

UH SYSTEM PURCHASING GUIDELINES

Applicability

These guidelines apply to the procurement of non-construction goods and services for all University of Houston System (UHS) components.

Reason for Purchasing Guidelines

The Texas Education Code 51.9335 provides a general description of the requirements for the acquisition of goods and services by institutions of higher education and the UHS Purchasing Guidelines are intended to help UHS components comply with these and other state and federal regulations through more specific procurement procedures.

Purchasing Guidelines

1. GENERAL

- 1.1 All purchases made using funds paid through UHS cost centers, except for agency funds (fund 9xxx), must comply with these procedures. Agency funds do not belong to UHS and are not subject to these procedures. However, as the custodian of those funds, the responsible UHS department must ensure that expenditures on agency funds are reasonable, necessary, properly documented, and in accordance with the fund's purpose.

All purchases with UHS funds must be fully documented with all documents retained in accordance with the UHS records retention schedule. On purchases above departmental delegation, departments should contact the Purchasing Department to receive advice on procedures to follow when researching a purchase.

1.2 Purchasing Processes

In general, there are three types of purchasing processes:

- a. Purchases up to and including \$5,000, which are considered spot purchases;
- b. Purchases processed directly through and by the Purchasing Department that are over \$5,000 and up to and including \$25,000, which require informal bids;
- c. Purchases processed directly through and by the Purchasing Department that are over \$25,000, which require formal bids and posting on the State of Texas Electronic State Business Daily (ESBD).

For purchases requiring a written contract, contact the Contract Administration Department for questions related to the contracting process.

1.3 Purchases Funded by a Restricted Gift, Contract, or Grant

Purchases made pursuant to a restricted gift, contract or grant may be further restricted by procurement requirements outlined in the sponsor or donor restrictions and regulations. It is the originating department's responsibility to follow the sponsor or donor's restrictions and regulations when initiating a purchase.

1.4 Best Value Requirement

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All purchases, regardless of dollar amount, shall be based on a “best value” and shall consider:

- list 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 UHS’ needs;
- the vendor’s past performance with UHS;
- impact on the ability of UHS 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 UHS of acquiring vendor’s goods and services;
- use of material in construction or repair to real property that is not proprietary to a single vendor unless UHS provides a written justification in the request for bids of the unique material specified;
- and any other relevant factor that a private business entity would consider in selecting a vendor.

Each solicitation is unique and will list the best value criteria for that purchase.

2. PURCHASE OF GOODS OR COMMODITIES

2.1 Purchases of \$5,000 or Less - Spot purchases

- a. Quotes:
 - Authority to make purchases without competitive bids for \$5,000 or less (including freight) is delegated by each component’s policies. For purchases of \$5,000 or less that will be invoiced by the vendor, departments must obtain a quote from the vendor prior to the purchase to ensure the items and amount charged on the invoice match the quote.
 - This quote must be uploaded to the voucher (in addition to the invoice) or requisition as backup documentation.
 - Quotes are not required for direct purchases of \$5,000 or less, such as over-the-counter purchases or purchases with a credit card. See component’s policy on departmental delegation.
 - Departments are encouraged to obtain multiple quotes (if they have departmental delegation) for purchases of \$5,000 or less, whenever possible, to help them determine which vendor provides the best value.
- b. Splitting Orders: Purchases may not be separated into smaller dollar purchases in order to remain within the departmental authorized dollar limit.
- c. Unauthorized Purchases: In the event a purchase or series of purchases (that appropriately should have been combined into a single purchase) are made exceeding the departmental delegated authority amount, the department shall submit a letter of justification along with the request for payment to Chief Financial Officer (CFO) or designee for approval.
- d. Payment Methods: Purchases under each component’s delegated amount may be done

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using procurement card, payment directly to vendor by voucher or reimbursement to employee by voucher.

2.2 General Requirements for Purchases over \$5,000

- a. Competition: Unless specifically exempted (see Section 4.5), procurement methods for purchases over \$5,000 must include: competitive bidding; competitive sealed proposals; group purchasing; and/or alternate methods relevant to the specific application of goods or services purchased.
- b. Documentation for Requisition: Departments must submit a vendor's quote along with the purchase requisition to the Purchasing Department. The quote must include a detailed description of the type and quantity of items to be purchased. Purchasing will use this information as the basis for conducting a competitive bidding process and creating the purchase order.
- c. Documentation for Purchase Order: For all purchases over \$5,000, documentation must be attached to the purchase order that substantiates (a) basis for contractor selection; (b) justification for lack of competition when competitive bids or offers are not obtained; and (c) basis for award cost or price. This requirement applies to all university funds, including grants transferred from other institutions. It does not apply to agency funds, which do not belong to the university.
- d. Payment Method: All payments for purchase orders must be made on a PO voucher with the appropriate invoice attached.

