

25.07.03.C0.01 Purchasing Administration



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Procedure Summary

This procedure provides structure to the procurement process for Texas A&M University-Corpus Christi (TAMU-CC) and complies with Texas Education Code 51.9335 and Texas A&M University System regulation 25.07.03, *Acquisition of Goods and/or Services*. This procedure provides guidelines to minimize risks associated with the procurement of goods and services and allow the university to carry out its fiduciary responsibilities.

Procedure

1. GENERAL

- 1.1. The President has delegated authority to the Department of Procurement & Disbursements for procuring goods and services required by the university at the specified quality and quantity levels and at the best value. Purchase orders will be awarded on the basis of “best value” as determined by the appropriate procurement method.
- 1.2. No officer/employee will intentionally or knowingly make or authorize separate, sequential, or component purchases to avoid the competitive bid requirements. When purchases have been delegated, purchase orders may not be separated into smaller dollar orders in order to meet the specified dollar limit associated with the delegated purchasing authority.
- 1.3. Departments are encouraged to contact the Department of Procurement & Disbursements as soon as needs are determined to allow for timely delivery of goods and services.
- 1.4. The Department of Procurement & Disbursements will: review departmental requisitions to determine the best purchasing method to achieve the best value for the university; develop and provide training on procurement related issues for all departments; solicit and evaluate bids and proposals and make purchase awards for

goods and services based on best value decisions; encourage the utilization and participation by Historically Underutilized Businesses (HUBs) in all procurement decisions; maintain electronic files of all purchasing transactions; and assist departments that have been delegated purchasing authority. All purchases must comply with university purchasing procedures. Each purchase must be fully documented with all documents retained in accordance with the university's records retention schedule.

- 1.5. Purchases requiring a written contract, other than the university standard purchase order, must be in compliance with the provisions of system policy 25.07, *Contract Administration*, system regulation 25.07.01, *Contract Administration, Delegations, and Reporting*, and university rule 25.07.99.C1, *Contract Administration*. The Department of Procurement & Disbursements may assist to initiate contract reviews through the Contracts Office, if appropriate.
- 1.6. Employees of the Department of Procurement & Disbursements shall adhere to the ethical standards of system policy 07.01, *Ethics*.
- 1.7. Employees and purchases must adhere to the provisions stated in university rule 15.02.99.C1, *Export Controls*.
- 1.8. Unless specifically exempted as outlined in section 2.3.8 of this procedure, the following procurement methods must be utilized for purchases over \$25,000: competitive bidding; competitive sealed proposals; group purchasing; and alternate methods relevant to specific application of goods or services purchased.
- 1.9. Purchases over \$25,000 made pursuant to a restricted gift, contract, or grant shall be procured through a process that is based on best value as described in section 1.10 of this procedure and within the procurement requirements as outlined in the sponsor or donor restrictions and regulations.
- 1.10. All purchases shall be based on "best value" and shall encompass the following: purchase price; reputation of the vendor and of the vendor's goods or services; quality of the vendor's goods or services; extent to which the goods or services meet the university's needs; the vendor's past performance with the university; impact on the ability of the university to comply with laws and rules relating to HUBs and to the procurement of goods and services from persons with disabilities; and the total cost of ownership to the university of acquiring vendor's goods and services.

2. PURCHASE PROCEDURES

2.1. Delegated Departmental Purchases

The Department of Procurement and Disbursements has delegated the authority to departments to make purchases of goods and services for \$5,000 or less (including

freight and/or postage). All TAMU-CC employees who perform purchasing functions under the delegated authority granted by this procedure shall adhere to the ethical standards in system policy *07.01, Ethics* and shall avoid all conflicts of interest in their procurement activities.

2.1.1. Purchases within this dollar limit require proper documentation on the designated purchase screens in the electronic purchasing system. Purchases may not be broken down into small purchases in order to meet the authorized limit of authority. In the event a purchase or series of purchases (that appropriately should have been combined into a single purchase) are made exceeding the \$5,000 delegated authority, the department shall submit a non-compliant memo explaining the circumstances surrounding the separate purchases. Furthermore, all purchases must be encumbered and approved within the electronic purchasing system prior to placing an order for goods and services, except when using a procurement credit card.

2.1.2. Departments shall provide equal opportunity and access to all vendors for the purchase of goods and services. Departments shall identify and utilize HUBs for purchase of goods and services whenever possible. The Department of Procurement and Disbursements will assist in identifying HUBs for such purchases. Identification of online HUB listings may be found at <http://www.cpa.state.tx.us/procurement/prog/cmb/>.

2.1.3. Departments shall purchase goods and services, whenever possible, from persons with disabilities. TIBH (formerly known as Texas Industries for the Blind and Handicapped Industries, Inc.) helps provide employment through the State Use Works Wonders Program for Texans with blindness and other disabilities. The online catalog for TIBH may be found at <http://www.tibh.org/shop.php>.

