

POLICY STATEMENT

All direct costs charged to Federal projects awarded to NTC must be allowable, allocable, necessary and reasonable for carrying out the objectives of the award. Project Directors/Principal Investigators (PDs/PIs) are responsible for ensuring that all direct costs charged to their project comply with this policy.

PROCEDURES

All costs must be charged in a timely manner and be allowable, reasonable, and allocable as defined in OMB's Uniform Guidance. All costs charged to Federal projects must meet the following criteria.

- The costs must be treated consistently through the application of GAAP and established college policies and procedures.
- The costs must conform to the limitations specified in OMB Uniform Guidance 2 CFR 200 Subpart E.
- The costs must be necessary to support grant activities.
- The costs must be deemed reasonable by a prudent individual.
- The costs must be supported by sufficient and appropriate source documentation.

Any cost that does not meet the above criteria cannot be charged to a Federal project.

NTC maintains the following control measures to ensure cost allowability.

- Set reasonable and realistic budgets for subrecipients so no incentive exists to misrepresent expenditures.
- Provide the tools necessary to train grant personnel on the requirements for determining cost allowance and disallowance.
- Provide a copy of 2 CFR 200 and a list of allowable and unallowable expenditures on the NTC Intranet for use by grant personnel.
- Provide technical assistance and training to all subrecipients as it relates to items of cost.
- Establish communication channels with subrecipients on grant compliance and questionable costs.
- Require subrecipients to be paid on a reimbursements basis.
- Require segregation of duties in the review of all subrecipient expenditures.
- Compare all subrecipient invoices and supporting documentation to a list of allowable and unallowable costs.
- Check all subrecipient invoices and supporting documents for computation accuracy.
- Adjust all unallowable costs and follow up with appropriate personnel to determine cause and provide clarity to ensure future compliance.
- Review all budget to actual reports on a timely basis.
- Develop a grant monitoring guide for subrecipients containing regulations and requirements listed in applicable SGA, Notification of Award, college specific policies and procedures, and applicable Federal regulations.

Financial Services Procurement Oversight and Auditing Procedures

Purpose:

To ensure that expenditures were:

- Properly authorized
- Followed NTC procurement guidelines
- Followed funding agency guidelines (if applicable)

Procedures:

On a quarterly basis a report will be generated that lists the cumulative amount of purchases by vendor for the fiscal year.

Selection of expenditures will include:

- All expenditures to vendors with cumulative purchases over \$50,000
- Select a sample of expenditures between \$25,000 and \$49,999
- Select a sample of expenditures between \$5,000 and \$24,999

Selected expenditures will be reviewed for the following:

- Determine that purchase was properly authorized by appropriate budget responsible person
- Determine that NTC procurement guidelines were followed
 - Proper competitive procurement guidelines were followed based on cumulative purchase amount – evidenced by copies of RFP, IFB, quote(s), or documentation of contract
 - Proper documentation is on file for any exceptions such as emergency purchase, sole source, etc.
- Determine if any of the expenditures were funded by gifts, grants, or bequests
 - Verify with Resource Development Team that expenditures are allowable and followed all applicable guidelines

QUICK GUIDE TO NTC PURCHASING PROCEDURES

WTCS Procurement Policy

The rules and regulations that NTC must follow for all operational & capital procurement are based on the Procurement section of the WTCS Financial Accounting Manual (FAM).

- ❖ The dollar thresholds apply to the cumulative annual purchase of like commodities of both capital and operational items, which also includes the procurement of services.

NTC is able to establish our own procedure for purchases under \$25,000.

- **All Single Purchases under \$5,000, Cumulative Annual Purchases under \$12,000**, NTC requires that all purchases by District employees be made with the intent of providing the best value possible to the District. Therefore, purchasing decision should be made after considering price, quality, and the intent to provide a free opportunity for all vendors to bid. Quotes can be obtained by calling a vendor, or checking pricing online, but written quotes from the vendor are encouraged whenever possible.
- **Single Purchases \$5,000 to \$24,999**, NTC requires verbal or written quotes from two vendors
- **Cumulative Annual Purchases \$12,000 to \$24,999**, NTC requires verbal or written quotes from two vendors

