

PROCUREMENT OF GOODS AND SERVICES WITH FEDERAL GRANT FUNDS

This document provides an overview of the standards and procedures for purchasing goods and services with federal grant funds that are established by the *Office of Management and Budget Circular A-110* (in short, *OMB A-110*) and DePaul policy.

General Procurement Standards

OMB A-110 establishes the following general standards for the acquisition of goods and services with federal grant funds:

Procurement Procedures

- DePaul is required to maintain institutional procurement procedures that provide a framework for all purchasing actions and decisions. Taken together, the following University purchasing policies fulfill this standard:
 - Purchasing & Bidding Requirements*
 - Procurement Card (ProCard) Requirements*
 - Prohibited and Special Purchasing Processes*

Those managing federal awards are expected to be familiar with these policies and to follow them along with these guidelines. Newly revised versions of these policies will be available on the [University Policies & Procedures](#) web page effective July 1, 2017.

Standards of Conduct

- DePaul is required to maintain written standards of conduct governing the performance of employees engaged in the award and administration of contracts. For DePaul's management standards, see the Management Standards Handbook published by the [Office of Compliance & Risk Management](#).
- DePaul employees, officers, or agents may not solicit or accept gratuities, favors, or anything of monetary value from contractors (a "contractor" is any non-federal entity from which DePaul purchases property or services needed to carry out a federal grant award).
- No employee may participate in the selection, award, or administration of a contract supported by a federal award if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, any member of his or her immediate family, his or her partners, or an organization which employs (or is about to employ) any of these parties has a financial or other interest in the firm selected to receive a contract.
- Contractors that assist DePaul with developing specifications, requirements, statements of work, or requests for proposals are excluded from competing for the contracts to which these pertain.

Economy and Efficiency

- Those spending federal grant funds should avoid the acquiring unnecessary or duplicative items.
- A “cost analysis” should also be carried out before purchasing goods or services. This involves confirming that each purchase complies with the federal cost standards of reasonableness, allocability, and allowability. (A cost is deemed “reasonable” if a prudent person would pay the purchase price considering the circumstances; “allocable” if the purchase will directly benefit the project; and “allowable” if of the item or service is not excluded by OMB or the awarding agency.)
- Where appropriate, a “price analysis” should be made to determine market rates and the most economical approach (e.g., an analysis comparing lease versus purchase alternatives).

Full and Open Competition

- It is important to conduct all procurement transactions in a manner that maximizes open and free competition.
- DePaul is required to make positive efforts to encourage the use of small businesses, minority- owned firms, and women’s business enterprises when possible.

Screening of Contractors

- Contracts should be awarded only to responsible entities or individuals possessing the ability to perform successfully under the contract terms and conditions. Key considerations include matters such as contractor integrity, record of past performance, and financial and technical resources, as well as whether the contractor is suspended or debarred from receiving federal funds.

Restrictions on Certain Types of Contracts

- The “cost plus a percentage of cost” or “percentage of construction costs” methods of contracting may not be used. (Because the added percentage of cost is typically profit earned by the contractor, such contracts may encourage wasteful spending since the higher the cost, the more the contractor profits.)

Ongoing Oversight of Awarded Contracts

- Once a contract is awarded, oversight must be maintained to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Cost-Specific Guidelines

In addition to these general standards, the following cost-specific guidelines and procedures apply to purchases made with federal grant funds:

Less than \$25,000

- For purchases in this price range, take common sense steps to ensure that you are not paying more than market rate, as you would when making purchases with your own funds. Such steps could include the following, for example:
 - ✓ Whenever possible, use DePaul's extensive list of preferred vendors since they offer discounted rates. Categories include science equipment, audio and web conferencing, cell phones, computers, software, hotels, and car rentals. For a complete list, see <https://financialaffairs.depaul.edu/procurement/vendors/vendors-preferred.aspx>.
 - ✓ In situations where there is no preferred vendor, do some comparison shopping on line or by contacting potential providers.
 - ✓ If the service needed is a specialized one, such as transcribing the interviews of research participants, ask a few colleagues what rates they have paid for such services.
- Before offering a contract to a consultant you have not used before, ask for references and follow up by contacting them. Also, avoid contracting with anyone whose past services were not satisfactory or who may not have the capacity to do the work needed.
- Make sure that each purchase meets the federal standards of reasonableness, allocability, and allowability. See above for quick definitions of these terms. ORS' Federal Grants Management Training Program provides fuller descriptions of these concepts.
- Follow DePaul purchasing policies and guidelines when deciding how to make a purchase. For example, items less than \$3,500 may be purchased with a ProCard whereas a purchase order is required above that threshold.
- When processing ProCard transactions in IntelliLink, use the "Description" box to explain how each purchase benefits the federal project for which it was made.

