

February 14, 2017

SERIAL ORCI-2016-02

ADMINISTRATION DEANS, PURCHASING DIRECTORS, FINANCE DIRECTORS,
SPONSORED PROGRAMS OFFICES AND/OR ANY PERSONNEL RELATED TO THE
MANAGEMENT OF FEDERAL ACCOUNTS

FEDERAL PROJECT PURCHASES DURING THE LAST MONTHS OF THE AWARD



Carlos Rodríguez Rivera
Director



The “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” (2 CFR 200) establishes that all purchases within a federal award must be allowable and allocable as a direct cost to that award. Also, it requires the purchase to be reasonable and necessary for the project objectives. Therefore, a purchase cannot be justified by the mere availability of unobligated funds.

Vice Presidency
for Research
and Innovation

Office for
Research
Compliance
and Integrity

Objective

To establish internal controls so that material and equipment acquisitions charged to federal awards comply with federal regulations (2 CFR 200).

Scope

Purchases charged to federal grants 90 days prior to the closeout of the execution of the federal award.

The control measures instituted in this circular will apply only for final closeout of projects. Conversely, partial closeouts in multiannual projects will not be governed by this circular.

Control Measures

1. 90 calendar days prior to the closeout of the execution of the federal award

Within the 90 calendar days prior to the closeout of the execution of the federal award, purchases related to the award will be authorized when at least one of the following conditions occurs:

- Grant award extension is approved by the sponsoring agency
- In the absence of a grant award extension, purchases will require:
 - **For capital equipment** - requires the prior approval of the sponsoring agency whereby the acquisition of this type of equipment is clearly authorized taking into account the imminent completion of the project.

Jardín Botánico Sur
1187 Calle Flamboyán
San Juan, Puerto Rico
00926-1117

☎ 787-281-0894
☎ 787-751-7378

- The principal investigator (PI) will send to the Purchasing Office a copy of the awardee request and the sponsoring agency authorization. The Purchasing Office will keep these documents in the purchase order record file.
- **For non-capital equipment and supplies** - the principal investigator (PI) will submit to the Purchasing Office a written justification establishing the reasons for making the purchases during that period and the details of how the acquired products will be used prior to the project closeout. The Purchasing Office will keep this document in the purchase order record file.

The sponsoring agency authorization request for the purchase of capital equipment and/or the PI written justification for the purchase of non-capital equipment and supplies must indicate the project closeout date.

The Purchasing Office will ensure the selected supplier for purchases in federal projects within the period established in this circular, will provide the goods before the closeout of the Project.

2. Receiving of supplies and all equipment (capital and non-capital) in the period prior to the closeout of the execution of the federal award

Supply purchases charged to federal grants must be received prior to the closeout of the execution of the federal award. In relation to the acquired supplies, they must be consumed prior to the closeout of the federal award. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program, will proceed according to federal regulations, specifically 2 CFR 200.314.

Any supplies or equipment (capital or non-capital) received after the closeout of the federal award will not be charged to the sponsored agency. A non-federal fund must be identified for this purpose.

Cc Dr. Celeste E. Freytes González, Interim President
Dr. José A. Lasalde Dominicci, Vicepresident for Research and Technology
Norberto González Pérez, Finance Director
Chancellors