2.2. Purchases Processed Through The Department of Procurement and Disbursements

All purchases in excess of the authorized departmental purchase limit (\$5,000) shall be submitted as a requisition to the Department of Procurement and Disbursements. Departments may recommend a vendor for those procurements from \$5,000 to \$25,000 as this level of procurement does not require competitive bids. Upon receipt of the purchase requisition, the Department of Procurement and Disbursements will determine the appropriate method of procurement if a recommended vendor is not provided by the department and process accordingly. The Department of Procurement and Disbursements will solicit bids (formal or informal), utilize state contracts or requests for proposals, and make an award for all requisitions over \$25,000.

2.2.1. Procurement Standards

TAMU-CC subscribes to the following ethical standards in procurement:

- (a) Give first consideration to the objectives and policies of the institution;
- (b) Strive to obtain the maximum value for each dollar of expenditure;
- (c) Decline personal gifts or gratuities having a value over \$50;
- (d) Grant all competitive suppliers equal consideration insofar as state or federal statutes and institutional policy permit;
- (e) Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation;
- (f) Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product;
- (g) Receive consent of the originator of proprietary ideas and designs before using them for competitive purchasing purposes;
- (h) Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier, insofar as the established policies of the institution permit;
- (i) Accord a prompt and courteous reception, insofar as conditions permit, to all who call on legitimate business missions;
- (j) Cooperate with trade, industrial, and professional associations and with governmental and private agencies for the purposes of promoting and developing sound business methods; and
- (k) Foster fair, ethical, and legal trade practices.

2.3. Purchase Categories

The following purchase categories determine the process in which goods and services are obtained:

2.3.1. State Contracts

The State of Texas vendor-awarded contracts are available for use by all state agencies and institutions of higher education. These contracts are either non-automated or automated state contracts. Information regarding this type of contract is available at: <http://www.cpa.state.tx.us/procurement/>.

2.3.2. Emergency Purchases

2.3.2.1. An emergency purchase is defined as a purchase of goods or services that, if not secured immediately, the department incur financial loss or operational damage. Departments shall contact the Department of Procurement and Disbursements for assistance in handling emergency purchases. If the emergency occurs after normal business hours, the department shall notify the Department of Procurement and Disbursements the next business workday.

2.3.2.2. A written emergency justification is required for this type of purchase. While bids are not required, departments are encouraged to obtain bids if at all possible.

2.3.3. Services

2.3.3.1. Purchase of services is defined as the furnishing of skilled/unskilled labor or professional work performed by an independent contractor, but does not include: (1) professional service subject to Subchapter A, Chapter 2254 of the Texas Government Code; (2) service of a state agency employee; (3) consulting service; or (4) service of a public utility. Additional information can be found in the Purchasing Policy & Procedure Handbook under Purchase of Services (see Appendix).

2.3.3.1.1. Requisitions must be submitted for the purchase of services and the award must be issued before service begins. If the service can only be provided by a sole source provider, a letter of justification explaining why the service is needed and why it cannot be obtained competitively must be submitted with the requisition. For services with an estimated value less than \$5,000, the department may purchase the service using delegated authority.

2.3.3.1.2. If a service will be required and rendered throughout the fiscal year with an estimated cumulative value that exceeds \$25,000, a requisition must be forwarded to the Department of Procurement and Disbursements.

2.3.3.2. Rental of machines and equipment that do not include an operator are considered goods. Rentals that include an operator provided by the supplier are considered services.

All rentals in excess of \$5,000 must be processed through the Department of Procurement and Disbursements prior to the date of required use. For rentals with an estimated value less than \$5,000, the department may purchase the goods or services using their delegated authority.

2.3.4. Information Technology Hardware, Software, and Services

2.3.4.1. The university's Information Technology Department must approve the purchase, lease, or other acquisitions of any information technology-related hardware, software, or services before the acquisition can be made by the Department of Procurement & Disbursements.

2.3.4.2. All software with a cost in excess of \$100,000 is classified as capital equipment per the Texas Governmental Accounting Standards Board Statement 51 and must be inventoried.

2.3.4.3. Software requiring the execution of a third party contractor license must be submitted to the Contracts Office for review prior to any commitment for the purchase of the software. For coordination on this type of license agreement, inquiries should be sent to contracts@tamucc.edu. Only the Contracts Office has authority to execute license agreements.

2.3.4.4. A procurement credit card may be used to purchase software if the cost is \$500 or less and there are no recurring costs.

2.3.5. Use of a Private Consultant

2.3.5.1. Consulting services of \$5,000 or less may be by the delegated authority using a limited purchase order through the electronic purchasing system.

2.3.5.2. Consulting services in excess of \$5,000 shall be requisitioned through the Department of Procurement and Disbursements.

2.3.5.3. Consulting services will be procured in accordance with the best value standards in Texas Educational code, Section 51.9935.

2.3.5.4. Contracts should be utilized when using consulting services.

2.3.6. Lease of Space

All lease of space contracts for TAMU-CC must be submitted to the Contracts Department and will be submitted to the Texas A&M University

System Real Estate office for review and approval. With the submittal of a contract for review, the department must also submit a purchase requisition and the specific lease information to the Department of Procurement and Disbursements. Procurement and Disbursements requires an executed contract prior to issuing a purchase order.

