

UH SYSTEM PURCHASING GUIDELINES

Applicability

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

Also, these guidelines apply to all methods of procurement, including contracts (revenue and expense), purchase orders, non-PO vouchers, and Procurement Card payments. “Purchases” in these guidelines refers to any and all of these methods of procurement.

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. These guidelines are intended to be in compliance with UH System Board of Regents (BOR) Policy 55 – Finance; System Administrative Memorandum (SAM) 03.A.01, Expenditure of all Funds Administered by the University of Houston System; SAM 03.A.04, University Credit Cards; SAM 03.A.05, Contract Administration; SAM 03.B.01, Purchasing Guidelines; SAM 03.B.02, Contracting with Historically Underutilized Businesses (HUBs). If there is any discrepancy between these guidelines and the BOR Policy or SAMs, the BOR Policy and SAMs take precedent.

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1 PURCHASING GENERAL GUIDELINES

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 and tax guidelines governing the treatment of contract employees versus employees.

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.

2 PROCUREMENT STATUTES

The UH System is subject to the following procurement statutes:

- Texas Education Code 51.923, Qualifications of Certain Business Entities to Enter into Contracts with an Institution of Higher Education
- Texas Education Code 51.9335, Acquisition of Goods and Services
- Texas Education Code 51.9337, Purchasing Authority Conditional; Required Standards
- Texas Education Code 51, Subchapter T, Construction and Repair of Permanent Improvements
- Texas Government Code 572.069, Certain Employment for Former State Officer and Employee Restricted
- Texas Government Code 2254, Subchapter A, Professional Services
- Texas Government Code 2161, Historically Underutilized Businesses
- Title 34, Texas Administrative Code, Part 1, Chapter 20, Subchapter D, Division 1, Historically Underutilized Businesses
- Human Resources Code, Chapter 122, Purchasing from People With Disabilities
- Title 40, Texas Administrative Code, Chapter 806, Purchases of Products and Services from People With Disabilities
- General Appropriations Act
- Texas Government Code 2261, Subchapter F, Ethics, Reporting, and Approval Requirements for Certain Contracts
- Texas Government Code 2262.004, Required Nepotism Disclosure
- Texas Government Code 2252, Contracts with Governmental Entities
- Texas Government Code 2054.008, Notification Requirements for Major Information Systems Exceeding \$1,000,000
- Texas Government Code 2166.2551, Notification Requirements for Construction Projects Exceeding \$50,000
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, OMB Circular A-81 (only applies to federal funds)
- Federal Acquisition Regulation: Inflation Adjustment of Acquisition-Related Thresholds

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3 GENERAL PURCHASING OVERVIEW BY FUND TYPE (thresholds are the maximum, campuses may set lower limits)

3.1 State Funds

When state funds will be used, the purchasing processes and dollar thresholds are as follows:

- Purchases less than \$15,000, which are considered spot purchases and do not require competition.
- Purchases processed directly through the Purchasing Department that are equal to or over \$15,000 and up to and including \$25,000, which require informal bids
- Purchases processed directly through and by the Purchasing Department that are over \$25,000 and which require formal bids and posting on the State of Texas Electronic State Business Daily.

Purchases funded by state-appropriated funds are further restricted by the General Appropriations Act and rules published by the Comptroller's Office in its online purchasing guide, eXpendit: <https://fm.xcpa.state.tx.us/fm/pubs/purchase/index.php>

3.2 Local, Non-Federal Funds

When only local, non-federal funds will be used, the purchasing processes and dollar thresholds are as follows:

- Purchases up to \$15,000, which are considered spot purchases and do not require competition;
- Purchases processed directly through and by the Purchasing Department that are equal to or over \$15,000 and up to and including \$25,000, which require informal bids;
- 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).

3.3 Federal Funds

Purchases involving federal funds must comply with OMB Circular A-81, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards,which-FAR-Inflation-Adjustment-of-Acquisition-Related-Thresholds> amended.

When any federal funds will be used, the purchasing processes and dollar thresholds are as follows:

- Purchases up to \$15,000, which are considered micro-purchases under the Uniform Requirements and can be treated as spot purchases which do not require competition, The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (<https://www.acquisition.gov/browse/index/far>) and as of current publication, is set at \$15,000 for non-construction purchases.

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- Purchases processed directly through and by the Purchasing Department that are equal to or over \$15,000 and less than \$349,999, which require informal bids. This is based on the Simplified Acquisition Method threshold, also set by the Federal Acquisition regulation at 48 CFR Subpart 2.1
- Purchases processed directly through and by the Purchasing Department that are equal to or over \$350,000, which require formal bids and posting on the State of Texas Electronic State Business Daily (ESBD).

Purchases may not be split to avoid a more restrictive procurement process whether they involve federal funds or not.

3.4 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.

4 BEST VALUE REQUIREMENT

In accordance with Texas Education Code 51.9335, UH System purchases, regardless of dollar amount, shall be based on a "best value" and shall consider:

- Texas Education Code 51.923, Qualifications of Certain Business Entities to Enter into Contracts with an Institution of Higher Education
- 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;
- ability of the vendor's proposal to meet the requirements of the institution's solicitation document, so that any vendor proposal that is non-responsive to the criteria set forth in the solicitation document shall be rejected;
- 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.

