

Purchasing Guide for the A&M System Offices



Office of HUB & Procurement Programs

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Introduction

The Office of HUB & Procurement Programs serves the System Offices' departments with the procurement of goods and/or services. While the majority of A&M System Offices' purchases are through major construction projects administered by Facilities Planning & Construction, System Offices departments are allowed to purchase goods/services within their delegated authority. For purchases within the department's delegated limit, our mission is to provide the best customer service possible to meet their needs. For purchases over the delegated limit, our mission is to procure goods/services at the best value that enables the department to achieve its operational goals.

The Office of HUB & Procurement Programs also offers a wide-range of services to The Texas A&M University System community. It is responsible for developing System-wide HUB policies and regulations, HUB Program strategies, System-wide HUB Program oversight, and assistance to System members in complying with the HUB Program requirements.

What this Guide will do:

1. Highlight the basic purchasing methods that are to be used.
2. Identify funding types, delegation limitations, and purchasing processes.
3. Supplement training and formal purchasing procedures.

What this Guide will not do:

1. This booklet is not designed to provide a comprehensive guide to purchasing.
2. This booklet will not replace The Texas A&M University System procurement policies, regulations, or rules, State of Texas Government Code, or Texas Administrative Code.
3. This booklet will not replace asking questions.

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SECTION I

Definitions

- Award--The act of accepting a bid, thereby forming a contract between the agency and a bidder.
- Purchase Order--A document detailing the specifications, terms and conditions of goods or services being offered for purchase from a supplier.
- Bid--An offer to contract with the agency, submitted in response to a bid invitation issued by the Central Procurement Office.
- Bidder--An individual or entity that submits a bid. The term includes anyone acting on behalf of the individual or other entity that submits a bid, such as agents, employees, and representatives.
- Exempt Purchase--A purchase of goods or services that is not subject to the standard competitive process. These items are available only under special market conditions which may preclude them from competitive bidding or from standard bid procedures.
- Formal bid--A written bid submitted in a sealed envelope in accordance with a prescribed format, or an electronic data interchange transmitted to the agency in accordance with procedures established by the agency.
- Informal bid--An unsealed, competitive bid submitted by letter, telephone or other means.
- Purchasing Process--The development of specifications, receipt and processing of requisitions, review of specifications, advertising for bids, bid evaluation, award of contracts, and inspection of merchandise received. The term does not include invoice, audit, or contract administration functions.
- Request for Proposal/Qualification/Information--A written request for offers concerning goods or services the agency intends to acquire by means of the competitive sealed proposal procedure.
- Purchase requisition--An initiating request from a department describing needs and requesting the Central Procurement Office to purchase goods or services to satisfy those needs.
- Spot purchase--The acquisition of a good or service within the delegated limit where one price is quoted from one vendor and additional quotes/prices or participation of vendors is not sought.
- Unauthorized Purchase (After-the-Fact)--A purchase that has been made without prior issuance of an approved purchase order or use of a Procard, and then, an attempt is made to initiate a purchase order after-the-fact in order to pay the supplier invoice.
- Vendor--A supplier of goods or services to the state.

Type of funds

There are several funding types at the System Offices. The State only audit state funds. The other funding types are audited by the System Offices or federal government. It is the responsibility of each department to ensure that the purchasing rules are followed as it relates to the different accounts. The main types of funding with account identification are as follows:

<u>Funding Type</u>	<u>Account Identification</u>
State Funds	General Revenue: 1XXXXX Available University Funds (AUF)/Special Mineral Fund: 21XXXX, 22XXXX
Institutional Funds	All other accounts

Purchasing Delegations & Processes

Purchasing Delegations

\$0 to \$5,000 – Departments are authorized to make purchases between \$0 and \$5,000 (including freight, postage, installation, and other extra charges) regardless of funding type. The department must provide either a purchase order number to the vendor (a limited purchase order number) or use their Procurement Card. Departments are responsible for following State, A&M System, and System Offices' purchasing procedures and ethics policies.

Exceptions to Departmental Delegated Purchasing Authority (Departments are not allowed to exceed the stated amounts):

- Temporary Employment Services
- Major IT Equipment, Telecommunications, Software & Related Items (see page 10 for more details).
- Contract Agreements, Contract Services and Consulting Services greater than or equal to \$0 (see page 11 for more details).

Departments are required to verify the Taxpayer status of the supplier **prior** to doing business with that supplier and retain evidence of verification (see page 15, Taxpayer Search & Requirements).

