# Table of Contents

Introduction to Procurement Services ................................................................. 5  
  Accountability .................................................................................................... 5  
  Purpose ............................................................................................................... 5  
  Mission ............................................................................................................. 6  
  Responsibilities ............................................................................................... 6  

Delegation of Authority—Subcontracts and Purchase Orders.............................. 9  
  Accountability ................................................................................................. 10  
  Purpose ........................................................................................................... 10  

Confidentiality, Ethics and Conflict of Interest ...................................................... 10  
  Accountability ................................................................................................. 10  
  Purpose ........................................................................................................... 10  
  Confidentiality ............................................................................................... 10  
  Ethical Practices ............................................................................................. 10  
  Conflict of Interest ........................................................................................ 12  

Anti-Kickback Act of 1986 .................................................................................. 13  
Disciplinary Action ............................................................................................ 14  

Procurement Law and Contractual Requirements ............................................. 15  
  Accountability ................................................................................................. 15  
  Purpose ........................................................................................................... 15  
  Procurement Law ............................................................................................ 15  
  Personal Liability ............................................................................................ 15  
  Contractual Requirements ............................................................................. 16  
  Printed Documents .......................................................................................... 16  

Purchasing Requirements .................................................................................. 17  
  Issuance of Purchase Orders .......................................................................... 17  
  Contract Negotiations ..................................................................................... 18  
  Contract Preparation ........................................................................................ 18  

Supplier Obligations and Relations ................................................................. 19  
  Accountability ................................................................................................. 19  
  Purpose ........................................................................................................... 19  
  General .......................................................................................................... 19  
    Supplier Obligations .................................................................................... 19  
    Supplier Relations ....................................................................................... 19  

Completing Purchase Requisitions .................................................................... 21  
  Scope .............................................................................................................. 21  
  Policy .............................................................................................................. 21  
  Responsibility ................................................................................................. 21  

Creating TechMart Requisitions ..................................................................... 22  
  Accountability ................................................................................................. 22  
  Purpose ........................................................................................................... 22  
  Usage .............................................................................................................. 22
# Table of Contents

- **TechMart** .................................................................................................................................................. 22
- **TechMart Roles** ......................................................................................................................................... 22
- **TechMart Training** .................................................................................................................................... 22
- **Documenting Change Orders in TechMart** ............................................................................................... 23
- **Updating your TechMart Profile** .................................................................................................................. 23
- **Other Related Resources** .......................................................................................................................... 23
- **Manual (Paper) Purchase Requisition** ....................................................................................................... 25
  - **Accountability** ........................................................................................................................................ 25
  - **Purpose** .................................................................................................................................................. 25
  - **Usage** .................................................................................................................................................... 25
  - **Attributes** .............................................................................................................................................. 25
  - **Filing** ..................................................................................................................................................... 25
  - **Paper Requisition Form** .......................................................................................................................... 26
  - **Paper Requisition Addendum Form** ......................................................................................................... 27
  - **Form Definition and Instructions** ............................................................................................................ 27
- **Choosing the Type of Contract or Agreement** .......................................................................................... 32
  - **Scope** .................................................................................................................................................. 32
  - **Policy** ................................................................................................................................................... 32
  - **Responsibility** ....................................................................................................................................... 33
  - **Accountability** ..................................................................................................................................... 33
  - **Activity Preface** ................................................................................................................................... 33
  - **Negotiator** ............................................................................................................................................ 33
    - **Differences in Pricing Types** .................................................................................................................. 34
    - **Applicability of Pricing Type to SOW** .................................................................................................. 35
    - **General Description of Pricing Types** .................................................................................................. 35
    - **Risk Assessment** .................................................................................................................................. 36
    - **Cost overruns** ....................................................................................................................................... 37
  - **Variations of Cost-Reimbursement Type Contracts** ................................................................................. 37
    - **Cost-Plus-Fixed-Fee (CPFF)** ................................................................................................................ 37
    - **Time-and-Material (T&M)** ................................................................................................................... 38
- **Writing Contracts** ...................................................................................................................................... 39
  - **Scope** .................................................................................................................................................. 39
  - **Policy** ................................................................................................................................................... 39
  - **Responsibility** ....................................................................................................................................... 39
  - **Accountability** ..................................................................................................................................... 39
  - **Activity Preface** ................................................................................................................................... 39
- **Writing Procurement Justifications** ......................................................................................................... 44
  - **Scope** .................................................................................................................................................. 44
  - **Policy** ................................................................................................................................................... 44
  - **Responsibility** ....................................................................................................................................... 44
  - **Accountability** ..................................................................................................................................... 44
  - **Activity Preface** ................................................................................................................................... 44
- **Cost and Price Analysis Procedure** ......................................................................................................... 46
  - **Scope** .................................................................................................................................................. 46
  - **Purpose** .................................................................................................................................................. 46
  - **General** .................................................................................................................................................. 46
  - **Overview** ............................................................................................................................................... 46
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>80</td>
</tr>
<tr>
<td>Overview</td>
<td>80</td>
</tr>
<tr>
<td>Caltech P-Card Program</td>
<td>82</td>
</tr>
<tr>
<td>Accountability</td>
<td>82</td>
</tr>
<tr>
<td>Scope</td>
<td>82</td>
</tr>
<tr>
<td>Policy</td>
<td>82</td>
</tr>
<tr>
<td>Responsibility</td>
<td>82</td>
</tr>
<tr>
<td>Speedy Ordering System (SOS) Buying Program</td>
<td>84</td>
</tr>
<tr>
<td>Accountability</td>
<td>84</td>
</tr>
<tr>
<td>Scope</td>
<td>84</td>
</tr>
<tr>
<td>Policy</td>
<td>84</td>
</tr>
<tr>
<td>Responsibility</td>
<td>84</td>
</tr>
<tr>
<td>Section 1 - Commercial Items or Services Contract</td>
<td>86</td>
</tr>
<tr>
<td>Section 2 - Government Funded Subcontract Provisions</td>
<td>91</td>
</tr>
<tr>
<td>Section 2 - Government Funded Grant Provisions</td>
<td>93</td>
</tr>
<tr>
<td>TechMart Security Access Form</td>
<td>94</td>
</tr>
<tr>
<td>Caltech Procurement Justification - Non-Competitive Source Selection</td>
<td>96</td>
</tr>
<tr>
<td>Caltech Procurement Justification - Competitive Source Selection</td>
<td>99</td>
</tr>
<tr>
<td>Cost &amp; Price Analysis Guidelines</td>
<td>101</td>
</tr>
<tr>
<td>Non-Competitive Justification</td>
<td>105</td>
</tr>
<tr>
<td>Caltech Procurement Justification - Modification</td>
<td>108</td>
</tr>
<tr>
<td>Request to Add New Supplier</td>
<td>111</td>
</tr>
<tr>
<td>Equipment Screening</td>
<td>113</td>
</tr>
<tr>
<td>Certification - 25K</td>
<td>114</td>
</tr>
<tr>
<td>Certification - 100K</td>
<td>116</td>
</tr>
<tr>
<td>Purchase Order Documentation Checklist</td>
<td>118</td>
</tr>
<tr>
<td>PO Spot Audit Checklist</td>
<td>120</td>
</tr>
<tr>
<td>PO Spot Audit - Summary of Findings</td>
<td>121</td>
</tr>
<tr>
<td>Purchasing Desk Spot Audit Checklist</td>
<td>122</td>
</tr>
<tr>
<td>Subaward/Subcontract Documentation Checklist</td>
<td>123</td>
</tr>
<tr>
<td>Assistance Subrecipient Questionnaire</td>
<td>125</td>
</tr>
<tr>
<td>Notice of Contract Completion</td>
<td>129</td>
</tr>
<tr>
<td>Property Closeout Certificate</td>
<td>130</td>
</tr>
<tr>
<td>DD Form 882</td>
<td>131</td>
</tr>
<tr>
<td>Contractor's Release of Claims</td>
<td>132</td>
</tr>
</tbody>
</table>
**Introduction to Procurement Services**

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Purpose**

The Procurement Services organization is a department of the California Institute of Technology, Office of Business and Finance, under the direction of the Controller. The purpose of the organization is to provide professional, customer-focused procurement, travel, payment, and property services to the Institute in support of its educational and research mission. In accordance with the delegation of authority from the Institute’s Board of Trustees, Purchasing Services, an arm of the Procurement Services Department is responsible for the procurement of all goods and services at the Institute. Limited exceptions may be specifically identified by the Vice President of Business and Finance, and currently include the purchase of library books and purchases for the Caltech Bookstore.

*Policies* contained in this manual reflect the philosophy and values of the Institute, and are the basis for procedures that govern the end-to-end purchase process.

It is the policy of the Institute to obtain competitive bids on all procurements that exceed $10,000. Consideration of Small and Small Disadvantaged Businesses is recommended for all procurements. Specific information related to these policies is contained in the Purchasing Services Procedures section of this manual.

*Procedures* consist of the prescribed means of accomplishing policy. They provide guidelines, and where appropriate, specific actions to ensure uniformity, compliance and control of all policy related activities.

*Primary Authorities* that govern Purchasing Services responsibilities at the California Institute of Technology are:


OMB Circular A-21 (10 May 04), “Cost Principles for Educational Institutions.”


Federal Acquisition Regulations (FAR).
California Commercial Code.

Uniform Commercial Code.


Mission

The Purchasing Services mission is to exceed our Customers' expectations as we provide professional Purchasing services.

We will meet this challenge with:

Integrity
Quality
Knowledge
Responsiveness
Accountability
Commitment
Resourcefulness
Teamwork
Enthusiasm!

Responsibilities

Responsibilities of the Purchasing Services organization include, but are not limited to, the following:

Provide superior customer service to all Caltech faculty, students and staff.

Ensure that Institute procurements meet current regulatory and compliance requirements.

Administer the Institute’s Small and Disadvantaged Business Utilization Program.
Administer the Caltech P-Card Program (a procurement card program).

Administer the Speedy Ordering System (SOS) Buying Program.

Research and prepare appropriate policies and procedures.

Prepare training materials and conduct training programs for TechMart, Oracle systems, and Purchasing Services processes and procedures.

Administer the Procurement Services Web Pages.

Provide records and information in support of audits and reviews.

Prepare management reports and analyses.

Evaluate supplier performance.

Conduct market and supply chain analyses.

Analyze and recommend cost-effective purchasing strategies to best meet Institute requirements.

Identify cost reduction opportunities.

Participate in the development of Institute standards and specifications.

Maintain records of specifications, standards and supplier history.

Prepare and issue Requests for Information (RFIs), Requests for Quotations (RFQs), and Request for Proposals (RFPs).

Analyze quotations, bids and proposals.

Perform cost or price analyses.

Perform lease vs. buy analyses.

Participate in source selection activities.

Negotiate specifications, terms and conditions, changes, settlements and contract termination.
Consult with legal counsel, patent and technology counsel, insurance specialists, and other professionals in support of Institute procurements.

Prepare and issue purchase orders, master purchasing agreements, time and material contracts, professional services contracts and consulting agreements, and subcontracts.

Work with Payment Services to ensure appropriate and efficient payment.

Assist in the disposal of surplus property.
Delegation of Authority—Subcontracts and Purchase Orders

<table>
<thead>
<tr>
<th>Role</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOS Buyer I</td>
<td>$5,000</td>
</tr>
<tr>
<td>SOS Buyer II</td>
<td>$10,000</td>
</tr>
<tr>
<td>Purchasing Agent</td>
<td>$25,000</td>
</tr>
<tr>
<td>Contracting Officer</td>
<td>$50,000–$150,000</td>
</tr>
<tr>
<td>Senior Contracting Officer</td>
<td>$250,000</td>
</tr>
<tr>
<td>Contracting Manager</td>
<td>$250,000</td>
</tr>
<tr>
<td>Associate Director, Purchasing Services</td>
<td>$500,000</td>
</tr>
<tr>
<td>Associate Director, Property &amp; Support Services</td>
<td>$500,000</td>
</tr>
<tr>
<td>Director, Procurement Services</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

This delegation is subject to the following restrictions and limitations:

1. Redlegations of procurement authority to cognizant purchasing officials shall be subject to approval of the Vice-President for Business and Finance;

2. The cognizant purchasing official will sign any purchase order, contract and/or subcontract within their stated dollar limitation. Likewise, a cognizant official will sign unilateral modifications issued under “Changes” or which merely increase the amount allocated under an incrementally funded purchase order, contract or subcontract. However, unilateral modifications which increase the estimated cost or authorized expenditure of the purchase order, contract or subcontract so as to exceed the authority of the original signatory must be a cognizant official with commensurate delegation;

3. The Associate Vice-President for Business and Finance and Controller will review and approve all purchase orders, contracts and/or subcontracts over $1.0 million and also all procurements regardless of dollar value, considered sensitive in nature;

4. The Office of General Counsel will review all purchase orders, contracts and/or subcontracts in excess of $1.0 million and all procurements, regardless of dollar value, which the purchasing officials consider sensitive in nature.
Confidentiality, Ethics and Conflict of Interest

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Purpose

To provide guidance to employees engaged in any aspect of the Purchasing Services process to identify the confidential nature of Purchasing Services transactions, to use ethical business practices, and to avoid the conflict of interest during the conduct of such business.

Confidentiality

It is recognized that most transactions relating to the Purchasing Services process are confidential.

It is considered unethical and illegal, as well as damaging to the Institute’s reputation, to allow proprietary information about one supplier’s quotation to pass to another supplier. This policy applies to information passed knowingly or unknowingly due to lack of vigilance. Documents on desks during supplier interviews, phone calls, and conversations between buyers within hearing of suppliers in other offices are examples of how proprietary information can be passed on unknowingly. An awareness of this type of situation is essential so that it can be avoided.

All files in the Purchasing Services Department are to be maintained in an up-to-date and confidential manner. Access to these files and any other documentation found within the department shall be restricted to those authorized by the Associate Director of Purchasing Services and/or Director of Procurement Services.

Personnel who sign nondisclosure agreements without the express written consent of the Office of General Counsel do so as individual parties and not as agents of the Institute.

Ethical Practices

Personnel engaged in the Purchasing Services process are expected to observe a high level of moral and ethical conduct at all times. In personal contacts with suppliers, each employee represents the Institute and should reflect the interests and needs of all divisions/departments. It is the responsibility of all personnel to develop and maintain good relations between the Institute and its suppliers.

It is the responsibility of all personnel participating in the Purchasing process to refrain from soliciting or accepting from any interested party any gratuity or other thing of value, either directly for themselves, or
for persons with whom they have personal, business or financial ties. Any personnel that have been offered such gifts or gratuities should notify the Director of Procurement Services immediately.

For the purpose of this policy, an interested party is defined as: 1) any person, firm, corporation, or other entity or representative thereof, which has or is seeking to obtain contractual or other business or financial relations with the Institute, or 2) has interests that may be substantially affected by the performance or non-performance of the official duty of the Institute employee concerned.

A gratuity includes any gift, favor, entertainment, employment opportunity, or other item having monetary value. This includes but is not limited to services, conference fees, transportation, lodging, meals, supplier promotional items, discounts not available to the general public, or loans made on a preferential basis by parties that are not financial institutions.

Exceptions to this policy include:

1. Any unsolicited advertising or promotional item, other than money, such as pens, calendars, or other items that have a market value of no more than $25 per item or event.

2. Plaques, certificates or mementos having no intrinsic value.

3. Local transportation on official business, when alternate arrangements are impractical or where it will facilitate the conduct of official business.

4. Attending a celebration or other major event related to an Institute project regardless of who the host is, as long as the event is attended by a number of parties representing a range of mutual interests in the project.

5. Accepting lunches from suppliers, provided the value of the meal is $25 or less, they occur no more than twice per year per supplier, and never occur during periods of proposal preparation, bidding, bid analysis, or contract negotiations involving that supplier.

Purchasing Services personnel of the Institute subscribe and adhere to the “Code of Ethics” of the National Association of Educational Buyers ©, which are outlined below. SOS Buyers and P-Card Procurement Card users, who have been delegated to procure goods and services for the Institute, are expected to adhere to the same “Code of Ethics.”

Give first consideration to the objectives and policies of my Institution.

Strive to obtain the maximum value for each dollar of expenditure.

Decline personal gifts or gratuities.
Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.

Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.

Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.

Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.

Make every reasonable effort to negotiate an equitable and mutual agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of the Institution permit.

Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.

Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.

Foster fair, ethical and legal trade practices.

Counsel and cooperate with National Association of Educational Procurement (NAEP) members and promote a spirit of unity and a keen interest in professional growth among them.

**Conflict of Interest**

Personnel engaged in the *Purchasing* process are expected to be free of interests or relationships that are actually or potentially detrimental to the best interests of the Institute. All personnel shall not participate in any commercial transactions involving a company, its affiliates, divisions, or subsidiaries in which they have a significant, undisclosed financial interest.

Any employee engaged in purchasing who has assumed, or will assume, a financial or other outside business relationship that might involve a conflict of interest must immediately inform the supervisor of the circumstance involved by preparing and submitting the memorandum required by Staff Personnel memorandum 9-3. This memorandum is then reviewed at an appropriate level for decision on whether a conflict of interest is present and, if so, what course of action is to be taken. A conflict of interest exists when an employee:

Has an outside interest that materially encroaches on time or attention that should be devoted to Institute business.
Has a direct or indirect interest in a relationship with an outsider that:

is unethical, or

makes possible personal gain due to the employee’s ability to influence Institute dealings, or

renders the employee partial toward the outsider for personal reasons or otherwise inhibits the impartiality of the employee’s business judgment, or

places the employee or the Institute in an embarrassing or ethically questionable position, or

Reflects on the integrity of the Institute.

Takes personal advantage of an opportunity that properly belongs to the Institute.

Make personal use of Institute property without approval.

Buys or sells stock at a time when the employee has inside information as a result of his or her position at the Institute.

Discloses proprietary information to unauthorized persons.

A related party’s file is maintained in the Purchasing Services Department. If the buyer identifies a possible conflict of interest, the purchase must be reviewed and approved by the Director of Procurement Services and the appropriate Department/Division Manager or Administrator.

**Anti-Kickback Act of 1986**

Federal Acquisition Regulations (FAR 52.203-7) require that the Institute have in place and follow reasonable procedures designed to prevent and detect violations of the Anti-Kickback Act of 1986 in its operations and direct business relationships. “Kickback” as defined by the FAR means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with the prime contract or in connection with a subcontract relating to a prime contract.

The Institute’s procedures for enforcing these guidelines are:

The Purchasing Services Department's established levels of authority for approving transactions, the purpose of which is to detect any discrepancies or failure to follow required policies and procedures.

Internal and external audits from ONR, audits of A-133 and A-110 compliance, and;
Incorporation of the NAEP standards of conduct for purchasing professionals.

If an employee becomes aware of any activity of the type described herein, they should immediately report such activity to the Director of Procurement Services.

**Disciplinary Action**

It is understood that failure to observe the foregoing policy may be the basis for appropriate disciplinary actions or discharged from employment at the Institute.
**Procurement Law and Contractual Requirements**

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Purpose**

To provide general information and familiarity related to the laws of governance, authorities, and controls, which must be adhered to by all employees with delegated purchasing authority.

Additionally, to provide general information and guidelines to all personnel involved in any phase of contracting.

**Procurement Law**

Contracting Managers, Contracting Officers, Purchasing Agents, delegated SOS Buyers or P-Card-Cardholders, (hereafter collectively referred to as negotiator) engaged in the purchase process should have sufficient knowledge of applicable laws and regulations to understand the relationship between themselves and the Institute, and legal consequences of acts they perform. With knowledge of the legal and regulatory fundamentals of purchasing, the buyer will be better equipped to recognize situations where additional guidance is needed.

The acts of negotiators are binding upon the Institute, even when their acts exceed their delegated authority.

The negotiator must determine if and when a salesperson is authorized to conclude a contract. Unless he/she is additionally authorized, the salesperson’s authority is usually limited to soliciting orders. In most cases, the salesperson’s employer ratifies and accepts orders.

**Personal Liability**

As an agent of the Institute, the negotiator has the express authority granted and governed by established Institute policies and procedures.

In dealing with suppliers and others outside the Institute, the negotiator is considered to have the apparent authority usually granted to buying personnel. It is within this authority that the negotiator’s acts will bind the Institute even if the negotiator exceeds or violated the actual authority granted under the law of agency.

---

-15-
As long as the negotiator acts within the scope of *express authority* and is neither negligent, nor dishonest, or acting in bad faith, he/she is not likely to become personally liable for such actions. Personal liability may occur if the scope of express authority is exceeded.

1. To protect against personal liability, the buyer must avoid the following types of situations:

Making false statement about authority.

Making any false statement with an intent to deceive.

Taking any action without authority that could result in damages to others.

Performing an illegal act, even with the authorization of an employer.

Performing any damaging act outside the negotiator’s scope of authority.

In the above situation, the supplier ordinarily has no recourse to the Institute, since no valid contract exists between the Institute and supplier. The only recourse commonly available to the supplier is to sue the negotiator personally. However, on contracts made within the *apparent* scope of the negotiator’s authority, but beyond the actual scope, as a result of limitations on the negotiator which were unknown to the supplier, the Institute may also be held liable. Under these circumstances, the negotiator may be answerable to both the Institute and to the supplier with whom the negotiator was dealing.

**Contractual Requirements**

A contract is a bilateral agreement entered into by the negotiator and the supplier. For a contract to be legal and enforceable, both an offer and an acceptance, in identical terms, are required. Although legally enforceable contracts do result from oral orders in most cases, contracting methods commonly require written documentation covering the terms and conditions of the transaction. Below is an outline of common characteristics inherent to most forms of contracting with which negotiators and other Purchasing Services personnel should be thoroughly familiar.

**Printed Documents**

Printed documents are an integral part of contracting and negotiators must be aware of the significance and proper use of these documents. Proposals and quotations are usually submitted on the supplier’s standard form that contains terms and conditions favorable to the supplier. In spite of the protection offered by the Uniform Commercial Code (UCC), negotiators can reduce the risk of the Institute being disadvantaged by the supplier’s terms and conditions by application of one of the following:

Use of standard “Request for Quotation/Proposal” forms that lock the supplier into the provisions of the Institute’s purchase order and/or any other specified terms and conditions.
Use of the Institute’s purchase order form, which contains the Institute’s standard terms and conditions.

Careful scrutiny of the supplier’s quotation or proposal form by the requesting department, Purchasing Services department, and when requested, the Office of the General Counsel.

Avoidance of loose references to the supplier’s written quotation or proposal when issuing a purchase order in response to that quotation. Such references can be interpreted as incorporating all the terms and conditions of the quotation or proposal. The best protection is to make no reference at all to the quotation or proposal, or to merely refer to the material or service as “per the description in the supplier’s quotation or proposal dated.”

**Purchasing Requirements**

Purchases for goods and services should consider all of the following:

A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.

A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are requested.

The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

**Issuance of Purchase Orders**

When a purchase order is issued without prior specific negotiations on the particular transaction, the attached Institute terms and conditions are intended to prevent the Institute from being bound by the terms and conditions of a subsequent “order acknowledgement.”