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5 HUB PROGRAM

In accordance with Texas Government Code 2161 and Title 34 of the Texas Administrative Code, Part 1, Chapter 20, UH System is committed to having a robust Historically Underutilized Business (HUB) program for all of its components to encourage HUB participation in UHS contracts, as well as comply with state HUB requirements.

Each component university HUB Coordinator will develop procedures to comply with state HUB requirements. UH HUB Program Guidelines are posted on the UH HUB website: [Department Links | Office of Finance | University of Houston](#)

6 STATE USE PROGRAM

In accordance with Human Resources Code, Chapter 122, and Title 40 of the Texas Administrative Code, Chapter 806, UH System departments shall purchase goods, whenever possible, from persons with disabilities Texas Procuring from People with Disabilities (TPPD) (WorkQuest)) when using state- appropriated funds.

When a requisition is created using state funds to purchase a good or service that might be available from WorkQuest, the requisition creator must confirm whether WorkQuest sells the good or service and, if so, why the good or service is not being purchased from WorkQuest. This information is recorded on the requisition and in a table that can be queried for monthly WorkQuest reporting.

University of Houston Financial reporting is responsible for completing monthly TPPD reporting. TPPD contracts may be viewed at the following website: [WorkQuest](#).

7 PURCHASE OF GOODS OR COMMODITIES (thresholds are the maximum, campuses may set lower limits)

7.1 Purchases of Less Than \$10,000 with Federal Funds or Less than \$15,000 with State or Local, Non-Federal Funds - Spot Purchases

- Thresholds and Quotes:
 - Authority to make purchases without competitive bids for less than \$10,000 with federal funds or less than \$15,000 with state or local, non-federal funds (including freight) is delegated by each component's policies. For purchases of less than \$10,000 (federal funds) or less than \$15,000 (state or local, non-federal funds) 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.
 - When using federal funds, departments are expected to take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible for spot purchases. See Section 200.321 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

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- When using state or local, non-federal funds, departments are expected to make a good faith effort to seek Historically Underutilized Businesses for spot purchases.
- A quote for state fund spot purchases must be uploaded to the voucher (in addition to the invoice) or requisition as backup documentation.
- Quotes are not required for direct purchases of less than \$10,000 (federal funds) or less than \$15,000 (local, non-federal funds), 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 less than \$10,000 (federal funds) or less than \$15,000 (state or local, non-federal funds), whenever possible, to help them determine which vendor provides the best value.
- **Splitting Orders:** Purchases may not be separated into smaller dollar purchases in order to remain within the departmental authorized dollar limit.
- **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 the Chief Financial Officer (CFO) or designee for approval. (The department must follow the component's procedures for requesting an exception to policy.)
- **Payment Methods:** Purchases under each component's delegated amount may be done using procurement card, payment directly to vendor by voucher or reimbursement to employee by voucher.

7.2 General Requirements for Purchases equal to or over \$10,000 with Federal Funds or equal to or over \$15,000 with State or Local, Non-Federal Funds - regardless of informal or formal

- **Competition:** Unless specifically exempted (see Section 9.4), procurement methods for purchases that equal or exceed \$10,000 with federal funds or \$15,000 with state or local, non-federal funds must include: competitive bidding; competitive sealed proposals; group purchasing; and/or alternate methods relevant to the specific application of goods or services purchased.
- **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. If applicable, the department will also submit a Sole Source Justification Form with the requisition, which will be reviewed and approved by Purchasing.
- **Documentation for Purchase Order or Contract:** For all purchases that equal or exceed \$10,000 with federal funds or \$15,000 with state or local non-federal funds, documentation must be attached to the purchase order or contract 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.
- **Payment Method:** All payments for purchase orders must be made on a PO voucher with the appropriate invoice attached.

7.3 Purchases between \$15,000 and \$349,999 paid in part with federal funds and between \$15,000 and \$25,000 paid entirely with state or local, non-federal funds - Informal bids

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- All items in section 7.2 apply.
- Most purchases between \$15,000 and \$349,999 paid in part with federal funds or between \$15,000 and \$25,000 paid entirely with non-federal funds will involve an informal bidding process.
 - When using federal funds, campus departments will send a minimum of three (3) telephone, e-mail or fax bids to vendors. Departments are expected to take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible for informal bids purchases. See Section 200.321 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
 - When using state or local, non-federal funds, campus departments will send a minimum of three (3) telephone, or e-mail bids to vendors. These bids must include a minimum of two (2) State of Texas certified Historically Underutilized Businesses (HUBs) will be contacted if available for that purchase. Departments are required to upload supporting documentation of both their request for quotes and the vendor responses. If the department does not include at least two HUB Vendors if such vendors are eligible, the Purchasing department will reject the requisition and provide the department with HUB vendors to contact.

