Purchase of Services Policy Workshop

Presented by: Martha Kelly
Contracts and Compliance
Procurement Department
Purchase of Consulting & Operational Services

“No person is authorized to obligate the University without encumbering, in advance, sufficient funds to meet the obligation.”

BoT Doc. T92-031
University of Massachusetts Procurement Policy
Purchasing of Services Principles

**Best Value**

Obtain all services at the best overall value to the University, as is consistent with quality, availability, and other factors affecting service as required by the using department.

**Best Practice**

Procure services in accordance with the University’s strategic plan, budget, best value, competitively bid contracts and consideration of the time required to acquire the services. Must have PRIOR Procurement approval and must follow signature delegation authority.
Purchase of Services Policy

When price and other factors are identical, preference in awarding contracts is given to Massachusetts vendors.

Departments must use Buyways Punch-out Catalogs vendors and then shall make use of Campus, University, State, or Massachusetts Higher Education Consortia (MHEC) publicly bid contracts whenever appropriate and practicable.

Services cannot be paid with a ProCard. See allowable/restricted list of ProCard purchases on the ProCard section of the Contract & Compliance Website.
Consultant and Operational Services

Are services provided by an individual, company, or entity in a specific specialized field(s) with little or no University direction or supervision.

In accordance with M.G.L. Chapter 29, Section 29A, no person employed by the University as a consultant shall directly or indirectly supervise another temporary or permanent employee of the University.

Operational services are services required for the routine operation of the University and include maintenance and repairs of facilities.
Independent Contractor

Persons or firms providing consulting or operational services to the University other than in an employment status whom must meet the requirements for independent contractors under state and federal law, including M.G.L. ch. 149, s. 148B. (BoT)

Independent Contractors Determination: To determine if an individual is an independent contractor, an Employment Status Form must be completed and signed by the responsible University Official overseeing the person. This form is required for all services and must be attached to the requisition.
No Bid-Justification

All purchase of services exceeding $50,000 per fiscal year must be competitively bid unless covered under contract or a “no bid justification.”

In those instances where competitive bidding is impossible and would have no practical value because of the nature of the Procurement, departments must provide a "No Bid Justification,” which must include the circumstances and the benefits for procuring without competitive bidding.

The Assistant Vice Chancellor for Contracts and Compliance or the Director of Procurement may approve a “No Bid Justification.”
Sub-Contracts

The University, through the President’s Office, or any campus may enter into a sub-contract with other persons or entities, including other governmental agencies, by which the University agrees to provide services. The University may also subcontract the services of others most common practice is for grant related work.

The individuals engaged must meet the requirements for independent contractors under state and federal law, including M.G.L. ch.149, section 148B. Questions or guidance concerning independent contractor status should be directed to Human Resources.

Sub-contracts are mainly used to sub-contract grant related services.
Grant Funded Sub-Contracts

**University sub-contracts** forms are used for external grants and sponsored programs for services entered into to meet the university’s own contractual obligations to third parties. Follow procedures for consulting or operational services, whichever applies, using the University sub-contract form.

Not to be confused with SubAwards which require an ORSP Face Page and use Account Codes 757275 up to $25,000 and Account Code 757270 over $25,000.
Processing a Contract/Sub-Contract

Department Role
- Obtain best value
- Create Requisition and attach to Internal Notes;
  - Contract/Sub-Contract and Scope of Services Draft
  - Employment Status Form (if an individual)
  - No-Bid Justification (when applicable)
  - Sends Contract (Approved by Procurement) to Vendor for Signature
  - Attach signed contract to Requisition’s Internal Notes

Procurement Role
- Review Contract/Sub-Contract and attachments
- Return to department to gather vendor’s signature (when applicable)
- Gather final authorized signature
- Attach fully executed contract and scope to External Notes
- Approve requisition

A purchase order is generated and emailed by the system with the Contract to the Contractor.
Services $10,000 or Less per fiscal year (7/1-6/30)

Written contracts are not required for services with projected fees of $10,000 or less per fiscal year; the Purchase Order is the contract.

Purchase orders terms and conditions can be found in the Procurement Department website under Forms.

Requisitions for all services must have the following description:

**Brief Narrative**

- **Scope of Services**: Defining the specific duties and responsibilities. Should include deliverables and performance criteria.
- **Period of Performance**: There must be a beginning date and an end date.
- **Cost Breakdown**: Compensation must be broken down by deliverable or requirements based on the scope of services and must include the rate per hour.

A contract and scope of services are required when a change request increases the PO over the $10,000 threshold.
Services Greater than $10,000 and less than $50,000 per fiscal year

Attach a draft Contract/Subcontract to requisition, a detailed Scope of Services and if an individual, the Employment Status Form. All documents must be attached to the internal notes.

When reimbursement will be made, all service requisitions must include two lines:
   Line 1- Services: Payment for the actual services provided, excluding reimbursements
   Line 2- Travel and Expenses (including allowed reimbursements)

Copies of receipts must be submitted for expenses greater than $25. If multiple payments will be made the requisition must be set up as a blanket.
Services Greater than $50,000 (cont.)

Contracts or Sub-contracts greater than $100,000 per fiscal will be forwarded to the Systems Office for legal review.

Once legal approves the contract, it is sent to the department who will then forward to the contractor/sub-contractor for signature.

