



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

## Operating Policy and Procedure

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

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

**REVIEW:** This HSCEP OP will be reviewed on November 1 of each even-numbered year (ENY) by the Director of Purchasing and the Managing Director for Business Affairs or designees, with recommendations for revisions submitted to the Chief Financial Officer or designee by November 15.

### **POLICY/PROCEDURE:**

#### **1. Policy**

- a. This HSC EP OP is applicable to all purchases of goods and services except as allowed in paragraphs 2(a) (b) & (c).
- b. Because HSC EP 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 insure 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. HSC EP departmental staffs have the delegated authority to obtain bids for requests that will not exceed \$40,000 and are therefore responsible for insuring that all ethical standards (see the "Code of Ethics & Conflict of Interest" section of the Purchasing Manual located at <http://elpaso.ttuhsoc.edu/fiscal/businessaffairs/purchasing/> and procedural processes outlined in the Purchasing Manual have been adhered to.
- 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. HSC EP staff who fail to adhere to HSC EP 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 P-card revoked.

#### **2. Purchasing Methods and Processing Guidelines**

**Procurement Methods** - It is very important for HSC EP staff to be knowledgeable about the different methods of procuring goods and services. It is also important to understand some basic rules and policies that relate to these purchasing methods to avoid rejection of purchase and/or payment requests. A list of the purchase categories **that would not be processed on a purchase order or requisition** and some basic guidelines are provided below. HSC EP employees involved in the purchasing process are responsible for reviewing this operating policy, and for contacting the Purchasing department, the Purchasing Card team, or the Contracting office if clarification or assistance is needed.

a. **Purchasing Card Transactions**

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

The purchasing card should be identified as the method of payment when the order is placed with the vendor. No one should request that the vendor bill HSC EP after an invoice is received or request the clearing of the vendor's 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 \$5,000.00, the purchasing card should not be used without the advanced, written approval of Purchasing.**

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

Certain professional services that are estimated to exceed \$10,000 during a fiscal year are processed by the HSC EP Contracting office. Professional service categories are as follows:

- Accountants
- Consultants
- Interagency contracts (contracts between Texas State agencies)
- Inter-local agency contracts (contracts between a Texas State agency and a governmental entity)
- Medical Professionals including optometrists and licensed or registered nurses

The following procedure has been established for the submission of all expense contracts:

1. Submit a TechBuy non-catalog form when the professional service agreement or contract is initiated.
2. Select the "Contracting" purchasing category for the TechBuy requisition for
3. electronic routing to the Contracting office.
4. Electronically attach a copy of the professional service agreement or contract to the internal notes section of the TechBuy requisition.
5. Enter a quantity and unit of measure that most appropriately applies to the terms of the agreement. The value of the TechBuy requisition should be reflective of the total amount expected to be spent for the entire fiscal year.
6. Record the TechBuy requisition number on the contract routing sheet and mail to the Contracting office by campus mail.

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

**Neither fund managers nor their delegates have the authority to obligate the institution.**

c. **Direct Pay Transactions**

Transactions submitted in TechBuy using the HSC EP 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 EP OP 72.03](#)**.

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

- Accreditation/Exam Fees\*
- Advertising
- Awards, Prizes and Gifts
- Donations to Charitable Organizations
- Food and Entertainment\*
- Legal Expenditure
- Lodging – Direct Bill
- Magazine/Journal Subscription\*
- Membership Dues\*
- Patient/Study Participants
- 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 EP OP 72.15](#). NOTE: Membership dues should be on local funds ONLY, if using the purchasing card.

### 3. Guidelines for processing a TechBuy requisition

HSC EP departmental staffs have the delegated authority to obtain bids for requests that will not exceed \$40,000. **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 distributed to the vendor 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.**

**No employee, except those who have express delegated authority to do so, may sign a letter of intent, agreement, or contract.**

#### a. Determination of Bid Requirements

A written quotation or evidence of a vendor's pricing should be electronically attached to the internal notes section of the TechBuy requisition when submitted. Either informal or competitive bids may be required if the purchase(s) exceed \$15,000. Purchases exceeding \$40,000 may require competitive bids completed by the Purchasing department. Purchasing reserves the right to require a competitive solicitation for any procurement decision.