When a purchase order is issued in response to a specific quotation, the attached Institute terms and conditions intended as a legal counteroffer, requiring the supplier to accede to our terms and conditions.

The issuance of our purchase order is intended to prevent the Institute from being bound by any unclear and/or unusual provision in the supplier’s quotation. However, a supplier may take no action upon receipt
of the Institute’s purchase order and successfully claim that he or she is not bound to fulfill the requirements of the purchase order. Since most suppliers will not jeopardize their relationship with the Institute by taking such action, it is well worth the risk to issue purchase orders to obtain protection from unreasonable limitations and disclaimers that sometimes appear in supplier quotations.

**Contract Negotiations**

The purpose of negotiation is to bring into existence an agreement that is clear, concise, complete, and in the best interest of all parties involved in the agreement. It is in this spirit that all Institute personnel should enter into negotiations.

**Contract Preparation**

Forms and documents perform important business functions. Their accuracy and correct use assures maximum clarity in communication and provides legal protection for all parties.

In some cases, suppliers will insist on using their own forms or contracts. Use of a supplier’s documents, rather than Institute standard documents, requires the approval of the Director of Procurement Services.

Purchasing Services personnel are responsible for familiarizing themselves with the standard forms, such as purchase orders, Institute terms and conditions, and interpretation of the supplier’s terms and conditions. A Purchasing Services Contract Manager and the Office of the General Counsel (OGC) are available for consultation in these areas.
Supplier Obligations and Relations

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Purpose

To define suppliers’ obligations to the Institute and state the basic policy concerning supplier relations.

General

It is the policy of the Institute to maintain and practice the highest possible standards of business ethics, professional courtesy, and competence in all matters of Institute business.

Supplier Obligations

Suppliers are expected to fulfill these basic responsibilities:

Handle all written and personal communications with the Institute through the Purchasing Services department unless instructed to do otherwise, in which case the Purchasing Services department is to receive copies of all correspondence and be kept informed of any oral communications.

Negotiate contracts and sales only with the Purchasing Services department or other persons with delegated authority. Additionally, to conduct negotiations ethically, without attempts to influence through offering valuable personal gifts or entertainment.

Advise the Purchasing Services department or other authorized representative of any new products as soon as such information is available.

Suggest ways and means of conducting joint efforts in research and development that might benefit both parties.

Inform the Purchasing Services department of changes in economic or other conditions that might affect purchasing decisions.

Supplier Relations
At all times, applicable laws must be scrupulously observed. In this regard, the following should be observed in dealing with suppliers and their representatives:

Accord prompt and courteous reception, as well as fair and equal treatment.

1. Provide equal opportunity for all qualified suppliers to make price and specification quotations.
2. Guarantee the confidentiality of all specifications and price quotations made by suppliers.
3. Avoid putting the supplier through unnecessary expense or inconvenience for any reason.
4. Explain as clearly as possible reasons for rejection of their bids/proposals.
5. Remain scrupulously free from obligations to any supplier.
6. Keep informed about sources of supply, methods, services, and materials, and encourage their testing within the Institute.
7. Keep suppliers informed about Institute business policy and practices.
Completing Purchase Requisitions

Scope

This section covers the instructions for completing and submitting Purchase Requisitions, using TechMart, Caltech’s e-procurement application, and temporary hard copy forms.

Policy

Requisitions, whether electronic or paper, represent the official records that identify each Institute requirement for goods or services. Hard copy forms document control activity approvals by manual signature, while on-line requisitions rely on electronic approvals for budgetary control and the approval of expenditure types. The requisitioner must check the available funds and obtain authorization for the type of expenditure electronically, prior to sending the requisition electronically to the Purchasing Services Department. Requisitions are not required for P-Card procurement card transactions that are placed on your P-Card, and are optional for SOS orders.

Unauthorized orders, those for which a Requisition has not been initiated (i.e. Reimbursements and Invoice Attached transactions), present a significant risk to the Institute and are not an acceptable practice.

Responsibility

The Requestor is responsible for communicating the requirements of the request to the requisition preparer

The Preparer is responsible for

Completing the requisition in a manner consistent with the prescribed procedure and

Accurately documenting the requirements of the request.

The Approver is responsible for approving the requisition in accordance with interdepartmental approval guidelines and Procurement Services prescribed procedures.
Creating TechMart Requisitions

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Purpose

The Purchase Requisition is used to request the purchase of goods and services.

Usage

A Purchase Requisition is completed whenever there is a requirement for the purchase of goods and services, and other electronic mechanisms for creating requisitions on-line are not available. In addition, a requisition is required to request any modification to an existing purchase order. The Purchase Requisition contains all of the information and approvals required to process purchases.

TechMart

TechMart, Caltech’s e-Procurement solution, provides an efficient, effective, and user-friendly electronic tool for ordering the Institute’s most commonly required products and services. The ability to select products and services from multiple online supplier catalogs displaying Institute negotiated contract pricing dramatically reduces the time and effort required to order products and services.

Requisitioning through this tool streamlines the buying process and allows for electronic routing for approvals. The system provides access to detailed order history and reporting that allows Purchasing Services to leverage the Institute’s significant buying power and recruit new preferred contract Suppliers.

These capabilities provide administration with spend control and visibility tools, thus allowing Caltech to achieve cost savings in both administration and contract compliance.

TechMart Roles

TechMart Requisitioner: A TechMart user who can create catalog and non-catalog shopping carts. A TechMart Requisitioner may have an approval limit from zero to unlimited. A Financial Approver must approve shopping carts created above a TechMart Requisitioner’s approval limit. A TechMart Requisitioner is responsible for applying the appropriate administrative details of the order, including PTA number(s), shipping address, etc.
TechMart Shopper: a TechMart user who can create catalog and non-catalog shopping carts. TechMart Shoppers have a zero-dollar approval limit, which means a Financial Approver must approve all shopping carts created by a TechMart Shopper. The Financial Approver is responsible for modifying the administrative details of the order, including PTA number(s).

TechMart Approver: A TechMart user who is responsible for approving a TechMart Requisitioner’s shopping cart. A TechMart Approver can modify any administrative details of the order, including PTA number(s).

TechMart Training

On-line “Shoppers” Tutorial: TechMart’s on-line training site allows a user to learn to become a “Shopper” using a web-based learning application. Purchasing Services offers TechMart Online Training accessible from the comfort of the user’s desk. Tech Mart “Shoppers” are users who make the appropriate sourcing selections by creating shopping carts, which are routed to a designated Approver for order completion. “Shoppers” can create shopping carts with a default PTA and Expenditure Type. If the user is a student, lab technician, or even a research scientist who does not want to worry about the administrative details of an order, they can become a TechMart “Shopper.” To access the TechMart Online Training application, go to http://procurement.caltech.edu/techmart/. TechMart Requisitioner and TechMart Approver online tutorials are coming soon.

One-On-One and Classroom Training. For one-on-one, group, or classroom training e-mail techmarthelp@caltech.edu or call the Procurement Services Hotline at 626-395-8900.

Documenting Change Orders in TechMart

All Change Orders to TechMart Purchase Orders are done in Oracle. However, each Change Order must be documented in the History of the TechMart Purchase Order.

Updating your TechMart Profile

To update the following in a user’s TechMart profile, complete the “TechMart Security Access Form” (See Attachment A) and mail it to IMSS Security, Mail Code 1-10:

1. Role(s)
2. Department Permission(s)
3. Financial Approver(s)
4. Requisition Approval Limit

Other Related Resources

Refer to TechMart User Guides
Refer to *Requisitioner Guide*

Refer to *Shopper’s Guide*

Refer to *Approver Guide*

Refer to *SOS Buyer Guide*

Refer to *TechMart Definitions*

Refer to *TechMart Frequently Asked Questions*

Refer to *Purchasing Services – E-Fax Numbers*

Refer to *TechMart Security Access Form*

Refer to *TechMart Catalog Supplier List*
Manual (Paper) Purchase Requisition

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Purpose

The Purchase Requisition is used to request the purchase of goods and services.

Usage

A paper Purchase Requisition is completed whenever there is a requirement for the purchase of goods and services, and other electronic mechanisms for creating requisitions on-line are not available. In addition, a requisition is required to request any modification to an existing purchase order. The Purchase Requisition contains all of the information and approvals required to process purchases.

This form can be accessed and printed from the Procurement Services Home Page at the following location:

http://procurement.caltech.edu/purchasing/purchasingforms.htm

Attributes

Can be accessed via the Procurement Services Home Page.

Electronic version available for use with MS Excel and Adobe Acrobat.

Hard-copy version can be printed for manual completion.

Filing

A hard copy or electronic version of the purchase requisition should be retained by the requesting department or requisition preparer.

The Purchase Requisition original is maintained in the purchase order file by the Purchasing Services department.
### Paper Requisition Form

**California Institute of Technology**

**PURCHASE REQUISITION**

<table>
<thead>
<tr>
<th>Date</th>
<th>Requisition No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Order No.</td>
<td>Department Name</td>
</tr>
<tr>
<td>Department Code</td>
<td>Purchase Order No.</td>
</tr>
</tbody>
</table>

**Tax Reporting/Withholding Information:**

- [ ] Remittance to Caltech Student or Employee
- [ ] Blanket PO Change Order/Modification

**Screening Certification:**

- [ ] Are you using the above Supplier to provide services and/or to make payment for rents for the first time?  
  - [ ] Yes  
  - [ ] No

- [ ] If yes, please complete the Tax Reporting/Withholding Information section on the Purchase Requisition Addendum.

**Disposition of Check:**

- [ ] U.S. Mail - Special Instructions (Attachments, Fed Ex, etc):
- [ ] Direct Deposit

**Order Total:**

<table>
<thead>
<tr>
<th>Item Description</th>
<th>QTY</th>
<th>UOM</th>
<th>Item Price</th>
<th>Line Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Note to Buyer:**

Need by Date:

- Preparer (Please Print)
- Requestor (Please Print)
- Approver (Please Print)
- Mail Code
- E-Mail

**Disclaimer:**

The equipment/supplies/services being purchased are needed to accomplish research/teaching objectives, consistent with the requirements of the POETA(s) listed on this requisition.

Orders over $10,000 (excluding tax) require a Non-Competitive Justification Form. Please refer to the following web site:

[http://www.atc.caltech.edu/finance/PPS/purchasing/purchasingforms.htm](http://www.atc.caltech.edu/finance/PPS/purchasing/purchasingforms.htm)
Paper Requisition Addendum Form

Date Requisition No.
Change Order No. Department Name
Department Code Purchase Order No.

Reimbursement to Caltech Student or Employee Date Stamp
Blanket PO Change Order/Modification

Tax Reporting/Withholding Information

Is Supplier a U.S. Citizen/ Resident Alien? Yes No
Is Supplier a Caltech Student or Employee? Yes No
Do you expect to pay Supplier more than $1,500 during this calendar year? Yes No
If Supplier is providing services, where will the services be performed? Outside the U.S. Inside the U.S. Inside California
Is Payee a California resident? Yes No

Screening Certification
Certificate of non-availability (Equipment $10,000 and above). This is to certify that no like equipment was found to be available for use upon screening in accordance with the Institute Purchasing Services Policies and Procedures Manual.

Additional Information
Any information necessary to complete a Purchase Requisition form may be included below:

The equipment/supplies/services being purchased are needed to accomplish research/teaching objectives, consistent with the requirements of the POETA(s) listed on this requisition.

<table>
<thead>
<tr>
<th>Part</th>
<th>Item Description</th>
<th>QTY</th>
<th>UOM</th>
<th>Item Price</th>
<th>Line Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

Orders over $10,000 (including tax) require a Non-Competitive Justification Form. Please refer to the following web site:
http://www.atc.caltech.edu/finance/PPS/purchasing/purchasingforms.htm

Order Total $ 0.00

Form Definition and Instructions

Note: Form definitions and instructions are in order of appearance on the Purchase Requisition and Addendum. It is extremely important that the form be utilized, as is, without any modification whatsoever. This form contains particular information Purchasing Services needs in order to process orders quickly and effectively. Any deviation may result in delay of purchase.

Date
Date Purchase Requisition is prepared.

Requisition No.
For Purchasing Services Department use only.

Change Order No.
Change Order/Modification number being issued to an existing Purchase Order.

Department Name
Name of the department issuing the Purchase Requisition.

Department Code
The code assigned to your Division/Department or a subsection that identifies how you want deliveries and paperwork routed. This code is assigned by the Purchasing Services Department in collaboration with Division/Department representatives. If you have questions about the Department Code, please refer to the Procurement Services web site address:
http://procurement.caltech.edu.
Purchase Order No. Assigned by the Purchasing Services Department unless you are issuing a Change Order/Modification to an existing Purchase Order.

Reimbursement to Check this box if you are submitting receipt(s) along with your Caltech Student or Purchase Requisition for reimbursement to a Caltech Employee student/employee.

Blanket PO Change Check this box if you are requesting a Change Order/Modification to Order/Modification an existing Blanket Purchase Order. Note: New Blanket Purchase Orders should be initiated using the Blanket Order Requisition form. Please refer to http://procurement.caltech.edu/purchasing/purchasingforms.htm.

Date Stamp For Procurement Service Department use only.

Supplier Name The name of the Supplier to whom the Purchase Order should be issued.

Federal Tax ID/ SSN The Federal Tax Identification Number or Social Security Number of the Supplier.

Address Supplier’s address.

City Supplier’s city.

State Supplier’s state.

Zip Supplier’s zip code.

Supplier Contact Supplier’s Caltech Account Representative or person with whom you are working.

Tax Reportable/Withholding Complete this section on the Purchase Requisition Addendum the first time you use this supplier to provide services and/or to make payment for rents. See website for information regarding tax reporting. http://procurement.caltech.edu/support/supportpoliciesandprocedures.htm

Is Supplier a U.S. Resident Check applicable box (used to determine which, if any, tax Citizen/ Alien? reporting forms are required by the IRS).

Is Supplier a Caltech Check applicable box (used to determine appropriate Student or payment method). Employee?

Do you expect to pay Check applicable box (used to determine if California State Supplier more than non-resident withholding is required). $1,500 during this
calendar year?

If Supplier is Providing Services, where will the Services be Performed?

Check applicable box (used to determine tax reportable status and/or withholding requirements).

Is Payee a California resident?

Check applicable box. If services are more than $1,500 in a calendar year AND are performed in California by a Nonresident, we are required to withhold at the current California rate.

Screening Certification
Complete this section on the Purchase Requisition Addendum if the requisition includes a single item of equipment $10,000.00 or over, which is partially or wholly federally funded.

Certificate of Non-availability
Sign and date this section if it has been determined that no like equipment was found to be available for use upon screening in accordance with the Institute Purchasing Services Policies and Procedures Manual. A web based screening query is available on the Property Services web site at http://finance.caltech.edu/property.htm (select the equipment-screening link). Searches can be based on equipment description, manufacturer and model number. If the search produces a match, the division is responsible for contacting the equipment assignee to determine if the equipment is available for sharing or transfer.

Disposition of Check
The location and method you would like the Supplier’s check to be delivered.

U.S. Mail
Check this box if you want the Supplier’s check to be mailed via U.S. mail to Supplier’s address. Please include any special mailing instructions in the space provided.

Direct Deposit
Check this box if you want the Supplier’s check to be directly deposited to the Supplier’s bank account.

Project
Project number(s) to be charged.

Task
Task number(s) to be charged

Award
Award number(s) to be charged.

% or $
Indicate with percentage(s) or dollar amount(s) the distribution of funding you want each Project-Task-Award and/or Expenditure Type to be charged.

Expenditure Type
Expenditure Type you would like this order to be charged against. For a listing and/or definition of Expenditure Types, refer to
<table>
<thead>
<tr>
<th><strong>Part Number</strong></th>
<th>Supplier part number (if applicable).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Item Description</strong></td>
<td>Describe as completely as possible the goods/services you are ordering.</td>
</tr>
<tr>
<td><strong>QTY</strong></td>
<td>The quantity (number) of items being purchased.</td>
</tr>
<tr>
<td><strong>UOM</strong></td>
<td>Unit of Measure (i.e. Each, Box of 10, Hour, etc.).</td>
</tr>
<tr>
<td><strong>Item Price</strong></td>
<td>The price per each Unit of Measure.</td>
</tr>
<tr>
<td><strong>Line Total</strong></td>
<td>The QTY multiplied by the Item Price. Only the Excel version of the Purchase Requisition automatically calculates the Line Total(s).</td>
</tr>
<tr>
<td><strong>Order Total</strong></td>
<td>The sum of “Line Total” fields. Only the Excel version of the Purchase Requisition automatically calculates the Order Total.</td>
</tr>
<tr>
<td><strong>Note to Buyer</strong></td>
<td>Provide any additional information here (i.e. delivery instructions, payment instructions, etc.).</td>
</tr>
<tr>
<td><strong>Need By Date</strong></td>
<td>Date the goods/services is needed by the Requestor. Be as specific as possible and avoid use of A.S.A.P.</td>
</tr>
<tr>
<td><strong>Preparer</strong></td>
<td>The name of the person preparing the Purchase Requisition. Documentation relating to the order will be sent to this person.</td>
</tr>
<tr>
<td><strong>Phone (Preparer)</strong></td>
<td>Preparer’s phone number.</td>
</tr>
<tr>
<td><strong>Mail Code (Preparer)</strong></td>
<td>Preparer’s Caltech mail code.</td>
</tr>
<tr>
<td><strong>E-Mail (Preparer)</strong></td>
<td>Preparer’s e-mail address.</td>
</tr>
<tr>
<td><strong>Requestor</strong></td>
<td>The name of the person requesting the goods/services.</td>
</tr>
<tr>
<td><strong>Phone (Requestor)</strong></td>
<td>Requestor’s phone number.</td>
</tr>
<tr>
<td><strong>Mail Code (Requestor)</strong></td>
<td>Requestor’s Caltech mail code.</td>
</tr>
<tr>
<td><strong>E-Mail (Requestor)</strong></td>
<td>Requestor’s e-mail address.</td>
</tr>
<tr>
<td><strong>Approver</strong></td>
<td>Person authorized to approve expenditures on the account(s).</td>
</tr>
<tr>
<td><strong>Phone (Approver)</strong></td>
<td>Phone number of person authorized to approve expenditures on the account(s).</td>
</tr>
</tbody>
</table>
Mail Code (Approver)  Mail Code of person authorized to approve expenditures on the account(s).

Approver Signature & Date  Signature of person authorized to approve expenditures on the account(s) and the date they sign the Purchase Requisition. By signing, the Approver acknowledges that the equipment/supplies/services being purchased are needed to accomplish research/teaching objectives, consistent with the requirements of the POETA(s) listed on the Purchase Requisition.
**Choosing the Type of Contract or Agreement**

**Scope**

This instruction provides guidance for selecting an appropriate contract type consistent with the circumstances of the purchase.

**Policy**

The term “contract type” commonly refers to whether a contract is fixed price or cost reimbursement, or some variant of these. Contract types vary according to:

- The degree and timing of the responsibility assumed by the contractor or Institute for the costs of performance.
- The amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals.
- The level of contract administration required by the Institute.

In a Firm Fixed-Price (FFP) contract, price is agreed to before a definitive contract is awarded and remains firm for the life of the contract. The price is not subject to adjustment because of the cost experience of the contractor in performance of the contract. The contractor accepts full cost responsibility when agreeing to this type of contract. The contractor accepts 100% of any difference between estimated and actual costs. The contractor assumes complete responsibility, in the form of profits or losses for all contract costs.

In a cost-reimbursement type contract, the Institute assumes most of the cost risk, since the contractor will receive reimbursement for all reasonable, allowable, and allocable costs. The Institute’s assumption of risk requires greater cost control measures and means that the Government will have to evaluate contractor cost for allowability, allocability, and reasonableness.

The objective is to select (negotiate) a contract type and price that will result in reasonable contractor risk and provide the contractor with the greatest incentive for efficient and economical performance.

For more information pertaining to policies and procedures regarding selection of contract types, refer to the Federal Acquisition Regulation (FAR) Part 16. However, restrictions imposed by FAR are not necessarily applicable to the Institute.
Responsibility

The negotiator is responsible for selecting the appropriate contract type based on a thorough understanding of the performance required.

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Activity Preface

This activity is performed as part of the process for establishing subcontracts.

<table>
<thead>
<tr>
<th>Negotiator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In cooperation with the Institute’s technical representative, generate a Statement of Work (SOW) that defines the work to be performed, deliverable items (if any), and reporting requirements (if any).</td>
</tr>
<tr>
<td>2. Ensure a thorough understanding of the performance required by answering the following questions:</td>
</tr>
<tr>
<td>How well defined is the work to be done.</td>
</tr>
<tr>
<td>i. Clearly defined and readily priced work.</td>
</tr>
<tr>
<td>ii. Less well defined, but the cost of the effort can be estimated.</td>
</tr>
<tr>
<td>iii. Emergency work, maintenance or repair work, where the job is undefined at the onset and total cost cannot be estimated.</td>
</tr>
<tr>
<td>3. Ensure a thorough understanding of the nature of the work required.</td>
</tr>
<tr>
<td>What is the nature of the work?</td>
</tr>
<tr>
<td>i. Commercial off-the-shelf items (COT).</td>
</tr>
<tr>
<td>ii. Research and development (R&amp;D) work.</td>
</tr>
<tr>
<td>iii. Support effort work.</td>
</tr>
<tr>
<td>iv. Task completion work.</td>
</tr>
<tr>
<td>v. Classified work.</td>
</tr>
<tr>
<td>vi. Consulting services, which must meet the following criteria:</td>
</tr>
<tr>
<td>• Support an Institute activity.</td>
</tr>
<tr>
<td>• Be performed by an expert or authority in a professional, scientific, or technical field; and</td>
</tr>
<tr>
<td>• Be advisory in nature.</td>
</tr>
<tr>
<td>vii. Real property lease.</td>
</tr>
<tr>
<td>viii. Equipment lease or rental.</td>
</tr>
<tr>
<td>ix. Equipment loan.</td>
</tr>
</tbody>
</table>
4. Ensure a thorough understanding of the delivery and/or performance requirements that may be generally defined by the following terms:

Completion – This is the most common contract form. The contractor is usually required to deliver a specified, definitive end product in response to a clearly defined task. For FP contracts, delivery of the end product is usually a condition for payment.

Term - describes the scope of work to be performed in general terms and may obligate the contractor to devote a specified level of effort for a stated period. The “Term” contract is commonly used for services and is often called “Level-of-Effort (LOE). The “Term” contract form is also used for:

i. Early R&D efforts where technical outcomes are unpredictable, and
ii. Indefinite delivery of specific items as ordered.

Payment is made when the appropriate effort has been expended and performance is considered to be satisfactory by the Institute.

5. Develop the SOW.

The Institute’s technical representative and the Negotiator need to generate the SOW that defines the work to be performed, deliverable items (if any) and reporting requirements (if any). The clarity of the SOW generally defines the type of contract selected for the effort.

6. Determine the appropriate contract type to be used.

There are two broad groups of pricing types: fixed-price and cost-reimbursement. Although the pricing type determination is primarily the negotiator/contract administrator’s responsibility, it is important that the personnel drafting the SOW understand the basic differences between the two contract types and their relationship to the SOW. The characteristics of each major contract can significantly affect the way the SOW is written, as well as purchase planning and subsequent contract administration.

