Indiana University's Office of Business Diversity

Initiative for Tier II Spend Reporting

Indiana University's Tier II Program for Minority, Women and Veteran Owned Businesses exists to maximize opportunities for MBEs, WBEs & VBEs to participate as suppliers of products and services to Indiana University. The Tier II Program serves as an enhancement to, and not as a replacement for, existing efforts directed at increasing meaningful opportunities for MBEs and WBEs to participate as Tier I Suppliers to Indiana University.

From Indiana University’s perspective, a Tier I supplier is a supplier that invoices Indiana University for products and services rendered directly to Indiana University. A Tier II supplier is a supplier who invoices Tier I suppliers for goods and services rendered to fulfill in either a direct or indirect manner the Tier I supplier's contract with Indiana University.

There are two types of second tier spend.

1) Tier II Direct Spend: Products or services delivered from or performed by an MBE, WBE or VBE that can be identified under or thru the Tier I supplier's contract with Indiana University. For example Indiana University has a contract with a Tier I Supplier for office supplies. The Tier I supplier, supplies copy paper purchased from an MBE as part of the contract. The MBE supplier is a Tier II direct spend supplier to Indiana University. Another example: a WBE performs service work (like electrical) for Indiana University under a contract with a Tier I Supplier (such as a general contractor). The WBE is a Tier II direct spend supplier to Indiana University. Tier II Direct spend is reported separately on the Spend Report (OTTERS) in actual numbers and is not subject to the use of a formula.

2) Tier II Indirect Spend: Products or services from or performed by an MBE, WBE or VBE that cannot be identified under or thru the Tier I supplier's contract with Indiana University. For example Indiana University has a contract with a Tier I Supplier for laboratory supplies. The Tier I supplier is not able to identify any MBE, WBE or VBE direct spend for Indiana University under this contract. However the Tier I Supplier contracts with an MBE company to manage and maintain their facilities. This would be considered indirect spend. Another Tier II indirect spend example: the Tier I supplier uses a WBE to deliver their goods to their customers. In both cases the actual amount directly traceable to Indiana University cannot be directly identified, therefore the formula provided below should be used.
The following formula should be applied to prorate your firm’s MBE, WBE or VBE purchases for indirect spend (when products or services from an MBE, WBE or VBE cannot be identified as direct spend under or thru the First Tier supplier’s contract with Indiana University).

Example
1. Year to Date Total Tier I Supplier Sales (you) $1,000,000.00
2. Year to Date Sales to Indiana University (us) $200,000.00
3. Indiana University’s sales as a % of total sales (#2 divided by #1) 20%
4. Year to date Total INDIRECT MBE purchases by Tier I supplier $50,000.00
5. Year to date Total INDIRECT VBE purchases by Tier I Supplier $30,000.00
6. Prorated year to date MBE purchases against sales (#3 times #4) $10,000.00
7. Prorated year to date VBE purchases against sales (#3 times #5) $6,000.00
8. Results (where applicable) of #6 & #7 are to be reported separately to Indiana University (see spend report form).

Reporting Guidelines

Tier II Spend (both direct and indirect) for services and supplies not associated with construction projects must be reported no later than the 15th day of the month following the quarter they occurred.

a) January, February, March spend report is due by April 15th.

b) April, May, June spend report is due by July 15th.

c) July, August, September spend report is due by October 15th.

d) October, November, December spend report is due by January 15th.

It is the responsibility of the Tier I supplier (you) to do the due diligence in verifying that your Tier I MBE, WBE & VBE suppliers are third party certified businesses and continue to qualify as such. The Tier I supplier is subject to audit for certification validation.

Tier II Direct spend and Indirect spend are not mutually exclusive; in other words a Tier I Company could have both and would be required to report both (refer to examples for clarification).

Reporting is to be made thru OTTERS, IU’s Online Tier Two Electronic Reporting System.

For questions or help with reporting please contact: DeeDee Whittaker phone 317-278-5384, Email whittakd@iu.edu