

GRANT PROCUREMENT GUIDE

I. Purpose of Procurement Guide

Goods and services acquired with government funds are purchased utilizing the University's purchasing system in accordance with University policies. The University adheres to Federal government standards in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders.

The purpose of this guidance is to explain the process by which project directors and principal investigators may procure goods and services with funds from grants, cooperative agreements or contracts. This guide does not address the creation, preparation, or approval of subawards. Policies and procedures related to subawards, and guidance to help project directors and principal investigators distinguish between procurement subcontracts and subawards are provided under a separate section of the Sponsored Project Manual. The manual is available on-line at http://www.marquette.edu/orsp/documents/SPM_020205.pdf

II. Marquette University Responsibilities

The standards contained in this section do not relieve Marquette University of the contractual responsibilities arising under Federal grants and contract(s). Marquette University, as the grant recipient, is the responsible authority, without recourse to the Federal awarding agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to such Federal, State or local authority as may have proper jurisdiction.

III. Code of Conduct

Employees of Marquette University are expected to exhibit the highest standards of conduct and honesty. Faculty, administrators, and staff are to promote the best interests of the university and are expected to exercise good judgment and maintain a high standard of ethical business practice in carrying out their university-related responsibilities.

It is the policy of Marquette University that all decisions made by employees on behalf of the university are to be made based solely on the best interests of the university. Where an employee's material financial interests or affiliations may be affected by a decision to

be made by the employee on behalf of the university, the employee is obligated to report the circumstances by completing a Conflict of Interest Disclosure Form.

Material financial interests and affiliations that are reported will be reviewed by the Internal Audit Director, Vice President and General Counsel, and Provost or Senior Vice President (as appropriate) for determination as to whether such material financial interests or affiliations are in conflict with the employee's duty to the university and, if so, what action should be taken, if any to manage the conflict.

University Policies and Procedures (UPP) 1-02 details the University's policy on conflict of interest. Concerning Vendors and Gifts, University UPP 1-02 specifically addresses gratuities, favors, or anything of monetary value from contractors, or parties to subagreements as follows:

- A. Employees are prohibited from receiving gifts, loans, favors, or trips from vendors other than nominal gifts (i.e., less than US \$50 in value) of a seasonal nature. This prohibition does not include business dining or entertainment (sporting events, golf, etc.) that meets generally accepted standards of ethical business conduct.
- B. Employees shall not be influenced by the receipt of any gift or favor nor imply that the receipt of any gift or favor will influence a business decision
- C. An employee who is offered any prohibited gift, loan, or favor shall promptly and courteously decline such with the explanation that acceptance is contrary to university policy. The employee shall report the occurrence to his/her supervisor.
- D. All employees shall deal with vendors in the highest ethical and professional manner.

Disclosure Forms and any determinations of action required to manage conflicts will be maintained in the Office of Finance and retained for seven (7) years. This policy also applies to all Marquette University investigators involved in sponsored research projects.

In addition to the general University conflict of interest policy, the Office of Research and Sponsored Programs also has a separate conflict of interest policy to prevent employees or consultants from using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others. This additional policy helps insure that high standards of scientific integrity govern the conduct of sponsored projects, thereby bolstering public understanding and trust of science. The conflict of interest policy related to sponsored projects can be found at <http://www.marquette.edu/orsp/PoliciesProcedures.shtml>.

IV. Competition

All procurement transactions, including expenditures made from grant funded accounts, shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. As outlined in UPP 3-01, below are a number of acceptable ways to measure the value of goods and services and ensure a competitive and fair evaluation process is followed.

A. Preferred Suppliers

1. The university purchasing department will contract with and assist other departments to contract with suppliers who fulfill the requirements of the university based on a formal supplier evaluation process (Request for Proposal (RFP), quote, etc.) for commonly used goods and services. If you are purchasing an item from a preferred supplier as defined by the purchasing department, an additional competitive bid is not necessary for transactions up to \$25,000 (\$75,000 if a construction related project).

Note: ** Some suppliers are preferred for specific categories of their entire product offering, (i.e. supplies, but not furniture or equipment.)

B. Competitive Bids/Quotes

1. Over \$10,000: If a single transaction/order from a non-preferred supplier is over \$10,000, competitive bids/quotes must be received from three qualified suppliers, if available. Those bids or a summary of the bids must be provided to the Purchasing Department upon the submission of the order or the submission of a contract to the Vice President of Finance for authorization. Exceptions to this would include sole source products or services.
 - a) If a single transaction over \$10,000 utilizes the same supplier in the same fiscal year, an additional competitive bid is not required. Establishment of the reasonableness of price should be confirmed by indicating if the equipment or service was ordered previously at the same or a similar price and indicate on the Special Considerations form.
 - b) Construction related projects do not require a bid from a preferred supplier unless over \$25,000.
2. Over \$25,000: Single transactions for equipment and non-personal services over \$25,000 must be supported by a competitive bid/quote process.