7.4 Purchases over \$25,000 paid entirely with non-federal funds or equal to or over \$350,000 paid in part with federal funds - Formal bids

- All items in section 7.2 apply.
- 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.
- Evaluation Committees for Request for Offers, Request for Qualifications, and Request for Proposal must be a minimum of five individuals. Evaluation committee members must be UHS employees. The exception is UHS-contracted consultants/technical advisors that are asked to help UHS explain and/or evaluate information that is highly technical or requires industry specific knowledge that the committee does not possess. These exceptions must be approved in writing by the Purchasing Department.
- UHS shall provide equal opportunity and access to all vendors for the purchase of goods and commodities.
 - The Purchasing Department and/or HUB Department will assist in identifying HUBs for any purchase.

7.5 A list of Central Master Bidders List (CMBL) and HUB vendors registered with the Comptroller may be found at: [CMBL](#).

7.6 Purchases over \$100,000

- All items in sections 7.2 and 7.4 apply.
- A HUB Subcontracting Plan is required with bidding documents, if the HUB Department determines that subcontracting opportunities are likely. Purchases over \$100,000 for non-facilities projects paid with non-federal funds are subject to the HUB Department review of HUB subcontracting probabilities. [Note – the threshold is \$100,000 for all facilities projects paid with non-federal funds and \$150,000 for all projects paid with federal funds only.]

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- Requires completion of [Summary for Purchases Exceeding \\$100,000 Form](#). Expenditures in [MAPP 04.01.03 Vouchers](#), Section VI. B. and also section 9.4 of the Purchasing Guidelines are subject to this requirement.
- Requires completion of [Certification of No Boycott](#).

7.7 Purchases \$1,000,000 or greater

- All items in sections 7.2, 7.4, and 7.5 apply.
- All revenue and expense contracts for construction, equipment, goods, and/or services expected to exceed \$1,000,000 must be approved by the UHS Board of Regents.
- Expenditures listed in MAPP 04.01.03 Vouchers Section VI. B and also section 9.4 of the Purchasing Guidelines are subject to this requirement.
- Initial contract cannot exceed the BOR approved contract value for a given contract unless an amendment has been signed for such increased contract value. The amendment must have BOR approval if the increased total value exceeds the BOR approved contract value by 25% during the lifetime of the contract. The adjusted scope and contract value should be set at a reasonable measurement to avoid repetitive amendment submission for BOR approval.

See “Construction Procurement Process Over \$1 Million (Narrative)” and “Non-Construction Procurement Process Over \$1 Million (Narrative)” on the UH Purchasing page for detailed procurement procedures. The narrative and a flowchart for each process are located at:

- [Purchasing Other Procedures](#).
- All purchases or contracts over \$1,000,000 are deemed Enhanced Monitoring Contracts and contract compliance is reported annually to the Board of Regents.
- Texas Public Information Act: To help ensure compliance with Chapter 552 of the Texas Government Code (552.003), effective January 1, 2020, all contracts (including Purchase Orders) of at least \$1M must have the “Certification Form – TIPA Requirements 1M+”. Campus departments must attach the form to their contracting and Purchase Order packets for processing.
- Any expenditures with a single vendor that are anticipated to exceed \$1,000,000 during a fiscal year or that exceeded \$1,000,000 must be reported to the Board of Regents.

7.8 Requirements that apply regardless of dollar amount

- 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. A completed [Pre-Approval Form for Requisitions with Environmental Health and Safety \(EHS\) Hazardous/Regulated Materials \(processed through DocuSign\)](#) should be submitted with the purchase requisition.
- Vehicles, including “golf carts” used on campus, must be purchased through the Purchasing Department and must be pre-approved by the campus Fleet Coordinator. A completed [Vehicle Purchase/Replacement Request form](#) should be submitted with the requisition.
- State Use Program requirements, see Section 6.

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7.9 Cooperative Agreements

- 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 require bids 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.
 - Cooperative agreements can be used for goods and services with a cost of up to \$500,000 for commodities; \$250,000 for basic operating services and minor repair services. These amounts are the per Purchase Order basis:
 - Less than \$100,000: HUB vendors must be selected if possible. Documentation must be attached to the Purchase Requisition or Purchase Order if no HUB vendor is available on the contract.
 - More than \$100,000: quotes must be obtained from at least 3 vendors on the contract, 2 of which must be HUB vendors. Documentation of the request for quotes as well as the decision made. Purchasing will ask these vendors if they plan to subcontract, and the vendor must provide a HUB subcontracting plan.
 - Cooperative agreement limits may be exceeded with the approval of the Campus Dean/Director, Campus Division Business Administrator, Campus Purchasing Director, Campus Chief Financial Officer, as well as the Senior Vice Chancellor/ Senior Vice President of Administration and Finance. A completed [Cooperative Contract Variance Request \(processed through DocuSign\)](#) should be submitted with the Contract package.

7.10 Vendor Interviews

Some types of procurement (especially Request for Proposals and Request for Qualifications) may include vendor interviews by a selection committee. The vendor interview is intended to provide additional information about the vendor's proposal or qualifications to help the selection committee make a more informed evaluation. The only individuals who may attend vendor interviews are (1) representatives from the vendor, (2) members of the selection committee, (3) representatives from Purchasing, who oversee the procurement process; (4) members of the HUB Operations Department, who oversee the procurement process; and (5) consultants or technical advisors hired to provide guidance on highly specialized procurements.

