

Module 12

Procurement of “Other” Goods and Services

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Section 1 Overview

In some cases, the Local Government (LG) will need to purchase services or goods not described elsewhere in these Local Government Project Procedures. For example, the LG may need to purchase paper, bicycles for a Congestion Mitigation and Air Quality project, or demographic data for a transportation corridor analysis.

In these cases, the LG will use its routine procurement procedures under the Texas Government Code. The Uniform Grant Management Standards (UGMS) summarizes the allowable procedures for federal and state funded projects. The UGMS are available at the following website:

<http://www.governor.state.tx.us/divisions/stategrants/guidelines/view>

Two important sources for guidance on the matter are found in the Master Advance Funding Agreement (MAFA) Provisions 20 and 21. The MAFA is at the following link:

<ftp://ftp.dot.state.tx.us/pub/txdot-info/cso/mafafinal.pdf>

MAFA Provision 20 cites the federal Office of Management and Budget Circular A-87. This circular contains cost principles that state that expenditures of federal funds for projects must be allocable, allowable, and reasonable. A cost is:

1. “Allocable” if the federal funds were spent on the project for which they were approved;
2. “Allowable” if it is necessary for the project and it is not a disallowed type of expense. Unallowable costs include costs for items such as entertainment, lobbying, alcoholic beverages, and similar costs. A detailed listing of allowable and unallowable costs is found in the Uniform Grant Management Standards cited above.
3. “Reasonable” if an impartial, reasonable person would find the cost to be reasonable. If the LG has a question concerning the “reasonableness” of a cost, a contract specialist or legal counsel should be consulted.

MAFA Provision 21 cites [Title 49 CFR §18.36](#), which relates to federal procurement standards, and [Title 49 CFR §18.32](#), which relates to federal property management standards.

If a LG receives federal or state funds for a specific project, the LG **may not** use those funds for other projects, even if the funds are left over from an approved, completed project.

If the LG is hiring private contractors, such as an engineering firm, the private contractor may also procure goods and services needed to complete its work. This private contractor must follow the Federal Acquisition Regulations in procuring these needed goods and services.