Single transactions for personal services (including creative, consulting, executive search, legal, and accounting, as well as similar services) must be supported by a market analysis or other financial justification for the rates or amounts to be charged. Submit the Bid Summary form and the backup bid documents or the market analysis to the Purchasing Department at the time of purchase order (PO) entry.

3. Over \$50,000: Single transactions over \$50,000 must be supported by a competitive bid process that is coordinated through the Purchasing Department, the requesting department and any additional stakeholders and meets all of the university's criteria in the supplier evaluation process. Please submit the Bid Summary form and the backup bid documents to the Purchasing Department at the time of PO entry.

- a) All construction related transactions over \$75,000 require a competitive bid.

4. Any purchase category over \$10,000 *may be reviewed and *may utilize an approved supplier evaluation process that will be managed by the Purchasing Department, in conjunction with related units.

*It is not the intent to re-bid product or service areas that have been through a bid process and are in a renewal status with a satisfactory supplier (i.e., software maintenance, etc.). It is the intent of the Purchasing Department to review spend categories to increase value to the university.

In obtaining competitive bids, the Purchasing Department will attempt to:

- a) Decrease the acquisition cost of goods and services.
- b) Decrease the operating costs of the university and grant funded projects.
- c) Increase user satisfaction in the purchasing process and the MFS purchasing system.
- d) Increase the utilization of women and ethnically diverse owned suppliers and workforce within the supply base.

V. Procurement procedures

Procurement expenditures from grant accounts will adhere to the established University business policies and procedures. For grant funded purchases, it is the responsibility of the Principal Investigator to ensure that only goods and services necessary for the research project are purchased so as to avoid purchasing unnecessary items. University

Policies and Procedures (UPP) 3-01 outlines the approved purchasing methods in addition to the competitive bid requirements that departments must follow when committing university funds. These and other approved purchasing processes are outlined below.

A. Approved Procedures

Any commitment of university funds (including grant dollars) must comply with approved university procedures.

1. Purchase Order

Use for purchases of equipment, service and supplies. Daily supply and equipment purchases must be made through the Marquette Financial System (MFS) or with a university credit card. The MFS system will allow the proper encumbrance and budgetary control, and will expedite the ordering process.

2. Contracts

a. Non-Grant Funded Contract

Contracts provide a template to outline the goods and services and fees exchanged for those goods and services between two parties. A contract should be used when a transaction includes specifications that aren't covered by standard terms and conditions or pre-existing contract templates, including statements of work as defined by the Offices of General Counsel and Finance (i.e., consulting, insurance and liability, etc.). A PO is required to encumber funds once the contract has been authorized/approved. All such contracts must provide that invoices will not be paid without a valid PO number and that the contract terms and conditions will take precedence over the standard PO terms and conditions. See UPP 1-06: Contract Obligor University Funds for additional guidance and specific contracting process.

b. Extramural Grant-Funded Contract

Contracts that are grant-funded by external sponsors must be reviewed and approved by the Executive Director of Research and Sponsored Program to ensure the contract is in compliance with the terms and conditions of the grant. The contract should also be drawn up using University and ORSP approved standard templates. A valid PO is not

necessary for payment. See section F: Procurement Process for Services Under Grant Funded Project below for detail instruction on how to secure a procurement contract.

3. University Credit Cards

University credit cards may be used for purchases of equipment and supplies under \$2,500. The Purchasing Card (p-card) is a University credit card that delegates small-dollar purchasing power to authorized employees. Student employees are not authorized to obtain a credit card. A University credit card is issued on the University U.S. Bank account for the purpose of facilitating purchases from “Approved and Preferred” suppliers and to facilitate low dollar transactions in an efficient manner. The P-card links work-related expenses directly to a merchant category code, natural and responsibility center.

Each cardholder will have a per-purchase and monthly limit. The limits will be determined by the manager of the area, but will not exceed \$2,500 per transaction unless authorized by the Comptroller’s Office.

4. Visa Direct Billing

Visa direct billing is used for airline reservations through the university’s preferred travel agency.

5. Cash Reimbursement Voucher

CRVs are used for reimbursement of non-supply expenditures under \$250 to an individual. Acceptable reimbursement transactions include registration fees, etc. Complete the voucher, attach original documentation, and obtain the appropriate approval. Once approved, forward the approved form to the Bursar's Office for immediate reimbursement. Daily, repetitive purchases (office supplies, etc.) are not to be purchased using this process.