Departments may choose to use the Procurement Office to make purchases on their behalf regardless of dollar amount or type of purchase. If chosen, departments are asked that clear specifications accompany the requisition (see page 7, "Writing Specifications").

Purchases **may not** be broken down into smaller purchases in order to meet the delegated purchasing limit.

Departments shall identify and utilize, whenever possible, a Historically Underutilized Business (HUB) for the purchase of goods and/or services (see page 14, "The HUB Program").

Under no circumstances shall any employee of the System Offices authorize a purchase without an official means of order placement. An order is official when an employee pays with his/her Procurement Card, a Limited Purchase Order number is issued or a signed Purchase Order is sent to the vendor by the Procurement Office. A requisition number is not a purchase order. The System Offices is under no obligation to pay for goods/services rendered without one of these methods.

Greater than \$5,000 – Departments are not authorized to purchase goods or services greater than \$5,000 or greater than or equal to the exceptions regardless of funds. Through their assigned bookkeeper, departments are to forward a requisition (R doc) to the Procurement Office for processing. When sending R docs, departments are asked:

- That clear specifications accompany the requisition when routed to the Procurement Office (see page 7 "Writing Specifications").
- To recommend vendors to the Procurement Office.

The Procurement Office will solicit vendors through the bid process when applicable. The Procurement Office will notify the department of the bid results. The department will select the best value vendor (see page 7 “Award Information”). The Procurement Office will issue a purchase order. If the item can only be purchased from a single vendor a sole source justification letter may be required based on the dollar amount (see page 16, “Sole Source & Propriety Justification”).

To expedite the purchase of goods or services, departments may utilize the following procedures:

- Quotes from the vendor can be obtained by the department, but the HUB requirements should be met (see page 14, “The HUB Program”). Sufficient time should be given for vendor responses.
- Quotes should be labeled with the R doc number and sent to the Procurement Office via fax, campus mail or email.
- The department **shall not** enter into an agreement with the vendor, i.e. purchase the item without a purchase order issued by the department’s assigned bookkeeper or the Procurement Office.

Purchasing Processes

\$0 to \$5,000 – “No-Bid” Limit (Spot Purchase). At this dollar range, the purchasing staff, or the department within their delegated dollar limit, is not required to obtain bids on products or services. But, as a normal practice, obtaining competitive quotes may ensure “Best Value” (see page 7, “Award Information”).

\$5,000 to \$25,000 – Informal Bid Limit. Expenditures within the stated dollar limit is known as the informal (telephone/fax/email) bid process. Through their assigned bookkeeper, departments are required to send an R doc to the Procurement Office for processing. The departments may provide a list of suggested vendors. Bid solicitations will be sent to vendors by the Procurement Office. The standard solicitation and vendor response time for informal bid invitations is up to five (5) business days. After such time, the Procurement Office will notify the department of the bid results; the department will select the best value vendor; and the Procurement Office will issue a purchase order. The entire process may take between 1 – 2 weeks. The Procurement Office, at its discretion, may either utilize the formal bid process based on the type of goods and/or services being requested or an existing contract.

Greater than or Equal to \$25,000 – Formal Bid Process. Expenditures within the stated dollar limit require the solicitation of formal bids and listing on the Electronic State Business Daily (ESBD). Through their assigned bookkeeper, departments are required to send an R doc to the Procurement Office for processing. The departments may provide a list of suggested vendors. Formal bid invitations will be sent to vendors by the Procurement Office. The standard solicitation and vendor response time for formal bid invitations is 14 business days. After such time, the Procurement Office will notify the department of the bid results; the department will select the best value vendor; and the Procurement Office will issue a purchase order. The entire process may take between 4-6 weeks. The Procurement Office, at its discretion, may utilize an existing contract.

After-the-Fact Purchases

An After-the-Fact (ATF) purchase occurs when a department makes a purchase **before** a purchase order number is issued or procurement card is used. For example, authorizing a vendor to begin work before the Procurement Office or Bookkeeper issues a purchase order, even though the department has submitted a purchase requisition, is an AFT. Similarly, obtaining goods or services on credit and subsequently submitting the invoice with a payment voucher is an AFT, unless it is a purchase specifically allowed to be paid by payment voucher.

