

**UNIVERSITY OF HOUSTON SYSTEM  
ADMINISTRATIVE MEMORANDUM**

**SECTION: Fiscal Affairs**

**NUMBER: 03.B.01**

**AREA: Purchasing**

**SUBJECT: Purchasing Guidelines**

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1. PURPOSE

It is the responsibility of each component university's purchasing department to organize and administer procurement of supplies, equipment and services for the University of Houston System in a manner that will result in the best value and price for the component university in conformance with established ethical practices. This administrative memorandum describes guidelines to ensure that this responsibility is met. Purchase orders are a particular type of contract. For information on contracts in general, refer to [System Administrative Memorandum \(SAM\) 03.A.05, Contract Administration](#).

2. POLICY

2.1. Each purchasing department is responsible for purchasing all supplies, materials, services or equipment and, pursuant to [Texas Education Code § 51.9335](#), an institution of higher education may acquire goods or services by the method that provides the best value to the institution, including but not limited to:

- Competitive bidding
  - Competitive sealed proposals
  - Group purchasing programs
  - Open market contract
- a. In determining best value to an institution of higher education, the institution shall consider:
- 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 institution's needs.
  - Vendor's past relationship with the institution.

- Impact on the ability of the institution to comply with laws and rules relating to Historically Underutilized Businesses (HUBs) and to the procurement of goods and services from persons with disabilities.
  - Total long-term cost to the institution of acquiring the vendor's goods or services.
  - Any other relevant factor that a private business entity would consider in selecting a vendor.
  - Use of material in construction or repair to real property that is not proprietary to a single vendor, unless the institution provides written justification in the request for bids for use of the unique material specified.
- b. The following additional criteria shall be considered in determining best value:
- A vendor proposal must meet the requirements of the institution's solicitation document; and
  - A vendor proposal that is non-responsive to the criteria set forth in the institution's solicitation document shall be rejected.
- c. Procurement of goods and services must comply with state and federal laws and institutional policies and procedures.
- d. The purchasing department is delegated the final authority for determining the "best value" for the component university. Component university purchasing departments shall issue policies and procedures to help ensure that the purchasing methods described in the [Texas Education Code, Section 51.9335](#), are followed and are competitive. The UHS Controller and System Office of General Counsel shall provide guidance in the implementation of such procedures. Subject to state rules and regulations, the purchasing department has final discretion and authority for vendor selection and award. It is the responsibility of the component university purchasing departments to issue and maintain records of purchase orders, some of which may be maintained in the System's finance system.
- 2.2. Regardless of the source of funds or dollar level of purchase, each purchasing department and operating unit will purchase from state-certified Historically Underutilized Businesses (HUBs) to the fullest extent possible and will make a good faith effort to meet the state's goals for doing business with HUBs.

3. PURCHASES FROM ALL FUNDS

3.1. Principles when making purchases involving the expenditure of all funds are as follows:

- a. To adhere to the general procurement requirements of “best value” as noted in Section 2.1.
- b. To provide free and open competition when and wherever possible.
- c. To abide by the general procurement standards of the [Office of Management and Budget \(OMB\) Circular A-81](#) and its applicable attachments, when required.
- d. To provide for sole source procurement.
- e. To exercise buyer discretion in the purchasing process.

3.2. All component universities follow the [University of Houston System Purchasing Guidelines](#) and the [University of Houston System Contract Management Handbook](#).

Each component university may issue additional procedures, if required, for campus-specific needs as long as they comply with [Texas Education Code, Section 51.9335](#).

4. EMERGENCY PURCHASES

A component university may provide for emergency purchases when a situation exists in which the requirement for goods and services is so severe that the component university will suffer operational or financial damage if the goods or services are not secured immediately. If the nature of the emergency permits, the needed goods or services should be requested through the component university’s purchasing department. Each component university is responsible for issuing specific policy to be used as a guideline when the emergency is such that corrective action must be taken immediately.

5. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every two years on or before March 1

6. APPROVAL

Approved: Jim McShan  
Senior Vice Chancellor for Administration and Finance

Renu Khator  
Chancellor

Date: February 27, 2017

**REVISION LOG**

Revision Number	Approval Date	Description of Changes
1	05/15/1991	Initial version
2	01/13/1998	Rewrote procedure to emphasize component university's responsibilities. Added Section 2.2 on purchasing from Historically Underutilized Businesses (HUBs). Renames the Commission as the General Services Commission throughout the text. Changed parameters of dollar purchases for competitive and non-competitive bidding
3	02/26/1998	Updated Section 3.5 parameter for items processed through the GSC from \$25 to \$25,000. Added Section 3.6 on GSC review of service purchases of \$10,000 or greater
4	04/17/2001	Applied revised SAM template. Added information to Section 1.1 on EVC for Administration to notify campuses of the requirement to include necessary procurement language in all purchasing documents
5	07/27/2001	Documentation was updated to comply with Internal Audit Finding 2001-07. Changed review period from even numbered years on or before May 1 <sup>st</sup> to every two years on or before May 1 <sup>st</sup>

Revision Number	Approval Date	Description of Changes
6	01/13/2010	Applied revised SAM template. Removed information in Section 1.1 on EVC for Administration to notify campuses of the requirement to include necessary procurement language in all purchasing documents. Added extensive documentation to Section 2.1 on “best value” acquisition in accordance with Texas Education Code Section 51.9335. Removed Sections 3.4 and 3.5. Adjusted amounts in Section 3.2, 3.3, and 3.4. The name of the state agency responsible for defining purchase procedures was updated throughout the policy. The responsible party was changed to the AVC for Finance. The review period was changed from every two years on or before May 1 <sup>st</sup> to every two years on or before March 1 <sup>st</sup> . Removed Section 8, Indexing Terms
Interim	04/01/2015	Applied revised SAM template and added new Revision Log. Added Section 2.1.b on additional criteria for determining best value. Added documentation to Section 2.1.d on issuing policies and procedures to make sure Texas Education Code, Section 51.9335 is followed. Removed Section 2.3 on State Comptroller of Public Accounts (CPA) delegations and purchase responsibilities. Revised Section 3.2 to add a web site for purchasing guidelines, with the caveat that each component university may have additional procedures
7	12/04/2015	Resubmitted to remove “Interim” designation. Changed title in Section 6 to Interim Vice Chancellor for Administration and Finance.
8	02/27/2017	Updated links and titles as applicable. Added information to Section 3.2, with links to the Purchasing Guidelines and the Contract Management Handbook. Changed reference in Section 3.1.c from OMB Circular A-110 to OMB Circular A-81 (also known as Omni-Circular)