

Part I Chapter 04 Contract Use, Need, and Authorization

A. Contract Use. Contracts may be used when all of the following conditions are satisfied:

1. The material, service, or construction is not found on a department statewide requirements contract.
2. The material, service, or construction is needed to support the using agency mission.
3. Purchasing or using agency in-house capability was considered and assessed and found to be inadequate or unavailable because of higher priorities.
4. Other Commonwealth sources for the material, service, or construction were contacted by written request and found to be inadequate or unavailable because of higher priorities.
5. Results from a contract can be anticipated.
6. Anticipated results justify costs.
7. Previous similar efforts were thoroughly evaluated to assure contracted services, materials, or construction are not duplicated and previous mistakes are not repeated.
8. Knowledgeable purchasing and using agency personnel are available to monitor the contractor to ensure compliance with the terms and conditions of the contract. If the contract is for system design, agency personnel are available to work with the contractor to assure understanding and orderly transition when the system is turned over to the agency.
9. The contract will not represent an employee/employer relationship or other complement related service, is not being used to bypass complement control or standard personnel policies and procedures, will not violate labor agreements, and is not for managerial duties.

B. Contract Authorization.

1. No contract shall be implemented, nor shall any materials, services, or construction be accepted or work begun on any contract not processed, executed, and approved in accordance with policies and procedures in *Act 57* or this handbook.
2. Except as otherwise provided in this handbook, any individual giving permission to accept materials, services, or construction or to begin work before a contract is completely approved, in violation of this policy, may be held personally responsible.

3. All contractors will be notified that the Commonwealth will not be obligated to pay a contractor for any materials or services or construction provided before the effective date of the contract.
4. This policy is not intended to restrict an agency's ability to react to a genuine emergency. However, each agency should establish internal procedures providing for the designation of specific individuals who are responsible for authorizing receipt of materials or work to begin without a completely approved contract in a genuine emergency. Situations caused by agency procrastination are not considered genuine emergencies.

C. Determining Contract Need for Services.

1. There are several reasons why a purchasing/using agency may consider obtaining contractual services. First, the purchasing/using agency may lack the manpower to perform the work itself within the required time frame. Second, the purchasing/using agency may lack the expertise to perform the work itself. Third, the agency may require contractual services to comply with a grant agreement.
2. When a lack of manpower prohibits the purchasing/using agency from performing the work, it should review its ongoing activities to determine whether work of a lower priority may be delayed and manpower efforts redirected. Reordering priorities can often provide the manpower needed and can result in an avoidance of the costs and delays involved in contracting.
3. If the purchasing/using agency lacks the expertise to perform the work, other sources of expert assistance within the Commonwealth should be formally pursued. The following are examples of in-house consultant services available from agencies of state government:

Type of Service	Agency
<ul style="list-style-type: none"> • Forms Management and Design 	<ul style="list-style-type: none"> • Department of General Services
<ul style="list-style-type: none"> • Design, print and copy services 	<ul style="list-style-type: none"> • Department of General Services, Bureau of Publications
<ul style="list-style-type: none"> • Automotive sales and service 	<ul style="list-style-type: none"> • Department of General Services, Bureau of Vehicle Management
<ul style="list-style-type: none"> • Disposal of surplus property; acquisition of federal and state surplus property, as well as the 1122 program and others 	<ul style="list-style-type: none"> • Department of General Services, Bureau of Supplies and Surplus Operations
<ul style="list-style-type: none"> • Space (Office) Design 	<ul style="list-style-type: none"> • Department of General Services, Bureau of Real Estate

<ul style="list-style-type: none"> • Auditing 	<ul style="list-style-type: none"> • Department of the Auditor General • Office of the Budget • Public Utility Commission, Bureau of Audits
<ul style="list-style-type: none"> • Electronic Data Processing Support 	<ul style="list-style-type: none"> • Office of Administration, Bureau of Infrastructure and Operations, Central Technology Center
<ul style="list-style-type: none"> • Telecommunications • Microwave • Radio 	<ul style="list-style-type: none"> • Office of Administration, Office for Information Technology
<ul style="list-style-type: none"> • Management Systems • Organization and Staffing 	<ul style="list-style-type: none"> • Office of Administration, Bureau of Management Consulting
<ul style="list-style-type: none"> • Management Directive 220.1 	<ul style="list-style-type: none"> • Commonwealth Media Services
<ul style="list-style-type: none"> • Training 	<ul style="list-style-type: none"> • Office of Administration, Bureau of Human Resources and Management
<ul style="list-style-type: none"> • Records Management • Filing Systems • Micrographic Records Scheduling and Disposition 	<ul style="list-style-type: none"> • Pennsylvania Historical & Museum Commission

4. When needed services are not available from within the Commonwealth, a contract can normally be justified if the following questions can be answered affirmatively and documented:
- a. Are the services needed to satisfy a specific program or departmental objective?
 - b. Can the results of a contract be anticipated?
 - c. Will the anticipated results justify estimated costs of the contract?
 - d. If a similar effort was previously undertaken, have the results of the prior effort been evaluated to determine why it was not successful and why the effort is to be duplicated either partially or wholly?
 - e. Are knowledgeable agency personnel available to monitor a contractor's progress to ensure compliance with contract provisions? If the contract involves a system design, are agency personnel available to work with the contractor to ensure a smooth transition and understanding when the contractor transfers the completed design to the Commonwealth?

- f. Have all Commonwealth personnel policies and practices been considered and adhered to, assuring that the needed services should not be provided by an employee and the contract will not involve an employee/employer relationship or violate labor relations?
 - 5. To assist the Bureau of Procurement with planning and to assure adequate time and resources are made available to process a solicitation or contract for supplies or services needed by an agency, each agency shall complete and submit, to the Department of General Services Bureau of Procurement, the [Notice of Forthcoming Procurements](#).
 - a. The Notice of Forthcoming Procurements Form should be submitted for all anticipated agency requests for procurements which will exceed the delegated dollar thresholds as established in the Procurement Handbook, [Part I Chapter 07, Thresholds and Delegations](#).
 - b. The form should be completed at least 12 months prior to the expiration of the current contract or, if no current contract exists, 12 months prior to the need for the supply or service.
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References:

1. [Department of General Services](#)
2. [Department of General Services, Bureau of Publications](#)
3. [Department of General Services, Bureau of Vehicle Management](#)
4. [Department of General Services, Bureau of Supplies and Surplus Operations](#)
5. [Department of General Services, Bureau of Real Estate](#)
6. [Department of the Auditor General](#)
7. [Office of the Budget](#)
8. [Public Utility Commission, Bureau of Audits](#)
9. [Office of Administration, Bureau of Infrastructure and Operations, Central Technology Center](#)
10. [Office of Administration, Office for Information Technology](#)
11. [Office of Administration, Bureau of Management Consulting](#)
12. [Commonwealth Media Services](#)
13. [Office of Administration, Bureau of Human Resources and Management](#)
14. [Pennsylvania Historical & Museum Commission](#)

15. [BOP-123, Notice of Forthcoming Procurements](#)
16. [Part I Chapter 07, Thresholds and Delegations](#)