8 EMERGENCY PURCHASES

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

- 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 Department on the next business day. A written justification is required (see component Purchasing website for form (if a specific form is required by the campus) or request requirements and must be attached to the

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requisition.

- 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.

9 PURCHASE OF SPECIFIC GOODS AND SERVICES

9.1 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 to collect additional data to comply with Government Accounting Standards Board requirements. Lease and rental of machines and equipment that include an operator provided by the supplier are considered services and must utilize a contract regardless of dollar amount.

9.2 Printing Services

- Printing services are defined as “Printed materials such as bound reports and presentation of information where the vendor assists with design or materials submitted may be manipulated prior to creating the final product. This is not to be confused with photocopies, which is the exact replication of existing materials even if the replication is enlarged, shrunk, placed in a binder, folded, stapled, or affixed together via clips or wire.
- The purchase of printing services with local funds is subject to standard procurement guidelines. Printing Services must be placed on a contract.
- Printing Services obtained through the UH Printing Shop and paid for via SC Voucher do not require competitive bidding or a contract.

9.3 Lease of Space

All lease-of-space requests for UHS (where UHS is the lessee), 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. The UHS FP&C Department, UHS Office of Real Estate Services, and the UHS Contract Administration Office will work together to ensure compliance with all legal and administrative requirements.

9.4 Exempt Purchases

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

- Membership fees and dues. However, memberships paid with state funds must be on the UHS approved membership list.
- Newspaper and magazine subscriptions
- Registration fees

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- Utilities. However, some utility services are contracted by the System and all UHS departments must utilize the contracted vendor.
- Per Texas Govt. Code 2155.139, the Library is exempt from competitive bidding for library related goods and services (serial and journal subscriptions, electronic databases, information products, books, periodicals, unique library services like binding services, and unique library equipment and supplies.) Routine Library business goods and services purchases are subject to UHS Purchasing guidelines.
- Postage meter rental, postal permits
- Court costs, criminal, civil and administrative hearings
- Human cadavers, skin, blood, bones, tissue
- Revenue bond expenses, including fees for credit rating agencies, paying agents, credit enhancement, state agency fees, and other associated costs of issuing these bonds
- Training and tuition for employees (must be approved by Scholarships and Financial Aid)
- Reimbursement of employee moving expenses. However, direct payments to moving companies require a contract or purchase order.
- Other exceptions as determined by UHS components

9.5 Purchases that Require Additional Approval

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

9.6 Purchase of Wholesale Club Membership

The following requirements apply when purchasing wholesale club memberships:

- a. The memberships must be at the standard level without reward programs.
- b. Supervisory approval is required for all membership purchases, and the supervisor is responsible for verifying that the club membership is at the standard level without reward programs.
- c. Any purchase using the club membership must be for university purchases only. Personal purchases using the memberships are not allowed.

10 TYPES OF SOLICITATIONS

10.1 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 or solicitation preparation purposes.

10.2 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.

10.3 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

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the requirements are clearly identifiable.

10.4 Invitation to Bid (ITB)

The ITB is used when the requirements are specific. It is used primarily for commodities and general/simple 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. The vendor with the lowest price proposal that meets requirements wins and no negotiations are permitted unless there is only one vendor that submitted a proposal.

10.5 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. Sole source is only allowed in very specific instances: there is truly only one source for the product or service; the product or service is proprietary (ex: fire alarm parts can only come from the original manufacturer); there is a contractual obligation (such as a settlement); there is a large cost of transition for a change in product or vendor. Speaker agreements and Investment Managers for the endowment do not require a sole source form, as the justification is self-evident.

10.6 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.

Price is not a consideration in the evaluation process as the goal is to find the most qualified vendor. The University then attempts to negotiate a contract at a fair price. IF that cannot be done with the initial vendor, the next most qualified vendor is contacted to negotiate.

10.7 Request for Proposal (RFP)

Used when requirements are not clearly defined. Included in the solicitation is a statement of work instead of specifications. An 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, but instead is based on best value

10.8 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 10.4 ITB are followed. Negotiations are allowed as well as encouraged in this solicitation.

10.9 Office of Contracts Administration Review Requirements

The Office of Contracts Administration shall review all ITB, RFPs, RFOs, and RFQs for

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compliance prior to the university's release for matters that require Board of Regents approval or relate to the construction or demolition of any structures on University property.

