



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 72.01, **Purchasing Supplies, Equipment and Services**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to standardize procedures and assist departments in expediting the purchase of supplies, equipment and services.

REVIEW: This HSC OP will be reviewed on November 1 of each even-numbered year (ENY) by the Managing Director of Procurement Services and the Associate Vice President for Business Affairs, with recommendations for revisions forwarded to the Executive Vice President for Finance and Operations by November 15.

POLICY/PROCEDURE:

1. Policy

- a. This HSC OP is applicable to all purchases of goods and services except as allowed in paragraphs 2(a) (b) & (c).
- b. Because TTUHSC is accountable to the State of Texas, the agency is subject to many state and federal statutes, institutional policy, as well as *Regents' Rules*. It is the responsibility of the Purchasing department to ensure that all purchases for goods and services are in compliance with policy and statute.
- c. The Director of Purchasing is delegated the authority to issue purchase orders and is therefore responsible for establishing procedures that comply with the requirements set forth in policy and statute.
- d. TTUHSC departmental staffs have the delegated authority to obtain bids for requests that will not exceed \$50,000.00 and are therefore responsible for ensuring that all ethical standards and procedural processes have been adhered to as published on the Purchasing website at the link below.
http://www.fiscal.ttuhsc.edu/purchasing/shoppers/code_of_ethics.aspx
- e. Fund Managers and delegated persons are required to demonstrate competence in their responsibilities. Fund managers are responsible for ensuring that delegated persons are technically proficient and adequately trained.
- f. TTUHSC staff who fail to adhere to TTUHSC Operating Policies and Guidelines regarding procurement and whose actions result in the generation of non-compliant transactions and invoices can have their access and authority to TechBuy, Direct Pay and Purchasing Card revoked.

2. Purchasing Methods and Processing Guidelines

Procurement Methods - It is critical that TTUHSC staff be knowledgeable about available methods to procure goods and services and the rules and policies that relate to these purchasing methods to complete purchase and/or payment requests. A list of the purchase categories **not processed with a purchase order or requisition** and process guidelines are provided below. TTUHSC employees involved in the purchasing process are responsible for following this operating policy. The Purchasing Office, Purchasing Card Team, and Contracting Office can provide assistance as needed.

a. **Purchasing Card transactions**

Any product purchase up to \$5,000.00 can be made with the Purchasing Card whenever the vendor accepts credit cards and the purchase is not otherwise prohibited or restricted in [HSC OP 72.15](#).

The purchasing card should be identified as the method of payment when the order is placed with the vendor. TTUHSC employees should never request a vendor transact payment after a product is received or request the clearing of outstanding accounts receivable with the purchasing card. This is considered purchasing without authority and will be reported as such to the appropriate fund manager. **When total purchases from a single vendor during a fiscal year are estimated to exceed \$50,000.00, the Purchasing Card should not be used without the advanced, written approval of Purchasing.**

Written approval must be obtained from the IT Division prior to purchasing computer hardware or software with a Purchasing Card.

b. **Professional Services – (Expense Contracts)**

Certain Professional Services that are estimated to exceed \$10,000 during a fiscal year are processed by the TTUHSC Contracting Office. Professional Service categories are further defined in [HSC OP 54.04](#) Professional Services Contracting:

The procedure for submission of expense contracts related to Professional Services can be found in [HSC OP 54.02](#) Contracting Procedures.

Income agreements should be submitted directly to the Contracting System and TechBuy requisitions are not required.

c. **Direct Pay transactions**

Transactions submitted in TechBuy using TTUHSC Direct Pay Forms are expenditures for which the fund manager and delegates are authorized to initiate payment for goods and services that have generally been received, have occurred, or customarily require advance payment **and are specifically identified within [HSC OP 72.03](#).**

The following Direct Pay requests are processed using the TTUHSC Direct Pay Forms accessed through TechBuy:

- Accreditation/Exam Fees*
- Advertising
- Awards, Prizes and Gifts
- Correctional Care Contracts
- Donations to charitable organizations
- Food and Entertainment*
- Employee Reimbursement
- Lodging – direct bill
- MPIP refunds
- Magazine/Journal Subscription*
- Membership dues*
- Postage
- Professional License Fees*
- Registration*
- Sponsorships
- Utilities
- Water/Services & Coffee/Soft Drinks

Categories marked with an * can be processed using the Purchasing Card in compliance with the Purchasing Card Programs set forth in [HSC OP 72.15](#). **NOTE:** Membership dues are to be paid with local funds ONLY if using the Purchasing Card.

3. Guidelines for processing a TechBuy requisition

TTUHSC departmental staff have the delegated authority to obtain bids for requests that will not exceed \$50,000. **However, neither fund managers nor the delegated persons are authorized to place an order for goods or services, except as allowed by sections 2(a), (b), or (c) above. The obligation of the institution for goods and services for which the purchasing card cannot be used and are not covered in paragraphs 2(a) or (c) above will be made via the issuance of a purchase order. Purchase orders will only be created and distributed from TechBuy as administrated by the Purchasing Department. The ordering of goods or services prior to the issuance of a purchase order is considered an obligation without authority and will be reported to the fund manager, department chair, and the appropriate dean or vice president.**

a. Determination of bid requirements

A written quotation or evidence of a vendor's pricing should be obtained in advance of submitting a TechBuy requisition. Either informal or competitive processes may be required in accordance with the Bid Limits matrix below. Purchasing reserves the right to require a competitive solicitation for any procurement decision.