**Differences in Pricing Types**

The two contract groups differ in three key respects:

The amount of risk assumed by the Institute and the contractor.

(a) In a FP contract, the contractor assumes all of the cost risk; however much or little the product costs, the contractor will receive only the price fixed by the contract.

(b) In a cost-reimbursement type contract, the Institute assumes most of the cost risk, since the contractor will receive reimbursement for all reasonable, allowable, and allocable costs.
The degree of Caltech contract administration necessary.
   (a) In a FP contract, no Institute cost control administration is necessary.
   (b) In a cost-reimbursement type contract, Caltech’s assumption of risk means that the Institute
        must oversee cost control measures and the Government will have to evaluate contractor
        costs for allowability, allocability, and reasonableness.

The amount of profit/fee in the contract.
   (a) In a FP contract, a contractor can increase its profit by controlling costs, thereby expending
       fewer resources than originally estimated.
   (b) In a cost-reimbursement type contract, the maximum fee is established when the contract is
       awarded. The fee provisions (e.g., fixed fee, incentive fee, and award fee) determine the
       actual fee to be realized by the contractor upon contract completion.

Applicability of Pricing Type to SOW

The FP contract can utilized only when Caltech can prepare a definitive SOW or specification. The SOW
for a FP contract must contain little of no uncertainty in order to attract offerors willing to assume the risk
involved. Thus, if the SOW writer wants to ensure performance within available dollars by using a FP
contract, a detailed SOW must be developed.

Many Caltech requirements, however, cannot be specified with the certainty required for FP contracts.
Without this certainty, responsible potential contractors have no way of estimating the price of the work
with the degree of accuracy needed to assume the risk. (R&D and related requirements are typical
examples of work that may have too much uncertainty to use FP contracts for completing the
requirements).

When the SOW contains broad generalities or requires the contractor to advance the state of the art,
asking for a FP contract may result in offers with unreasonably high prices to compensate for the
significant risk to the contractor. In these circumstances, a cost-reimbursement contract is usually more
appropriate. Since it carries very little cost risk, the contractor can agree to a more reasonable estimated
contract value.

General Description of Pricing Types.

There are several types of FP type contracts, which are fully described, in FAR 16.2. The most common is
the firm fixed-price. In this type the contractor agrees to deliver all supplies or services, at the times
specified, for an agreed-on price that cannot be changed unless the contract is modified.

A FP contract can be utilized only when a definitive SOW or specifications can be prepared. The SOW
for a FP contract must contain little or no uncertainty in order to attract offerors willing to assume the risk
involved. Thus, if the person writing the SOW wants to ensure performance within available dollars by
using a FP contract, a detailed SOW must be developed.
Many Institute requirements, however, cannot be specified with the certainty required for FP contracts. Without this certainty, responsible potential contractors have no way of estimating the price of the work with the degree of accuracy needed to assume the risk.

When the SOW contains broad generalities or requires the contractor to advance the state-of-the-art, asking for a FP contract may result in offers with unreasonably high prices to compensate for the significant risk to the contractor. In these circumstances, a cost-reimbursement contract is usually more appropriate. Since, it carries very little cost risk, the contractor can agree to a more reasonable estimated contract value.

**If contemplating a FP contract type, go to task #7. Otherwise, go to task #7 if contemplating a Cost Reimbursement contract type.**

7. Choose the type of FP contract best suited for the purchase.

There are several types of FP contracts, which are fully described, in FAR 16.2. The most common is the firm fixed price. In this type the contractor agrees to deliver all supplies or services, at the times specified, for an agreed-on price that cannot be changed unless the contract is modified. The Negotiator should also consider the following when determining contract type.

(a) Determine whether there will be changes or adjustments in the contractor’s established prices.

The Negotiator may choose the Fixed-Price with Economic Price Adjustment (FPEPA) (See FAR 16.203) to protect the Institute and the contractor against significant fluctuations in labor or material costs; or to provide for price adjustments in case of changes in the contractor’s established prices.

(b) Determine whether or not the contractor has an accounting system adequate to provide data to support fixed costs and incentive price revisions.

If so, a Fixed-Price Incentive (FPI) (See FAR 16.403) may be used and is likely to be less costly than any other. This contract type provides for incentives based upon cost, technical and schedule incentives.

8. Choose the type of Cost Reimbursement contract best suited for the purchase (See FAR 16.3). The cost reimbursement type contract provides for payment of all contractor costs incurred in performing the contract, which are reasonable, allowable, and allocable. An estimate of total cost is established for funds obligation, which represents a ceiling that the contractor may not exceed without prior approval via a contract modification. The “Limitation of Funds” and “Limitation of Cost” provisions enforce this ceiling (See FAR 16.3).

**Risk Assessment**
The contractor's risk is minimal in this contract type. To be paid within the guidelines set in paragraph (1) above, the contractor is required to provide its best efforts to perform all work and other obligations under the contract. The contractor has little direct incentive to control costs; failure to complete the specified work will neither be considered a breach of contract nor will it cost the contractor any money, as long as best efforts were provided. The contractor does have the responsibility of formally notifying Caltech under the Limitation of Funds (LOF) or Limitation of Cost (LOC) clauses when funds are running out and to stop work before incurring an unfunded overrun.

The Institute's risk, however, is commensurately high. If the work is not completed and the estimated costs have been paid to the contractor, Caltech has only two choices - neither of which is very satisfactory:

(a) It can elect not to add funds to the contract and, therefore, not complete the work started; or

(b) It can elect to provide additional funds on the contract to cover the remaining work (known as "funding a cost overrun") and avoid the contractor's stopping work under the LOC or LOF provisions.

Cost overruns

Cost overruns are an unavoidable risk of the cost-reimbursement type contract. Given the nature of work acquired through cost-reimbursement contracts, contractor performance often evolves in ways neither the contractor nor Caltech foresaw at the time of award, which results in an overrun.

Because of the high risk to Caltech and lack of guaranteed performance, cost-reimbursement contracts must be monitored far more closely than FP contracts to ensure that the contractor is providing its best efforts and is doing everything possible to control costs.

NOTE: The contractor's accounting system must be adequate to track costs for invoicing and audit.

Cost-plus-percentage-of-cost contracts are never acceptable.

Variations of Cost-Reimbursement Type Contracts

Cost-Plus-Fixed-Fee (CPFF)

This commonly used cost-reimbursement type contract provides for payment of a fixed fee established through negotiations and within a maximum fee limitation set by law.

The fixed fee, once negotiated, does not vary with actual cost but may be adjusted because of later JPL-directed changes in the work or services contracted to be performed.
This type of contract can be used for either basic research, or preliminary exploration or study, where the effort required is unknown and measuring achievements in contract performance does not lend itself to subjective evaluation.

The major drawback to this contract type is that it does not provide incentive to the contractor to use good management and perform efficiently.

**Time-and-Material (T&M)**

This contract pricing type is described in FAR 16.601. The T&M type contract provides for acquiring supplies or services based on:

- Direct labor hours at specified fixed hourly rates; and
- Material at cost (including handling costs, when appropriate). Care must be taken in negotiating handling costs to avoid the appearance of a cost-plus-percentage-of-cost situation.

This pricing type does not give the contractor any positive profit incentive to control material costs or to manage its labor force effectively. The contractor's profit is in the labor-billing rate.

The T&M pricing type is used only when it is not possible at the time of contract award to estimate the extent or duration of the work or to anticipate costs with any reasonable degree of accuracy. A T&M contract should only be used if provision is made for adequate controls, including appropriate surveillance by Caltech personnel during contract performance to give reasonable assurance that the work will be performed efficiently.

Before awarding a T&M contract, the negotiator should determine whether the contractor's accounting system is adequate for a T&M contract and to verify the material handling fee and other applicable rates.

**Labor-Hour (LH).**

This contract type is described in FAR 16.602. This contract type is a variant of the T&M contract, differing only in that materials are not supplied by the contractor.

9. Write the subcontract.

**End of activity.**
Writing Contracts

Scope

This procedure covers basic instructions for drafting basic Contracts and Subcontracts.

This procedure does not cover drafting of Purchase Orders.

Policy

Contracts and Subcontracts are used for various types of Institute procurements. Some of the most commonly utilized contracts are described below. Although Institute purchasing requirements cover a wide range of commodities and schedules, it is our policy to standardize the documentation as much as practicable.

Responsibility

The negotiator is responsible for ensuring that the contract states the entire agreement of the parties, expressing the intent and understanding of both parties, and is capable of only one interpretation.

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports corporate policy.

Activity Preface

This activity is performed whenever a Contract, rather than a Purchase Order, is utilized as a contractual vehicle.

Advance Notification of Subcontract Placement:

Negotiators should be familiar with FAR 52.244-2 ALT I and ALT II, subcontracts, and the requirement to notify the contracting officer in advance of entering into any cost-plus-fixed-fee subcontract or fixed-price subcontract.

Truth in Negotiations Act (TINA):

Negotiators should be familiar with Public Law 87-653, generally referred to as the “Truth in Negotiations Act,” also known as “TINA.” TINA documents the requirement for the submission, either actually or by specific identification in writing, of cost or pricing data and certification of their accuracy, completeness, and currency for the award of any negotiated contract expected to exceed the appropriate dollar threshold.
Certain exceptions apply that are tied to adequate price competition or other conditions reflecting a competitive marketplace.

“Cost and pricing data” means all facts as of the date of the price agreement that prudent negotiators and sellers would reasonably expect to affect price negotiations significantly. Cost and pricing data are factual, not judgmental, and are therefore verifiable. While they do not indicate the accuracy of the prospective supplier’s judgment about estimated costs or projections, they do include the data forming the basis for that judgment.

Negotiators must recognize when a supplier needs to provide cost and pricing data to support their pricing prior to issuing a Contract and are responsible for documenting the procurement file accordingly.

Choosing a Completion or Level-of-Effort Type Contract:

1. Completion-Type Contract.

The scope of work is described as a clearly defined task or job, with definite requirements expressed or with a specific end product (e.g., final report or hardware deliverable) required.

2. Level-of-Effort Contract

The work to be done is described in general terms and obligates the contractor to provide specific effort (e.g. specified number of work-hours or work-months to perform the work). Level-of-Effort (LOE) contracts have two forms, distinguished by who (the contractor or Caltech) has control over the actual expenditure of work effort. For example, a study contract may employ the LOE device, but control of the effort is primarily the responsibility of the contractor, a support contract will usually be performed “as directed by Caltech.”

Negotiator

Commonly Used Contracts:

1. Blanket Orders.

Blanket Orders, sometimes known as “annual contracts,” are utilized to obtain the best pricing, terms and service on selected commodities. Blankets are usually established for products that are used in large volumes with some degree of predictability. In addition to cost savings, blankets provide savings in time and money associated with the purchase process itself. Items to be considered for blankets are bought on a routine basis and in sufficient quantity campus-wide to provide incentive for price reduction.

The procedure to set up or reestablish a blanket order is as follows:

(a) The negotiator should allow at least two months to complete the steps necessary to establish a new annual contract. If there is already a blanket in existence, the Blanket Order Coordinator in Purchasing Services will advise the negotiator of pending expiration two months in advance.
(b) If applicable, the negotiator should review the existing blanket order, its exhibits and terms and conditions.
(c) Discuss the needs with the end users. This discussion should include but not be limited to product specification, quantities, delivery requirements, and suggested suppliers.
(d) Prepare the bid specifications by listing the items, their individual specifications, stock number (if applicable), and quantities.

2. Professional & Personal Service Contracts.

(a) Like all other forms of purchase, professional and personal service contracts require competition or justification for a non-competitive contract. With many service contracts, competition is not possible or practical. Negotiators must work with the end user to determine in each situation how the contract will be handled and the reasons behind the decision.
(b) In all cases of professional and personal services, it is necessary to first qualify the provider as an independent contractor. The Director of Procurement Services or a Contracting Manager should be consulted with regard to making this determination. The Office of Employee Relations in the Human Resources Department has the ultimate authority to rule in these matters. Individuals who do not qualify as independent contractors must be hired as employees (temporary, occasional or regular) in order to perform the required service. If the provider is to be hired as an employee, the Employment Office will handle the entire transaction and Purchasing Services is no longer involved. In such a case, the purchase requisition and any other documentation submitted to Purchasing Services should be returned to the requisitioning department.
(c) When using a contractor for the first time, it is the responsibility of the requisitioner to provide a completed Payee Tax Information form with the original requisition. If the contractor is a non-resident, visa information must be included on the form. When appropriate, a Treaty Exemption Certification must also accompany the requisition.

3. Lease Agreements.

The lease agreements at the Institute are used primarily for the purchase of equipment. Although a Caltech purchase order or contract is generated to initiate the lease, the terms and conditions of the leasing company often govern the lease agreement. The negotiator should review the terms and conditions of the lease agreement first and where unfavorable or unclear, the negotiator should consult with Purchasing Services Management or the Office of General Counsel for assistance.

In many cases, a lease or lease-to-buy agreement results in a higher overall cost to the Institute for the equipment. It is the responsibility of the negotiator, with the assistance of the requisitioner, to prepare a lease vs. buy analysis as a part of the cost analysis. Specific rationale supporting the agreement must be provided and approved by the appropriate level of contract signature authority.

Once the lease agreement has been negotiated and approved to proceed, the agreement is documented. It should include, but not be limited to, the following information:

(a) A complete description of the equipment.
(b) The terms of the lease payments, including any buy-out options and costs.
(c) A breakdown of all charges, including the cost of the equipment, the lease factor, delivery, maintenance and any other charges.
(d) The conditions or restrictions of use.


Maintenance contracts usually cover a period of one year and require some action to renew the contract at the end of that period. The negotiator should be alert to an “evergreen” clause that appears in some maintenance or service contracts. These clauses provide for the automatic renewal of the agreement unless specific action is taken to cancel the contract. Cancellation may require significant advance notice to be effective under conditions of an evergreen clause. Negotiators are responsible for understanding the terms and conditions of all maintenance or service contracts and communicating this information to the end user.

Some additional guidelines on establishing maintenance agreements or service contracts are as follows:

(a) If the agreement is a new one, the negotiator should review the contract with a Contracting Manager before executing the agreement. If the agreement is a renewal with no changes to the terms and conditions, the negotiator may execute the contract within the boundaries of his or her signature authority.
(b) If the agreement involves licensing or patent issues, it should be reviewed and approved by the Institute Office of Patents and Technology. This does not apply to a renewal when there are no changes to the terms and conditions and the Office of Patents and Technology approved the original agreement.
(c) Legal issues beyond the scope of Purchasing Services Management should be referred to the Office of General Counsel for review and approval.

5. Standard Contracts and Subcontracts.

The following sections represent standard format for Institute contracts and subcontracts:

Article 1—Statement of Work (SOW).

Describe the essential nature of the work to be performed and identify deliverable end items required by the originally negotiated requirements. When writing the SOW, these simple guidelines should be followed:
- Avoid being vague or ambiguous.
- Use short and simple sentences.
- Be consistent with language and terminology.
- Use the word “shall” when conveying a provision that is binding.
- Use “should” or “may” whenever it is necessary to express a declaration of purpose.
- Use “will” when expressing or identifying future conditions, directions, or events.

State the actual contract value to complete all work and services under the subcontract. Also identify how funds will be dispersed throughout the life of the subcontract.

Discuss Payment Provisions, if any.

Article 3—Delivery or Performance Schedule.

Provide a breakdown of each deliverable end item and/or task in Article 1 and identify a specific period of performance or delivery date.

Article 4—Key Personnel.

Identify the key personnel associated with the subcontract, his/her responsibilities, and the period for which he/she will be involved in the subcontract effort.

Article 5—Options.

Identify any Options negotiated into the Contract (if any).

Identify Terms and Conditions.

Flow down requirements from the associated Grant or Contract. Depending upon the funding agency of the Grant or Contract, these terms and conditions may vary from subcontract to subcontract.

Exhibits/Attachments/Other.

Attach any and all applicable exhibits and appendices.

End of activity.
Writing Procurement Justifications

Scope

This procedure outlines the administrative requirements for the preparation and documentation of procurement justifications.

Policy

The Institute’s research efforts are substantially funded by the Government. Regulations require evidence that all funds are spent prudently, regardless of the funding source. Failure to meet this requirement jeopardizes the Institute’s eligibility to receive government grants and contracts. The preferred method for selecting a supplier is through formal or informal competition with other suppliers. However, suppliers are often selected without competition. In either situation, the choice of supplier must be supported and appropriately documented. Justification is a way of providing that evidence and is required whenever an expenditure reaches or exceeds $5,000, including sales tax. This threshold applies to the order total, not to the cost of the individual items. When a “Change Order” brings an order total up to or over the $5,000 threshold, justification is required in this case as well. The justification must address, as a minimum, two points:

Method used to select a supplier.

Price validation and reasonableness.

Responsibility

The negotiator is responsible for ensuring proper justification on all final supplier selections exceeding $5,000. It should provide adequate background information and rationale in sufficient detail to support the transaction.

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Activity Preface

This activity is performed for all final supplier selections exceeding $5,000.
Each procurement summary varies, depending on the characteristics, complexity and dollar value of the procurement. The extent and detail of discussion devoted to any aspect should be determined on a case-by-case basis.

1. If competition was not used, then the criteria for supplier selection must be explained, i.e. sole source of items need to match existing equipment, urgent delivery requirements, etc. Utilize “Caltech Procurement Justification, Non-Competitive Source Selection” (For Purchases Greater than $10,000.00, see Attachment B), to document source selection and price/cost analysis.

2. If competition was used to select a supplier, summarize the results of the competition and indicate why the one supplier was selected, i.e. lowest price, best delivery, combination of factors, etc.). Utilize “Caltech Procurement Justification, Competitive Source Selection” (For Purchases Greater than $10,000.00, see Attachment C), to document source selection and price/cost analysis.


End of activity.
Cost and Price Analysis Procedure

Scope

This policy applies to all purchasing requirements.

Purpose

The objective of this process is to provide guidelines to ensure Caltech acquires goods and services of the desired quality, in a timely manner and at fair and reasonable prices.

General

All employees engaged in the Purchasing Services function should understand basic cost and pricing concepts to ensure Caltech attains a fair and equitable Contract/Purchase Order that will satisfy its technical and administrative requirements.

Overview

1. The objective of cost or price analysis is to help Caltech attain a fair and equitable contract that will fully satisfy its technical and administrative requirements.

2. The level of analysis depends on dollar level, time available, extent of competition, and the cost principles applicable to the procurement. For example:

   (a) For procurements $5,000 and under, the Contracting Manager, Contracting Officer, Purchasing Agent, delegated SOS Buyer or P-Card-Cardholder, (hereafter collectively referred to as negotiator), should use judgment to provide an appropriate price analysis which does not itself cost more in time spent than either the purchase itself or the administrative cost of seeking competition. (For such purchases, the administrative cost of verifying the reasonableness of the price may more than offset potential savings from detecting instances of overpricing.) Action to verify price reasonableness need only be taken if:

      i. The negotiator suspects or has information to indicate that the price may not be reasonable (e.g., comparison to the previous price paid or personal knowledge of the supply or service); or

      ii. Purchasing a good or service for which no comparable pricing information is readily available.
(b) For procurements with educational institutions where FAR 31.3 (OMB Circular A-21) and for nonprofit organizations where FAR 31.7 (OMB Circular A-122) cost principles apply, the reasonableness analysis differs and is less rigorous than the analysis under FAR 31.2 applicable to commercial organizations. The OMB Circulars A-21 and A-122 cost principles state that a cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. For commercial organizations, the standard of reasonableness is greater; the FAR 31.2 cost principles state that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of a competitive business.

(c) For low-price-wins competition for identical items, the competitive prices themselves typically constitute the analysis.

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Responsibility**

1. The negotiator is responsible for:
   a. Determining the analysis level required for each procurement action;
   b. Performing analyses within the negotiator's level of responsibility;
   c. Documenting the file regarding the form and extent of analysis performed.

2. The negotiator will request the assistance of the Principal Investigator or administrative representative to assist the negotiator and in conducting cost or price analyses by reviewing proposed labor hours, labor classifications, materials and other items and determining the reasonableness of these elements.

3. Responsibility for Cost / Price Analysis by Contract Type and Value.

The requirements of the matrix in Figure 1, below, indicate when cost or price analysis, rate verification or a comparative evaluation is performed and by whom.
These requirements apply to contract modifications, as well as initial procurements.

FIGURE 1

<table>
<thead>
<tr>
<th>Purchase Order</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $5K</td>
<td>N/A</td>
</tr>
<tr>
<td>&gt;$5K &lt; $100K</td>
<td>N/A</td>
</tr>
<tr>
<td>&gt;$100K &lt; $500K</td>
<td>N/A</td>
</tr>
<tr>
<td>&gt;$500K</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adequate Price Competition</th>
<th>Negotiator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Price K*</td>
<td></td>
</tr>
<tr>
<td>Adequate Price Competition</td>
<td>Negotiator</td>
</tr>
<tr>
<td>No Adequate Price Competition</td>
<td>Negotiator</td>
</tr>
<tr>
<td>Cost Type K*</td>
<td></td>
</tr>
<tr>
<td>Adequate Price Competition</td>
<td>Negotiator</td>
</tr>
<tr>
<td>No Adequate Price Competition</td>
<td>Negotiator</td>
</tr>
</tbody>
</table>

* K= Contract
** Negotiator should discuss the required level of cost/price analysis with Team Leader or Manager. The Negotiator can request the assistance of the JPL Cost and Price Analysis Group for cost/price analysis assistance with the approval of the Team Leader or Manager.

1. **PROCEDURE - TYPES OF ANALYSIS**

(a) **PRICE ANALYSIS**

i. **Description of Price Analysis.**

Price analysis is the process of examining and evaluating a prospective price without evaluating the offeror's separate cost elements and proposed profit. Price analysis is accomplished in various ways, including the following:

- Comparing the price quotations submitted;
- Comparing prior quotations and contract prices with current or recent quotations for the same or similar end items;
- Using rough yardsticks (e.g., dollar per pound or per hour) to point up apparent gross inconsistencies which should be subjected to greater pricing inquiry;
- Comparing prices to those of similar items in competitors' published price lists; and
- Comparing proposed prices with cost estimates independently developed by Caltech.

ii. **When to Use Price Analysis Techniques.**

Price analysis techniques should be used to support or supplement cost analysis whenever appropriate, or instead of cost analysis when only pricing data and not cost
data are available. Generally, price analysis techniques should be used in lieu of cost analysis techniques in cases where price analysis alone can ensure the reasonableness of prices.

(b) COST ANALYSIS

i. Definitions

- “Cost or pricing data” means all facts as of the price agreement date, or if applicable, another date agreed on between the parties that is as close as practicable to the price agreement date that prudent negotiators and sellers would reasonably expect to significantly affect price negotiations. These data are factual, not judgmental, and are therefore verifiable.

- “Information other than cost or pricing data” means any type of information that is not required to be certified but which is necessary to determine price reasonableness or cost realism. For example such information may include pricing, sales, or cost information, and includes cost or pricing data for which certification is determined inapplicable after submission.

ii. Description of Cost Analysis.