11 TEXAS GOVERNMENT CODE 2261, SUBCHAPTER F. ETHICS, REPORTING, AND APPROVAL REQUIREMENTS FOR CERTAIN CONTRACTS

11.1 DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST; CERTAIN CONTRACTS PROHIBITED (Texas Government Code 2261.252)

- For purchase orders (including contracts) exceeding \$25,000, any UH System employee or official who is involved in procurement or in contract management for UH System shall disclose to their supervisor any potential conflict of interest specified by state law or UH System policy that is known by the employee or official at any time during:
 - the procurement process, from the initial request for bids to final delivery of goods or services; or
 - the term of a contract with a private vendor.
- UH System may not issue a purchase order for goods or services over \$25,000 to a private vendor with whom any of the following UH System employees or officials have a financial interest (as defined by Texas Government Code 2261.252):
 - Chancellor,
 - President,
 - General Counsel,
 - Chief Financial Officer,
 - Purchasing Director,
 - Everyone in the chain of command between the CFO and Purchasing Director

11.2 REQUIRED POSTING OF CERTAIN CONTRACTS; ENHANCED CONTRACT AND PERFORMANCE MONITORING (Texas Government Code 2261, Subchapter F)

- TGC 2261.253. Beginning September 1, 2015, UH System will post a link to applicable contracts for goods or services on the UH Purchasing website until the contract expires or is completed, along with the statutory authority for any contracts that are not competitively bid.
 - Contracts are defined to include both contracts placed on purchase orders as well as purchases of goods that are on a Purchase Order but do not have a contract.
 - In order to comply with the above requirement, UH and UHSA departments are required to enter expense contract information via the requisition process as follows:
 - All contracts paid in part with state funds, regardless of dollar amount, must be entered via the UHS Contracts Page on CN730 & CN783 requisitions.
 - All contracts paid with local funds that equal to or exceed \$15,000 must be entered via the UHS Contracts Page on CN730 & CN783 requisitions.
 - All sponsored project agreements using fund 5 (except for fund 5999), regardless of dollar amount, must be entered via the UHS Contracts Page on RC730 requisitions.
 - A nightly process creates a list of all POs (regular POs and POs for signed agreements) that have a Due Date that is in the future, today's date, or less than 30 days in past. The list of POs is by UHS component and includes a link to the PO Coversheet, which provides a description of the purchase, vendor name, dollar amount, and the statutory authority for any purchases not competitively bid.
 - The following information may not be included on the PO Coversheet:

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- Information that is confidential under law;
- Information the attorney general determines is excepted from public disclosure under Chapter 552; and
- The social security number of any individual
- The above posting requirement does not apply to contracts paid only with local (not state appropriated) funds that are less than \$15,000. Procurement thresholds for Spot Bid and Informal Procurements are in compliance with this statute.
- The list of active POs (contracts) for each UHS component is posted at:
[Contracts & Purchases | Office of Finance | University of Houston](#)
- Beginning September 1, 2015, each UHS component Purchasing Department will post a link to its request for proposals (RFPs) related to competitively bid contracts on its website until the contract expires or is completed.
 - The list of RFPs is maintained and updated by the component Purchasing Department instead of through an automated process because RFPs are not contained in the PeopleSoft Purchasing module.
 - University of Houston and UH System Administration RFPs are posted at:
[ESBD Solicitations](#)
 - University of Houston Downtown's RFPs are posted (see UHD website)
 - University of Houston Clear Lake's RFPs are posted (see UHCL website)

11.3 TGC 2261.254 and TGC 2261.254 - CONTRACTS WITH VALUE EXCEEDING \$1 MILLION.

Beginning September 1, 2015, UH System will perform enhanced performance monitoring on all contracts for goods and services that exceed \$1 million.

- The UH Controller, or designee, will maintain a list of all contracts that require enhanced performance monitoring. The department primarily responsible for continuous monitoring of the contract will report to the UH Controller, or designee, if there are any serious risks or issues related to the contract, such as delivery schedules will not be met or other breach of contract terms.
 - The UH Controller, or designee, will collect contract performance information from the responsible departments on an annual basis for reporting to the Board of Regents. Information collected will:
 - Confirm compliance with financial provisions and delivery schedules under the contract
 - Identify corrective action plans under the contract and status of any active action plans
 - Identify any liquidated damages assessed or collected under the contract
 - The UH Controller, or designee, will provide a status report of all active contracts that require enhanced performance monitoring to the UHS Board of Regents once a year, and notify the Board during the year of any contract issues that require their immediate attention.
- All contracts that exceed \$1M must be approved by the Board of Regents.

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- The UH Purchasing Department will conduct the procurement and vendor selection process for all UH System contracts expected to exceed \$1 million.
 - Internal Audit will review the procurement and vendor selection process for all contracts expected to exceed \$1 million to verify the process was conducted in compliance with UHS policies and state statutes. Internal Audit provides a quarterly report to the UHS Board of Regents concerning the outcome of their review.
 - At the end of the vendor selection process, the UH Purchasing Director, or designee, sends the UH System CFO a recommendation for award memo explaining the procurement process and names the recommended vendor. The memo indicates Internal Audit reviewed the procurement process to verify it was in compliance with UHS policies and state statutes. Internal Audit is copied on the memo.
 - Internal Audit notifies the UH System CFO of any issues with the procurement process that might adversely impact the vendor selection process and reports on these issues in its quarterly report to the Board of Regents.

