routes in the system for budgetary approvals, before it is converted into a PO by Procurement Services and dispatched to the vendor. A PO will reference the University's terms and conditions, and states that payment will not be remitted to any invoice that does not reference an Illinois Tech PO number.

Procurement Services strongly encourage departments to go through the requisition process and have a PO in place prior to receipt of goods or services from a vendor. After the fact POs / check requests, otherwise called retrofit orders in Buy It eMarketplace, issued solely for the purpose of paying an invoice for goods and services already received/performed is not a leading practice, and is therefore generally not permitted. Exceptions to the use of a PO is listed in the table below.

● Procurement Card (P-Card): A credit card issued to authorized employees to make allowable purchases of goods and supplies up to $2,499.99 on behalf of the University. (Larger amounts may be permitted at the discretion of the Vice President for Finance or designee.) The P-Card is also used for authorized University business travel expenses by University staff and faculty. As the P- Card is billed to and paid for by the University, P-Card holders are personally responsible for their assigned P-Cards, must not allow others to use their P- Cards, and should diligently secure the card at all times to guard against fraud and unauthorized use of the P-Card. P-Card holders must also complete the necessary receipt attachments, provide business expense description, and complete the monthly reconciliation process in a timely fashion. All uploaded receipts are electronically stored so they may be accessed and reviewed. Grant and Contract Accounting reviews all grant related P-Card transactions on a monthly basis, prior to Purchasing staff posting them to the general ledger.

● Request for Check: A check request for payment is only allowable for student travel and expense reimbursements. All vendor invoice payments must go through the Buy It eMarketplace requisition process unless it is a special case and has received specific approval from the Director of Procurement Services.

● Expense Reimbursements: Use of personal funds is only allowed for the purpose of allowable goods when logistical or extenuating circumstances occur that preclude use of a PO or P-Card. The purchase of allowable goods using personal funds in excess of $500 is prohibited unless it is the only viable alternative given the circumstances. Services may not be procured with personal funds, excluding travel related services such as dining, ground transportation, etc. Receipts and other supporting documentation must be submitted with the expense reimbursement form, and are retained electronically. Grant and Contract Accountants review all submitted grant related travel/expense forms. Once the Grant Accountant has reviewed, the form is processed by purchasing.

● Buy It eMarketplace: The University maintains an online shopping portal with numerous preferred vendors. University employees are allowed to browse and procure their necessary goods or services, and conveniently directly charge the expense to their grant funded assigned FOAP number. Upon placing the order, an alert that a requisition has been created is sent to the RAS staff (whom are assigned specific portfolios) to review and approve. All orders are reviewed to ensure they are allowable, allocable, and reasonable. Depending upon the cost, the expense may go straight to approval or into an additional queue for review (see Guideline Grid for further detail). The online process retains all records of expense as well as time stamped approvals.

The matrix below should be used as a guide to identify and determine the appropriate Procurement Procedure based on spend thresholds, types of goods/services, and any exceptions.

Spend / Types of Goods and Services	Buy It Requisition/PE	Procurement Card	Paper Request for Check	Paper Expense Reimbursement
Goods / Supplies < $2,500	✓	✓	✗	✗
Goods / Supplies > $2,500	✓	✗	✗	✗
Services (Especially On Campus / Onsite Services)	✓	✗	✗	✗
Institutional Memberships and Conference/Seminar Registrations	✓	✓	✗	✓
Staff and Faculty Travel Related Expenses (Air, Hotel, Meals, Uber, etc.)	✗	✓	✗	✓
Payment of Illinois Tech Student Reimbursement	✗	✗	✓	✗
Wire Transfer Requests	✓	✗	✗	✗
Must **ALWAYS** go through **Buy It Requisitions** • **Industrial alcohol** • **Animals** • **Hazardous chemicals / material** • **Drugs** • **Radioactive material/waste** • **Professional/Consulting services**	✓	✗	✗	✗

Guidelines

The University's required procurement processes, policies, and procedures per Uniform Guidance:

Procurement Requirement	Total Aggregate Spend Threshold	Process and Documentation Requirement For Federal Research and Grants Related Funding Sources (Sponsored Projects)

Micro Purchase	< $10,000	● ***Use of Preferred Suppliers strongly recommended*** ● No documentation required. ● Purchases should be distributed equitably among qualified diverse / disadvantaged suppliers to the extent practical. ● No self-approval is allowed on federal funds.
Small Purchase / Simplified Acquisition Threshold	>$10,000 to $250,000	● ***Use of Preferred Suppliers strongly recommended,*** **OR** ● Obtain at least 3 documented quotes ● Complete *Vendor Selection Form* (VSF) to summarize the quotes, and indicate the chosen vendor. ● Purchases should be distributed equitably among qualified diverse / disadvantaged suppliers to the extent practical.
Large Purchases (Formal Bidding and RFP process required)	> $250,000	● Must complete a formal written bidding/RFP/RFQ process. ● Documented requirements and written responses required. ● Bids and proposals must be publicly solicited from an adequate number of qualified sources. ● Complete *Vendor Selection Form* (VSF) to indicate the chosen vendor. ● CFO review and approval is required

Sole Source Procurement
When it is not possible to obtain competitive bids, a sole source justification that meets the acceptable criteria is required. For sponsored projects, the acceptable justifications are limited to those permitted by the Uniform Guidance Procurement Standards.

The Uniform Guidance Procurement Standards went into effect for the University on June 1, 2018 and apply to awards or funding increments issued on or after that date. Purchases funded by federal grant funds must adhere to regulations found in the Uniform Guidance as a condition of receiving funds and to meet annual audit compliance.

In general, a "sole source" procurement is defined as any contract entered into without a competitive process, based on the existence of one of four justifications. Specifically, to be considered a sole source, one of the conditions specified on the Sole Source Justification Form must be met, which for sponsored projects, the acceptable criteria for a sole source justification are set by the Uniform Guidance rules. These are:

● The item/service is available only from a single source;
● The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

● The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity (OSP/BMRA should route such a request to the federal agency and will manage such request as an Agency "prior approval" request); or

● After solicitation of a number of sources, competition is determined inadequate.

In accordance with Uniform Guidance sections 2 CFR §200.320(f), entitled procurement by noncompetitive proposals, and §200.323, entitled contract cost and price, all requests using federal grant funds over $250,000 to purchase through a sole source will require a detailed cost breakdown from the supplier including the requested profit. The Sole Source Form must be completed in full prior to requesting the good or service. No purchase may be made until Procurement Services has determined that a sole source purchase is justified.

References
IIT Procurement Policy
Uniform Guidance §200.302 Financial Management
Uniform Guidance §200.320 Methods of procurement to be followed

Responsibilities

Staff: Submit expenses or requisitions for goods and services in a timely fashion, with complete and proper documentation.

PI: Ultimately responsible for all expenses placed on their grant. Expected to review budget expenses on their grants via monthly budget to actuals and payroll reports, provided by their assigned RAS staff member.

Administrator: Responsible for the proper execution of expense transactions, whether it be payroll or a good/service.

Dean/VP: Where necessary, provides review and approval for contracts or other expenses.

Grant and Contract Accounting (GCA): Finance staff responsible for the accounting and reporting resulting from grant related expenses, as well as execution of Journal Entries or other financial transaction forms that may need to be processed for grants.

Research Administration Services (RAS): Review and approve all requested grant purchases, prior to receipt, specific to their assigned PI portfolio within the Buy It eMarketplace. Also supports staff, PI, and administrators in their review and understanding of grant expense activities.

Senior Director of GCA/RAS: Provides final approval where needed on various expense transactions. Also provides guidance and direction for exceptions.

Recommended Forms

https://web.iit.edu/procurement-services/department-resources/procurement-forms
https://web.iit.edu/research-administration-services/resources
https://web.iit.edu/gca/forms