Cost analysis is the review and evaluation of an offeror's cost or pricing data, or information other than cost or pricing data, by both cost elements and judgmental factors, which are applied in projecting from the data to the estimated costs. It includes a review of the following:

- The necessity, allocability and allowability of proposed costs;
- The reasonableness of amounts proposed; and
- The propriety of allowances for contingencies.

iii. When to Use Cost Analysis Techniques.

Cost analysis techniques should be used when sufficient cost data are available, the procurement size warrants its use, and price analysis alone is not appropriate. Cost analysis is never used when adequate price competition exists.

(c) RATE VERIFICATION

i. Definition.

Rate verification is the determination of reasonableness of the rates and factors proposed for such cost elements as direct labor, labor overhead, material handling, travel, computer time, consulting, general and administrative expenses, and facilities capital cost of money.

ii. Guidelines for Educational Institutions and Nonprofit Organizations Proposals.
The following guidelines apply specifically to rate verifications of educational institution and nonprofit organization proposals only:

- **Direct Labor Rates.**

  The reasonableness of proposed direct labor rates may be determined by comparison with rates for similar labor categories at comparable institutions. Actual salaries paid by educational institutions and nonprofit organizations to named key investigators required by Caltech are presumed to be reasonable.

- **Indirect Rates.**

  Proposed indirect rates are considered reasonable if they are in accord with the contractor's Indirect Cost Rate Agreement (if any) with the Government.

2. **COMPLETING AND DOCUMENTING THE ANALYSIS**

   (a) **Cost/Price Analysis Documentation.**

   When the negotiator performs either a cost/price analysis or a comparative evaluation, it must be documented in adequate detail in the procurement file and supported by a technical evaluation, as appropriate. Refer to the “Cost & Price Analysis Guidelines” (See Attachment D) for adequate documentation of the cost/price analysis. To the extent practicable, one of the following forms must be completed:

   i. Form, “Caltech Procurement Justification – Noncompetitive Source Selection,” should be used for performing price/cost analyses of proposals or quotations for noncompetitive buys (See Attachment B). In addition, for noncompetitive orders, the negotiator must obtain Form CIT 0001, “Noncompetitive Justification” (See Attachment E) from the Purchase Requisition preparer.

   ii. Form, “Caltech Procurement Justification – Competitive Source Selection,” should be used for documenting competitive selection rational of proposals or quotations for competitive buys (See Attachment C).

   iii. Form, “Caltech Procurement Justification – Modification,” should be used for documenting modifications to all Purchase Orders (See Attachment F).

(b) **Requirement for and Exceptions from Cost or Pricing Data**

   i. **General Rule**

      - The Caltech negotiator should use every means available to ascertain a fair and reasonable price prior to requesting cost or pricing data. Negotiators will not unnecessarily require submission of such data because it leads to increased proposal preparation costs, generally extends purchasing lead times, and wastes valuable contractor, Caltech and Government resources.
Caltech will require submission of cost or pricing data only if both (i) the negotiated contract or modification amount (price or total cost, including advance funding previously provided and fees and all priced options) exceeds the threshold for requirement of cost and pricing data (currently $650,000) and (ii) the contract or modification is not eligible for one or more of the following exceptions to the requirement for the submission of cost and pricing data:

Where prices agreed on are based on:

- Adequate price competition;

- Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

- Prices set by law or regulation.

ii. Standards for the Exceptions.

The following apply to the “General Rule” paragraph (b)(i), above:

1. A price is “based on adequate price competition” if any one of the three conditions below is applicable:

   (a) Condition 1: Two or more responsible offerors, competing independently, submit priced offers which are responsive (i.e., technically and otherwise acceptable) to Caltech’s expressed requirement, and if both (i) and (ii), below, apply:

      i. Award will be made to a responsible offeror whose proposal offers either:

         • The best overall value to Caltech and price is a substantial factor in source selection; or

         • The lowest evaluated price.

      ii. There is no finding by the negotiator that the price of the otherwise successful offeror is unreasonable.

   (b) Condition 2: There was a reasonable expectation (based on market research or other assessment) that two or more responsible offerors, competing independently, would submit priced offers, responsive to the solicitation’s expressed requirement, even though only one offer is actually received from a responsible offeror, submitting a responsive offer, and if:

      i. The negotiator can reasonably show in a summary that the offer was likely submitted with the expectation of competition; and
ii. The determination made by the negotiator that the proposed price is based on adequate price competition and is reasonable is concurred with by the negotiator’s supervisor.

(c) Condition 3: Price analysis demonstrates that the proposed price is reasonable when compared with current or recent prices for the same or similar items purchased in comparable quantities, under comparable terms and conditions under contracts that resulted from “adequate price competition.”

NOTE:

The adequate price competition exception is applicable to both fixed-price and cost-reimbursement type purchases. If the negotiator determines that prices are based on adequate price competition, generally, no further information/documentation should be requested from offerors, and certainly no “certification” should be required.

2. A price is “based on established catalog or market prices of commercial items sold in substantial quantities to the general public” if it meets the following criteria:

(a) Based on established catalog or market prices. A price may be “based on” an established catalog or market price if the item or class of items being purchased is not itself a catalog or market priced commercial item but is sufficiently similar to the catalog or market priced commercial item that any difference in prices can be identified and justified without resorting to cost analysis.

i. “Established catalog prices” are defined as prices, including discounts or discount prices, recorded in a catalog, price list, schedule, or other verifiable and established record (versus, for example, a catalog newly created to support a purchase) that is regularly maintained by the manufacturer or supplier and is published or otherwise available for customer inspection.

ii. “Established market prices” are defined as prices established in the course of ordinary and usual trade between negotiators and sellers free to bargain and that can be substantiated by data from sources independent from the offeror.

(b) An item is “sold in substantial quantities” if there are sales of more than a nominal quantity based on the norm of the industry segment, considering such factors as the size of the market and how recently the item was introduced into the market. Models, samples, prototypes and experimental units are not considered “substantial quantities.” For services to be sold in substantial quantities they must:

i. Meet the test(s) for items above; and

ii. Be customarily provided by the offeror, using personnel regularly employed and equipment (if any is necessary) regularly maintained principally to provide the services.
(c) “General public” generally consists of all negotiators other than the U.S. Government or its instrumentalities (e.g., U.S. Government Corporations), and affiliates of the offeror. Foreign military sales or purchases by the U.S. Government on behalf of foreign governments are also excluded from the definition of sales to the “general public.”

A price is “set by law or regulation” whenever pronouncements embodied in the laws or in the form of periodic rulings, reviews or similar actions of a governmental body establish the price required to be charged by the offeror.

[END OF SECTION]
**Establishing a Purchase Order**

**Scope**

This procedure covers establishing and recording purchase order agreements of all types in order to fulfill requests for goods and/or services.

This procedure does not cover the process by which Grants are established.

**Policy**

The purchase order is a legal document governed by the Law of Contracts and the Uniform Commercial Code. The purchase order constitutes the final and entire agreement between the supplier and the Institute. It may be an offer to buy, an acceptance of an offer to sell, or a confirmation of a verbal agreement between the Institute and a supplier.

**Responsibility**

The **Team Leader** is responsible for:

1. Reviewing current TechMart requisitions in Buyer, Contract, and Team Lead folders.
2. Assigning or reassigning requisitions as required.

The **Negotiator** is responsible for:

1. Reviewing each assigned requisition for a thorough understanding of the request.
2. Rejecting the requisition if it meets any of the following conditions:
   
   (a) The request falls under a Payment Request Category.
   
   (b) The request is submitted on the incorrect TechMart form.
   
   (c) The item(s) on the requisition are available on a Techmart catalog at the same or lower price than indicated on the requisition.
   
   (d) The description provided by the requisition preparer is inadequate to proceed.
3. Processing the requisition in TechMart.
   
   (a) If the supplier is not in the database, complete the “Request to Add A New Supplier” form (See Attachment G) and submit to Supplier Management.
(b) If the PO delivery method is PSTeamlLeads@Caltech.edu, contact the supplier to verify its preferred PO delivery method, and forward that information to Supplier Management.

(c) Negotiate the price, availability, estimated delivery date, and freight terms, and enter any necessary changes.

(d) Verify that the appropriate expenditure type is used.

(e) Insure that the transaction has the correct taxable/non-taxable coding. If any requisition lines are non-taxable, add a note to the “Supplier Note” field explaining why the lines are non-taxable.

(f) If applicable, verify Equipment Screening has been performed and documented (See Attachment H).

(g) Obtain appropriate certifications from the supplier for all federally-funded transactions exceeding mandated thresholds.

(h) Obtain appropriate documentation from requisition Preparer (quotation, justifications, etc.).

(i) Prepare Cost Analysis or Justification if applicable.

(j) Insure that all required documentation is properly named and attached in the appropriate place on the requisition (See Table below).
The following naming convention applies to files being attached in TechMart:

<table>
<thead>
<tr>
<th>Document</th>
<th>File Name</th>
<th>TechMart Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Noncompetitive</td>
<td>1_PJ</td>
<td>Internal Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>► Procurement Justification</td>
<td>2_Noncomp</td>
<td>Internal Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>► Price List</td>
<td>3_Price List</td>
<td>Internal Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Left)</td>
</tr>
<tr>
<td>► Certifications</td>
<td>4_Cert Over 25K / Cert Over 100K</td>
<td>Internal Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>► Other Documents</td>
<td>5_Clearly Identify Document</td>
<td>Internal Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>► Documentation Checklist</td>
<td>6_DC</td>
<td>Internal Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>► Exhibits / Attachments</td>
<td>Exhibit X / Attachment X</td>
<td>Supplier Info</td>
</tr>
<tr>
<td>► Quote #</td>
<td>Quote #</td>
<td>Supplier Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Right)</td>
</tr>
<tr>
<td>► Terms &amp; Conditions</td>
<td>Terms &amp; Conditions</td>
<td>Supplier Info</td>
</tr>
</tbody>
</table>

♦ The “Supplier Note” field shall contain information such as special instructions, non-taxable reasons, etc.

4. Approve the Requisition, which will become a Purchase Order.

5. In an effort to maintain paperless procurement, it is not necessary to print paper copies of the Purchase Order or attached documentation.

Team Leader

Review and approve any purchase order packages in excess of the Negotiator’s approval authority.
Certifications

This procedure covers the process and procedure for obtaining certifications on Federally funded procurements, which may include Invoice Attached and Reimbursements:

1. Debarment and Suspension of Contractors by Agencies (Orders over 25K). (See Attachment I).
2. Disclosure Regarding Payments to Influence Certain Federal Transactions (Orders over 100K). (See Attachment J).

Negotiators are required to obtain the proper certifications prior to issuing a Purchase Order or Contract from a subrecipient when using Federal funds to obtain supplies and services that cross the dollar thresholds reference above.

In the event that a Purchase Order or Contract is issued using Caltech Resources or other non-federal funding and the funding source is later changed to Government funding, the Negotiator is required to obtain the proper certification(s) from the subrecipient and file the properly executed certification(s) in the procurement file.

Foreign Procurements

U.S. Customs
Most foreign purchases are subject to customs clearance and possible duty charges. Purchasing Services has engaged the services of a professional customs broker to provide assistance in clearing foreign shipments. All correspondence or contact with this broker may be made through Purchasing Services.

Contracts, Grants, & Purchase Orders
1. Whenever possible, Purchasing Services will issue fixed priced agreements for both foreign educational institutions and foreign commercial organizations.

   (a) Foreign educational institutions typically do not have the financial backing that U.S. educational institutions have. Consequently, Caltech may be asked to provide some advance funding (25 percent is a good standard). The remaining funds may be tied to mid-term deliverables or the Final Report. The negotiator will work with Caltech’s PI to establish milestones and determine reasonable values for each. It is recommended that 25 percent be withheld to ensure delivery of the Final Report.

   (b) Foreign commercial organizations can be handled similarly to educational institutions. Negotiator will work with the Caltech PI to establish milestone deliverables and the related value for each. It is recommended that 25 percent be withheld to ensure delivery of the Final Report.

   (c) Additionally, by issuing a fixed price agreement, the need for determining how to flow down cost accounting standards is eliminated.

   Note: If negotiator must issue a cost-reimbursable agreement, rather than allow for monthly billings, the negotiator may tie the billings to milestones.
2. Foreign educational institutions cannot be held to the standards called out in the OMB Circulars. Consequently, Purchasing Services cannot pass down OMB Circular A-21 or A-133. The administrative requirements of A-110 may be used as flow down provisions but not all the provisions of A-110 will apply.

   Note: OMB Circular A-110 states, Federal agencies may apply the provisions of this Circular to commercial organizations, foreign governments, organizations under the jurisdiction of foreign governments, and international organizations.

3. Some research grants and contracts prohibit the purchase of import items. Before submitting a requisition for imported items, the department should determine that no such restriction is found in any grant or contract to which the cost of acquisition is to be charged in whole or in part.

**Purchase Order Documentation Checklist**

Negotiators are required to complete the Purchase Order Documentation Check List (See Attachment K) for all Purchase Orders over $5,000.00 except for Invoice Attached and Reimbursements. This Check List must be filed at the end of each Purchase Order package or attached to the TechMart Requisition.

**Purchase Order and Desk Spot Audit**

Team Leads are required to perform spot audits of Purchase Orders. The criteria for these audits are as follows: 1) Three-month period 2) Purchase Orders whose total value is from $5,000 up to the negotiator’s signature authority level and 3) Three Purchase Orders from each month. Spot Audits must be documented (See Attachment L and M). In addition, desk spot audits must be performed to ensure the negotiators’ work station is in order (See Attachment N).

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Activity Preface**

Assigning requisitions is performed several times daily or as needed upon receipt of a purchase requisition (hard copy or electronic).

**Team Leader**

**Oracle Procedures (for paper Purchase Requisitions)**

Team Leader

Assign paper requisitions according to departmental assignment.
Negotiator

1. Review each assigned requisition for a thorough understanding of the request.

2. Determine whether the request modifies an existing purchase order, contract, or subcontract or is covered by an existing Blanket purchase order.

3. Verify all required approvals.

4. If the supplier is not in the database, complete the Request to Add New Supplier form and submit to Supplier Management.

5. Process the requisition information in Oracle.
   
   (a) Negotiate the price, availability, estimated delivery date, and freight terms, and enter any necessary changes.
   
   (b) Verify that the appropriate expenditure type is used.
   
   (c) Insure that the transaction has the correct taxable/non-taxable coding. If any requisition lines are non-taxable, add a header attachment To Supplier explaining why the lines are non-taxable.
   
   (d) Obtain appropriate certifications from the supplier for all federally-funded transactions exceeding mandated thresholds.
   
   (e) Obtain appropriate documentation from requisition Preparer (quotation, justifications, etc.).
   
   (f) Prepare Cost Analysis or Justification if applicable.

6. Approve the Purchase Order, or if it requires additional approval, contact a Team Leader to review the Purchase Order file and approve the Purchase Order.

7. If applicable, send the Purchase Order to the supplier.

8. Send a paper copy of the requisition and Purchase Order to the requisition Preparer.


10. If applicable, forward receipts or invoices to Payment Services.

Approver

11. Review the completed purchasing documents awaiting approval.
   
   (a) Review for accuracy and reasonableness.
(b) Determine whether changes are required.

(c) Approve or reject the document.

| Negotiator |

12. Review the returned purchasing documents.

If the purchase order was approved, go to task #15. Otherwise, go to task #13.

13. Make the requested changes to the purchase order.

Oracle Purchasing
N→ Purchase Orders→ Purchase Orders
Purchase Orders (Caltech)

14. Resubmit the purchase order for approval.

15. Print a copy of the approved purchase order.

16. Send a copy of the purchase order to the using department and supplier, as required.

17. File a copy of the printed purchase order in the printed purchase order file.

End of activity.
Establishing Contracts and Subcontracts

Scope

This procedure covers the administrative guidelines and process by which subcontracts are established in support of federally funded or non-federally funded contracts and grants.

This procedure does not cover:

The process by which purchase orders and blanket agreements are established.

The process by which grants and prime contracts are established. Contact the Office of Sponsored Research for more information on this subject.

Policy

Subcontracts in support of federally funded grants are administered in accordance with Office of Management and Budget (OMB) Circulars:


A-21 (10 May 04), “Cost Principles for Educational Institutions.”


Subcontracts in support of prime contracts are administered in accordance with the Federal Acquisition Regulation (FAR). However, depending on additional terms and conditions imposed by the sponsor, administrative requirements may vary from subcontract to subcontract based upon individual business practices.

Responsibility

The Negotiator is responsible for ensuring that:

The subcontract is adequately written to identify all requirements. (performance and/or deliverables).

It conforms with the authorizing grant or contract.

It protects the interests of the Institute and the Government.
The subcontractor is performing in accordance with the subcontract agreement.

Institute personnel/departments meet their responsibilities associated with the agreement.

Any changes, modifications, or discrepancies are resolved in a timely manner.

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Activity Preface**

This activity is performed whenever the Purchasing Services Department receives a resume from the Office of Sponsored Research identifying the requirement of a collaborative effort with an outside source.

### Office of Sponsored Research

1. Performs all functions related to establishing grants and contracts.

2. Coordinate with the Negotiator.

3. Forward resume to appropriate departments.

### Negotiator - Purchasing

4. Review resume.

5. Establish file.

**Go to task #10.**

### Institute Division

6. Complete purchase requisition.

   Refer to *Completing Purchasing Services Request Forms*.

7. Obtain Supervisor’s approval, and date, if using hard copy form.
8. Receive requisition.

9. Assign to Negotiator.

**Negotiator**

10. Review the subcontract-requisition package.

   Review the following elements before proceeding to the next step:
   (a) Statement of Work (SOW)
   (b) Budget
   (c) Key Personnel
   (d) Background Information/Description of Collaboration Effort

**Negotiator**

11. Determine the type of contract or agreement.

   Refer to *Choosing the Type of Contract/Agreement*.

**If the requisition identifies a supplier, go to task #13. Otherwise, go to task #12.**

12. Initiate competitive purchasing process.


   Refer to *Creating Subcontracts/Contracts*.

14. Write the subcontract.

   Refer to *Writing Contracts*.

**Negotiator**

15. Generate draft Oracle print-out.

NOTE: This print out is for internal Institute use only and is not provided to the subcontractor.

**Negotiator**

17. Conduct negotiations with the subcontractor.

*If additional consultation is required, go to task #18. Otherwise, go to task #22.*

Any area of negotiations that fall beyond the expertise of the administrator is an example of a situation where additional consultation may be sought. Examples are, copyright and patent laws, indemnification issues, budget and payment schedules, and agency specific terms and conditions.

18. Ensure that the exact nature of the consultation is identified and understood before proceeding.

19. Inform Contracting Manager that consultation will be sought from the Office of General Counsel (OGC) or other specialist.

20. Contact Institute OGC designee, if applicable.

   Explain the exact nature of the consultation needs, fax or mail any pertinent data associated with the subcontract. A cover letter or memo is optional.

21. Document and make changes to the subcontract package based upon professional interpretations, clarification, and suggestions.

22. Complete negotiations with subcontractor.

23. Write the subcontract justification package and include the Subawards/Subcontract Documentation Check List (See Attachment O). This Check List must be filed with each Subaward/Subcontract.

   Refer to *Writing Procurement Justifications.*

24. Send three copies of final subcontract to perspective subcontractor with cover letter attached for signature. Include a copy of Caltech’s Assistance Subrecipient Questionnaire (See Attachment P) for all new contract submittals. *Note: Subcontractors are not required by law or statute to complete and return the Subrecipient Questionnaire. Compliance with Caltech’s request by a Subcontractor is strictly voluntary.*

**Subcontractor**

25. Sign and date subcontract acknowledging approval.

Negotiator - Purchasing

27. Upon receipt of signed subcontract from subcontractor, review the entire package to ensure no changes were made after original mailing.

28. Encumber funds in Oracle.

29. Route for applicable signature level approval.

30. File approved subcontract in the appropriate section of the subcontract file.

End of activity.
Establishing Contracts/Subcontracts

**Office of Sponsored Research**
- Performs all functions related to establishing grants & contracts. (1)
- Coordinate with Negotiator/Subcontract Administrator. (2)
- Forward resume to appropriate departments. (3)

**Subcontract Administrator - Purchasing**
- Review resume. (4)
- Establish file. (5)

**Institute Division**
- Complete purchase requisition. (6)
- Obtain Supvr’s approval, & date, if using hard copy form. (7)

**Acquisition Dept**
- Receive & enter requisition in Oracle database. (8)
- Assign to Negotiator/Subcontract Administrator. (9)

**Negotiator/Subcontract Administrator**
- Review subcontract-requisition package. (10)

**Negotiator/Subcontract Administrator/Technical Advisor**
- Determine type of contract or agreement. (11)

**Requisition identifies supplier?**
- Yes
  - Negotiator/Subcontract Administrator/Technical Advisor
    - Initiate competitive acquisition process. (12)
    - Establish blanket P.O. in Oracle database. (is this step in right place, do we enter in database before writing & negotiating subcontract.) (13)
    - Write subcontract. (14)

- No
  - Additional consultation required?
    - Yes
      - Negotiator/Subcontract Administrator
        - Ensure that exact nature of consultation identified & understood before proceeding. (18)
        - Inform Mgr of Purchasing that consultation will be sought from Office of General Counsel (OGC) or other specialist. (19)
        - Contact Institute OGC designee, if applicable. (20)
        - Document & make changes to subcontract package based upon professional interpretations, clarification, & suggestions. (21)
    - No
      - Negotiator/Subcontract Administrator
        - Complete negotiations with subcontractor. (22)
        - Write subcontract justification package. (23)
        - Send three copies of final subcontract to perspective subcontractor with cover letter attached for signature. (24)

**Negotiator/Subcontract Administrator**
- Complete negotiations with subcontractor. (22)
- Write subcontract justification package. (23)
- Send three copies of final subcontract to perspective subcontractor with cover letter attached for signature. (24)

**Negotiator/Subcontract Administrator/Technical Advisor**
- Generate draft Oracle print-out. (15)
- Retain draft copy in subcontract file. (16)
- Conduct negotiations with subcontractor. (17)

**Negotiator/Subcontract Administrator**
- Sign & date subcontract acknowledging approval. (25)
- Return subcontract to cognizant Caltech Contract Negotiator/Subcontract Administrator. (26)
Establishing Contracts/Subcontracts

Subcontract Administrator - Purchasing

- Upon receipt of signed subcontract from subcontractor, review entire package to ensure no changes were made after original mailing. (27)
- Encumber funds in Oracle (28)
- Route for applicable signature level approval. (29)
- File approved subcontract in appropriate section of subcontract file. (30)

End
Modifying Contracts and Subcontracts

Scope

This procedure outlines policies and describes the process by which contracts and subcontracts are modified.

Policy

Change orders are the mechanism by which existing contract/subcontracts are altered or amended. “Change order” means a written order, signed by the negotiator/subcontract administrator, directing the contractor to make a change that the Changes clause authorizes without the contractor’s consent. Change orders must be initiated by the requisitioning department and are required to reflect the appropriate approvals.