All ATFs, regardless of the dollar amount, presents problems for the Procurement Office, Accounts Payable, vendors, and end-users. In many cases, these transactions:

- Place the System Offices at financial and credit risk and result in higher than necessary cost paid for products and services
- Create unnecessary administrative effort.
- Bypass State of Texas encumbrance requirement.
- Violate procurement rules and procedures.
- Result in supplier contracts with unfavorable terms and conditions signed by unauthorized System Offices personnel.

ATF Procedures:

1. When an ATF purchase has been identified, the Procurement Office shall complete an Unauthorized Purchase Documentation Form (see page 19 for form) with all supporting documentation attached (i.e. invoices) and forward to the Department Head for review.
2. The Department Head shall review the purchase and complete the Unauthorized Purchase Documentation Form, which shall include a detailed statement explaining the circumstances surrounding the purchase, what corrective steps have been taken to avoid repetition of the problem, and any corrective action with the responsible account manager or employee.
3. The Department Head shall return the completed Unauthorized Purchase Documentation Form to the Purchasing Manager who shall review for approval or denial. If approved, the invoice will be processed according to standard procedures. If denied, one or more of the following actions may be taken:
 - Return of the item(s);
 - Responsible person paying for the difference of item(s) if found to be cheaper by the Procurement Office; or
 - Responsible person paying for the item(s).

ATF Actions:

1. First offense results in a written warning via the Unauthorized Purchase Documentation Form.
2. Second offense results in a verbal warning via a meeting with the non-complying department.
3. Third offense results in disciplinary actions including removal of delegation of authority, official reprimand, or termination.

Emergency Purchases

An emergency purchase is defined as "a purchase of goods or services so badly needed that [the institution/agency] will suffer financial or operational damage unless they are secured immediately."

When possible, contact the Procurement Office prior to acquiring the goods or services. If the situation allows, informal bids will be taken. Department should submit a requisition after the order has been placed and include a letter of justification that must:

- State the reason for the emergency purchase by explaining what the emergency is and what caused the emergency situation.
- State the financial or operational damage that will occur if needs are not satisfied immediately; and

- State why the needs were not or could not be anticipated so that the items could have been purchased through regular procurement procedures.

Writing Specifications

1. State the product or service to be purchased.
2. Describe in simple, concise, and clear language what is minimally required or desired of the product or service, i.e., performance specifications.
3. When possible, identify some commercially available brand and make or model number or some standard specifications.
4. Provide for verification (testing) - a reasonable means to determine whether minimum requirements are met.
5. If a service, state the period of service and the method of payment.

Characteristics of an Effective Specification

- **SIMPLE:** Avoid unnecessary detail, but be complete enough to ensure that requirements will satisfy their intended purpose.
- **CLEAR:** Use terminology that is understandable to the Agency and bidders. Use correct spelling and appropriate sentence structure to eliminate confusion. Avoid legalese type language and jargon whenever possible.
- **ACCURATE:** Use units of measure that is compatible with industry standards. All quantities and packing requirements should be clearly identified.
- **COMPETITIVE:** Identify at least two commercially available brands, makes, or models (whenever possible) that will satisfy the intended purpose. Avoid unneeded "extras" that could reduce or eliminate competition and increase costs.
- **FLEXIBLE:** Avoid totally inflexible specifications which prevent the acceptance of a bid that could offer greater performance for fewer dollars. Use approximate values such as dimensions, weight, speed, etc. (whenever possible) if they will satisfy the intended purpose. If approximate dimensions are used, it should be within a 10% rule of thumb unless otherwise stated in the IFB.

Award Information

The purchase of goods and/or services typically will be awarded to the lowest responsive bidder; however, best value criteria may also be considered. The following is a partial list of best value criteria:

- The quality, availability, and adaptability of the supplies, materials, equipment, or contractual services to the particular use required;
- The number and scope of conditions attached to the bid;
- The ability, capacity, and skill of the bidder to perform the contract or provide the service required;
- Whether the bidder can perform the contract or provide the service promptly, or within the time required, without delay or interference;
- The character, responsibility, integrity, reputation, and experience of the bidder; the quality of performance of previous contracts or services;
- Any previous or existing noncompliance by the bidder with specification requirements relating to time of submission of specified data such as samples, models, drawings, certificates, or other information;
- The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service; and

- The ability of the bidder to provide future maintenance, repair parts, and service for the use of the contract.

When considering an award, the following options are available:

- AWARD - A bidder is selected which meets **all** the specifications of the bid that represents the best value to the department.
- NO AWARD - A no award is based on (1) no bidders responded to bid request; (2) no bidders met the specifications of the bid; or (3) the department decides it does not wish to make an award due to (a) budgetary constraints or (b) change in requirements.
- RE-AWARD - An award may be made to the next lowest bidder meeting the specifications if the original vendor cannot meet the conditions of the purchase order, or permission is granted to cancel the purchase order.

