

Update: Federal Uniform Guidance Effective July 1, 2018

Procurement Requirements when using Federal Awards

Uniform Guidance for Federal Awards

Uniform Guidance

The Federal Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance" or "UG") was officially implemented in December, 2014. Procurement related guidance is effective July 1, 2018:

Most of the university's existing procurement requirements are compliant with the UG, including bidding requirements, as the purchase bid threshold has been raised to \$10,000 for Federal Awards.

There are three notable areas to highlight for Uniform Guidance for Federal Awards:

- Conflict of Interest
- Sole Source Purchases
- Public Bidding

Conflict of Interest for Federal Awards

Uniform Guidance

New Policy on Federal Awards:

A conflict includes when a university employee's immediate family or partner has a financial or other interest in, or a tangible personal benefit from the supplier considered for the purchase.

Continuation of existing U-M Policy:

A conflicted employee cannot be involved in the selection, award or administration of a purchase made on a federal grant. This requires another university employee to handle the selection, award and administration of the purchase (preferably the conflicted employee's supervisor).

Regental approval is required *only* when the employee is the conflicted party.

See the Procurement Services website regarding [Conflict of Interest](#).

Sole Source Purchases for Federal Awards

Uniform Guidance

New Policy on Federal Awards:

U-M is no longer permitted to approve sole source purchases when the good or service is simply listed in approved award documentation.

Sole source purchases are allowed only when one or more of the following circumstances apply:

- The item 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
- After solicitation of a number of sources, competition is determined inadequate

Public Bidding for Federal Awards

Uniform Guidance

New Policy on Federal Awards:

The UG requires publicizing bids exceeding the Federal Simplified Acquisition Threshold (\$250,000 or greater, beginning October 1, 2018) and any response must be considered to the maximum extent practical.

- Procurement Services will use “visible to the public” feature to comply
- It is estimated that under 20 RFX’s will be publicized annually

See the Procurement Services website regarding [Public bidding](#).

Other Items for Federal Awards

Uniform Guidance

Items that have always been in place that will be reinforced going forward:

- Use generic specifications when obtaining quotes
- Use a documented process for technical bid evaluations
- Include small, minority and women owned businesses when possible
- Firms that helped draft the bid specification cannot bid on the project
- When bid specifications use a “brand name” to describe an item, it must be “or equal” and reference performance or other relevant requirements
- Avoid acquisition of unnecessary or duplicative items
- Use surplus items when feasible to reduce project costs

Communication Plan Timeline

Uniform Guidance

Communication has been targeted to the communities most impacted by the changes. Below are items already communicated and upcoming communications.

Communication Method	Initial Outreach	Additional Outreach
Research Administration Advisory Council (RAAC)	April 17, 2018 Presentation	Regular updates at monthly meetings
Research Administrators' Network (RAN)	May 15, 2018 Presentation	October 18, 2018 Presentation
Procurement Services – All Staff	April 20, 2018 Presentation June 15, 2018 Presentation	July 2018 Follow Up
Research Administration Post Immediate Dispatch (RAPID)	July 2018, Post Article	
Budget Administrators Group	July 2018, Post Article	September 2018 Follow up
Procurement News	Website News Article	Summer / Fall Newsletter
Departmental Meetings		As Scheduled

Reference Materials

Uniform Guidance

- [Using Sponsored Funds](#)
- [Conflict of Interest](#)
- [Public Bidding](#)
- [Procurement with Sponsored Funds – Standard Operating Policies and Procedures #302.04-02](#)
- [Federal Grant Terms and Conditions](#)

Office of Contract Administration - Hybrid Contracts

Uniform Guidance

Changes to the Hybrid Contract process for agreements subject to 2 C.F.R. 200:

- For contracts exceeding the U-M bid threshold, documentation is required for each procurement transaction, which involves soliciting a proposal from only one source. The project team must provide the reason why the proposed single source is the only organization able to meet the Federal program requirements (e.g. research continuity, unique qualifications, Federal agency expressly authorizes the procurement by noncompetitive proposal). Stating the organization is included in the original proposal is not acceptable justification for procurements with such single sources.
- For contracts supporting multi-site studies having a value exceeding the U-M's bid threshold, project teams must document the site selection criteria and why the proposed site meets such criteria (e.g. participating site in a clinical trial have the necessary patient demographics needed for the study).
- For contracts exceeding the U-M's bid threshold, a price or cost analysis shall be performed to document why project costs are fair and reasonable.
- All subcontractors must follow a financial conflict of interest ("FCOI") plan consistent with Federal policies or agree to follow the U-M's FCOI plan.

Other Challenges for Federal Awards

Uniform Guidance

As the university implements Uniform Guidance procurement changes on Federal Awards, there are challenges or potential risk:

- **Journal entries that involve Federal Awards**

Example - a purchase is made charging non-Federal Awards, then transferred to Federal Awards, there is risk that the initial purchase may not meet the new requirements of the Federal Uniform Guidance.

- **The UG contains requirements that pertain specifically to construction.**

Procurement Services has worked with AEC to develop a checklist for these requirements to be used in the event that there is a construction project that is funded by Federal Awards.