Contract modifications refer to any written change in the terms of a contract or subcontract. Contract modifications vary according to the following types:

bilateral modification: is a contract modification that is signed by the negotiator and the contractor. It is used to:

(a) Make negotiated equitable adjustments resulting from the issuance of a change order.
(b) Definitive letter contracts.
(c) Reflect other agreements of the parties modifying the terms of contracts.

unilateral modification: is a contract modification that is signed by only the negotiator. It is used to:

(a) Make administrative changes.
(b) Issue change orders.
(c) Make changes authorized by clauses other than a changes clause.

Contract modifications may be initiated by the negotiator, contractor, or requisitioning department.

Refer to the Federal Acquisition Regulation (FAR) Part 43 for more detailed information pertaining to contract modifications.

Responsibility

The Institute Department is responsible for providing requisition to initiate and document change request.
The **negotiator** is responsible for:

The execution of contract modifications on behalf of the Institute.

Ensuring that the **Changes and Notification of Changes** clauses has been incorporated and is appropriate to the contract type.

The **subcontractor** is responsible for notifying the Institute as soon as possible when it considers that the Institute has effected or may effect a change in the contract that has not been identified as such in writing.

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports corporate policy.
Monitoring Subrecipients

Scope

The purpose of this procedure is to provide guidance to enable the California Institute of Technology (Caltech or Institute) to be compliant with OMB Circular A-133, specifically with respect to its regulations regarding oversight of subrecipients on federally sponsored programs.

Policy

OMB Circular A-133 requires Caltech, as a “pass-through entity,” to monitor the activities of subrecipients of federal awards. OMB Circular A-133 defines “subrecipient” as: “A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program.” OMB Circular A-133 makes the distinction between “subrecipients” and “suppliers.” Suppliers provide goods and services that may be required in connection with the prime subrecipient’s performance of work under a federal grant or contract. In contrast, subrecipients are participants or collaborators in the activity funded by a Federal award. Subrecipients have responsibility for programmatic decision-making and adherence to applicable Federal program compliance requirements. The vast majority of Caltech’s subrecipients are other universities who, themselves, are required to comply with the requirements of OMB Circular A-133.

The primary responsibility for monitoring the subrecipient rests with Caltech’s principal investigator. That individual is responsible for assuring that the subrecipient performs the work called for in the subagreement prior to approving payments to the subrecipient. Caltech’s institutional responsibility for the monitoring of subrecipients of federal awards includes assuring that subrecipients expending $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during a fiscal year meet the audit requirements of OMB Circular A-133.

Characteristics indicative of a Federal award received by a subrecipient are when the organization:

Determines who is eligible to receive what Federal financial assistance;

Has its performance measured against whether the objectives of the Federal program are met;

Has responsibility for programmatic decision making;

Has responsibility for adherence to applicable Federal program compliance requirements, and

Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a pass-through entity.
Characteristics indicative of a payment for goods and services received by a supplier are when the organization:

Provides the goods and services within normal business operations;

Provides similar goods or services to many different purchasers;

Operates in a competitive environment;

Provides goods or services that are ancillary to the operations of the Federal program; and

Is not subject to compliance requirements of the Federal program.

Responsibility

Use of judgment in making the determination of whether a subrecipient or supplier relationship exists:

There may be unusual circumstances or exceptions to the listed characteristics. In making this determination, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present, and judgment should be used in determining whether an entity is a subrecipient or a supplier.

Purchasing Services is responsible for the following elements in its monitoring of subrecipients:

Maintaining a list of current subrecipients;

Including an appropriate clause (“audit compliance”) in each subaward where the subrecipient is subject to the requirements of OMB Circular A-133;

Requiring that each subrecipient submits an annual certification of compliance with OMB Circular A-133;

Following up on instances of subrecipients’ noncompliance with the annual certification requirement;

Following up on all instances where an A-133 audit report indicates material findings or noncompliance with federal laws and regulations, reportable conditions, or other findings specifically related to the subaward from Caltech;

Identifying "high risk" subrecipients;

Conferring with Audit Services and Institute Compliance where instances of noncompliance of a subrecipient require further action to be taken by Caltech to assure compliance with A-133.
Audit Services and Institute Compliance (ASIC) is responsible for providing recommendations to and support for Purchasing Services related to actions to be taken by Caltech when subrecipients report problematic A-133 audit findings.

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Audit Compliance Clause

The following clause is included in all Caltech subcontracts that are issued to subrecipients as defined by OMB Circular A-133.

Subrecipient agrees to comply with the requirements of OMB Circular A-133 and to provide Caltech with an annual certification that it is in full compliance with A-133. The first such certification is due within 30 days of the effective date of this agreement. If, at any time during the period of this agreement, it is determined that the Subrecipient is not in compliance with A-133, Subrecipient will promptly notify Caltech in writing of such noncompliance. This notification shall identify any instances of material noncompliance and any findings that are specifically related to his subaward. The notification shall also include information on the corrective action being taken by Subrecipient to cure this situation.

Subrecipient Monitoring Guidelines

On an annual basis, Purchasing Services and the cognizant research administrators will review all active subcontracts for which monitoring is mandated and inquire further into those that are deemed to require closer scrutiny in light of considerations such as:

Size of the subrecipient award. Large awards (for example with annual budgets >$500K) would receive substantial and frequent review and monitoring; mid-sized awards (annual budget $100K - $500K) would receive proportionately less substantial and less frequent monitoring; smaller awards (<$100K) would receive general review with the least frequent oversight.

Award size relative to the subrecipient's sponsored research portfolio.

Percentage passed through: the larger the percentage of program award passed through, the greater the need for subrecipient monitoring.

Award complexity, sensitivity of the work and/or extensiveness of the governing regulations.

Prior experience with a subrecipient, e.g. a new subrecipient, an inexperienced subrecipient, a history of non-compliance, having new personnel or having new or substantially changed systems.
Subrecipient location or for-profit status (remoteness from Caltech may mandate more oversight); increased risk associated with some foreign and for-profit subrecipients dictates that they would merit a greater degree of review.

Degree of external oversight by auditors or sponsoring agencies. Note that Caltech is obligated to monitor subrecipients of its federal awards, regardless of the subrecipients being subject to A-133 audits.

Sophistication of the subrecipient's systems and administrative operations.

**Department-Level Subrecipient Monitoring Procedures**

The frequency and scope of departmental monitoring procedures should be determined jointly by the responsible Principal Investigator (PI) and department grant administrators. A "risk-based" approach to subrecipient monitoring is recommended with the frequency and intensity of monitoring driven by the criteria stated above. Taking this approach thereby focuses monitoring on the subrecipients who are at greatest risk or potential for non-compliance.

Purchasing Services’ staff and department grant administrators should annually consider the following subrecipient monitoring procedures when appropriate:

1. **Review of Technical Performance Reports** should be done on a timely basis by the PI. Any unusual or unforeseen items should be investigated and documentation thereof should be retained in the department's files for ready access by regulators. In some cases, Subaward terms may require specified deliverables in addition to, or in lieu of, technical reports.

2. **Review of Invoices and Expenses-to-Budget** should be done for cost-reimbursement subagreements. The subrecipient's invoices showing both current period and cumulative expenses-to-budget are generally required. Department grant administrators should compare subrecipient invoices to established Subaward budgets. Evidence of the regular review of invoices by both the PI and the department grant administrator should be in place and retained on file. "Evidence" can be in the form of PI initials or authorizing signature on invoices, e-mail communications, notes of meetings with the department grant administrator, etc.

3. **Clarification of Invoiced Charges** should be requested by department grant administrators for explanations of any unusual, miscellaneous, apparently excessive or other charges invoiced by the subrecipient. If the explanations are not sufficient to render a prudent judgment on the allowability of the cost, and the terms of the subcontract permit, department grant administrators may request detailed justifications from subrecipients. Department grant administrators may also periodically request, if the terms of the subcontract permit, particularly from high-risk subrecipients detailed support for selected invoiced charges to verify their appropriateness and reasonableness. Examples of detailed justifications that may be requested from subrecipients include:
   
   (a) Payroll records/data.

   (b) Copies of paid invoices showing the cost of items purchased and Vendor Justification Forms if required by Federal contract.
(c) Descriptions of services rendered by consultants including hourly rates and time reports.

(d) Details of incurred travel charges, stating the purpose, airfare, meals, ground transportation, unallowable costs, etc.

(e) Costs determined to be unallowable or unreasonable should be disallowed.

(f) In circumstances where questionable costs remain unresolved, particularly when subcontract terms do not permit requesting supporting documentation, it may become necessary to conduct a definitive audit of all or a portion of questionable costs. (See Audits below) In these cases, department grant administrators may contact the Office for Sponsored Research for coordination of subsequent actions with the appropriate school sponsored research office.

4. On-site visits are a discretionary monitoring procedure. On-site visits conducted by the PI to evaluate both compliance with the scientific objectives of the project and the appropriateness of the subrecipient's administrative systems, processes, and charges should be documented via correspondence, meeting notes, trip reports, etc. and retained on file.

5. Audits - discretionary audits of subrecipients are an acceptable monitoring procedure under federal regulations, and all of the University's cost-reimbursement subrecipient agreements contain "right-to-audit" clauses. Formal audits are performed infrequently, however, and departments should contact Caltech's Audit Services before initiating discretionary audits.

6. Review A-133 audit reports on-line – administrative staff should review A-133 reports filed by subrecipients that expend $500,000 (for fiscal years ending after December 31, 2003) or more of federal funds during the fiscal year and are subject to A-133. Staff may view the subrecipient’s A-133 report in the Federal Audit Clearinghouse (FAC) database [http://harvester.census.gov/sac](http://harvester.census.gov/sac). This web site provides evidence to verify that the subrecipient has completed an A-133 audit and to assess the presence of audit findings. This FAC verification would be done in lieu of reviewing A-133 reports submitted by the subrecipient to Caltech.

7. When subrecipients have A-133 audit findings – Purchasing Services and/or administrators may consider issuing a management decision on audit findings, when appropriate, and evaluate subrecipient corrective actions cited in response to audit findings. Corrective actions cited by the subrecipient should be verified to ensure subrecipient compliance and may necessitate on-site monitoring.

8. Subrecipients not subject to A-133, including foreign and for-profit entities – Because A-133 does not apply to foreign or for-profit subrecipients, Caltech may establish its own requirements, as necessary, to ensure compliance by such subrecipients. Purchasing Services and department administrators should consider using subrecipient monitoring techniques similar to those used for entities that are subject to A-133. Contracts with foreign or for-profit subrecipients should describe applicable compliance requirements and responsibilities. Methods to assess compliance with federal subawards made to foreign or for-profit subrecipients may include pre-award audits or on-site visits.
Purpose

The following certification will be required within 30 days of the effective date of a subcontract issued to a subrecipient, and yearly thereafter as long as the subcontract remains in effect.

CERTIFICATE OF COMPLIANCE
WITH OMB CIRCULAR A-133

For fiscal year __________, the administration of Federal projects at this institution has been audited in accordance with the requirements of OMB Circular A-133.

Check the statement(s) that apply:

___ There were no material instances of noncompliance with federal laws and regulations and there were no reportable conditions.

___ There were no finding in the A-133 audit report that are specifically related to the award from Caltech.

___ Our A-133 audit report for fiscal year ________ is not yet complete. We expect that the report and institutional response, if necessary, will be completed by ___/___/____. Upon completion, we will provide you with written notification and, if material findings are reported, we will provide a copy of our Audit Report, along with a corrective action plan.

___ Material noncompliance issues and/or reportable conditions were noted in the A-133 audit report. A copy of the report and our response are enclosed.

I certify to the best of my knowledge and belief that the foregoing statements are true and accurate.

Name: ____________________________________________________

Title: _____________________________________________________

Institution: _________________________________________________

Date: ______________________________________________________
**Closing Contracts and Subcontracts**

**Scope**

This procedure covers the closeout of completed subawards and subcontracts.

**Policy**

A subaward/subcontract is physically complete only after all supplies or services, including any related spare parts, reports and data, have been delivered to and are accepted by the Institute.

It is essential to close out the procurement promptly after performance completion and acceptance of all supplies or services. The procurement process does not end until all closeout actions are taken and final payment made. Prompt payment is important for continuing good relations between the Institute and its suppliers.

The closure of federally funded grants, federally funded and non-federally funded contracts are dependent on the closure of any/all supporting subawards/subcontracts. To ensure the timely closure of federally funded prime grants/contracts, the Institute incorporates language in its subawards/subcontracts (if needed), requiring the delivery of all final reports and the final invoice within sixty (60) days of subaward/subcontract completion. The Office of Sponsored Research (OSR) is chartered to manage the administration of all grants and contracts of this type.

**Responsibility**

The Negotiator is responsible for ensuring:

That closeout occurs in a timely manner upon subaward/subcontract completion.

That all required performance under the subaward/subcontract is complete.

That all open issues are resolved.

That the subaward/subcontract file is properly documented to withstand scrutiny and analysis by internal and external reviewing authorities.

**Accountability**

The Director of Procurement Services, is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.
Activity Preface

This activity is proactively initiated by the Negotiator or in response to a request for closure from OSR.

<table>
<thead>
<tr>
<th>Negotiator</th>
</tr>
</thead>
</table>

1. Review subaward/subcontract file at least 30-60 days prior to delivery of all deliverables or completion of research as specified in the subaward/subcontract terms and conditions. Coordinate with Grant Manager/Administrative Assistant and Project Accounting that subaward/subcontract is to be closed in accordance with the terms of the agreement.

2. Ensure that any discrepancies, issues, or problems that may have occurred during subaward/subcontract performance are resolved and properly documented.

3. Identify and resolve any subaward/subcontract financial issues.

   This activity will require interaction between the negotiator and the subcontractor. This includes overruns, underruns, and overhead rates. Where practicable, the Negotiator shall direct the use of the quick-closeout procedure called out in Federal Acquisition Regulation (FAR) 42.708. If the quick-closeout procedure cannot be used, the Contracting Officer shall obtain approval of rates/prices from the local Defense Contract Audit Agency (DCAA).

4. Initiate the disposition of any residual property.

5. Issue the "Notice of Contract Completion" letter (See Attachment Q) to subawardee/subcontractor advising them of the necessary actions, reports, and certifications that are required within 60 days of closeout as prescribed below:

   Final Property Closeout Certificate form CIT 0047 (See Attachment R).

   Final Report of Inventions and Subcontracts, DD Form 882 (See Attachment S).

   Final invoice.

   Submittal of the Contractor’s Release of Claims Against the California Institute of Technology and Assignment of Refunds, Rebates and Credits Arising Under or by Virtue of Contract No………. Form CIT 0048 (See Attachment T).

   Certificate of Compliance with OMB Circular A-133 or current A-133 Audit Report.
6. Upon receipt of closeout letter, prepare all closeout documentation requested.

7. Submit closeout documentation to the Institute within 60 days of subaward/subcontract completion in accordance with the instructions provided.

### Negotiator

8. Contact Principal Investigator (PI) to determine if all subaward/subcontract deliverables have been either delivered or performed and accepted.

9. Upon receipt of closeout documentation from the subawardee/subcontractor, distribute as follows:

   (a) Property Closeout Certificate - Property Records, File.

   (b) Report of Inventions and Subcontracts - PI, File.

   (c) Release of Claims form - Project Accounting, File.

   (d) Certification of Compliance with A-133 or current A-133 Audit Report – File.

   (e) Final invoice - PI, Project Accounting, File.

If, after 60 days, no closeout documentation has been received, the negotiator shall make at least two more written attempts (an email message qualifies as an attempt) to obtain the required documentation. If the subawardee/subcontractor is still non-responsive, the negotiator shall contact the PI for confirmation that all research has been completed and that he/she is in receipt of the final technical report. The closeout process may then proceed without receipt of closeout documentation.

10. Upon receipt of final invoice, the cognizant Grant Manager/Administrative Assistant will:

   (a) Verify that cumulative costs claimed are within the contract value.

   (b) Review to determine that rates are billed according to a predetermined rate agreement.

   (c) Get PI concurrence (signature on final invoice) that payment can be made.

11. Sign the subcontractor’s final invoice and annotate “Okay to pay” (This is done by the Grant Manager/Administrative Assistant with PI concurrence). (Note: electronic concurrence in the form of an email from the PI is acceptable in lieu of written signature.)
12. Forward to Accounts Payable for final payment ((This is done by the Grant Manager/Administrative Assistant with PI concurrence).

   In the event the PI is not available, The Purchasing Services Contracting Manager/Senior Contracting Officer who has cognizance over the subaward/subcontract, will indicated with his/her signature on the invoice that he/she has reviewed and concurs with the department approval.

---

**Payment Services**

13. Upon receipt of final invoice signed by the Grant Manager/Administrative Assistant and PI, make the final payment to the subcontractor.

---

**Negotiator**

14. Closeout the blanket order record in Oracle including reconciling all blanket releases.

15. Ensure that all closeout activities have been properly documented.


17. Transfer subcontract file to Records Retention for storage as required.
Small Business Program

Accountability

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

Purpose

To define the Institute's Small Business Program, in accordance with the Small Business Program guidelines, as revised in May 2005.

Policy

The California Institute of Technology has in place a Small Business Program.

As a major prime contractor for the Federal Government, the Institute is obligated to develop and maintain a Small Business Program for small, HUBZone small, small disadvantaged, veteran, service disabled veteran-owned, and women-owned small businesses. We are committed to make a “good faith” effort in achieving the goals of the Small Business Program.

Good procurement practices shall prevail in our quest to give small, HUBZone small, small disadvantaged, veteran, service disabled veteran-owned, and women-owned small businesses a fair opportunity to complete. Caltech’s Administration, Procurement Services Department and the Institute community are committed to the support of the Small Business Program.

General

The Small Business Program is administered by the Small Business Liaison Officer. Refer to the Small Business Program Policy for detailed information on the objectives, responsibilities, and activities of the Small Business Program.

Overview

Purchasing Services’ function is to support the Small Business Program. The Buying Teams are responsible for follow up activities as outlined below:

Interview prospective suppliers and, when appropriate, introduce them to potential end users of this product or service.
Review information provided by prospective suppliers and, when appropriate, pass the information on to potential end users.

Include Small Business Program suppliers on quotation requests whenever possible.

Notify the Director of Procurement Services on unsuccessful proposals from Small Business suppliers. Provide the Director of Procurement Services with a summary of the quotation process and the justification for the award of the order or contract in which a Small Business supplier was considered. Generally, a photocopy of the requisition justification page is sufficient. However, where a subcontractor solicitation results in an award of more than $100,000, special small business documentation will be made part of the subcontract file (see Documentation Check Lists CIT 0059 [Attachment K] and CIT 0002 [Attachment O]). The Small Business Liaison Officer should encourage the Small Business supplier to participate in future solicitations.

The Small Business Liaison Officer shall be notified of any problems, which arise in dealing with a program supplier such as poor performance on an order or a supplier who is dissatisfied with his/her treatment under the program.
**Caltech P-Card Program**

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Scope**

This document provides the Institute policy governing the operation of the Caltech P-Card Program.

**Policy**

The Caltech P-Card Program is a procurement card program administered by the Procurement Services organization.

P-Card participants must be fully trained and certified prior to obtaining their cards. Monthly reconciliation and adherence to policies and procedures are contained in this manual and the P-Card training manual.

**Responsibility**

The Director of Procurement Services is responsible for the administration of the P-Card Program, and has the right to delegate authority to new participants that have received adequate training to become a cardholder and have demonstrated their competence. The Director also retains the right to withdraw any procurement delegation from any participant who fails to perform the role as required.

The **P-Card Administrator** is responsible for:

1. Overseeing the P-Card Program.
2. Administering operations of the program.
3. Administering all related documentation and training material.
4. Ensuring adherence to all audit requirements.
5. Coordinating the card applications.
6. Issuing and destroying cards.
7. Establishing reports.
8. Acting as the liaison between Caltech, the provider of the reconciliation software, and the issuing bank.

The Cardholder is the only person who may make purchases using his/her purchasing card, as required by California State law. The **Cardholder** is responsible for:

1. Maintaining security of the card.
2. Verifying the items have been received and inspecting the items for conformance to the order.
3. Obtaining the required documentation for purposes of justifying the expenditure and reconciling the billing statement, and then submitting it to the P-Card Administrator for audit and record retention.
4. Signing the Transaction Approval Report, as verification that the charges are correct.
5. Finding a resolution with suppliers for all disputes or discrepancies.

The **Reconciler** is responsible for:

1. Maintaining the electronic log and reconciliation for designated card(s).
2. Assisting the Cardholder in resolution of problems or questions regarding the charges if required.
3. Obtaining proper approval signatures from the Cardholder and the Authorizer each month on the Transaction Approval Report.
4. Forwarding the required documentation for storage.

The **Authorizer** is responsible for:

1. Approving Institute staff and faculty members’ participation in the program.
2. Determining any spending limitations for the Cardholder, based on budgetary constraints, types of commodities required and any other factors.
3. Reviewing the Transaction Approval Report for accuracy of the accounts to which charges are applied.
4. Signing the Transaction Approval Report, concurring with the accounting distribution.
**Speedy Ordering System (SOS) Buying Program**

**Accountability**

The Director of Procurement Services is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports Institute policy.

**Scope**

This document provides the Institute policy governing the operation of the SOS Buying Program.

**Policy**

In accordance with the delegation of procurement authority from the California Institute of Technology Board of Trustees to the Procurement Services organization, SOS Buyers are delegated authority by the Procurement Services Organization to procure all necessary supplies and services, up to a limit of $10,000 per transaction. The purpose of the SOS Buying Program is to provide professionally managed customer-focused buying services for small procurements in support of the Institute’s educational and research mission. SOS Buyers are employees of academic divisions and administrative departments, are co-located with their customer, have special knowledge of their customers’ procurement needs, and are able to complete these small dollar transactions efficiently and expeditiously.

**Responsibility**

The Director of Procurement Services is responsible for the administration of the SOS Buying Program, and has the right to delegate authority to new SOS Buyers that have received adequate training for this position and have demonstrated their competence. The Director also retains the right to withdraw procurement delegation from any negotiator who fails to perform the role as required.

A designated Contracting Manager is responsible for ensuring that:

The SOS Buyer is performing in accordance with requirements for all Institute negotiators, as described in the Procurement Services Policy and Procedure Manual.

The SOS Buyer has received adequate training, materials and information to perform within Institute guidelines.

The SOS Buyer is responsible for:

Performing in accordance with requirements for all Institute negotiators as documented herein and additionally as made available to negotiators in training sessions during the term of their delegation.
Participation in additional training sessions and meetings as deemed necessary by the Procurement Services organization and a designated Contracting Manager.

Compliance with the per transaction limit of $10,000, excluding applicable taxes and freight. “Splitting” of orders to comply with this limit is prohibited, and may result in withdrawal of procurement delegation for the SOS Buyer.

Maintaining adequate documentation to support the needs of both their division/department and the Purchasing Services Department.