The Procurement section of the FAM outlines the basic rules regarding dollar thresholds \$25,000 and over:

- **\$25,000 to \$49,999** - solicit written quotes from a minimum of three vendors.
- **\$50,000 and greater** - a formal IFB or RFP must be done. We must advertise these and receive sealed bids or proposals and conduct a public opening. Kathy McGivern or Ann Thurs will work with you through all of these steps. Evaluation criteria related to IFBs and RFPs are to be disclosed in the specifications provided to prospective vendors.
 - A IFB (Invitation for Bid) is done when selection of the supplier can be made principally on the basis of price.
 - A RFP (Request for Proposal) is done when a firm-fixed price contract is not appropriate, or when factors other than price are of primary consideration in awarding the procurement.

Document Retention:

- Capital Equipment –Financial Services retains all quotes, bids and other documentation on file for 12 years
- Operational Supplies & Equipment –Purchase of items that fall within quote ranges above, purchaser must send required documentation to Financial Services to retain for 7 years

Exceptions to these procurement rules: (contact Kathy McGivern or Ann Thurs if you have any questions)

- Purchase of supplies & equipment for resale
- Purchase of used equipment – may be purchased through non-competitive negotiation
- Written, competitive, sealed bids are required for Public Construction costing greater than \$25,000, as governed by State of WI Statute, Chapter 62
- Emergency Purchases – see Administrative Rules Section

Existing Contracts

NTC makes use of existing contracts whenever possible. There are a multitude of purchasing organizations within the state and around the country that may have already conducted a formal request for bid or proposal and awarded a purchase contract to a specific vendor for a certain item or commodity. The WTCS has approved many contracts for use by the colleges. If an item we intend to purchase is on an approved

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contract, we may purchase that item directly and bypass the rules listed above regarding soliciting quotes and bids.

We also work with our Purchasing counterparts at all schools throughout the WTCS and are able to piggyback contracts that they have established.

Equipment, supplies, or services may be very specialized and it might be difficult to find the item that you're looking for on an existing contract, but it may be well worth the effort to have Financial Services to do some research before going through the process of getting quotes or conducting a formal IFB or RFP.

Procurement contracts may be awarded for a maximum of seven years – The initial term may be no longer than five years, with an option of up to two additional, one-year extensions.

WTCS Financial and Administrative Manual (FAM)

To view the Procurement section of the WTCS FAM, go to page 202:

For any staff or faculty responsible for the development of specifications and the procurement of capital equipment, it may be beneficial to review the Procurement section of the FAM for key points. It's not expected that you read the entire document, but it may be helpful to have a basic understanding of the regulations that guide what we must do.

There are a few sections of the FAM that we ask you to pay special attention to:

- **Using vendors to assist in the development of specifications**

Per the FAM "Districts should exercise caution when using vendors to assist in the development of specifications for bids or RFPs. Districts are prohibited from considering a bid or RFP response from a vendor that developed salient features of the bid/RFP which would provide the vendor with an unfair advantage due to designing the specifications in a non-generic manner, advanced notice of specifications for contracted services, or would in any way provide such a vendor with an unfair competitive advantage".

- **Sole Source**

Districts may purchase directly from a vendor in the following situations. The district board may delegate the authority to authorize sole source procurements to the district director or other district staff.

1. The item or service is only available from a single source.
2. After solicitation in a competitive procurement, competition is determined to be inadequate.
3. The purchase is from another governmental body.
4. Cooperative purchasing under s. 16.73, Wis. Stats., is utilized.
5. The purchase is made through a cooperative purchasing association which has a competitive purchasing process that is substantially the same as the competitive procurement requirements applicable to the WTCS and which has been recognized by the system president.
6. The federal or other grantor agency authorizes noncompetitive negotiation.
7. Used equipment from a vendor who offers it for immediate sale may be purchased through noncompetitive negotiation.
8. Resale items are not subject to competitive requirements since these items may need to be procured in an expedient manner to restock supplies, or to acquire goods via unique one time sales.

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- **Specific Brand Name**

For instructional equipment, when key employers in the district require that potential employees be trained on a specific brand of equipment, the district is authorized to procure that brand.