2.3.7. Lease/Purchase of an Installment Payment Purchase

2.3.7.1. Requests for all lease/purchases or installment payment purchases shall be submitted to the Contracts Office. The Contracts Office will assist departments in developing lease/purchase specifications, determining available lease/purchase options, and obtaining the required approvals.

2.3.7.2 The Executive Director of Administrative Services is authorized to approve a lease/purchase up to a \$100,000 or with a term of five (5) years or less.

2.3.7.3 The Vice President for Finance and Administration is authorized to approve a lease/purchase of more than \$100,000, but not to exceed \$749,999, with a term of five (5) years or less. The President must sign a lease/purchase over \$749,999.

2.3.7.4 The Texas Bond Review Board is required to approve any lease/purchase or installment payment purchase in excess of \$250,000 or having a stated term longer than five (5) years, if state-appropriated funds are utilized.

2.3.8. Exempt Purchases

The following goods or services are exempt from competitive bidding requirements, may be purchased by departments regardless of dollar amount, and, when applicable, must follow TAMU-CC's "President's Delegation of Authority for Contract Administration".

- (a) Classified advertising expenses such as newspaper and magazine, radio, television, billboards, classifieds, yellow page ads, and all other printed advertisements (does not include fees paid to public relations or advertising firms for their services in developing or executing coordinated campaigns or programs)
- (b) Conference expenses related to room services such as audio/visual/network and food services
- (c) Employee moving expenses (institutional funds only)

- (d) Fees for lecturers/guest speakers hired on a one-time basis (does not include fees for speakers/lecturers hired on a continuous basis)
- (e) Student travel expenses with the exception of air and bus charter
- (f) Library materials specific for TAMU-CC Library
- (g) Legislative information services; bill analysis services
- (h) Membership fees and dues
- (i) Newspaper and magazine subscriptions direct from the publisher
- (j) Freight and express delivery services
- (k) Services provided by other State of Texas agencies or by other local governments (inter-agency and inter-local agreements must be reviewed by the Contracts Office)
- (l) Intra-agency payments
- (m) Registration fees and associated books and materials
- (n) Rental of exhibit space (e.g. booths for display purposes)
- (o) Goods and services provided by the Texas Department of Criminal Justice
- (p) Goods and services provided by TIBH
- (q) Internal repairs
- (r) Purchases from federal agencies
- (s) Utilities (including telecommunications long distance & monthly charges)
- (t) Artists (e.g. painters, sculptors, compositions, performers)
- (u) Group purchasing programs (co-op)
- (v) Performing artists (e.g. music)
- (w) Purchases from the GSA contracts
- (x) Purchases from the Department of Information Resources (DIR)

- (y) Works of art
- (z) Hotels and conference rooms
- (aa) Postage
- (bb) Software
- (cc) Employee & prospective employee travel
- (dd) Legal services, judgment & court costs, investigation expenses, and witness fees
- (ee) Educational/Training services
- (ff) Items purchased for resale
- (gg) Accreditation services
- (hh) Officiating
- (ii) Grants and sub awards

3. PURCHASE OF EQUIPMENT WITH FEDERAL FUNDS

- 3.1. Where appropriate, an analysis of lease and purchase alternatives shall be made by the Department of Procurement and Disbursements to determine the most economical and practical procurement method utilizing federal funds in excess of \$5,000.
- 3.2. The university shall, on request, make available for the federal awarding agency, pre-award review and procurement documents, such as the request for proposals or invitation for bids, independent cost estimates, etc.
- 3.3. The university shall adhere to all federal requirements as stipulated in a grant or award and shall follow the federal procurement rules and guidance as appropriate.

Related Statutes, Policies or Requirements

Texas Education Code [51.9335\(a\)-\(e\) Acquisition of Goods and Services](#)
Texas Government Code [Chapter 2161 – Historically Underutilized Businesses](#)
Texas Government Code [Chapter 2254 – Professional and Consulting Services](#)
Texas Governmental Accounting Standards Board [Statement 51](#)

Texas Human Resources Code [122.003 – Texas Council on Purchasing from People with Disabilities](#)

System Policy [07.01, Ethics](#)

System Policy [25.06, Participation by Historically Underutilized Business](#)

System Regulation [25.06.01, System HUB Program](#)

System Policy [25.07, Contract Administration](#)

System Regulation [25.07.01, Contract Administration, Delegations, and Reporting](#)

System Regulation [25.07.03, Acquisition of Goods and/or Services](#)

University Rule [15.02.99.C1, Export Controls](#)

University Procedure [24.01.99.C0.01, Guest Speakers, Lecturers, and Entertainers](#)

University Rule [25.06.01, Historically Underutilized Business Program](#)

University Rule [25.07.99.C1, Contract Administration](#)

[Texas A&M University-Corpus Christi President's Delegation of Authority for Contract Administration](#)

This procedure supersedes:

- [25.99.02.C1, Purchasing Administration](#)

Appendix

[Purchasing Policy & Procedure Handbook](#)

Contact Office

Contact for interpretation and clarification: Department of Procurement & Disbursements
(361) 825-2617