Compliance with the Institute requirement for an annual written certification that they have read and understand Procurement Services Policy, entitled *Confidentiality, Ethics and Conflict of Interest.*
SECTION 1 - COMMERCIAL ITEMS OR SERVICES CONTRACT

GENERAL PROVISIONS
CALIFORNIA INSTITUTE OF TECHNOLOGY ("INSTITUTE")

1. OFFER AND CONTRACT
The following terms, together with such terms, plans, specifications or other documents as attached or incorporated by reference as set forth on the face of this purchase order, constitute the offer of the Institute to Supplier and shall, when accepted, constitute the entire agreement ("Contract") between the Institute and Supplier. Institute hereby gives notice of its objection to any different or additional terms. This Contract is valid only as written. If price, terms, shipping date or other expressed condition of this Contract are not acceptable, the Institute must be notified and any variation must be accepted in writing prior to shipment or delivery. This Contract shall be deemed to have been accepted (a) in the absence of written notification of non-acceptance by the Supplier within a reasonable time, or (b) upon timely delivery of the products identified to the shipping address specified on the face of the order.

2. TIME OF DELIVERY
Time is of the essence in this Contract. If delivery dates cannot be met, Supplier must notify the Institute immediately. Such notification shall not, however, constitute a change to the terms of this Contract except as the order may be modified in writing by the Institute.

3. IMPROPER DELIVERY
In addition to other remedies provided by law, the Institute reserves the right to refuse any goods or services and to cancel all or any part of this Contract if Supplier fails to deliver all or any part of the goods or services in accordance with the terms and conditions of this Contract. Acceptance of any part of this order shall not bind the Institute to accept any future shipments nor deprive it of the right to return goods already accepted.

4. ASSIGNMENT
The Supplier shall have no right to assign this Contract or any benefits from this Contract without prior written consent of the Institute.

5. AUTHORITY OF INSTITUTE REPRESENTATIVES AND REQUIRED NOTICES; FACSIMILE AND ELECTRONIC SIGNATURES ACCEPTABLE
(a) No order, notice, or direction received by the Supplier and issued pursuant to this Contract shall be binding upon either the Supplier or the Institute, unless issued or ratified in writing by the Institute Purchasing Agent, the Director of Procurement Services, or by representatives designated in writing by either of them.

(b) The parties agree that facsimile (fax) or electronic signature copies of contract documents are just as binding as originally-executed documents.

6. CHANGES
The Institute may at any time, by a written order to the Supplier, make changes within the general scope of this Contract in any one or more of the following: (a) drawings, designs, or specifications; (b) method of shipment or packing; and (c) place of delivery. If any such change causes an increase of decrease in the cost of, or the time required for, the performance of any part of the work under this order, an equitable adjustment shall be made in the order price or delivery schedule or both, and the order shall be modified in writing accordingly. Any claim by Supplier for adjustment under this Article must be asserted within 30 days from the date of receipt by Supplier of the notification of change; provided, however, that the Institute, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this purchase order. Nothing in this clause shall excuse Supplier from proceeding with this order as changed.

7. FORCE MAJEURE
Each party shall not be liable for damages arising out of either its failure to deliver or any delay in delivery caused by strikes, lockouts, fires, war, or acts of God. The Supplier shall notify the Institute in writing as soon as it is reasonably possible after the commencement of
8. EXISTING COMMERCIAL COMPUTER SOFTWARE – LICENSING

(This Article is applicable to the acquisition of any existing commercial computer software under this Contract.)

(a) Where the Supplier proposes its standard commercial software license, only those applicable portions that comply with the provisions of this Contract are incorporated into and made a part of this Contract.

(b) If the Supplier does not propose its standard commercial software license until after this Contract has been issued, or at or after the time the computer software is delivered, such license shall nevertheless be deemed incorporated into and made a part of this Contract under the same terms and conditions as in paragraph (a) above. For purposes of receiving updates, correction notices, consultation, and similar activities on the computer software, any authorized user may acknowledge receipt of a registration form or card and return it directly to the Supplier; however, such signing shall not add to or alter any of the terms and conditions of this Contract.

(c) If the specified computer software is shipped or delivered to the Institute, it shall be understood that the Supplier has unconditionally accepted the terms and conditions set forth in this Article, and that the terms and conditions of this Contract (including the incorporated license) constitute the entire agreement between the parties concerning rights in the computer software.

(d) Supplier understands and agrees that the computer software may be:

1. Used, or copied for use, in or with any computer owned or leased by, or on behalf of the Institute provided that the software is not used, nor copied for use, in or with more than one computer simultaneously, unless otherwise permitted;
2. Reproduced for safekeeping (archives) or backup purposes;
3. Modified, adapted, or combined with other computer software, provided that the modified, combined, or adapted portions of the derivative software incorporating restricted computer software shall be subject to the same restricted rights; and
4. Disclosed and reproduced for use by Institute designees in accordance with this Article.

(e) Supplier agrees that the software may be used by the Institute in support and furtherance of any of its obligations to the US Government or other funding organization.

(f) Supplier warrants that it has the right to sell, license, or transfer the license for the software furnished to the Institute under this Contract in accordance with the terms of this Contract.

9. EXPORT LICENSES

The Supplier shall comply with all U.S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 through 130, and the Export Administration Regulations (EAR), 15 CFR Parts 730 through 799, in the performance of this Contract. In the absence of available license exemptions/exceptions, the Supplier shall be responsible for obtaining the appropriate licenses or other approvals, if required, for exports of hardware, technical data, and software, or for the provision of technical assistance.

10. DISPUTES AND GOVERNING LAW

(a) Any dispute or claim arising out of, in connection with, or relating to this Contract shall be submitted for resolution to ascending levels of management of the parties. If the dispute cannot be resolved after such negotiations, either party may pursue any appropriate legal recourse not inconsistent with the provisions of this Contract.

(b) Pending any decision, appeal or judgment or the settlement of any dispute, Supplier agrees to proceed diligently with the performance of the requirements of this Contract.

(c) This agreement shall be construed and enforced in accordance with the laws of the State of California. Disputes will be adjudicated in Los Angeles, California.

11. INSPECTION AND ACCEPTANCE

The Institute shall have the right to inspect the work and activities of the Supplier under this Contract in such manner and at all reasonable times as are deemed appropriate. Final inspection shall be at the Institute’s premises unless otherwise agreed in writing. Items rejected as not conforming to this order shall be, at the Institute’s option, returned at Supplier’s expense, including transportation and handling fees, or corrected or replaced by Supplier. Unless the Supplier removes, corrects or replaces the goods or services within the delivery schedule, the Institute may require its delivery and make an equitable price reduction. The Institute may also opt for a refund of the amount paid under this Contract.

12. INSURANCE

(This Article is applicable when the Supplier will be entering Institute-controlled premises.)

(a) The Supplier shall, at its own expense, provide and maintain during the entire performance period of this Contract at least the following types and minimum amounts of insurance with the Institute named as an additional insured in policies for comprehensive liability insurance with a carrier licensed and admitted in the State of California:

1. Workers’ Compensation and Employer’s Liability Insurance, as required by applicable Federal and State workers’ compensation and occupational disease statutes. The Employer’s Liability coverage shall be at least $100,000, except in states with
exclusive or monopolistic funds that do not permit worker's compensation to be written by private carriers.

(2) Comprehensive Liability Insurance, including automobiles (owned, non-owned, or leased), completed operations, products, and contractual liability, for a combined single limit of not less than $1,000,000 for all deaths, injuries, and property damage arising from one accident or occurrence.

(b) Insurance Certificates and Endorsements. Before commencing work under this Contract, the Supplier shall furnish (i) certificates of insurance for the coverages specified in paragraph (a) above, and (ii) an additional insured endorsement naming the Institute as an additional insured to the Contract for the coverage specified above. Such certificates and the endorsement shall provide that any cancellation or material change in the insurance policies shall not be effective (i) for such period as the laws of the State in which this Contract is to be performed, or (ii) until 30 days after the insurer or the Supplier gives written notice to the Institute, whichever period is longer. Also, such certificates and the endorsement shall (i) cover contractual liability assumed under this Contract, and (ii) be primary and non-contributing to any insurance procured by the Institute. The Supplier agrees to permit the Institute to examine its original policies, should the Institute so request. Should the Supplier at any time neglect or refuse to provide the insurance required herein, or should such insurance be canceled, the Institute shall have the right to procure same and the costs thereof shall be deducted from monies then due or thereafter to become due to the Supplier.

13. INDEMNIFICATION

The Supplier agrees to indemnify the Institute and to hold the Institute harmless from and against all claims, liability, loss, damage, and expenses including legal fees, arising from or due to any actual or claimed trademark, patent, or copyright infringement and any litigation based thereon, with respect to any part of the goods and work covered by this purchase order. The Supplier shall defend any such litigation brought against the Institute, provided that the Institute notifies the Supplier promptly of any such suit. The Supplier’s obligations hereunder shall survive acceptance of the goods and payment thereof by the Institute.

From and after the date of this agreement, the Supplier also agrees to indemnify and hold harmless the Institute from any and all claims, regardless of by whom such claims may be asserted, for personal injury or property damage or otherwise that may result directly or indirectly from the use, possession or ownership of the goods or services provided by the Supplier pursuant to this agreement. If this order covers labor, a condition of this Contract is that the Supplier represents that the supplies, are new and covers labor, a condition of this Contract is that the Supplier will protect and save harmless the Institute from any liability for Worker’s Compensation or any other claims due to accidents to such labor or from liability for damages to others or their property which this labor may cause. Supplier shall carry and maintain insurance coverages satisfactory to cover the above, and, upon request, shall furnish to the Institute appropriate evidence of such insurance.

14. NEW MATERIAL

Unless this Contract specifies otherwise, the Supplier represents that the supplies, are new and are not of such age or so deteriorated as to impair their usefulness or safety. If the Supplier believes that furnishing other than new material will be in the Institute’s interest, the Supplier shall so notify the Purchasing Agent in writing and request authority to use such material.

15. ORDER OF PRECEDENCE

To the extent there is inconsistency among any documents relating to this order, the inconsistency will be resolved in the following order of priority:

(a) These General Provisions;
(b) The details specified on the order, or description of products or services;
(c) The Supplier’s contract provisions.

16. PAYMENT

(a) Invoices shall be submitted in duplicate to the attention of the Institute’s Accounts Payable Department, unless otherwise specified, and shall contain the following information as applicable: (i) Contract number, (ii) item number, (iii) description of supplies or services, (iv) size, (v) quantity, (vi) unit price, (vii) extended totals and (viii) any other information which may be specified on the face of this Contract. Any applicable state sales or use taxes or Federal excise taxes shall be shown separately on the invoice.

(b) The Institute shall pay the Supplier, upon the submission of proper invoices, the prices stipulated in this Contract for supplies delivered and accepted or services rendered and accepted, less any deductions provided in this Contract.

(c) The Institute shall make its best effort to make payments within the net period, if any, specified in the Contract, measured from the date of receipt of the goods or services at the destination or the date of receipt of the invoice, whichever is later. Discount time periods will be measured from the same date. Payment shall be deemed to have been made on the date the check is mailed or on the date on which an electronic funds transfer was made. In no event will the Institute be liable for or pay a surcharge, interest, or any kind of penalty as a result of the Institute’s payment not being made within the net period, if any, specified in the Contract or the date of payment by electronic funds transfer.

(d) Payment for goods or services in accordance with this paragraph will not waive or otherwise affect the right of the Institute to inspect such goods or services or to reject, or revoke acceptance of, nonconforming goods.

17. USE OF NAME
Supplier agrees not to use the name or trademarks of the Institute or any member its staff in sales promotional work or advertising, or in any form of publicity, without the prior written permission of the Institute.

18. TITLE AND RISK OF LOSS
(a) Title to supplies furnished under this Contract shall pass to the Institute upon formal acceptance by the Institute, regardless of when or where the Institute takes physical possession, unless the Contract specifically provides for earlier passage of title.

(b) Risk of loss shall not pass to the Institute until goods called for in this Contract have been actually received and accepted by the Institute at the destination specified. Supplier assumes all responsibility for packing, crating, marking, transportation and liability for loss or damage in transit, notwithstanding any agreement by Institute to pay freight, express or other transportation charges. Supplier agrees to trace lost or delayed shipments at the request of the Institute.

19. TAXES
(a) Except as may be otherwise provided in this order, the contract price includes all applicable Federal, State, and local taxes and duties. With respect to transactions for which the Institute may be exempt from any tax or duty, the Institute will provide, upon request, evidence to support its claim to such exemption.

(b) The Institute is required to obtain a W-9 form on file for any supplier providing goods or services to the Institute. Suppliers are required to provide the Institute with its taxpayer identification number (TIN), whether or not the Supplier is required to file a tax return. Payments for services will be subject to delay or backup withholdings if the Supplier does not furnish its correct TIN to the Institute prior to invoice payment.

20. TERMINATION
(a) For Cause. The Institute may terminate this Contract, or any part of it, for cause in the event of any default by the Supplier, or if the Supplier fails to comply with any Contract terms and conditions, or fails to provide the Institute, upon request, with adequate assurances of future performance. In the event of termination for cause, the Institute shall not be liable to the Supplier for any amount for supplies or services not accepted, and the Supplier shall be liable to the Institute for any and all rights and remedies provided by law. If it is determined that the Institute improperly terminated this Contract for cause, such termination shall be deemed a termination for convenience.

(b) For Convenience. The Institute reserves the right to terminate this Contract, or any part hereof, for its sole convenience. In the event of such termination, the Supplier shall immediately stop all work hereunder and shall immediately cause any and all of its subcontractors to cease work. Subject to the terms of this Contract, the Supplier shall be paid a percentage of the Contract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges the Supplier can demonstrate to the satisfaction of the Institute, using its standard record keeping system, have resulted from the termination. The Supplier shall not be paid for any work performed or costs incurred which reasonably could have been avoided.

21. WARRANTY
Supplier expressly warrants all goods and services delivered under this Contract to be free from defects in material and workmanship and to be of the quality, size and dimensions ordered. This express warranty shall not be waived by reason of the acceptance of the goods or services or payment by Institute. The Supplier shall provide the Institute with a copy of any standard warranty which is normally offered on a commercial product deliverable under this Contract. The commercial product warranty shall be deemed to be incorporated by reference and the Institute shall be entitled to all rights under such warranty.

22. OCCUPATIONAL SAFETY AND HEALTH ACT
By accepting this Contract, Supplier certifies that all products and services provided conform to current OSHA requirements.

23. EQUAL EMPLOYMENT OPPORTUNITY
This Contract is subject to the requirements of Executive Orders 11246 and 11375 and the rules and regulations or the Secretary of Labor (41 CFR Chapter 60) in promoting Equal Employment Opportunities.

24. AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM WAR
This Contract is subject to the requirements of Public Laws 92-540 and 93-508, Executive Order 11701, and the regulations of the Secretary of Labor (41 CFR Part 60-250) in promoting employment opportunities for disabled and Vietnam veterans.

25. AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS
This Contract is subject to the requirements of Section 503 of the Rehabilitation Act of 1973, Public Laws 93-112 and 93-516, Executive Order 11758 and the regulations of the Secretary of Labor (41 CFR Part 60-771) in promoting affirmative action in employment of the handicapped.

26. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT – OVERTIME COMPENSATION
This Contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 USC 327-333), is subject to the provisions of the Act, including overtime requirements and penalties for violation thereof.
27. ANTI-KICKBACK ENFORCEMENT ACT OF 1986
   This Contract is subject to the provisions of the
   Anti-Kickback Enforcement Act of 1986, Public Law
   99-634 (41 U.S.C. 51-58). By accepting this order,
   [Remainder of Page Left Intentionally Blank]

   Seller certifies that it has not paid kickbacks directly
   or indirectly to any Institute employee for the purpose
   of obtaining this or any other Institute purchase order
   or to obtain favorable treatment in an Institute matter.
SECTION 2 -- GOVERNMENT FUNDED SUBCONTRACT PROVISIONS

A. If this Order is a subcontract under a U.S. Government Prime Contract, the clauses listed below, as contained in the Federal Acquisition Regulations in effect on the date of this Order, form a part of the Terms and Conditions of this Order. In the event of any conflict between the Terms and Conditions of this Section 2 and any other provisions of this Order, the Terms and Conditions of this Section 2 shall prevail. As used in the clauses incorporated by this reference, the terms “Contractor”, “Government”, and “Contracting Officer” shall be deemed to refer to the “Seller”, “Buyer”, and “California Institute of Technology” (Caltech), respectively.

1. The following provisions apply regardless of the amount of this Order
   a. FAR 52.222-1 Notice to Government of Labor Disputes (FEB 1997)
   b. FAR 52.227-11 Patent Rights – Retention by the Contractor (Short Form)(JUN 1997)
   c. FAR 52.227-12 Patent Rights – Retention by the Contractor (Long Form)(JAN 1997)
   d. FAR 52.247-63 Preference for United States Flag Air Carriers (JAN 1997)

2. The following provision applies if the amount of this Order exceeds $2,500.00 and is placed with a foreign entity
   a. FAR 52.225-13 Restrictions on Certain Foreign Purchases (JUL 2000)

3. The following provisions apply if the amount of this Order exceeds $10,000.00
   a. FAR 52.222-26 Equal Opportunity (APR 2002)
   b. FAR 52.222-36 Affirmative Action for Workers with Disabilities (JUN 1998)
   c. FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (APR 1996) (Civilian Agencies)

4. The following provisions apply if the amount of this Order exceeds $25,000.00
   a. FAR 52.222-35 Equal Opportunity for Service Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (APR 1998)
   b. FAR 52.222-37 Employment Reports of Service Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (JAN 1999)
   c. FAR 52.227-1 Authorization and Consent (JUL 1995) and Alternate 1 (APR 1984)
   d. FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996) (Defense Agencies)

5. The following provisions apply if the amount of this Order exceeds $100,000.00
   a. FAR 52.203-6 Restrictions on Subcontractor Sales to the Government (JUL 1995)
   b. FAR 52 203-7 Anti-Kickback Procedures (JUL 1995) (except subparagraph (c)(1)
   c. FAR 52.203-12 Limitations on Payments to Influence Certain Federal Transactions (JUN 1997)
   d. FAR 52.215-2 Audit and Records - Negotiation (JUN 1999)
   e. FAR 52.219-8 Utilization of Small Business Concerns (OCT 2000)

6. The following provisions apply if the amount of this Order exceeds $500,000.00
   a. FAR 52.219-9 Small Business Subcontracting Plan (JAN 2002)
7. The following provisions apply if the amount of this Order exceeds $550,000.00
   a. FAR 52.215-12 Subcontractor Cost or Pricing Data (OCT 1997)
   b. FAR 52.215-13 Subcontractor Cost or Pricing Data - Modification (OCT 1997)
A. If this Order is issued under a U.S. Government Grant, the Terms and Conditions below, as contained in O.M.B. Circular A-110, form a part of the terms and conditions of this Order. In the event of any conflict between the Terms and Conditions of this Section 2 and any other provisions of this Order, the Terms and Conditions of this Section 2 shall prevail.


3. For construction contracts, Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7 as supplemented by 29 CFR part 5).


5. For non-profit organizations and small business firms, patent rights shall be governed by 37 CFR part 401, titled “Rights to Inventions Made by Non-Profit Organizations and Small Business Firms under Government Grants, Contracts and Cooperative Agreements”.

6. BYRD Anti-Lobbying Amendment (31 U. S. C. 1352) - Contractors who apply or bid (any Federal award) for an award of $100,000.00 or more shall file the required certification.

7. When applicable, this contract is subject to Debarment and Suspension (E.O.s 12549 and 12689).

B. All negotiated contracts (except those for less than the small purchase threshold) awarded by recipients shall include a provision to the effect that the recipient, the Federal awarding agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

[Remainder of Page Left Intentionally Blank]
TechMart Security Access Form

CALIFORNIA INSTITUTE OF TECHNOLOGY

Access Request for TechMart e-Procurement Application
Mail Signed Form to ATC Security, Mail Code 1-10

If you are requesting access to TechMart for the first time, training is required. Please e-mail TechMartHelp@caltech.edu to schedule training. If you have been trained via the online TechMart training site or by a trained division personnel, please check here □.

1. ADD □ CHANGE □ DELETE □

2. Faculty/Staff □ Temporary □ Student □
   Other □ ________________

3. TO BE EFFECTIVE: Beginning Date: ___________ OR check if regular staff □
   Ending Date: ________________

4. Name: Last ________________ First ________________ Middle ________________
   Mail Code: ________________ E-Mail: ________________
   CALTECH ID #: ________________
   Phone Ext.: ________________ Fax: ________________
   Department: ________________
   Department Supervisor: ________________ Phone Ext.: ________________

5. Select User’s Role(s):
   TechMart Requisitioner □
   TechMart Approver □
   TechMart Shopper ($0.00 Limit) □
   Default PTA: ________________
   Default Dept Code: ________________

User’s Department Permission(s) (Dept(s) for which User can view all Req and PO information):
Department names are noted in the list found at www.atc.caltech.edu/documentation/forms/orglist.html

1. ________________________________
2. ________________________________
3. ________________________________

User’s Financial Approver(s) (Individuals that may approve Requisitions above User’s Requisition Approval Limit; Financial Approvers also require TechMart Training and must have the role of TechMart Approver):
Purchasing/Financial Approval Limits

User’s Requisition Approval Limit: $ ______________________

Note: TechMart Shoppers are automatically set with a $0.00 Requisition Approval Limit. TechMart Requisitioners may be set at any limit, including $0.00. If a TechMart Requisitioner is set with a $0.00 limit, it does not mean they cannot requisition. Rather, all the orders will be electronically routed to their Financial Approver for approval. A figure of $5,000 for example, means that the Requisitioner can order anything under $5,000 with no additional approval. However, as soon as the order exceeds $5,000, it will enter the Requisitioner’s approval path designated by the Department/Division.

6. REQUESTED BY: __________________________ Phone Ext. ________________
   (Please print name)

7. APPROVED BY:

   Signed: ________________ Dated: ________________
   Note: Authorized approves are noted in the list found at:
   www.atc.caltech.edu/documentation/forms/orglist.html

AISO- Revised: 09/20/05

For Office Use Only:
Approval Workflow verified ☐
Name: __________________________
Date: __________________________
Caltech Procurement Justification - Non-Competitive Source Selection

CALTECH PROCUREMENT JUSTIFICATION
Non-Competitive Source Selection

Order No/Req. No.: | Mod No.: | Amount: $ | Rev. Total: | Supplier Type: | Buyer Name: | Date:
--- | --- | --- | --- | --- | --- | ---

**Supplier:** Large | Small | Hub Zone | Small Disadvantaged | Woman Owned | Service-Disabled Veteran-Owned Small Business | Veteran-Owned Small Business | Individual/Sole Proprietor | Foreign

**FUNDING SOURCE AND AUTHORIZATION (check as applicable)**

- Caltech Resources
- Gov’t Subcontract
- Gov’t Grant
- Other

**Certifications:**
- Over $25K
- Over $100K
- Certificate(s) Attached
- Not Applicable

**Award Number:**

**Expenditure Type:**

**Equipment Screening:** No | Yes | Title Vests: -

**Purchase Description:**

1. **Source Selection - Competition is considered to be impracticable (Check appropriate box):**
   - Competition is not required since the procurement amount does not exceed the $10,000.00 Caltech competition dollar threshold requirement as per Caltech’s Purchasing Services Policies and Procedures.
   - The volume of purchases under $10K makes it impractical to supply written documentation for each purchase. Purchasing Services uses sound business judgment and relies on professional experience in making the buying decision. Written documentation is not required for transactions under $10K, unless Buyer’s judgment indicates otherwise. Nevertheless, Purchasing Services ensures that the price is fair and reasonable and that the award is made to the supplier whose offer is most advantageous to the Institution. Buyer documents these facts and attests that supplier selection and price determination has taken place in accordance with Caltech’s Purchasing Services Policies and Procedures by signing this procurement summary.
   - Only known/sole source supplier as per the attached Noncompetitive Justification, dated , submitted by .
   - Follow-on procurement supporting compatible existing equipment/services. As stated in the attached Noncompetitive Justification, dated , submitted by .
   - Preferred commercial supplier; or .

