THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Purchasing	**Number:**	507.4
		Revised:	6/3/82
SUBJECT:	Independent Consultants	**Date Issued:**	
		Attachment(s)	0
APPLIES TO:			
ISSUED BY:	Purchasing		

I. General Policy

A. All requests for consulting services by outside firms and professional consultants must be processed by the Purchasing Department, following the procedure described in Part II. A Professional Consultant is defined as an established business, corporation, or individual who is primarily engaged in consulting and must have an Internal Revenue Service employer identification number (not Social Security number) for their business.

All other requests for individuals to do consulting should be processed as specified in the Personnel SPG 201.86. (Includes procedures for research consulting and payment with Forms G and G2.)

B. An independent consultant may be engaged only after it has been determined that the services needed are so urgent, special, temporary, or highly technical that they cannot be performed economically or satisfactorily by University staff members within the scope of their normal University responsibilities.

C. An independent consultant may be engaged only after a selection process has been followed to ensure the engagement of the most suitable consultant available, considering qualifications, travel costs, daily rate, availability, and in accordance with the Practices of Purchasing as specified in SPG 507.1.

II. Procedure

A. Submit a purchase requisition Form 4330-A2 for the required service with the following attachment.

B. It is the responsibility of the requesting department to determine the need for the services of a consultant. The needs statement must explain why a consultant is needed and why the tasks to be performed cannot be completed by University staff members within the scope of their normal University responsibilities. It must also delineate the nature and scope of the work to be performed.

C. After completion of the needs statement, the department and Purchasing will prepare a Request for Proposal and select potential sources.

D. Purchasing will solicit proposals from the sources in accordance with policies and procedures set forth in SPG 507.1 (a).

E. The department and Purchasing will evaluate the proposals. Final selection will be made by the department and Purchasing. Selection criteria should include an evaluation of the consultant's background, resources available, experience in similar projects, understanding of and responsiveness to the Request for Proposal, the capability to meet the University's time schedule, and the cost.

F. Negotiation of the final contract will be performed by Purchasing and the department. During this stage, the project schedule and completion date must be agreed upon. The qualification of all consultant's staff members to be assigned to the project must be evaluated. A contract cost ceiling and payment schedule must be established. Billing rates for consulting time, mileage, per diem and other expenses must be specified. After negotiations have been completed to the satisfaction of the consultant, the department and Purchasing, a purchase order will be issued.

G. For the duration of the consulting service, the department is responsible for monitoring performance and approving expenditures. The department must determine that billings are correct and reasonable compared to progress reports, estimated effort expended, and travel incurred. In addition, the department must monitor progress made against the project time schedule. Evaluation of the quality of work performed is also the responsibility of the department.

H. During the performance of the contract, contract revisions, including cost changes, must be agreed to by both the department and Purchasing. Upon agreement, Purchasing will issue a change order to document the contract revisions.

I. Upon completion of the project, the department should prepare a final report with a copy to Purchasing. This report should include a project summary and an evaluation of the consultant's performance, and will become a part of the purchase order documentation and be utilized to cause the purchase order to be closed.

III. Special Services Where an Approval is Required Prior to Submission of Requisition to Purchasing (See II.I).

A. Request for legal services must be approved by the University's legal counsel.

B. Request for Architectural and related Engineering services must be approved by the Director of Plant Extension.

C. Requests for Auditors must be approved by the University's Director of Audits.

D. Consulting or management services to be provided by the University's independent audit firm must be approved by the Director of Audits.