**Texas Tech University Health Sciences Center El Paso- Bid Limits**

<b>Effective 12/01/2016</b>	<b>&lt;\$15,000</b>	<b>\$15,000.01 &lt; \$40,000</b>	<b>\$40,000.01 &lt; \$100,000</b>	<b>&gt; \$100,000 &amp; more</b>	<b>Comments</b>
<b>Only quote required</b>	<b>X</b>				<b>Use vendor of choice. Fund managers and delegated persons are encouraged to practice good faith and award based upon best value.</b>
<b>Informal Bid Process</b>		<b>X</b>			<b>Three (3) responsive written quotes with a minimum of two (2) certified HUB businesses (minority owned or female-owned) required unless the Proprietary Purchase Justification section of the requisition is completed and approved by Purchasing. Fund managers and delegated persons are encouraged to practice good faith and award based upon best value.</b>
<b>Formal Bid Process</b>			<b>X</b>	<b>X</b>	<b>Purchasing will be responsible for formal solicitations. Specifications should be electronically attached to the internal notes section of the TechBuy requisition.</b>
<b>Proprietary Purchase</b>		<b>X</b>	<b>X</b>	<b>X</b>	<b>Proprietary Purchase Justification Section of TechBuy requisition should be completed.</b>
<b>Electronic State Business Daily (ESBD) Posting</b>			<b>X</b>	<b>X</b>	<b>All formal solicitations are processed and posted by Purchasing.</b>
<b>Determine Subcontracts &amp; HUB Subcontracting Plan</b>				<b>X</b>	<b>Determination made by Purchasing based on estimate of annual expenses. HUB Subcontracting Plan is required for all purchases of \$100K or more.</b>

b. **Historically Underutilized Business (HUB) Bid Requirements**

All purchase requests greater than \$15,000 require bids from at least three suppliers, including a minimum of two bids from Texas certified HUB 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 <http://www.window.state.tx.us/procurement/cmb/cmbhub.html>), written documentation of such is required. The ethnicity and gender of the HUB businesses should be included in the internal notes section of the TechBuy requisition.

c. **Purchase of Contract Workforce – State Appropriated Funds Only (funds 10XXXX, 11XXXX and 12XXXX)**

When state appropriated funds are being used to purchase the services of independent contractors, temporary workers supplied by staffing companies, contract workers, and consultants (includes speakers, temporary clerical staffing, and hardware and software maintenance) and the requirement is \$10,000 or more, fund managers and delegated persons must:

1. Conduct a cost benefit analysis of its current contract work force prior to hiring additional contract workers;
2. Document why and how the expenditure fits into the department's staffing strategies.

This information is to be submitted on the “Cost Analysis” form located on the Purchasing website at <http://el Paso.ttuhs c.edu/fiscal/businessaffairs/purchasing/>, and attached to the internal notes section of the TechBuy requisition.

d. **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://el Paso.ttuhs c.edu/fiscal/businessaffairs/purchasing/>. For more information refer to [OP 72.05](#), “Determination of Employee or Independent Contractor Status”.

e. **Federal Equipment Purchase Approval**

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.

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 \$15,000 **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

supplier, a Proprietary Purchase Justification must be completed.

3. All purchase orders will be distributed by Purchasing to the vendor by mail, email, or by fax if the vendor's fax number is provided. To avoid duplication of orders, no one other than Purchasing staff should distribute a PO to a vendor.
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. Unless given written authority by the President to obligate the institution, no employee may sign a letter of intent, agreement or contract. To do so is considered a violation of institutional policy and state statute.
6. An invoice dated prior to the date the purchase order is processed by Purchasing 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 [OP 72.03](#), "Direct Pay Expenditures." An individual cannot authorize their own reimbursement and reimbursements also 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 fact of 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.

Certain expenditures have restrictions or are prohibited. These types of purchases are listed in the "Expenditure Limitation and Prohibitions" section of the Purchasing Manual located at <http://el Paso.ttuhs.edu/fiscal/businessaffairs/purchasing/>.