2.3 Purchases between \$5,000 and \$25,000 - Informal bids

- a. All items in section 2.2 apply.
- b. Most purchases between \$5,000 and \$25,000 will involve an informal bidding process. Purchasing will send a minimum of three (3) telephone, e-mail or fax bids to vendors. A minimum of two (2) State of Texas certified Historically Underutilized Businesses (HUBs) will be contacted if available for that purchase.

2.4 Purchases over \$25,000 - Formal bids

- a. All items in section 2.2 apply.
- b. Purchasing will post bids on the State of Texas Electronic State Business Daily (ESBD). Purchasing will check the Excluded Parties List System (EPLS) website to make sure vendor is not on the excluded list and upload a screen print of the EPLS website to the purchase order.

2.5 Purchases over \$100,000

- a. All items in sections 2.2 and 2.4 apply.
- b. A HUB Subcontracting Plan is required with bidding documents, if the Purchasing Department determines that subcontracting opportunities are likely.

2.6 Purchases over \$1,000,000 per fiscal year

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- a. All items in sections 2.2, 2.4, and 2.5 apply.
- b. All purchases over \$1,000,000 within a fiscal year must be approved by the UHS Board of Regents, except for new construction or major building renovation or repair that is less than the amount requiring Texas Higher Coordinating Board action (currently \$4,000,000). This requirement includes a series of purchases made by the same department to the same vendor for the same goods or services that if combined would require board approval.

2.7 Requirements that apply regardless of dollar amount

- a. Radioactive materials, x-ray machines, Class 3b and 4 lasers, biological safety cabinets and other hazardous materials must be purchased through the Purchasing Department and must be pre-approved by the campus Environmental Safety Officer.
- b. Vehicles, including “golf carts” used on campus, must be purchased through the Purchasing Department and must be pre-approved by the campus Fleet Coordinator.
- c. UHS shall provide equal opportunity and access to all vendors for the purchase of goods and commodities. The Purchasing Department will assist in identifying HUBs for any purchase. HUB information may be found at:
<http://www.window.state.tx.us/procurement//cmb1/cmb1hub.html>
- d. Departments shall purchase goods, whenever possible, from persons with disabilities (Texas Industries for the Blind and Handicapped (TIBH)). The Purchasing Department can provide a list of TIBH contracts. TIBH contracts may be viewed at the following website: <http://www.tibh.org/catalog/index.php>
- e. The State of Texas has awarded term contracts that are available for use by all state agencies and institutions of higher education. Information, regarding what items are available on state term contracts, may be found at:
http://www.window.state.tx.us/procurement/contracts/all_term/. Departments are highly encouraged to review and utilize the state contracts whenever possible. When using a state term contract a requisition must be submitted to the Purchasing Department regardless of dollar amount.
- f. There are several contracts available that UHS can use when purchasing items. When using these contracts it is not necessary to bid the purchase. However, Purchasing may bid items if it is considered in the university’s best interest. Some examples of contracts are: UHS, E&I Cooperative Service Inc., Department of Information Resources (DIR), TXMAS, U.S. Communities and The Cooperative Purchasing Network (TCPN). Contact the Purchasing Department for more details.

3. EMERGENCY PURCHASES

3.1 An emergency purchase is defined as a purchase of goods or services that if not secured immediately, UHS will suffer financial or operational damage.

- a. In the case of an isolated emergency that affects a particular department, the department must notify the Purchasing Department immediately. If the emergency happens after normal business hours, the department shall notify the Purchasing

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Department on the next business day. A written justification is required (see Purchasing website for form) and must be attached to the requisition.

- b. In the case of a campus-wide emergency, such as a natural disaster that causes extensive property damage, the Purchasing Department may implement campus emergency procurement procedures that may include offline purchase requests, if the online purchasing system is not available, suspension of competitive bidding rules to expedite emergency purchases, and increased delegated authority to departments to make some emergency purchases themselves. Purchasing may also require departments to maintain or upload additional documentation related to these purchases for insurance purposes.

4. PURCHASE OF SPECIFIC GOODS OR SERVICES

4.1 Lease and rental of machines and equipment that do not include an operator are considered goods and must be routed through the Purchasing Department on a purchase requisition regardless of dollar amount. Lease and rental of machines and equipment that include an operator provided by the supplier are considered services and must be routed through Contract Administration on a contract regardless of dollar amount.