2. **Price/Cost Analysis:**
   - The action taken in verifying price reasonableness is indicated below. Identify the method(s) listed below used to verify cost reasonableness. Check one or more paragraphs below as applicable.
   - Current price schedule (verifiable catalogue, published price list, etc.).
     - Schedule Name/No.: Unit Price: $  
     - Supplier Contact: Date of Schedule:
   - Previous purchase.
     - Supplier: Unit Price:
PO No.: PO Date:

☐ Advertisement.

Publication Name: Unit Price: $

Supplier: Pub Date:

☐ Similar item in related industry.

Price Source: Unit Price: $

Supplier: Date:

☐ Value analysis (e.g., application of rough yardsticks, top-level cost analysis).

 Analyst: Unit Price: $

Title: Date:

☐ Any other reasonable basis (explain):

3. Tax Status:

☐ Taxable - Not for Resale (Check One): ☐ Sales Tax ☐ Use Tax

☐ Not Taxable - For Resale. Caltech does not pay tax.

☐ Not taxable (Service) – Service is true object of the Procurement as per Caltech’s Sales and Use Tax Guide. This also includes the acquisition of hardware maintenance, labor hours, real property, or software transmitted in its entirety to Caltech via the internet from a vendor.

☐ Not Taxable - Title vests in the U. S. Government

☐ Other (explain):

4. Small Business Program (Federally Funded Procurements only over $100,000.00):

☐ Purchase Orders in excess of $100,000: Document whether Small Business, HUBZone Small Business, Small Disadvantaged Business, Women Owned Small Business or Service Disabled Veterans Owned Business or Veterans of Vietnam Era Owned Business concerns were solicited and, if not, discuss below why not.

5. Pre-Payment Required:

☐ No

☐ Yes – Explain Rationale Below:

6. Foreign Procurement:

☐ No

☐ Yes (Check Applicable Boxes Below):

☐ Vendor is responsible for Import Duties/Tariffs and clearing items through customs.

☐ Caltech is responsible for Import Duties/Tariffs and clearing items through customs. (Contact Customs Broker and give them a copy of PO and other pertinent information to expedite customs clearance).
Payment will be made in: U. S. Dollars ☐ / Foreign Currency ☐. (Must Be Stated in PO/Contract).

7. Other:
☐ (Additional information is also attached.)

8. Recommendation:
Based on the foregoing, the Total Price is considered fair and reasonable.

______________________________    ________________________________
Negotiator                        Date
**Caltech Procurement Justification - Competitive Source Selection**

**CALTECH PROCUREMENT JUSTIFICATION**

**Competitive Source Selection**

<table>
<thead>
<tr>
<th>Order No/Req No.</th>
<th>Mod No.</th>
<th>Amount</th>
<th>Rev. Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplier Name:</th>
<th>Buyer Name:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplier:</th>
<th>Large</th>
<th>Small</th>
<th>Hub Zone</th>
<th>Small Disadvantaged</th>
<th>Woman Owned</th>
<th>Service-Disabled Veteran-Owned Small Business</th>
<th>Veteran-Owned Small Business</th>
<th>Individual/Sole Proprietor</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FUNDING SOURCE AND AUTHORIZATION** (check as applicable)

<table>
<thead>
<tr>
<th>Caltech Resources</th>
<th>Gov’t Subcontract</th>
<th>Gov’t Grant</th>
<th>Other</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certifications</th>
<th>Over $25K</th>
<th>Over $100K</th>
<th>Certificate(s) Attached.</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Award Number:</th>
<th>Expenditure Type:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equipment Screening:</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Title Vests:

<table>
<thead>
<tr>
<th>Purchase Description:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

**SOURCE SELECTION:**

**COMPETITIVE SELECTION RATIONALE**

<table>
<thead>
<tr>
<th>Size (L, S)</th>
<th>Supplier</th>
<th>Amount</th>
<th>Comments (Identify Low Bidder)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Awarded to Lowest Bidder.

- Not Awarded to Lowest Bidder (Explain):

**Tax Status:**

- Taxable - Not for Resale (Check One): [ ] Sales Tax [ ] Use Tax
- Not Taxable - For Resale. Caltech does not pay tax.

- Not taxable (Service) – Service is true object of the Procurement as per Caltech’s Sales and Use Tax Guide. This also includes the acquisition of hardware maintenance, labor hours, real property, or software transmitted in its entirety to Caltech via the internet from a vendor.

- Not Taxable - Title vests in the U. S. Government
- Other (explain):

**Small Business Program (Federally Funded Procurements only over $100,000.00)**
☐ Purchase Orders in excess of $100,000: Document whether Small Business, HUBZone Small Business, Small Disadvantaged Business, Women Owned Small Business or Service Disabled Veterans Owned Business or Veterans of Vietnam Era Owned Business concerns were solicited and, if not, why not.

☐ Applicable Businesses referenced above were solicited.

☐ No Applicable Businesses referenced above were solicited because

Pre-Payment Required:

☐ No

☐ Yes - Explain Rationale Below:

Foreign Procurement:

☐ No

☐ Yes (Check Applicable Boxes Below)

☐ Supplier is responsible for Import Duties/Tariffs and clearing items through customs.

☐ Caltech is responsible for Import Duties/Tariffs and clearing items through customs. (Contact Customs Broker and give them a copy of PO and other pertinent information to expedite customs clearance).

☐ Payment will be made in: U. S. Dollars ☐ / Foreign Currency ☐. (Must Be Stated in PO/Contract).

Additional Comments:

Recommendation:

Based on the foregoing, the Total Price is considered fair and reasonable.

Negotiator ____________________________ Date ____________________________
Cost & Price Analysis Guidelines

Statement

Purchasing Services should conduct a price or cost analysis in accordance with FAR Part 15.404-1 on all Federally-funded purchase orders over $10,000.00 and subcontracts issued under Federal prime contracts. Each file should contain sufficient documentation to indicate the type and extent of the analysis performed.

What is cost analysis?

Cost analysis is the review and evaluation of the separate cost elements and profit in an offeror’s or contractor’s proposal (including cost or pricing data or information other than cost or pricing data), and the application of judgment to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency.

What are direct cost elements?

Direct costs are those costs that are directly related to producing a product or performing a service for a particular subcontract, such as labor, material, supplies and equipment.

What are F&A cost elements?

F&A (Facilities and Administrative) costs, which were formerly known as indirect costs, are those costs that are only partially or indirectly related to producing a product or performing a service for a particular subcontract. F&A costs are shared or applicable to more than one contract and cannot be directly identified with the services performed under a particular subcontract. F&A costs include building use allowance, equipment depreciation, general operations and maintenance. The University of Iowa will not pay subcontractors F&A costs that exceed their federally approved F&A rate.

How do I analyze costs?

The emphasis of cost analysis is on determining whether a cost is reasonable and necessary for the scope of work. To analyze a cost the following questions must be considered:

- Is the cost necessary to perform the work?
- Is the cost reasonable for the services to be performed?
- Is the subcontractor performing in accordance with sound business practices, applicable laws and regulations, acceptable accounting procedures, and the prime award requirements?
- Would a prudent businessperson take this action in a competitive environment?
- Has the cost been increased by deviations from the subcontractor’s normal practices?
- How does the cost compare with other estimates from the same offeror or other offerors?
Note: Reference FAR 15.404-1(c) for a more comprehensive discussion of various cost analysis techniques to ensure a fair and reasonable price.

How do I analyze costs for personal services?

Reasonableness of costs for personal services can be measured by conformity with compensation practices of other organizations of the same size, in the same discipline or industry, and in the same geographic area.

What is a price analysis?

Price analysis is the justification / evaluation of a vendor's total price proposal based on the documentation listed below. Price analysis typically occurs when the subcontractor is a commercial entity that makes a profit on the work performed.

How do I document cost or price analysis?

Cost analysis and price analysis may be documented by:

- **Comparison of Competitive Proposals**. At least two responsible suppliers submit bids that can satisfy the University's requirements, are independently submitted, are responsive to the solicitation, and are within a competitive price range.

- **Established Catalog Price and Any Applicable Discounts**. Applies only to commercial supplies/services sold in substantial quantities to the general public. An established catalog price is a published price included in a catalog or price list that is regularly maintained by the supplier, is available for inspection by potential buyers, and states the current sales prices for the supplies/services. A copy of the supplier's price list will generally suffice to substantiate the fairness and reasonableness of the supplier's quotation.

- **Comparison of a Current Quotation with a Prior Cost or Price-Justified Subcontract for the Same or Similar Supplies/Services**. If a prior price paid for supplies/services was determined to be fair and reasonable, then the same or similar current price for such supplies/services may also be presumed to be fair and reasonable, allowing for any minor differences.

- **Established Market Price**. Applies only to commercial items sold in substantial quantities to the general public. An established market price is a current sales price for supplies/services, established in the normal course of trade between buyers and sellers free to bargain that can be substantiated from sources independent of the supplier. Market price substantiation may be documented by obtaining copies of other customers' orders from the supplier for the same or similar item, along with an explanation of any price differences.
  - Definition of Commercial Item: Regularly used for other than government purposes
  - Definition of Sold in Substantial Quantities: If there are sales of more than a nominal quantity based on the norm of the industry segment. Models, samples, prototypes and experimental units are not substantial quantities. Substantial quantities may be established by sales orders, contracts, shipments, invoices, or other such records.
  - Definition of General Public: Sold to other than affiliates of the supplier for end use

- **Vendor's General Services Administration (GSA) Federal Supply Schedule**. The Federal Government negotiates formal contractual agreements each year with its major suppliers. These GSA agreements list terms and conditions of sale and current sales prices for direct purchase by the government.
• **Prices Set by Law or Regulation.** When a subcontractor's price is set by law or regulation, the University need only obtain a memo from the subcontractor identifying the regulatory authority and stating that the price quoted is not in excess of that permitted by law or regulation.

• **Government Assist Audit.** Subcontractors sometimes prefer to keep cost and pricing data confidential. In this case, the University can request the Defense Contract Audit Agency (DCAA) to perform an assist audit of items in question regarding the vendor's proposal. This is often necessary for high-dollar value, sole-source proposals.

  - When an assist audit is requested, the DCAA will review the vendor's labor rates, overhead, etc. to determine acceptability. The DCAA normally will not furnish any specific vendor cost or pricing data; it will merely verify or question the acceptance of the data furnished by the vendor to the University. It remains the University's responsibility to evaluate and justify the reasonableness of the vendor's proposal or negotiate a subcontract that the University considers to be fair and reasonable. For example, if the University agrees the number of labor hours proposed are reasonable and the DCAA advises that the hourly rates are acceptable, the fairness and reasonableness of vendor's proposed labor charges is substantiated.

• **Asking the subcontractor to separately identify each of the direct costs, advise why each is required, and provide supporting documentation to substantiate each charge, such as:**

  - Catalog price lists and any applicable discounts;
  - Copies of the subcontractor's orders from others for the same or similar items, including explanations for cost variations;
  - Subcontractor's internal cost estimate, or
  - Documentation of whatever means the subcontractor used to arrive at the charge.

*How much time should I spend analyzing the subcontract cost or price?*

Time spent on cost or price analysis should be proportional to the dollar amount of the subcontract. The most time should be spent analyzing the larger dollar items, especially those items whose validity may be in doubt. Emphasis should be on the need and reasonableness of the cost.

[Remainder of Page Left Intentionally Blank]
COST/PRICE ANALYSIS MATRIX

The following table shows various types of methods and information you can request to perform a reasonable price/cost analysis:

<table>
<thead>
<tr>
<th>METHOD USED</th>
<th>WHAT THE PURCHASING AGENT NEEDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are we receiving some type of discount (i.e., educational, governmental, etc.)? Is the discount because a State or University Price Agreement is being used?</td>
<td>State or University Price Agreement reference number, preferably a copy of the Agreement.</td>
</tr>
<tr>
<td>Are we being charged the same as another customer would be charged?</td>
<td>Proof from another customer of what they paid for the same or similar item. Could be a copy of a recent invoice for same/similar items for another customer.</td>
</tr>
<tr>
<td>Is our price a catalog or list price?</td>
<td>Copy of verifiable current catalog (could be from website) showing catalog or list price.</td>
</tr>
<tr>
<td>How does the current price compare to a price paid in the past for the same or similar goods or services?</td>
<td>Reference to a previous recent Purchase Order or Standing Purchase Order where same or similar good or service was purchased  [ OR ] Copy of previous recent invoice(s) where same or similar good or service was purchased.</td>
</tr>
<tr>
<td>If the item we’re buying is custom-built, does the cost breakdown from the vendor show our price is fair and reasonable?</td>
<td>Cost Breakdown from vendor, including labor (hours and hourly rates), materials, overhead, G&amp;A, and profit [ AND ] How this compares to their charges to other customers.</td>
</tr>
</tbody>
</table>

Note: For a more detailed discussion on performing a cost/price analysis, refer to FAR Part 15.404-1.
**Non-Competitive Justification**

INSTRUCTIONS

This form must accompany a purchase requisition when noncompetitive approval is requested for equipment, supplies, or services exceeding $10,000.00.

1. Please type or print legibly and complete all categories and sections that apply.
2. Provide full explanation, complete description, and/or list all relevant reasons where space has been provided. The rationale must be clear and convincing, avoiding generalities and unsupported conclusions.
3. **Incomplete forms or forms lacking sufficient detail cannot be approved and will be returned possibly delaying issuance of a Purchase Order.**
4. Form must be signed and dated at the bottom.

Date:        Requisition No.:

To:

From:

Subject: Noncompetitive Justification

Proposed Supplier:

Product/Service Description:

Estimated Price:

**STATEMENT**

I am requesting a noncompetitive procurement based on the following criteria. (Attach additional sheets as necessary):

**SECTION I AND SECTION II MUST BE COMPLETED**

**SECTION I**

COMPLETE ONLY THE PARTS OF THIS SECTION THAT APPLY

1. [ ] The requested product/service is an integral repair part or accessory compatible with existing equipment.
   
   A. Describe Existing Equipment:
   
   B. Manufacturer/Model Number of existing equipment:
C. Explain the relationship between current equipment and requested product:

2. □ The requested product/service has **unique performance specifications** which are essential to my research protocol or other needs and are not available from comparable service providers.

   Explain in detail:

3. □ The requested product/service is **essential in maintaining experimental or administrative continuity**. Provide a thorough explanation in “**Explain in detail**” section below.

   □ Requested product/service is being used in continuing experiments;
   □ Other investigators have used this product/service in similar research and, for comparability of results, I require it;
   □ I have standardized the requested product/service; the use of another would require considerable time and money to evaluate.

   Explain in detail:

4. □ The requested product or service is one with which I (or my staff) have **specialized training and/or extensive experience**. Retraining would incur substantial cost in money and/or time.

   A. Manufacturer/Model of existing equipment:
   B. Estimated hours/per person required to retrain:
   C. Numbers of persons requiring retraining:

5. □ There is a **firm schedule requirement** which only one supplier has the capability of meeting. In this instance, the schedule requirement must be of such compelling and unusual urgency that failure to meet the schedule will seriously impact a Caltech task/project. **Provide evidence that other suppliers cannot meet your schedule.**

   Explain in detail:

6. □ There is a **substantial technical risk** in contracting with any other supplier, thereby making that an unacceptable course of action; e.g., where only one supplier has been successful to date in implementing a difficult manufacturing process. **Provide supporting evidence of other supplier’s with relevant capabilities and their inability to overcome the substantial technical risk.**

   Explain in detail:

7. □ Only known manufacturer/service provider of this product/service:

   A. What research/investigation has been done to support this claim (i.e. trade shows, internet searches, professional journals, colleagues, etc.?)
   B. Please list sources checked:

   **Note:** A requirement for a particular proprietary item does not justify a sole source procurement if there is more than one potential bidder or distribution network authorized to provide that item.

8. □ Other factors not addressed above which may assist in the sole source justification review process are:
SECTION II

2. I have contacted other suppliers or service providers identified below and considered their product/service of similar capabilities. These products or services are not acceptable because they lack one or more of the technical specifications/capabilities described in Section I above:

<table>
<thead>
<tr>
<th>MARKET RESEARCH (Other Suppliers Contacted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Identify all other sources whose products/services have been reviewed and why they are not satisfactory)</td>
</tr>
<tr>
<td>Supplier Name:</td>
</tr>
<tr>
<td>Product/Service Description</td>
</tr>
<tr>
<td>Representative Contact:</td>
</tr>
<tr>
<td>Phone Number:</td>
</tr>
<tr>
<td>Website URL:</td>
</tr>
<tr>
<td>Technical Deficiency / Capability:</td>
</tr>
</tbody>
</table>

Note: Attach any quotes, web documents or documentation you have received from other suppliers to support your rationale.

I am aware of Caltech’s requirements for competitive bidding for purchases over $10,000.00 and the criteria for justification for noncompetitive Purchasing. I have gathered the required technical information and have made a concerted effort to review comparable/equal equipment (e.g. Market Research). I have attached the pertinent documentation showing what Market Research was conducted to preclude other items from consideration.

Submitted:

Signature: ___________________________ Date: ___________________________

Typed/Printed Name: ___________________________
# Caltech Procurement Justification - Modification

## Caltech Procurement Justification – Modification

<table>
<thead>
<tr>
<th>Order No:</th>
<th>Mod No:</th>
<th>Requisition No.:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Supplier Name:**

<table>
<thead>
<tr>
<th>PO Total Amount:</th>
<th>Previous:</th>
<th>Change:</th>
<th>New Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Funding Source/Authorization**

- [ ] Caltech Resources
- [ ] Gov’t Contract
- [ ] Gov’t Grant
- [ ] Other

**Award Name:**

**Expenditure Type:**

**Equipment Screening:**

- [ ] No
- [ ] Yes
- [ ] Title Vests

**Buyer Name:**

**Description of Modification (What are you doing):**

**Rationale (Why/Background):**

**Additional Comments:**

---

### EXPLAIN NONCOMPETITIVE SELECTION

- [ ] Preferred commercial supplier; or :
- [ ] University Agreement; or
- [ ] Only known supplier; or
- [ ] Follow-on procurement supporting compatible existing equipment or effort:
- [ ] Other:

### PRICE ANALYSIS:

1. **Price/Cost Analysis:**

   The action taken in verifying price reasonableness is indicated below. Identify the method(s) listed below used to verify cost reasonableness. Check one or more paragraphs below as applicable.

   - [ ] Current price schedule (oral quote from current, verifiable catalogue, published list, etc. is OK).

   **Schedule Name/No.:**
   **Unit Price:** $  
   **Supplier Contact:**
   **Date of Schedule:**
Price/Cost Analysis (Cont.):

☐ Previous purchase.

Supplier:  
Unit Price: $  
PO No.:  
PO Date:  

☐ Advertisement.

Publication Name:  
Unit Price: $  
Supplier:  
Pub Date:  

☐ Similar item in related industry.

Price Source:  
Unit Price: $  
Supplier:  
Date:  

☐ Value analysis (e.g., application of rough yardsticks, top-level cost analysis).

Analyst:  
Unit Price: $  
Title:  
Date:  

☐ Any other reasonable basis (explain below):

2. Tax Status:

☐ Taxable - Not for Resale: (Check One) ☐ Sales Tax ☐ Use Tax  
☐ Not Taxable - For Resale. Caltech does not pay tax.  
☐ Not taxable (Service) – Service is true object of the Procurement as per Caltech’s Sales and Use Tax Guide. This also includes the acquisition of hardware maintenance, labor hours, real property, or software transmitted in its entirety to Caltech via the internet from a vendor.  
☐ Not Taxable - Title vests in the U. S. Government  
☐ Other (explain):

3. Pre-Payment Required:

☐ No  
☐ Yes – Explain Rationale Below:

4. Recommendation:

Based on the foregoing, the Total Price is considered fair and reasonable.

________________________________________________________________________  
Negotiator  
Date
Request to Add New Supplier

REQUEST TO ADD A NEW SUPPLIER
PURCHASING SERVICES
( Includes SOS Buyers )

Please complete the entire form, failure to do so could delay processing.

*If this is a RUSH, you must submit your request to Supplier Management by 12noon. If submitted after 12noon, it will be processed the next business morning.*

- **Date:**
- **Date Needed By:**

**Supplier Information:**

- **Supplier Name:**
- **Address:**
- **Remit Address:**

*Is the above supplier doing business under another name (dba)? ☐ Yes ☐ No
If yes, please list name:

**Supplier’s preferred PO delivery method (choose one): (required information prior to submitting to Supplier Management)**

- ☐ Fax
- ☐ Email

- **Phone #:**
- **Fax #:**
- **Website:**
- **Email Address:**

**Tax ID or SSN:**
- **Caltech Customer #:**

*If this request is for an individual and will be sent via email or fax, do not include SSN. Supplier Mgmt will contact the requestor to obtain the number.

- **Primary NAICS code (6 digits):**
- **Accept MasterCard:** ☐ Yes ☐ No
- **Sales Rep Contact Name (first and last):**
- **Sales Rep Contact Phone #:**
- **Sales Rep Contact Email:**

**Entity Tax Status (check appropriate box):**

- ☐ Individual
- ☐ Corporation
- ☐ Partnership
- ☐ Other, please explain

**Tax Reporting/Withholding Information: (required information if services are to be provided)**

- **Is Payee a U.S. Citizen/Resident Alien?** ☐ Yes ☐ No
- **Is Payee a Caltech Student or Employee?** ☐ Yes ☐ No
- **Do you expect to pay Payee $1,500 or more during the calendar year?** ☐ Yes ☐ No
If payee is providing services, where will the services be performed? ☐ Outside U.S. ☐ Inside U.S. ☐ Inside California

Is Payee a California Resident? ☐ Yes ☐ No

Requestor’s Name: ___________________________________________ Requestor’s Ext: _______________________________

Comments: ____________________________________________________________

FOR SUPPLIER MANAGEMENT USE ONLY:

☐ IRS Tax Forms Attached ☐ IRS Tax Forms Requested Supplier Record Number: ______

Notified Requestor: ☐ Email ☐ Phone ☐ Verbal ☐ Written

Email this form to: SupplierMgmtStaff@caltech.edu, mail to Supplier Management, MC 103-6, or fax to (626) 666-3928.

Revised March 2006
Equipment Screening

(Did the Requestor Check the Equipment Certification Screen “Yes” Box on the TechMart Requisition?)

[ ] Yes - You are Done – Continue Placing Order

[ ] No - Send requestor standard email requesting they send you an email document they have done required equipment screening.