PROCUREMENT CARD PROGRAM

I. Overview

The Procurement Card (Procard) program is a fast, flexible purchasing method for processing delegated orders from suppliers that accept credit cards. The purpose of the Procard program is to establish a more efficient, cost-effective method of procurement and payment of delegated purchasing transactions. If used to its potential, the program will result in a significant reduction in the data entry of small orders including receiving entries, invoices and vouchers. The Procard can be used with any supplier that accepts MasterCard as a method of payment.

The Procard program is designed to delegate the authority and capability to purchase limited items directly to the person to whom it most matters - YOU, the user. The Procard will enable you to purchase under your delegated authority, non-restricted commodities directly from the vendors without the issuance of a purchase order.

The terms and conditions of the Procard contract were specified and awarded by the Texas Comptroller. The System Offices is utilizing the State of Texas contract for Procard services. System Offices will comply with the terms and conditions of the State contract in the implementation of this program.

The following important points should be reviewed before using the Procard:

- Your Procard is issued in your name. You are personally responsible for all transactions on your Procard. All purchases made on the Procard must be only *yours*. You are responsible for the security of the Procard and the transactions made with it. If you do not follow guidelines when using the Procard, you could receive corrective action up to and including termination.
- You can use the Procard with any vendor that accepts MasterCard **and** is not on the restricted list. It may be used for in-store purchases, online, mail, telephone or fax orders.
- You may use the Procard to purchase goods within your delegated limit.
- Reconciliation of the monthly Procard statement to ensure all charges are accurate is

required. Statement reconciliation needs to be completed and submitted through the department's assigned bookkeeper as directed by accounts payable.

- The Procard is not intended to avoid or bypass appropriate purchasing or payment procedures. This program complements the existing processes available.
- The Procard is not for personal use or travel expenses.
- Must submit purchasing document for STATE funded purchases.
- Under no circumstances should you ever allow another employee to use and/or sign for items purchased with your Procard.
- You are personally responsible for all transactions on your Procard.
- The Procard must be returned to the Program Coordinator upon your transfer or termination.
- **Failure to follow these rules will result in temporary suspension or permanent cancellation of your Pro-Card.**

II. Duties and Responsibilities:

1. Program Administrator: Tracy Crowley, Budgets and Accounting

The Program Administrator was designated by the System Offices for questions, issues and administration of the program. The Administrator is knowledgeable on all procedures in the Procard Program Guide. All Procard requests must go through the Program Administrator.

2. Program Coordinator: Tracy Crowley, Budgets and Accounting

The Program Coordinator is charged with keeping documentation for the Procard activities within the System Offices. The Coordinator is knowledgeable about the program, the guidelines and related forms. Cardholders shall first contact the Coordinator, who will answer questions in regards to the program or potential problems. The Coordinator may refer questions to the Program Administrator when necessary.

3. Account Manager: Department

The account manager, or designee, is responsible for approving monthly Procard statements of cardholders to ensure they are within policy. The Account Manager may also assist in assigning cardholder limits and regulations.

4. Cardholder: You

The person designated by the Account Manager to utilize the Procard by purchasing small dollar supplies is the cardholder. The cardholder is responsible for following the purchasing guidelines of the System Offices in regards to purchases, selection of vendors, security of cards and monthly reconciliations.

To apply for the Procard or for more information, contact the Program Coordinator.

SECTION II

Temporary Employment Services

A department needing temporary employment services **must** contact the Director of Human Resources at 458-6174 before contacting a temporary employment service agency. The Director, Human Resources and department head will determine if the request warrants the hiring of a temporary employee or if the need can be met through other means.

Upon approval by the Director of Human Resources, the department must choose from one of three of the following pre-approved temporary employment service agencies which we may use based on our agreement with Texas A&M University who has contracts with these agencies – SOS Staffing Services, Willstaff Worldwide Staffing or Express Personnel Services.

The department must coordinate the acquisition of the temporary employment services through their assigned bookkeeper to encumber the funds for the anticipated time period that the temporary employment service is needed and create a purchase order for receiving and invoicing purposes.

IT Equipment, Software, & Related Items

Departments **may not** purchase IT equipment, software and related items as listed below. For these purchases, the department, through their assigned bookkeeper, will complete an R doc for processing by the Procurement Office.