If the services are procured through a bid, the Procurement department will process the contract with the vendor and will gather all signatures. An Employment Status Form is not required for contracts resulting from a bid process.
Services Greater than $50,000 per fiscal year

All purchase of services exceeding $50,000 must be competitively bid unless covered under contract or a “no bid justification.”

“Departments must not split contract values to avoid or bypass the threshold for bidding.”

If bidding is required, Procurement will work with the department in drafting the bid document and conducting the bid process. For bidding purposes, a requisition for Temporary Vendor must be created. Procurement will be responsible for drawing up the contract. Once the bid is awarded the requisition is changed to the awarded Contractor and it is approved when the contract is fully executed.

Award is made to the lowest responsive and responsible bidder who, in the opinion of the Director of Procurement, in conjunction with the requesting department, offers the best value.
## Procurement Rules

### Summary of Rules for Procurement Thresholds

<table>
<thead>
<tr>
<th></th>
<th>&lt; $10,000*</th>
<th>&gt;=10,000 and &lt;$50,000</th>
<th>&gt;= $50,000</th>
<th>Sub-Award/Sub-Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>W-9-Vendor Add/Update to Controller</strong></td>
<td>W-9-Vendor Add/Update to Controller</td>
<td>Requisition for Temporary Vendor online</td>
<td>W-9-Vendor Add/Update to Controller</td>
<td></td>
</tr>
<tr>
<td><strong>Requisition online</strong></td>
<td>Requisition online</td>
<td>Bid process/Procurement drafts bid document. department provides Scope</td>
<td>Requisition online</td>
<td></td>
</tr>
<tr>
<td><strong>Employment Status Form</strong></td>
<td>Employment Status Form</td>
<td>Procurement conducts bid process</td>
<td>ORSP Face Page</td>
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<tr>
<td><strong>Invoices to Controller’s marked okay to pay/w signature and date</strong></td>
<td>Recommend selected contractor submits a written quote</td>
<td>Bid evaluated and vendor selected by selection committee</td>
<td>&lt;$25k Use account code 757275</td>
<td></td>
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<tr>
<td>*<strong>PO serves as contract</strong></td>
<td>Contract for Services an Scope of Services for GOF funds</td>
<td>Department sends award recommendation to Procurement</td>
<td>&gt;$25k Use account code 757270</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Contract Terms &amp; Conditions and scope of services for Grant funded</strong></td>
<td>Procurement notifies Contractor of award and drafts contract and scope</td>
<td>Procurement process contract and executes with vendor</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Requisition is changed to awarded vendor and is contract attached</td>
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Other Service Agreements

Licenses
  · Software

Leases
  · Space
  · Vehicle
  · Land
  · Equipment

Performers
  · Artists

Maintenance Agreements
  · Equipment
  · Facilities

Vendor’s Licenses, Leases, Performers and Maintenance Agreements are generally accepted by UMass Boston after review and approval by the Assistant Vice Chancellor for Contracts and Compliance. Leases for which the University is a party to, require legal review.
Exceptions to Requisition Process

Honoraria are direct payments (Non- PO) and may be paid at the time of the presentation or after the fact, using account 757150. The department should submit a Disbursement Voucher (DV) to the Controller’s Office which includes the authorization to pay, the purpose of the payment, the rate and the dates involved (one day, one time occurrence).

Honoraria may be a flat rate which includes travel related expenses, or travel may be reimbursed separately. If travel expenses are documented separately on the DV, the travel reimbursement account 758980 should be used for appropriate tax treatment.

Payments to individuals (non-UMass Boston students/employees) for participant costs, and payments for human subjects and other research/survey participants are processed as direct payments (without a university purchase order). The department should submit a DV to the Controller’s Office which includes the authorization to pay, the purpose of the payment, the rate and the dates of participation.

The Vendor Add/Update Form along with the completed and signed W-9 should be forwarded to the Controller’s Office in advance of the DV.
Most Commonly used Service Account Codes

Consultant Services
- 757160 Research Scientists
- 757190 Management Consultant
- 757220 Planner
- 757230 Program Coordinator
- 757280 Writers
- 757300 Performers/Actors
- 758980 Travel Reimbursement for Consultant Services

Operational Services
- 757050 Arbitrators/Mediators/Dispute Resolution
- 761010 Accreditation Review
- 761040 Art Models/Artwork
- 761050 Athletic Services
- 761140 Legal Support Services
- 761250 Laboratory and Pharmaceutical Services
- 761270 Laundry Services
- 761290 Messenger Services/Mail Services
- 761330 Photography and Micrographic Services
- 761460 Temporary Help Services (Requires HR authorization)
- 761500 Instructors, Lecturers and Trainers
- 761510 Translators/Interpreters
- 761520 Veterinary Services
- 761590 Movers (Services over $25,000 must be bid)
- 762980 Travel Reimbursement for Operations Services
- 734241 Used for reimbursement when no services are involved

IT Consulting Services
- 757030 IT Consultants/Web Design
- 757980 Travel Reimbursement for IT Consultant Services
Procurement Online Resources

Procurement Policy BoT Doc. T92-031, Appendix A, Revised 9/17/14

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University_Account_Codes_July-2016 Final

Purchasing Policies
https://www.umb.edu/contracts_compliance/procurement/purchasing

Procurement Forms
https://www.umb.edu/contracts_compliance/forms

BuyWays FAQ
https://www.umb.edu/it/getting_services/campus_administrative_systems/buyways_help/faq
Questions