11.4 CONTRACTS WITH VALUE EXCEEDING \$5 MILLION (Texas Government Code 2261.255)

- Requirements include verification that the solicitation and purchasing methods comply with state law and agency policy and notify the governing body of any issues that arise in the solicitation, purchasing or contractor selection process.
- UHS procedures for contracts over \$1M address the requirements for procurements over \$5M.

12 ACCOUNTABILITY AND RISK ANALYSIS PROCEDURE; CONTRACT MANAGEMENT HANDBOOK (Texas Government Code 2261.256)

- [The UH System Contract Management Handbook and Contract Administration Guide](#)
- The Comptroller of Public Accounts website is located at [Comptroller of Texas](#).
- [The State of Texas Procurement and Contract Management Guide](#)
- [UH System Purchasing Accountability and Risk Analysis Procedure: Texas Government Code 2261.256](#)

13 CONTRACT DATABASE (Texas Government Code 2261.257)

UH System will enter contract information into USAS (or the contract database indicated by the Comptroller) if and when the Comptroller requires this information to be entered. Currently, the Comptroller does not require state universities to enter contract information into USAS or another database.

14 TEXAS EDUCATION CODE 51.923, Qualifications of Certain Business Entities to Enter into Contracts with an Institution of Higher Education

- Beginning September 1, 2017, members of the UHS Board of Regents are considered to have a

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“substantial interest” in a “business entity” (for-profit business, as defined by Texas Education Code 51.923) if any of the following are true:

- The member owns 1% or more of the voting stock or shares of the business entity or owns either 1% or more or \$15,000 or more of the fair market value of the business entity;
 - Funds received by the member from the business entity exceed 1% of the member’s gross income for the previous year;
 - The member is an officer or governing board member of the business entity; or
 - An individual related to the member in the first degree by consanguinity or affinity, as determined by Government Code 573, has an interest in the business entity as described by a, b, or c above.
- UH System may not enter into a contract or other transaction with a business entity with which a Regent has a substantial interest unless (1) the Regent discloses that interest in an open Board meeting (in compliance with Government Code 551) and (2) and refrains from voting on the contract or transaction that requires Board approval.
 - If a Regent votes on a contract or transaction with which the Regent has a substantial interest in violation of TEC 51.923, the Board’s decision is considered void unless the contract or transaction would have been approved anyway without the Regent’s vote.
 - UH System contracts and transactions with a “nonprofit corporation” (as defined by Texas Education Code 51.923) are not subject to the conflict of interest requirements described in TEC 51.923. Regents may vote on UH System contracts and transactions with nonprofit corporations regardless of the Regent’s affiliation with the nonprofit corporation.

15 GENERAL APPROPRIATIONS ACT (86th Legislature)

15.1 Article IX, Section 7.12, Notification of Certain Purchases or Contract Awards, Amendments, and Extensions

- UH System must provide notice to the Legislative Budget Board (LBB) for contracts in which either of the following conditions applies:
 - The contract is expected to exceed \$10 million **or**
 - The contract is expected to exceed \$1 million and it was not competitively bid because it is an emergency purchase. (UH System makes all purchases in accordance with the best value standard in Education Code 51.9335, including sole source purchases. Therefore, sole source purchases over \$1 million are not subject to the reporting requirement in GAA Section 7.12.)
- The deadline for submitting a notice to the LBB is as follows:
 - For contracts over \$10 million, notice must be made to the LBB prior to the first payment but no more than 30 business days after signing the contract.
 - For contracts over \$1 million that are an emergency purchase, notice must be made to the LBB within 48 hours of making payment on the contract.
- Notice to the LBB consists of an attestation letter that must be signed by the Chancellor. GAA Section 7.12 prescribes the information required in the letter.
- UHS Campus Departments, UH Purchasing and UHS Contract Administration notify the UH Controller of all contracts that are expected to exceed \$1 million. The UH Controller,

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or designee, will prepare the attestation letter and route it to the Chancellor through the UH System CFO. After the Chancellor signs the letter, the UH Controller, or designee, will upload the letter to the LBB contracts database (for UHCL, UHD, and UHV, each campus is responsible for upload) and notify the responsible department when they can make payment on the contract, if applicable. It is only necessary to provide one notice to the LBB per contract, unless there is a material change to the contract, as determined by UH System.

- This reporting requirement does not apply to contracts in place prior to September 1, 2015, except for the following situations:
 - The contract amount changes from less than \$10 million before September 1, 2015 to more than \$10 million on or after September 1, 2015 **or**
 - The emergency contract amount changes from less than \$1 million before September 1, 2015 to more than \$1 million on or after September 1, 2015 **or**
 - The contract amount was more than \$10 million before September 1, 2015 and UHS will make a payment on that contract on or after September 1, 2015 **or**
 - The emergency contract amount was more than \$1 million before September 1, 2015 and UHS will make a payment on that contract on or after September 1, 2015.