- Personal Computers
- Laptops (includes Tablet PCs)
- Servers
- Routers
- Wireless Access Points
- Security Devices (finger print readers, voice recognition, optical readers, etc)
- Backup Devices
- External Hard drives
- Integrated Software.

NOTE: Departments are **strongly encouraged** to contact Microcomputer and Network Support Services (MCNS) prior to placing an order within your delegated dollar limit. This would apply to any type of IT purchase, whether it is add-on equipment, software, telecommunications or other related goods/services. MCNS can also provide information about known defects or reliability issues associated with many products.

By coordinating your needs with MCNS, they can ensure that the goods/services will be compatible with the current computer environment, and that there are no hidden or additional goods/services required or associated with the purchase. Items that are known to have issues with our current computer environment and that should be cleared by MCNS prior to purchase include:

- Copiers that are connected to the System Offices computer network.

- **Printers, networked or standalone.**
- **Ethernet cables.**
- **Peripherals – mice, keyboards, thumb drives, etc.**

The Procurement Office, at its discretion, may utilize one of the three procurement processes, listed on page 5, based on the type and cost of goods and/or services being requested.

To expedite the purchase of IT goods or services, departments should utilize the following procedures:

1. Contact the MCNS regarding specific need and compatibility with current hardware and operating systems.
2. Obtain specifications for the IT item(s) needed.
3. Through their assigned bookkeeper, departments are required to send an R doc and all supporting documentation to the Procurement Office for processing.
4. All information will then be forwarded to the Procurement Office for processing.

The Procurement Office will coordinate the purchase of all IT items with MCNS to ensure the department and System Offices' needs are met.

Contract Agreements, Contracted Services and Consulting

According to the System Offices' Delegation of Authority, **only** certain staff members are delegated to sign contracts for the System Offices. Therefore, contracts for services are to be routed to the Procurement Office **prior** to purchase for goods/services. The Procurement Office will review the contract for compliance to state statutes and System policies. If issues are found, the Procurement Office will contact the provider to rectify any issues with the contract. If no issues are found, the contract will be executed according to one of the three procurement processes, listed on page 5, based on the type and cost of goods and/or services being requested

Special Purchases

Texas Council for Purchasing from People with Disabilities (currently administered by TIBH)

The Texas Council for Purchasing from People with Disabilities is a State Use Program. Commodity items and services are offered by the Texas Industries for the Blind & Handicapped (TIBH). If the commodity or service is available from TIBH we are required to purchase from this Agency. The purpose of this activity is to encourage and assist disabled persons to achieve maximum personal independence by engaging in useful and productive activities. Please note the following:

- If a product or service is available, there is no requirement for competitive bidding.
- State Agencies utilizing temporary services contracts must award as the primary vendor, TIBH.
- When TIBH cannot provide the good or service, then you may utilize your secondary (third etc.) vendor.
- If TIBH does offer the good or service and another vendor is chosen, the department is required to document why TIBH goods and/or services were not used. Exemptions from purchasing goods and/or services from TIBH include delivery, quality, and availability. Price is **not** a factor for exemption. Documentation is required if claiming an exemption.

TIBH Products and Services are available at <http://www.tibh.org>

Texas Department of Criminal Justice (TDCJ/TCI) / Institutional Division

TDCJ provides items such as name plates, furniture, and printing. Competitive bidding is not required for items purchased from TDCJ. The purchase of goods and services provided by TDCJ is not mandatory but is considered preferred. In order to use this procedure, the following steps are to be taken:

- <http://www.tci.tdcj.state.tx.us/>
- Create a requisition including the information obtained from TDCJ / TCI and route it to the Procurement Office.
- The Procurement Office will process the requisition and issue a purchase order.

Term, Group, Inter-agency and Cooperative Contracts

Term, group, inter-agency and cooperative contracts and pricing agreements offer a tangible, quantifiable benefit through services and savings. The available contracts were organized to affect improvements in purchasing processes that would provide expedited, reasonably priced sources for common goods/services required by member institutions. Bids are not required if an existing contract is utilized regardless of funds or dollar amounts.

The Texas Procurement and Support Services establishes term contracts by commodity or service codes as a supply source for State agencies. Group contracts, such as those through E&I, provide goods and services to members at the best possible value. Texas A&M University maintains many master order contracts that provide goods and/or services to the A&M System members.