6. Direct Invoice Voucher (DIV)

DIV’s are only to be used in situations where purchase orders, contracts, or credit cards are not able to be used. A list of acceptable transactions can be found in UPP 3-05. Any DIV that does not pass funds check at the time of submission will not be paid.

7. Internal Order Form

Internal order forms are used for the transfer of the cost of goods or services purchased from an external source from one department to another

B. Competitive Bids

1. Purchases over \$10,000, \$25,000, \$50,000 and \$75,000

As stated above, competitive bids are required for specific dollar level transactions. After completion of the bid process, submit the supplier responses and the Summary Bid Document to Purchasing and submit a PO to encumber funds. If a contract must be completed due to the nature of the transaction, process the contract and then enter a PO to encumber funds

2. Forms and templates for use in competitive bidding

There are a number of ways to evaluate the value of a supplier and their goods and services. The Purchasing Department has developed tools to assist in obtaining quotes and information to be used in the supplier selection process. The tools can be found on the Purchasing web site. If a department would like assistance in evaluating different suppliers, contact the purchasing department.

- a) Bid Summary Document should be used to summarize the supplier responses for all competitive bid situations.
- b) Request for Proposal (RFP) is used when the requirement is not completely defined and the university is looking for solution assistance from the supply base. RFP's often include an attached Statement of Work (SOW) if the project involves services. An RFP can be used for a one time (spot) buy or for a longer period where the university uses the chosen supplier for a specific term.

3. Exclusions from the competitive bidding policy are allowed in isolated instances, including sole source supplier and previous bids within one year of the current project as long as the reasonableness of price has been confirmed (e.g. reprinting the same item on a quarterly basis). Use the Special Considerations/No Bid Exception Approval Form to communicate the reason for an exclusion from the policy and send to the purchasing department at the time of PO entry.

4. Exceptions to this policy will only be made with express written approval by senior administration.

C. Approved Suppliers

All supply and service suppliers with whom the university does business should be previously evaluated and approved by the Purchasing Department before a transaction is completed. This will ensure that the supplier has an infrastructure that can support the needs of the university. All suppliers should be evaluated by the Purchasing Department before being added to the MFS system and allowing departments to order from the suppliers using the MFS system or the P-card.

D. Diversity Supplier Inclusion

As a Catholic, Jesuit and urban university, it is Marquette's responsibility to provide an environment in which our students become not only better students, but also better people. Inherent in the education of our students is a commitment to the community in which we and they live. One important element of this commitment is Marquette's Supplier Diversity Initiative. Marquette's Diversity Supplier Program demonstrates the university's commitment to stewarding its assets responsibly and assisting emerging businesses, particularly those that draw women and ethnic minorities into the economic life of the community. All bid opportunities should include at least one qualified ethnically diverse or woman owned business, if available. Contact the purchasing department to assist in accessing and sourcing to ethnically diverse and women owned businesses.

E. Special Considerations

1. Facilities

Any purchases made in regards to university facilities (e.g. remodeling, painting, campus building improvements, etc.) must be done in conjunction with Facilities Services or the Office of the University Architect. Contact for assistance.

2. Gift purchases (e.g. gift cards, etc.)

Due to IRS requirements, these types of purchases may be taxable to the recipient. Contact the Comptroller's Office beforehand to discuss reporting and other options.

3. Technology purchases

Technology purchases must conform with the university's infrastructure so that it can be properly maintained and supported. Therefore, all technology purchases (software, hardware, hosting services, etc.) must be done in conjunction with and approved by IT Services. Contact the IT Services Help Desk for assistance.

4. Vehicle purchases

All vehicle purchases must be authorized by and signed for by the purchasing department.

5. Exceptions to the bid requirements are outlined above in section II.

F. Procurement Process for Services Under Grant Funded Project

1. Principal Investigator/Department/Unit contacts ORSP Contract Administrator to request a contract for services to be paid from a grant account.
2. ORSP reviews the sponsor terms and conditions and determines the allowability of the expense and the type of action/instrument required.
3. ORSP drafts and prepares the appropriate agreement (a subcontract, consultant agreement or speaker agreement) and transmits a draft to the project Principal Investigator for review.
4. ORSP Executive Director signs two original signature copies of the agreement on behalf of Marquette.
5. Subcontracts that have been signed by the ORSP Executive Director are handled in the following manner:
 - a) For personal services agreements and consultant agreements:
 - (1) ORSP transmits the signature originals, along with an IRS Form W-9 to the non-Marquette entity with instructions to the subcontractor to return one fully executed original to ORSP and retain one signature original themselves.
 - (2) ORSP must receive one fully executed original and a completed IRS Form W-9 form from the subcontractor.