4.2 Printing Services

- a. State Funds: The purchase of printing services with state funds costing more than \$1,000 must be routed through the Purchasing Department on a purchase requisition for competitive bidding, unless the department uses a UHS or UHS-contracted printing service. Printing services purchased with state funds that cost \$1,000 or less may be purchased by the department on a voucher or P-Card without competitive bidding. Authority to make departmental purchases is delegated by each component's policies.
- b. Local Funds: The purchase of printing services with local funds costing more than \$5,000 must be routed through the Purchasing Department on a purchase requisition for competitive bidding, unless the department uses a UHS or UHS-contracted printing service. Printing services purchased with local funds that cost \$5,000 or less may be purchased by the department on a voucher or P-Card without competitive bidding. Authority to make purchases for \$5,000 or less (including freight) is delegated by each component's policies.

4.3 Lease of Space

All lease-of-space requests for UHS, regardless of the dollar amount, must be submitted to the UHS Contract Administration Department for contract compliance and the Chancellor's approval. This is not a delegated item to component university Presidents.

- a. State Funds: The Texas Facilities Commission must be given the opportunity to obtain leased space if the lease will be paid from state funds. The UHS Facilities Planning and Construction (FP&C) Department and UHS Contract Administration Office will coordinate the required activities with Texas Facilities Commission after

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obtaining approval of the Chancellor.

- b. Local Funds: The UHS FP&C Department and the UHS Contract Administration Office will work together to ensure compliance with all legal and administrative requirements.

4.5 Exempt Purchases

The following goods and services are exempt from competitive bidding requirements and may be purchased by departments regardless of dollar amount:

- a. Membership fees and dues. However, memberships paid with state funds must be on the UHS approved membership list:
http://www.uh.edu/finance/Doc_Ref/General_Ref/ProfOrgMemb.htm
- b. Newspaper and magazine subscriptions
- c. Registration fees
- d. Utilities. However, some utility services are contracted by UHS FP&C and all UHS departments must utilize the contracted vendor.
- e. Library payments for materials and subscriptions that are utilized by library patrons.
- f. Postage meter rental, postal permits
- g. Court costs, criminal, civil and administrative hearings
- h. Human cadavers, skin, blood, bones, tissue
- i. Revenue bond expenses, including fees for credit rating agencies, paying agents, credit enhancement, state agency fees, and other associated costs of issuing these bonds
- j. Training and tuition for employees (must be approved by Scholarships and Financial Aid)
- k. Reimbursement of employee moving expenses. However, direct payments to moving companies require a contract or purchase order.
- l. Other exceptions as determined by UHS components

4.6 Purchases that Require Additional Approval

- a. Each UHS component may require additional approvals for certain types of purchases or dollar amounts. See the component purchasing policy for more information.

5. Types of Solicitations

5.1 Request for Information (RFI)

This solicitation is used to obtain general information. It is not binding and is informal, but may give an estimate for budgeting purposes.

5.2 Verbal Quote

When contacting a vendor for a verbal quote, request the quantity, description, delivery time and method, price, and information about any extra charges, such as shipping. This can be confirmed with a purchase order acknowledgment, fax or e-mail.

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- 5.3 Request for Quote (RFQ)
Solicitation is used to receive vendor's written commitment for specific terms, price, quantity, delivery and services. This does not commit the university to purchase. The vendor will hold the requirements firm for a specific period of time. This is used when the requirements are clearly identifiable.
- 5.4 Invitation to Bid (ITB)
The ITB is used when the requirements are specific. It is used primarily for commodities and general services. This solicitation is binding on both the vendor and university. There is a specific bid opening date and lowest price is normally the basis for award, assuming all vendors can provide the requested commodity or service.
- 5.5 Sole Source (Proprietary)
A sole source (proprietary) purchase is justified only when an equivalent product or service is not available. When the specification limits consideration to one manufacturer, one product, or one service provider, a written justification must be provided. A sole source (proprietary) justification form (see Purchasing website) must be attached to the requisition.
- 5.6 Request for Qualification (RFQ)
This solicitation allows the qualification of vendors based on certain criteria to determine the most qualified vendor. The criteria include professional experience, service, capability, personnel, licenses and/or references.
- The RFQ can be used to select a professional service provider (i.e., the most qualified respondent) or to develop a short list of qualified vendors from which to solicit a request for proposal.
- 5.7 Request for Proposal (RFP)
Used when requirements are not clearly defined. Included in the solicitation is a statement of work instead of specifications. A RFP is used to locate solutions and sources. In the solicitation there are clear evaluation criteria with weights and the award is not exclusively price based.
- 5.8 Request for Offer (RFO)
This is the primary purchasing method for procuring Information Technology (IT) commodities and services. All other solicitation procedures as listed in Section 5.4 ITB are followed. Negotiations are allowed as well as encouraged in this solicitation.

Related System Policies and Statutes

- UH System Board of Regents Policy 55.01, 55.02, 55.04
- UH System Administrative Memorandum 03.A.05, 03.B.01, 03.B.02
- Texas Government Code 2254, Subchapters A and B
- Texas Education Code 51.9335