To procure a specific brand name of equipment, the district must have letters from key employers which state that individuals need to be trained on one particular brand. The district must obtain these letters prior to awarding the procurement. As an alternative to obtaining letters, district may use the minutes of Advisory Committee meetings supporting a specific brand name purchase as evidence of "letters from key employers" if it is documented in the motion that the members of the Advisory Committee are the key employers in the area and they need their employees trained on a specific brand of equipment.

For non-instructional equipment procurements, specific brand name is authorized when:

- the procured equipment interfaces with existing district equipment and the function of the existing equipment will be impaired if a different brand is procured, or
- the procured equipment is incorporated into a piece of existing district equipment that will not function using another brand, or
- existing district equipment includes a warranty that will be voided if component units are combined/replaced with another brand,
- the federal or other grantor agency authorizes or requires the use of a specific brand.

If the specified brand is only available from one vendor, the procurement may be made as a sole source procurement under D.4.a above. If the specified brand is available from more than one vendor, the procurement shall be made using the appropriate competitive process. The purchase description may contain the brand name without the use of the term "or equal."

Administrative Rules to Follow

Code of conduct. Any employee involved in procurement is prohibited from having a financial interest in any procurement, and is prohibited from receiving any gratuity or other financial gain from any contractor.

Emergency procurement. Emergency procurements are allowed where there exists a threat to the continued operation of the district or to the health, safety or welfare of students, employees or residents of the district. Emergency procurements shall be evidenced by a written determination, approved by an ELT member, of the basis of the emergency and of the selection of a particular contractor. Contact Financial Services for guidelines.

Adherence to federal regulations. Any federally funded procurements must be made according to the appropriate federal regulations.

Definitions

Capital: The capital accounts consist of land, buildings/fixtures, improvements/remodeling, equipment, vehicles, and architect fees. Program areas mainly purchase equipment, and some vehicles. The remaining designations are primarily used by Facilities.

Equipment: Equipment retains its original shape, appearance, and use, is not expendable, is not fixed equipment, has a value exceeding \$500 per set or item, and has a life of two years or more. Software is classified as equipment if these conditions are met.

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Set: A set is a group of items that are interrelated and whose usefulness would be significantly impaired if any one or more of the items were removed from the set. Basic supplemental criteria that should be used in determining a set is how the industry markets their products. If they market them as a package then there is an agreement for the items to be considered a set.

Operational: Current expense accounts under the General Fund, Fund 100, or under the Special Revenue Funds, Fund 2, such as supplies & materials, software, repairs, maintenance contracts.

Resale: Enterprise Funds, Fund 5 – Resale items are not subject to competitive requirements since these items may need to be procured in an expedient manner to restock supplies, or to acquire goods via unique one time sales.

- If the items being purchased are for resale, this rule applies; standard procurement rules do apply to items being purchased from fund 5 that are not for resale.

Purchasing Staff Roles

NTC uses centralized procurement for all capital equipment purchases throughout the school, which means that all orders go through Financial Services for placement. This differs from the decentralized process used for the purchase of operational supplies and materials, which each department primarily does on their own.

When you anticipate that your purchase will meet the dollar thresholds described above, Kathy McGivern & Ann Thurs are able to assist you with looking up existing contracts, finding additional vendors to solicit quotes and bids from, assist with sending out requests for quotes to vendors, assist you with the development of your specifications, conduct the entire Invitation for Bid/Request For Proposal process including the preparation of advertisements, sending out the request, collecting responses, and facilitating the bid opening and documentation process.