- (3) ORSP transmits the original agreement, completed IRS Form W-9, and cover letter with instructions to the Principal Investigator. A copy of the fully executed agreement is kept in ORSP central files.
 - (4) The Principal Investigator retains the signature original of the subcontract until payment needs to be made.
- b) For speaker agreements:
- (1) ORSP transmits BOTH signature originals to the Principal Investigator.
 - (2) The Principal Investigator obtains the speaker's signature on both copies, provides one signature original to the speaker and keeps once signature original.
- c) The subcontractor may begin work once the agreement has been fully executed.
- d) The agreement will specify payment terms and timing of the payment to the subcontractor as follows:
- (1) Where the agreement specifies that payment is to be made upon receipt of invoices from the subcontractor,
 - (a) The Principal Investigator will be named as the person to whom the subcontractor must send such invoices.
 - (b) The Principal Investigator reviews the invoices and the work deliverables.
 - (c) If the Principal Investigator accepts the work, the Principal Investigator prepares a DIV and transmits it, with an original signature copy of the agreement, the completed IRS Form W-9, and the invoice to the Office of the Comptroller, Grants Accounting. The Principal Investigator retains a copy of the DIV, a copy of the subcontract and W-9, and a copy of the invoice for reference.
 - (d) Office of the Comptroller, Grants Accounting reviews the DIV, subcontract, Form W-9, and invoice and transmits them to Accounts Payable.
 - (e) Accounts Payable issues payment to the subcontractor.

- (f) As the Principal Investigator receives additional invoices, he or she reviews and accepts them by preparing additional DIVs and transmitting these to the Office of the Comptroller, Grants Accounting to have payments issued.
- (2) Where the agreement specifies that payment is to be made without invoices according to a schedule (i.e., half upon execution and half within 30 days after the service is completed):
 - (a) The Principal Investigator prepares a DIV in accordance with the dates and/or milestones specified in the subcontract, attaches it to the signed original subcontract and the completed IRS Form W-9, and transmits these documents to the Office of the Comptroller, Grants Accounting. The Principal Investigator retains a copy of these documents for reference. All DIVs for subsequent payments for a subcontract should indicate in the remarks section that the original subcontract and W-9 are on file. If multiple DIVs will be required for the same subcontract the Principal Investigator should indicate what number payment is being authorized as well as the total number expected (e.g., "this is payment 2 of 4").
 - (b) Accounts Payable will issue payment to the subcontractor as directed by the Principal Investigator.

VI. Cost and Price Analysis

The responsibility of supplier selection, the administration of the purchasing procedures, maintenance of the purchasing system (MFS-Purchasing) and university purchasing initiatives, including supplier diversity has been delegated to the director of Purchasing and his/her department. The intent of the university is to provide authorized (approved and/or preferred) suppliers that provide overall value for all major product and service expenditures.

The purchasing department will evaluate and analyze vendor pricing and establish preferred and/or approved suppliers for use by all university departments. The designation is determined by the types of products and services the supplier provides and the evaluation process of the supplier. In product or service areas where ongoing competition provides value to the university, there will most likely only be approved suppliers. In areas where the supplier selection included a formal Request for Proposal and the supplier has defined terms and conditions governing their relationship with the university, you will more often find the designation of a preferred supplier.

VII. Procurement Record

Procurement records and files for purchases in excess of the small purchase threshold (per 41 U.S.C. 403 (11), currently at \$25000) shall include the following at a minimum: (a) basis for the contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

VIII. Contract Administration

To ensure contractor conformance with the terms, and conditions and specifications of the contract the Principal Investigator will monitor subcontractor performance, and receives invoices from the subcontractor for payment. If performance is in conformance with the terms and conditions, and specifications of the contract, the Principal investigator will approve invoice, complete the required forms to initiate payment and forward all the documents to Grant accounting for further action. If the performance is not in conformance with the terms and conditions of the contractor and not acceptable, the Principal Investigator in conjunction with the Office of Research and Sponsored Programs will work with the subcontractor to rectify the deficiency prior to approving the invoice for payment.

For goods purchased through Marquette University's purchasing system, the Principal Investigator or his assistant will go online and received on the order once the order has arrived. The Principal Investigator and/or his assistant are responsible for adequate and timely follow up of all purchases to ensure timely delivery of the purchases.

See SPM Section 10-23 for additional information related to contract administration and contract provision.

IX. Contract Provision

The following provisions shall be included in all contracts, and shall also be applied to subcontracts:

- A. Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.
- B. All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as

well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

- C. Except as otherwise required by statute, an award that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, the Federal awarding agency may accept the bonding policy and requirements of the recipient, provided the Federal awarding agency has made a determination that the Federal Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows.
1. A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
 2. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
 3. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.
 4. Where bonds are required in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, "Surety Companies Doing Business with the United States."
- D. 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.

- E. All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to OMB Circular A-110, as applicable.