\$25,000 - \$150,000

- DePaul's competitive bidding requirements apply to purchases in this higher price range. Generally, at least three written quotes must be received from multiple, qualified sources and retained to document the procurement decision.

- Quotations may be obtained by one of the following methods, so long as all potential contractors are treated equally:
 - ✓ Reviewing printed/online catalogs or other materials. (Simply clip or copy the relevant information.)
 - ✓ Contacting companies directly to inquire about pricing. (Ask for an e-mail or fax as follow-up.)
 - ✓ Using a more formal process that involves preparing a written description of the goods or services needed and requesting written responses, which are then evaluated on multiple criteria.
- ORS and Procurement Services can help you determine which of these methods is best for the type of grant-funded purchase you need to make. If a more formal process is needed, Procurement Services can provide technical support as well as templates.
- Attach the price quotes, any written description of the goods and services that you used to secure the quotes, and a completed copy of Procurement’s “bid documentation form” when submitting the purchase order requisition to Procurement Services. If you did not select the lowest price, briefly note what other factors you considered.
- In some rare circumstances, an item or service may be available from only one source. In that case, documentation you provide when submitting the purchase order requisition will be a “sole source justification” that explains what makes the provider in question unique.
- Price comparisons are not required if you are purchasing from one of DePaul’s preferred vendors. In selecting these vendors, DePaul has already engaged in comparisons of costs and of other factors to identify those suppliers that offer best value.

More than \$150,000

- At this highest price level, purchases of goods and services for federal grant awards must typically be based on formal price comparisons obtained through detailed competitive procedures.
- In most cases, a Request for Proposals (RFP) will need to be prepared in consultation with Procurement Services and ORS. At minimum, the RFP should include:
 - ✓ A clear and accurate description of the technical requirements for the items or services.
 - ✓ An indication of when the services or items are needed.
 - ✓ Instructions regarding what to include in the proposal in addition to a cost estimate.
 - ✓ A deadline that provides a reasonable timeframe for proposal submissions.
 - ✓ Instructions for proposal submission.
 - ✓ A description of the factors to be used in evaluating proposals.
 - ✓ A disclaimer that any and all bids may be rejected when that is in DePaul’s interest.

Note: To avoid limiting competition, brand name or make-and-model requirements should be included only if necessary.

- At this price level, evaluation of proposals should be conducted by a small, knowledgeable group such as the senior project staff, rather than the Principal Investigator (PI) alone.
- The evaluation process must be soundly documented in writing. Using a grid or checklist that reflects the evaluation criteria included in the RFP is best practice. In any case, the documentation should clearly show how the winning proposal was selected.
- When evaluating proposals, factors such as past performance, capacity, qualifications to perform the work, warranty terms, and other relevant factors may be considered along with price as long as they are included in the RFP. (You are not required to accept the lowest bid.)
- Written documentation of the RFP process described above must be included when submitting the purchase order requisition to Procurement Services. The best approach is to attach a PDF containing the RFP, the bids received, the completed evaluation grids, and a copy of the contract.
- Procurement contracts at this price level must contain provisions that allow for administrative, contractual, or legal remedies in situations where a contractor violates or breaches the contract terms. Termination provisions must also be included. ORS can assist with preparation of such contracts, in consultation with the Office of the General Counsel.
- In some rare circumstances, an item or service may be available from only one source. In that case, the price comparison documentation you provide when submitting the purchase order requisition will be a “sole source justification” that explains what makes the provider in question unique. For purchases at this level, the justification should be detailed.

Note: Naming a supplier in a grant proposal does not make the purchase exempt from federal procurement standards. The procedures described above must still be followed, in accordance with the price level. However, these purchasing procedures do not apply to subawards, which are issued to enable other organizations to collaborate with DePaul on achieving the goals and objectives of a grant project. If a subaward is included in the proposal budget, it may be issued to the organization named without price comparisons as long as the costs involved are reasonable and DePaul’s guidelines for issuing and monitoring federal subawards are followed.