15.2 Article IX, Section 7.04, Contract Notification – Amounts Greater than \$50,000.

- Within 30 days of awarding a contract or granting an amendment, modification, renewal, or extension, each UHS Purchasing Department will submit a list of contracts to the LBB whose value is greater than \$50,000. Notification is through the LBB's online database. This includes contracts that utilize non-appropriated funds.
- "Contract" includes contracts, grants, or agreements, including revenue generating agreements, interagency/inter-local agreements and grants, and purchase order for the purchase or sale of goods or services that was entered into or paid for in whole or in part by a state agency or institution of higher education. This includes amendments, modifications, renewals or extensions that increase the value to exceed \$50,000.
- Contracts previously reported to the LBB under a separate reporting requirement do not need to be reported again.
- Contract amendments, renewals, and modifications must be reported.
- In order to comply with the above requirements, UH and UHSA departments are required to enter contract information via the UHS Contracts Page in PeopleSoft.
 - Expense contract information is entered via the UHS Contracts Page on CN730 and CN783 requisitions.
 - Revenue contracts exceeding \$50,000 will require the Purchasing Director's review on the Revenue Contract Over \$50,000 Administrative Review and Approval Form (processed in DocuSign) to determine whether the contract is revenue generating procurement contract subject to the procurement policies and guidelines.
 - Revenue generating procurement contract
The information is entered via the UHS Contracts Page on requisitions.
 - Revenue contracts without procurement venue
The information is entered via the UHS Contracts Page without a requisition.
- Information for sponsored project agreements using fund 5 (except for fund 5999) is

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entered via the UHS Contracts Page on RC730 requisitions. Each UHS component is responsible for developing procedures to comply with the above contract reporting requirements.

- 15.3 When amendments, modifications, renewals and other changes for service contracts cause the total expected value to exceed the initially reported value by 10% or more, the state agency or institution of higher education must provide notice to the LBB of the amount of the cost increase, the reason for the cost increase, and any opportunity the agency had to lessen the cost or purchase the service from another vendor. The LBB reporting process is to send a list of contract changes to each agency once per quarter. Each UHS Purchasing Department is responsible for providing responsive information. Article IX, Section 17.10 – Contract Management and Oversight
- Appropriated funds cannot be used to pay for a contract for goods or services unless competitive bids are sought before renewing or extending a contract that is 5 years old as of 8/31/19 and is valued at 10M (or 10% of the agency’s All Funds budget for the 2020-2021 biennium).
 - There is an exception if there is a cost-benefit analysis to compare canceling or continuing any contract related to a major information resource project subject to the Quality Assurance Team Monitoring.
There is an exception for: DIR and TX Smart Buy cooperative agreements, grants, interagency contracts, contracts for construction, contracts for developing information resource applications or information resource technologies, or contracts that are not required to be competitively bid.

16 OTHER CONTRACT REPORTING TO THE LEGISLATIVE BUDGET BOARD (LBB)

16.1 TEXAS GOVERNMENT CODE 2054.008, MAJOR INFORMATION SYSTEMS

- The UH System Chief Information Officer, or designee, will notify the LBB of a “major information system” contract (regardless of funds) no later than the 30th day after UHS enters into a contract. Notification is through the LBB’s online database.
- A major information system for universities is defined as any of the following:
 - One or more computers with a total cost more than \$1 million **or**
 - A service related to computers, including software, costing more than \$1 million **or**
 - A telecommunications apparatus or device that serves as a voice, data, or video communications network for transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on the network that costs more than \$1 million.

16.2 TEXAS GOVERNMENT CODE 2166.2551, CONSTRUCTION PROJECTS EXCEEDING \$50,000

- The component university Facilities, Planning, and Construction Department (or equivalent department) will notify the LBB of any “construction” contracts exceeding \$50,000 (regardless of funds) no later than the 10th day after the component enters into a contract. Notification is through the LBB’s online database.
- Construction projects include:
 - Construction of a building, structure, or associated facility or utility, including the acquisition and installation of original equipment and original furnishings **or**

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- An addition, alteration, rehabilitation, or repair of an existing building, structure, or associated facility or utility.

17 TEXAS GOVERNMENT CODE 2254, SECTION A, PROFESSIONAL SERVICES

- Professional services include within the scope and practice of (or who is registered or licensed as) one of the following:
 - Accounting (certified public accountant)
 - Architecture (architect)
 - Landscape architecture (landscape architect)
 - Land surveying (land surveyor)
 - Medicine (physician, including a surgeon)
 - Optometry (optometrist)
 - Professional engineering (professional engineer)
 - Real estate appraising (state certified or state licensed real estate appraiser)
 - Professional nursing (registered nurse)
- UH System will use the Request for Qualifications (RFQ) process to select a provider of professional services, regardless of funds, and the selection will be based on:
 - Demonstrated competence and qualifications to perform the service **and**
 - A fair and reasonable price.
- When procuring architectural, engineering, and land surveying services, UH System will follow the steps below:
 - Select the most highly qualified provider based on demonstrated competence and qualifications
 - Attempt to negotiate a contract with the provider at a fair and reasonable price.
 - If a contract cannot be negotiated:
 - Formally end negotiations with the provider
 - Select the next most highly qualified provider and
 - Attempt to negotiate a contract with that provider at a fair and reasonable price.
 - UH System will continue the process described above until a contract is negotiated.
- Contract notification to the Legislative Budget Board (LBB) will occur as follows:
 - The department originating the contract will notify the component Purchasing Department via a requisition of any professional services contracts that exceed \$14,000, regardless of funds, immediately after the contract is signed.
 - The component Purchasing Department will notify the LBB of the contract through the LBB's online database no later than the 10th day after the contract is signed.
 - Reporting to the LBB is not required for services performed by a physician or optometrist.