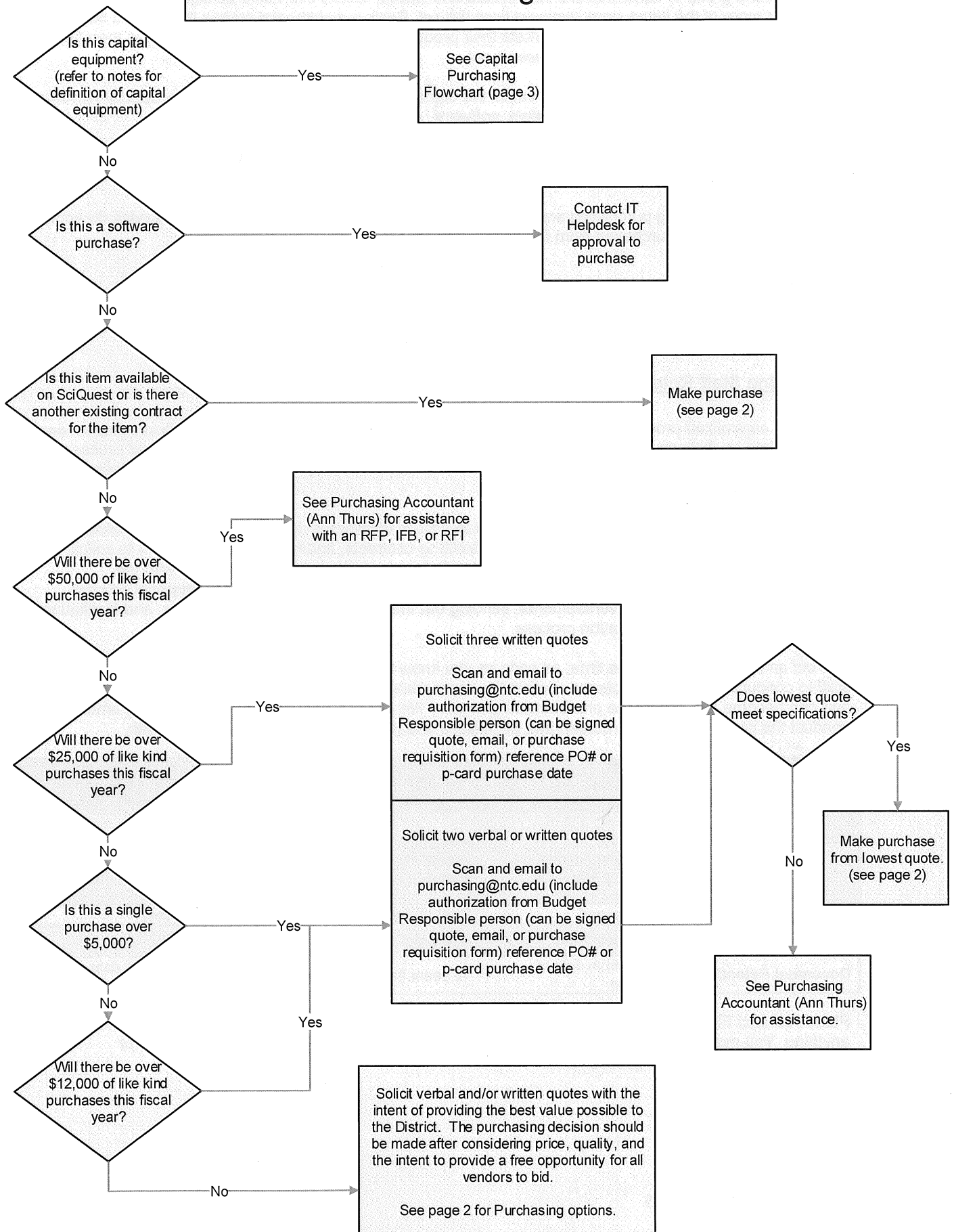
The bid and RFP process takes time; as soon as you know that you may need the assistance of purchasing staff to conduct a bid or RFP, please contact the appropriate person so that we are aware of your needs and can become involved in the procurement process. We will work with you on the necessary timeline and conduct the procurement to be certain that all policies and procedures are being complied with.

Type of Purchase:	Operational	Capital Equipment- Facilities/IT	Capital Equipment – Learning Division
Contact Person:	Ann Thurs Purchasing Accountant thurs@ntc.edu – Ext. 1257	Kathy McGivern Capital Purchasing Accountant mcgivern@ntc.edu – Ext. 1473	Ann Thurs Purchasing Accountant thurs@ntc.edu – Ext. 1257
Purchasing Method:	Decentralized	Centralized	Centralized
Order Placed by:	Department Staff	Kathy McGivern	Ann Thurs
Document Retention:	7 years from date of purchase	12 years from date of purchase	12 years from date of purchase