Guidelines:

- Applies to all Federally Funded Equipment Purchases over $10,000.00
- Properly documenting procurement file for equipment screening if “No” above:
  - Once you receive an email from the requestor attesting they have done the proper equipment screening, the Negotiator will check the Equipment Screening Certification “Yes” box showing equipment screening was done. File the email in the procurement file to support this action.
- Types of Screening:
  - **Departmental Screening** – Federally funded equipment less than $10,000: **NO** formal certification required.
  - **Campus Wide Screening** – Federally funded equipment cost greater than $10,000 per single item: Campus-wide screening (web tool available and *formal certification* required on purchase requisition).

*This is the one we are concerned about.*
CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS

Applicable to Awards Exceeding $25,000

(a) (1) The Offeror certifies, to the best of its knowledge and belief, that--

(i) The Offeror and/or any of its Principals--

(A) Are [   ] are not [   ] presently debarred, suspended, proposed for DEBARMENT, or declared ineligible for the award of contracts by any Federal Agency;

(B) Have [    ] have not [    ], within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(C) Are [   ] are not [    ] presently indicted for, or otherwise criminally or civil charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.

(ii) The Offeror has [    ] has not [    ], within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(2) “Principals,” for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code

(b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror’s responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.
(d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

__________________________
Company Name

__________________________
Signature of Authorized Representative

__________________________
Name (Typed)

__________________________
Title (Typed)

__________________________
Date
Certification - 100K

CALTECH PURCHASING SERVICES

CERTIFICATION OF COMPLIANCE TO FEDERAL ACQUISITION REGULATIONS:
LOBBYING AND ANTI-KICKBACK

(NOT APPLICABLE TO THE ACQUISITION OF COMMERCIAL ITEMS OR COMMERCIAL COMPONENTS AS PER FAR 12.504 AND FAR 3.502-3)

This certification needs to be completed by all Caltech Suppliers who are fulfilling a contract in excess of $100K.
Please complete, sign, and submit form to Caltech Purchasing Services (address at bottom):

A. CERTIFICATION REGARDING LOBBYING. The undersigned certifies, to the best of his or her knowledge and belief, that:

1.) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any Federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2.) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form – LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions;

3.) The offeror shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontract, subgrants, and contracts under grants, loans, and cooperative agreements) and that all recipients of subcontracts in excess of $100,000 shall certify and disclose accordingly.

4.) The offeror understands that this certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each failure.

B. CERTIFICATION REGARDING ANTI-KICKBACK. The undersigned certifies, to the best of his or her knowledge and belief, that:

1.) The Offeror is aware that this procurement is subject to the terms of the Anti Kickback Act of 1986 (41 United States Congress 51-58). The Act was passed to deter subcontractors from making payments and contractors from accepting payments for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or subcontract relating to a prime contract;

2.) The Offeror is aware that the Act imposes criminal penalties on any person who knowingly and willfully engages in the prohibited conduct and provides for the recovery of civil penalties by the United States from any person who knowingly engages in such prohibited conduct and from any person whose employee and/or subcontractor employee provides, accepts or charges a kickback.

Authorized Institutional Representative:

Signature ___________________________ Name of Company ___________________________
<table>
<thead>
<tr>
<th>Purchase Order/Contract Number:</th>
<th>Grant/Award No.:</th>
</tr>
</thead>
</table>

For Caltech Use Only

[ California Institute of Technology, Purchasing Services, Mail Code 103-6, 1200 East California Boulevard, Pasadena, CA  91125-0060 ]
# Purchase Order Documentation Checklist

**PURCHASE ORDER DOCUMENTATION CHECK LIST**
(Applies to all Purchase Orders and Modifications over $5,000.00 Except Invoice Attached/Reimbursements)

Documentation shall be prepared in accordance with the Caltech Purchasing Policy and Procedures. The following checklist is recommended as guidance for Purchase Order documentation

<table>
<thead>
<tr>
<th>Supplier Name:</th>
<th>Date</th>
<th>Mod. Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Number</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federally Funded:</td>
<td></td>
<td>Yes/No</td>
</tr>
</tbody>
</table>

**Requisitions & Approvals**
- Ensure that all requisitions are complete and accurate.
- Equipment Screening *(if purchasing equipment over $10K using Federal Funds)*.

**Justification**
- Source Selection:  
  - Competitive
  - Noncompetitive
  - Procurement does not exceed $10,000.00.

- Price Analysis (i.e. Competitor’s price, copy of catalog or price list, previous quote)
- If a Prepayment is involved, discuss rationale for prepayment.
- Purchase Orders in excess of $100,000: Document whether Small Business, HUBZone Small Business, Small Disadvantaged Business, Women Owned Small Business or Service Disabled Veterans Owned Business or Veterans of Vietnam Era Owned Business concerns were solicited and, if not, why not *(Applicable only to Federally Funded Contracts and not Grants)*.
  - Applicable Businesses referenced above were solicited.
  - No Applicable Businesses referenced above were solicited; see Procurement Summary for explanation.

**Terms & Conditions (T&C’s)**
- Ensure the proper T&C’s are incorporated into the PO. All PO’s MUST have T&C’s.

- In the event the supplier takes exception to Caltech’s Terms & Conditions (1) assess the exceptions, (2) the risk to Caltech and (3) notify the cognizant Purchasing Team Lead.

**Consultants**
- All orders require the requesting Department complete the Consulting Work Sheet.
- All orders require the consultant to have a current IRS forms on file *(contact Rebekah Sims ext. 2674)*.
- Orders in excess of $5,000 require a Consulting Agreement.

**Supplier Working on Campus**
- All work performed on Campus requires supplier to provide $1 million Certificate of Commercial General Insurance with the Treasurer’s Office *(contact Lisa Telles ext. 6324)*.

**Contract Requirements (Applicable to Government Funded Contracts)**
- Federal acquisitions in excess of $100,000 require advance notification in accordance with FAR 52.244-2, Alt 1.
- Federal acquisitions in excess of $550,000 require submittal of Small Business Subcontracting Plan *(in accordance with FAR 52.219-9) and incorporation of plan into purchase order.*
Federal acquisitions in excess of $650,000 require Cost Data & Certificate of Current Cost or Pricing Data (Public Law 87-653, Truth in Negotiation Act - Title 10 USC Section 2304, Federal Prime Contracts only in accordance with FAR 15.4).
# PO Spot Audit Checklist

**CALTECH**  
**PO Spot Audit Checklist**

<table>
<thead>
<tr>
<th>Criteria:</th>
</tr>
</thead>
</table>
| (a) POs between $5K and Purchasing Agent’s Signature Authority Level  
| (b) Period: ______ through ______ (3-month period)  
| (c) Three (3) Purchase Orders from each Month  

<table>
<thead>
<tr>
<th>Purchasing Agent:</th>
<th>PO Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor:</td>
<td>PO Value: $</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Auditor:</td>
<td>Date:</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>yes</th>
<th>no</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Documentation is filed and in the right order/sequence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Procurement Justification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Signed Noncomp is filed with the procurement package</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td>Price/Cost Analysis is complete with proper backup/support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td>Tax Status is properly checked</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td>Small Business rational provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e.</td>
<td>Pre-payment rationale provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f.</td>
<td>Foreign procurement addressed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g.</td>
<td>Justification is signed (electronic or manual signature)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Certifications are signed and filed with the procurement package</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Equipment Screening is marked “Yes” (on Req &amp; PJ)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Documentation Check List is complete and filed with the procurement package</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Modifications are clearly documented and marked</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Purchase Order is signed at proper signature authority level</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comments/Findings:**

---

Attachment L
### PO Spot Audit - Summary of Findings

<table>
<thead>
<tr>
<th>Date:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Range:</td>
<td></td>
</tr>
<tr>
<td>Date Range:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th># of Noncompliance Findings</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Documentation is filed and in the right order/sequence.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Procurement Justification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(a)</td>
<td>Signed Noncomp is filed with the procurement package</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(b)</td>
<td>Price/Cost Analysis is complete with proper backup/support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(c)</td>
<td>Tax Status is properly checked</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(d)</td>
<td>Small Business rational provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(e)</td>
<td>Pre-payment rational provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(f)</td>
<td>Foreign procurement addressed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2(g)</td>
<td>Justification is signed (electronic or manual signature)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Certifications are signed and filed with the procurement package</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Equipment Screening is marked &quot;Yes&quot; (On Req. and PJ)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Documentation Checklist is complete and filed with the procurement package</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Modifications are clearly documented and marked</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Purchase Order is signed at proper signature authority level</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: For specific findings, please refer to individual Spot Audit Checklist.
**Purchasing Desk Spot Audit Checklist**

**CALTECH**

Purchasing Desk Spot Audit Checklist

---

Desk Being Audited (Purchasing Agent): 

Date: 

Auditor: 

1. Are drawers where files are located clearly marked?  
   - Yes [ ]  
   - No [ ]

2. Do they have a filing system where one can find a file if the Purchasing Agent is out?  
   - (e.g. In-box, Work Pending file, etc.)  
   - Yes [ ]  
   - No [ ]

3. Are Purchase Orders filed in numerical or alphabetical order?  
   - Yes [ ]  
   - No [ ]  
   - Alphabetical [ ]  
   - Numerical [ ]

4. Are Purchased Orders filed in proper numerical/alphabetical sequence?  
   - Yes [ ]  
   - No [ ]

---

**Comments/Findings:**

---

Overall Desk Audit _Jul 06_
Subaward/Subcontract Documentation Checklist

Subaward/Subcontract Documentation Checklist

Documentation shall be prepared in accordance with the Caltech Purchasing Policy and Procedures.
The following checklist is recommended as guidance for the subaward/subcontractor file.

<table>
<thead>
<tr>
<th>Supplier Name:</th>
<th>Date:</th>
<th>Mod. Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Number:</td>
<td>Amount</td>
<td>Federally Funded: ☐ Yes ☐ No</td>
</tr>
</tbody>
</table>

Requisitions & Approvals
☐ Ensure that all requisitions are complete and accurate.
☐ Ensure that PTA is valid/open in OGM module.

Justification
☐ Source Selection: ☐ Competitive ☐ Noncompetitive ☐ Procurement does not exceed $10,000.00.
☐ Technical Evaluation, Cost/Price Analysis
☐ If a Prepayment is involved, discuss rationale for prepayment.
☐ Assistance Subrecipient Questionnaire (Basic Subaward/Subcontract Only)

Terms & Conditions (T&C’s)
☐ Ensure the proper T&C’s are incorporated into the Subaward/subcontract.
☐ In the event the supplier takes exception to Caltech’s Terms & Conditions (1) assess the exceptions, (2) the risk to Caltech and (3) notify the cognizant Purchasing Team Leader.

Supplier Working on Campus (for construction contracts)
☐ All work performed on Campus requires supplier to provide $1 million Certificate of Commercial General Insurance with the Risk Management Office (contact Lisa Telles ext.6324)

U.S. Government Certifications (Applicable to Government Funded Grants & Contracts)
(Signed Certifications to be obtained prior to issuing order)
☐ All Federal acquisitions in excess of $25,000 require Debarment Certification (Basic Subaward/Subcontract only).
☐ All Federal acquisitions in excess of $100,000 require Certifications of Compliance to FAR: Lobbying and Anti-Kickback (Basic Subaward/Subcontract only).
☐ All subrecipients require an annual “Certification of Compliance with OMB Circular A-133”. (Higher Education/Non-Profit Only)

Contract Requirements (Applicable to Government Funded Contracts)
☐ Federal acquisitions in excess of $100,000 require advance notification in accordance with FAR 52.244-2(f), Alt 1.
☐ All Federal acquisitions in excess of $550,000 require submittal of Small Business Subcontracting Plan (FAR
52.219-9) and incorporation of plan into contract.

☐ All Federal acquisitions in excess of $650,000 require obtaining Cost Data & Certificate of Current Cost or Pricing Data (Public Law 87-653, Truth in Negotiation Act - Title 10 USC Section 2304, FAR 15.4).

☐ Subawards/subcontracts in excess of $100,000: Document whether Small Business, HUBZone Small Business, Small Disadvantaged Business, Women Owned Small Business or Service Disabled Veterans Owned Business or Veterans of Vietnam Era Owned Business concerns were solicited and, if not, why not.

☐ Applicable Businesses referenced above were solicited.

☐ No Applicable Businesses referenced above were solicited; see Procurement Summary for explanation.
Assistance Subrecipient Questionnaire

ASSISTANCE SUBRECIPIENT QUESTIONNAIRE

OMB Circular A-133 requires monitoring of sub-recipients receiving Federal financial assistance to carry out a program under prime awards to the California Institute of Technology. The purpose of this questionnaire is to help us determine the status of your organization's compliance with the main Federal requirements which follow Federal assistance funds. The following questions should be answered by an authorized representative of your Institution.

GENERAL INFORMATION

1. Is your organization subject to an A-133 review? If yes, please provide a copy of your most recent audit report and proceed to question no. 23. If no, please continue on and provide responses to the rest of this questionnaire.
   Yes/No

2. Are duties separated so that no one individual has complete authority over an entire financial transaction?
   Yes/No

3. Does your organization have controls to prevent expenditure of funds in excess of approved, budgeted amounts?
   Yes/No

4. Other than financial statements, has any aspect of your organization's activities been audited within the last two years by a governmental agency or independent public accountant? Explain.
   Yes/No

CASH MANAGEMENT

5. Are Federal funds deposited in a separate bank account or accounted for through grant-loan fund control accounts?
   Yes/No

6. Are all disbursements properly documented with evidence of receipt of goods or performance of services?
Yes/No

7. Are all bank accounts reconciled monthly?
   Yes/No

PAYROLL

8. Are payroll charges checked against program budgets?
   Yes/No

9. What system does your organization use to control paid time, especially time charged to sponsored agreements?
   Yes/No

PROCUREMENT

10. Are there procedures to ensure procurement at competitive prices?
    Yes/No

11. Is there an effective system of authorization and approval of: (a) capital equipment expenditures? (b) travel expenditures?
    Yes/No

COST TRANSFERS

12. How does the organization ensure that all cost transfers are legitimate and appropriate?

INDIRECT COSTS

13. Does the organization have an indirect cost allocation plan or a negotiated indirect cost rate? Explain.

14. Does the organization have procedures which provide assurance that consistent treatment is applied in the distribution of charges to all grants?
    Yes/No

COST SHARING

15. How does the organization determine that it has met cost-sharing goals?

COMPLIANCE

16. Does your organization engage in any lobbying or partisan political activity which is charged, directly or indirectly, to a federally-assisted program?
    Yes/No
17. Does your organization have a formal system for complying with the Davis-Bacon Act?
   Yes/No

18. Does your organization have a formal policy of nondiscrimination and a formal system for complying with Federal civil rights requirements?
   Yes/No

19. Does your organization have a cash forecasting process which will minimize the time elapsed between the drawing down of funds and the disbursement of those funds?
   Yes/No

20. Is your organization familiar with Federal financial reports so that they will be completed in an accurate and timely manner when required?
   Yes/No

21. Under which program(s), if any, does your organization receive Federal student financial assistance funds?

22. What was the dollar volume of Federal awards to your organization during the last fiscal year?

**PROPERTY MANAGEMENT**

23. Are detailed records of individual capital assets kept and periodically balanced with the general ledger accounts?
   Yes/No

24. Are there effective procedures for authorizing and accounting for the disposal of property and equipment?
   Yes/No

25. Are detailed property records periodically checked by physical inventory?
   Yes/No

26. Briefly describe the organization's policies concerning capitalization and depreciation.

27. Who is responsible for maintaining the property control system?
   a. General Control (department and individual’s title)
   b. Cycle physical inventory counts (department and individual’s title)
28. Do you have a written Property Control Policy or Instruction manual? If yes, please send a copy of the policy along with this completed form.

29. Explain the “flow” of assets at the organization:

**Receiving:**

Your receiving is: Centralized or De-centralized? (Circle one)

**Tracking:**

What is the dollar threshold (Capitalization rate) for tracking equipment?

$________

30. How are assets controlled? (I.e. Asset Tags, Serial Numbers, etc)

________________________________________________________________

31. When are re-inventories completed: Annually / Quarterly / Monthly (Circle One)

Other: (explain) ___________________________________________________

**Retiring:**

How are asset retirements processed?

________________________________________________________________

Who is notified?

________________________________________________________________

Who physically removes equipment?

________________________________________________________________

Name of person completing questionnaire __________________________________________

Title_________________________________

Signature_____________________________
Notice of Contract Completion

CALIFORNIA INSTITUTE OF TECHNOLOGY
Procurement Services, Mail Code 103-6
1200 East California Boulevard
Pasadena, CA 91125

Date:

Vendor Address
Vendor Address
Vendor Address
Vendor Address

Attention:

Subject: Notice of Contract Completion

Reference: (a) Contract No.: (b) Contract/Grant No.: (c) Expiration Date:

Dear:

Work under this Contract is completed. To expedite closeout, please take the necessary action:

1. Submit (1) copy of the enclosed “Property Closeout Certificate (Form CIT 0047).”
2. Submit (1) copy of the enclosed “Contractor’s Release of Claims Against the California Institute of Technology and Assignment of Refunds, Rebates and Credits Arising under or by Virtue of Contract/Grant No. (Form CIT 0048).
4. Submit (1) copy of compliance Audit Report, prepared pursuant to OMB Circular A-110 or A-133.
5. Submit final invoice and cumulative claim and reconciliation. Invoice should be marked “Final.”

If you have any questions, please contact me at the number listed below.

Sincerely,

Contracting Manager
(626) 395-xxxx
(626) 628-xxxx (fax)
PROPERTY CLOSEOUT CERTIFICATE

The undersigned Contractor, having completed the work called for by Agreement Number 67J-1070841, with the California Institute of Technology, Certifies that:

(Check one, as appropriate)

_____ All Government property (as defined in FAR 45.101) has been disposed of by the Contractor and its subcontractors, in accordance with the terms of the Agreement.

_____ No Government property was furnished or acquired by the Contractor or its subcontractors.

Name of Contractor: ________________________________

Authorized Representative Signature: ________________________________

Title: ________________________________

Date: ________________________________
**DD Form 882**

**REPORT OF INVENTIONS AND SUBCONTRACTS**

(Pursuant to Patent Rights Contract Clause (See Instructions on Back))

The purpose of this form is to provide a means for reporting inventions resulting from the expenditure of Federal funds, and for communicating and recording the inventions with the appropriate agencies. Inventions resulting from the expenditure of funds must be reported to the contracting officer, either in writing or by submission of a completed form. Any inventions resulting from the expenditure of funds must be reported to the contracting officer, either in writing or by submission of a completed form. Any inventions resulting from the expenditure of funds must be reported to the contracting officer, either in writing or by submission of a completed form. Any inventions resulting from the expenditure of funds must be reported to the contracting officer, either in writing or by submission of a completed form.

**SECTION I - SUBJECT INVENTIONS**

**NAMES OF INVENTORS**

(Either First Name, Last Name)

**TITLE OF INVENTION**

**DISCLOSURE NUMBER, PATENT APPLICATION SERIAL NUMBER OR PATENT NUMBER**

**ELECTION TO FILE PATENT APPLICATIONS**

(1) UNITED STATES

(a) YES (b) NO

(2) FOREIGN

(a) YES (b) NO

**CONFIRMATORY INSTRUMENT OR ASSIGNMENT FORWARDED TO CONTRACTING OFFICER**

(d) YES

**SECTION II - SUBCONTRACTS**

(Containing a "Patent Rights" clause)

**NAME OF SUBCONTRACTOR**

(Either First Name, Last Name)

**ADDRESS (Include ZIP Code)**

**SUBCONTRACT NUMBER(S)**

**TAX "PATENT RIGHTS" DEDUCTION**

(1) YES

(2) NO

**DESCRIPTION OF WORK TO BE PERFORMED UNDER SUBCONTRACTS**

**SUBCONTRACT DATES/WEBY/COM**

(1) YES

(2) NO

**SECTION III - CERTIFICATION**

I certify that the reporting party has provided for prompt identification and timely disclosure of all "Subject Inventions" that have been reported and that all "Subject Inventions" have been reported.

**NAME OF AUTHORIZED CONTRACTOR/SUBCONTRACTOR OFFICIAL (First, First Name, Last Name)**

**TITLE**

**SIGNATURE**

**DATE DATED**

**DD FORM 882, JAN 1999 (ES)**

PREREQ EDITION MAYBE USED.
Contractor's Release of Claims

CONTRACTOR’S RELEASE OF CLAIMS AGAINST THE CALIFORNIA INSTITUTE OF TECHNOLOGY AND ASSIGNMENT OF REFUNDS, REBATES AND CREDITS ARISING UNDER OR BY VIRTUE OF AGREEMENT NO.

According to the terms of the above numbered Agreement and in consideration of the sum of $__ dollars ($__), which has been or is to be paid under said Agreement to (hereinafter called the Seller) or its assignees, if any, the Seller, upon payment of said sum by the California Institute of Technology (hereinafter called the Institute), does remise, release, and discharge the Institute, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said Agreement, except:

Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the seller as follows:

A. Claims, together with reasonable expenses incidental thereto based upon liabilities of the Seller to third parties arising out of the performance of said Agreement, provided that such claims are not known to the Seller on the date of execution of this release, and provided further that the Seller gives notice of such claims in writing to the Institute not more than six (6) years after the date of this release or the date of any notice to the Seller that the Institute is prepared to make final payment, whichever is earlier.

B. Claims for reimbursement of costs, including reasonable expenses incidental thereto, incurred by the Seller under the provisions of said Agreement relating to patents.

C. When there is included in the said Agreement an Article entitled “Data Requirements”, Claims pursuant to such Article where a written request by the Institute to furnish data is made within the one-year period after final payment.

The Seller agrees, in connection with patent matters and with claims which are not released as set forth above, to comply with all of the provisions of the said Agreement including without limitation those provisions relating to notification to the Institute and relating to the defense or prosecution of litigation.

In consideration of the reimbursement of costs and payment of fee, as provided in said Agreement and any assignment thereunder, the Seller does hereby:
1. Assign, transfer, set over and release to the California Institute of Technology, hereinafter called the “Institute”, all rights, title and interest to all refunds, rebates, credits or other amounts (including any interest thereon) arising out of the performance of said Agreement and attributable to costs reimbursed to the Seller or to its assignee(s) (hereinafter called “Refunds”), together with all the rights of action accrued or which hereafter accrue thereunder.

2. Agree to take whatever action may be necessary to effect prompt collection of all Refunds due or which may become due, and to promptly forward the Institute checks, made payable to the California Institute of Technology, for any proceeds so collected. The reasonable costs of any such action to effect collection shall constitute allowable costs when approved by the Institute as stated in said Agreement and may be applied to reduce any amounts otherwise payable to the Institute under the terms hereof.

3. Agree to cooperate fully with the Institute as to any claim or suit in connection with Refunds; to execute any protest, pleasing, application, power of attorney or other papers in connection therewith; and to permit the Institute to represent it at any hearing, trial or other proceeding arising out of such claim or suit.

This release has been executed this ________ day of ____________________, 20___.

Seller: ___________________________________________

Signature:_________________________________________

Typed Name:______________________________________

Title:_____________________________________________