Texas Tech University Health Sciences Center Bid Limits

<u>\$0 - \$50,000.00 – No Bid Required</u>	• The Federal Funds Micro-Purchase Threshold (MPT) for TTUHSC has been increased to \$50,000 in accordance with State of Texas Gov't Code 51.9335(g). • Use of vendor of choice, unless otherwise directed by Purchasing. • Departments are encouraged to use contract vendors to practice good faith to award based on best value.
<u>\$50,000.01 – \$100,000.00 – Informal Bid Process</u>	• Three (3) responsive written quotes with a minimum of two (2) certified VetHUB businesses (Service-Disabled Veteran with a service-related disability of 20% or greater) CMBL required unless the Proprietary Purchase Justification form is attached to the requisition and approved by Purchasing. • Departments are encouraged to practice good faith and award based on best value.
<u>\$100,000.01 and higher – Formal Bid Process</u>	• The formal solicitation process is completed by the Purchasing Department. • Department assistance is required. • All formal solicitations are posted on the Electronic State Business Daily (ESBD) by Purchasing.

- b. **Veterans Heroes United in Business (VetHUB) bid requirements.** All purchase requests greater than \$50,000 require bids from at least three (3) suppliers, including a minimum of two (2) bids from Texas certified VetHUB businesses. In the event the fund manager and delegated person is unable to locate a HUB vendor from the State of Texas Centralized Master Bidders List ([CMBL](https://comptroller.texas.gov/purchasing/vendor/cmbli/) <https://comptroller.texas.gov/purchasing/vendor/cmbli/>), written documentation of such is required. The ethnicity and sex of the HUB businesses should be included in the internal notes section of the TechBuy requisition.

c. **Independent Contractors**

When a TechBuy requisition is submitted to contract with individuals, the determination must be made regarding whether an employer/employee relationship exists. In order for Purchasing to gather the information necessary to make this determination, fund managers must complete and sign the "Independent Contractor Questionnaire" located at <http://www.fiscal.ttuhs.edu/purchasing>. For more information refer to [HSC OP 72.05](#), "Determination of Employee or Independent Contractor Status."

d. **Use of Federal Funds for Equipment and Services**

- 1) When the purchase request is for capitalized equipment to be purchased on a federal grant (funds 21XXXX and some 23XXXX) the "TechBuy Federal Equipment Purchase Form" should be submitted.
- 2) All solicitations using Federal funds require inclusion of the following:
 - a. The percentage of the total costs of the program or project which will be financed with Federal money;
 - b. The dollar amount of Federal funds for the project or program; and
 - c. Percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

e. **Required Training**

Texas Education Code 51.9337 implies TTUHSC purchasing authority is conditional upon completion of purchasing/contract training. Section 51.9337(b)(5) provides all officers and employees authorized to execute contracts or exercise discretion in awarding contracts, receive training in ethics, procurement methods and technology and information resources procurements. TTUHSC employees identified for required training includes, but is not limited to, those with signature authority to bind the institution, Fund Managers, Techbuy Users, Procurement card holders and participants in solicitation events. Failure to complete training can result in loss of access to TechBuy, use of a Pcard and authority to obligate funds on behalf of the institution. TTUHSC employees are responsible to complete the training on a biannual basis beginning 2/01/2020. The Procurement Office holds responsibility for developing, maintaining and administering the training.

f. **Additional Notes**

- 1) Large purchases may not be divided into small purchases to avoid bid requirements. If needs can be anticipated, the annual expenditure estimate governs the procedure.
- 2) A "no bid" or "no response" from a bidder does not qualify as a "responsive bid". Each request in excess of \$50,000 **must have at least three (3) responsive bids**. Failure to include at least three responsive bids will require additional documentation explaining the circumstances. If there is only one (1) supplier, a "Sole Source or Proprietary Purchase Justification" form must be completed.

- 3) All purchase orders will only be created and distributed from TechBuy as administrated by the Purchasing Department.
- 4) Any additional information regarding a purchase request including Business Purpose of the purchase/procurement should be included in the "Internal notes" section of the TechBuy requisition and will not be included when the PO is distributed.
- 5) No person has the authority to commit Texas Tech University Health Sciences Center for any purpose (e.g., enter into agreements) except as authorized in [Regents' Rules, Section 07.12](#), and [HSC OP 10.11](#), "Delegation of Authority by the President."
- 6) An invoice dated prior to the issuance of a TechBuy purchase order is considered a violation of institutional policy and state statute. The violation will be reported to the fund manager, department chair, and the appropriate dean or vice president.
- 7) Requests to reimburse employees are a violation of institutional policy, except for those items for which reimbursement are expressly allowed in [HSC OP 72.03](#), "Direct Pay Expenditures." An individual cannot authorize their own reimbursement. Reimbursements require the approval of a person administratively superior to the individual being reimbursed.
- 8) Principle investigators and fund managers are responsible for purchase restrictions on grants or other funding sources that are awarded with stipulations.
- 9) The Texas Constitution and the General Appropriates Act prohibit a state agency from incurring obligations in excess of amounts lawfully appropriated by the Texas Legislature over the course of a biennium. If any excess obligation is incurred that violates the General Appropriations Act or the Texas Constitution, the State Auditor shall certify the violation and the amount of over-obligation may be withheld from the salary or other compensation due the responsible disbursing or requisitioning officer or employee, and apply the amount to the payment of the obligation. Therefore, no purchase order, or agreement that is for a period longer than the current biennium will be approved without a funding-out clause.