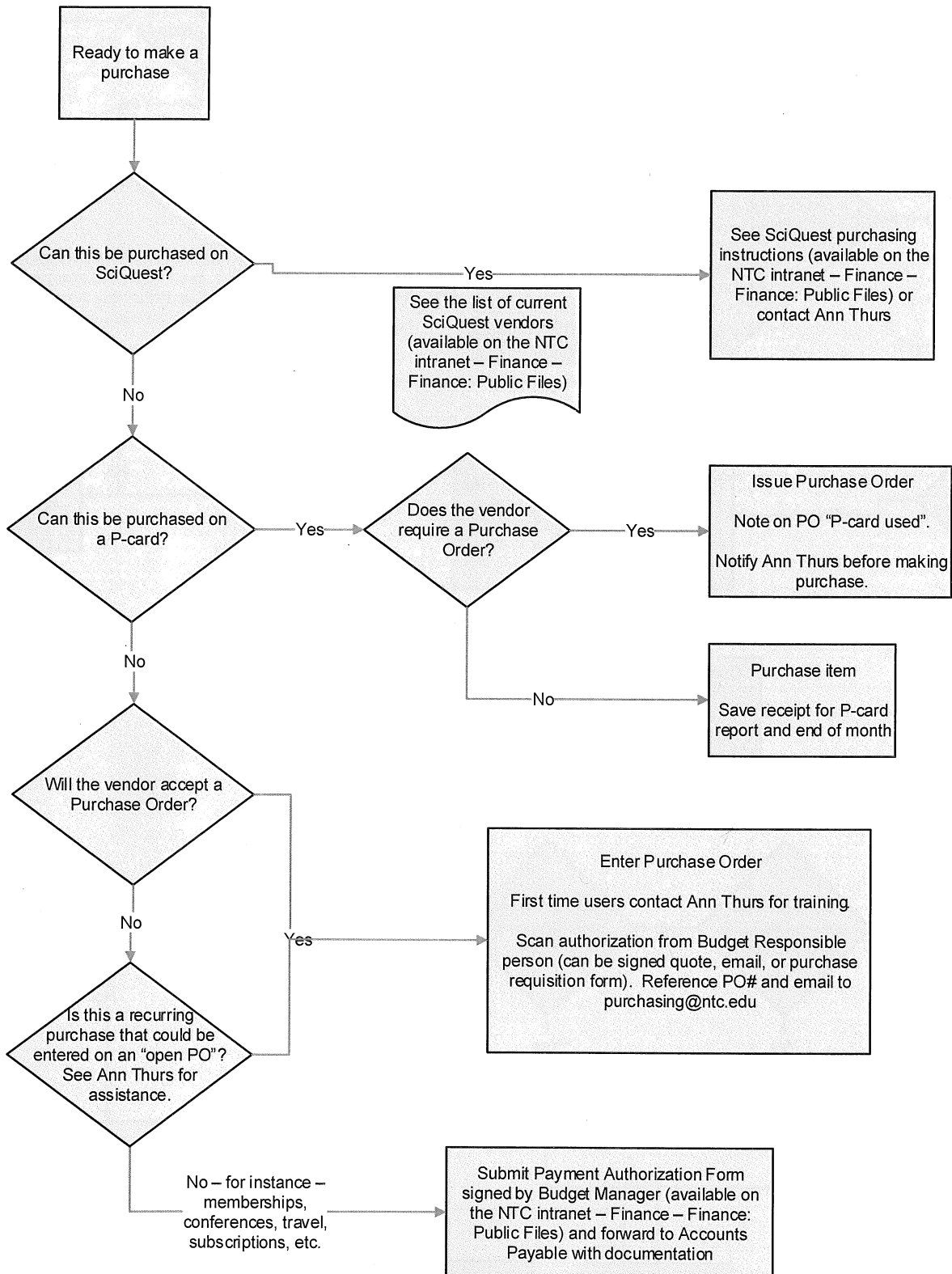
Please contact Financial Services if you have any questions and let us know if you need assistance with anything. You may also contact Kathe Breitenfeldt, Financial Process Controller, at Ext. 1705 or breitenfeldt@ntc.edu, with questions.

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NTC Purchasing Process



NTC Purchasing Process



Capital Purchasing Flowchart