18 TEXAS GOVERNMENT CODE 2252.908, DISCLOSURE OF INTERESTED PARTIES

- For contracts and purchase orders entered into on or after January 1, 2016, regardless of funds, UH System must obtain a disclosure of interested parties form (Form 1295) from the vendor where the contract or purchase order either:
 - Requires approval by the UHS Board of Regents before the contract can be signed;
 - Has a value of at least \$1 million; or
 - Is for services that would require a person to register as a lobbyist under Chapter 305.
- The requirement to obtain a Form 1295 does not apply to any of the following:

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- Sponsored research contract or purchase order
- Interagency contract or purchase order
- Contract or purchase order related to health and human services where the value of the contract cannot be determined at the time the contract is executed **and** any qualified vendor is eligible for the contract.
- Contract or purchase order with a publicly traded business entity
- Contract or purchase order with an electric or gas utility.
- The procedure for processing the Form 1295 for contracts is as follows:
 - The UHS department notifies the UH Purchasing department, or designee, that a contract is ready for signature that requires a Form 1295 and provides vendor contact information.
 - The UH Purchasing department, or designee, requests the vendor to complete the Form 1295 on the Texas Ethics Commission website.
 - The vendor completes the Form 1295 on the Texas Ethics Commission website and emails the UH Purchasing department, or designee, a copy of the signed form.
 - The UH Purchasing Department, or designee, acknowledges receipt of the form on the Texas Ethics Commission website and notifies the originating UHS department that the contract can be signed.
 - The UHS department obtains signatures on the contract.
- The procedure for processing the Form 1295 for purchase orders is as follows:
 - The UHS department submits requisition to UH Purchasing department.
 - The UH Purchasing department, or designee, requests the vendor to complete the Form 1295 on the Texas Ethics Commission website.
 - The vendor completes the Form 1295 on the Texas Ethics Commission website and emails the UH Purchasing department, or designee, a copy of the signed form.
 - The UH Purchasing Department, or designee, acknowledges receipt of the form on the Texas Ethics Commission website, issues purchase order, and notifies the UHS department.
- See the flowchart for the Form 1295 process on the Contract Administration website: <http://www.uh.edu/legal-affairs/contract-administration/> and the [Certificate of Interested Parties on the Purchasing website](#).

19 TEXAS GOVERNMENT CODE 656.051 and 656.052, TRAINING AND CERTIFICATION OF STATE AGENCY PURCHASING PERSONNEL AND VENDORS; TRAINING AND CERTIFICATION FOR CONTRACT MANAGERS

- UH System purchasing personnel will comply with the training and continuing education requirements for university purchasing personnel established by the Comptroller. Training and certification as Purchasing Personnel or Contract Managers will be based on the employee's role.
- Purchasing Department staff at all UHS components will complete the training necessary to obtain and maintain a state purchasing or contracting certification that is appropriate for their level of responsibility as determined by the component Purchasing Director.
- In addition, all full-time faculty, all exempt staff, and non-exempt employees in a position to originate purchase requests or influence purchasing decisions at UH System will complete annual online UHS Conflict of Interest and Procurement training, which includes procurement-related ethics training.

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20 UHS BOARD OF REGENTS POLICIES 55.01.4, REPORTING TO THE BOARD

- The UH Controller, or designee, will prepare a report to be submitted to the Board of Regents at the first Board meeting following the end of each fiscal year. The report will include:
 - All professional services and consulting contracts awarded during the previous fiscal year where total compensation from System-wide resources to a single entity is expected to exceed \$250,000.
 - All construction, equipment, goods and services contracts awarded during the previous fiscal year (including any amendments) where total compensation from System-wide resources to a single entity is expected to exceed \$1,000,000.
 - All contracts that require enhanced contract or performance monitoring under Sections 2261.253, 2261.254, and 2261.255 of the Texas Government Code.
- The report will indicate the procurement method used and be subject to Internal Audit review for compliance with applicable laws and UHS policies. Investment agreements are not included in this reporting requirement.

21 TEXAS GOVERNMENT CODE 572.069, CERTAIN EMPLOYMENT FOR FORMER STATE OFFICER OR EMPLOYEE RESTRICTED

Beginning September 1, 2017, UH System officers and employees who participated in a procurement or contract negotiation with a vendor on behalf of UH System may not accept employment from that vendor until two years after the contract is signed or the procurement is terminated or withdrawn

22 RELATED SYSTEM POLICIES

- UH System Board of Regents Policy 55.01, 55.02, 55.04, 55.06
- UH System Administrative Memorandum 03.A.01, 03.A.04, 03.A.05, 03.B.01, 03.B.02