For more information or to see if a specific good/service is listed within an existing contract, please contact the Procurement Office.

Exempt Purchases

The Office of HUB & Procurement Programs has determined that the following goods services are exempt from the standard procurement process (see page 5) and may be purchased by departments regardless of dollar amounts by utilizing the E doc module in FAMIS through their assigned bookkeeper.

Classified Advertising: newspaper and magazine advertisements (does not include public relations/advertising campaign related services).

Conference Expense: conference room services such as audio/visual/network and food services. (does not include goods purchased for attendees or transportation services).

Hotels and Conference Rooms: does not include hotel rooms for programs and conferences that are regularly scheduled throughout the year. For example, a department hosts seminars/workshops throughout the year and is responsible for making lodging accommodations for the attendees.

Moving Expenses: employee relocation only with institutional funds

Lectures/Guest Speakers/Entertainers: fees for speakers/lecturers/entertainers hired on a one-time basis (does not include fees for speakers/lecturers on a continuous basis)

Membership fees and dues: agency approved only.

Newspaper and magazine subscriptions direct from the publisher

Goods and/or Services provided by Federal agencies, other State of Texas agencies, A&M System members, other local governments, and TIBH. (Inter-Agency and Inter-Local agreements must be reviewed by the Procurement Office).

Registration fees and associated books and materials

Rental of exhibit space (booths for display purposes)

Utilities

Royalties for Licenses/Patents managed by the Office of Technology Commercialization

Aircraft Fuel for A&M System Aircraft

Computer and Software Maintenance: agency owned, licensed, rented or leased.

SECTION III

The HUB Program

In accordance with the Texas Government Code, state agencies **shall make** a good faith effort to utilize Historically Underutilized Businesses (HUBs) in contracts for construction, services, including professional and consulting services, and commodity contracts.

Historically Underutilized Businesses are classified as corporations, sole proprietorships, partnerships, or joint ventures in which at least 51% of the business is owned, operated, and actively controlled/managed by a minority or woman. To be identified as a HUB vendor in the State of Texas, a qualified vendor must be HUB Certified with the State. The State of Texas classifies such businesses as:

- Woman-Owned, Female - WO/F
- Hispanic-Owned, Male - HI/M
- Hispanic-Owned, Female - HI/F
- Black-Owned, Male - BL/M
- Black-Owned, Female - BL/F
- Asian-Owned, Male - AS/M
- Asian-Owned, Female - AS/F
- American Indian-Owned, Male - AI/M
- American Indian-Owned, Female - AI/F

HUB Program Mission: To encourage and effectively promote the utilization of Historically Underutilized Businesses (HUBs) by all state agencies, and to promote full and equal business opportunities for all businesses in state contracting in accordance with the goals specified in the State of Texas Disparity Study. The goals and categories are as follows:

- 11.9% for heavy construction other than building contracts;
- 26.1% for all building construction, including general contractors and operative builders contracts;
- 57.2% for all special trade construction contracts;
- 20% for professional services contracts;
- 33% for all other services contracts; and
- 12.6% for commodities contracts.

The Texas A&M University System HUB Program

It is the goal of The Texas A&M University System to involve qualified Historically Underutilized Businesses (HUBs) in the procurement of goods and/or services by creating an environment of inclusion in construction contracts, subcontracting opportunities, professional services, leases, rental and purchase of all supplies, materials, services, and equipment.

The A&M System Office of HUB & Procurement Programs is responsible for assisting System Office administrative staff and members' HUB Directors/Coordinators in fulfilling their obligations to comply with State laws, System policies, regulations, and initiatives governing the A&M System HUB Program.

In response to requirements set forth by System regulation, the Office of HUB & Procurement Programs has implemented a HUB Program Plan. The HUB Plan outlines the direction of the HUB Program for the A&M System Offices. The System Offices' HUB Plan includes:

1. HUB Training that includes identification, department responsibilities, requirements, and solicitation;
2. HUB Performance Monitoring;
3. Implementation of Specialized Forums to provide alternatives to current vendor use and procurement practices;
4. Coordination of economic opportunity forum participation; and
5. Developing vendor outreach initiatives and programs to promote procurement opportunities.

Taxpayer Verification, Vendor Debarment, and Federal Funding Requirements

Texas Comptroller's Office policy in conjunction with state law requires state agencies and institutions of higher education to verify a vendor's hold status for local voucher payments over \$500 and for state and local Procard purchases over \$500. In addition, we are required to verify a vendor's status prior to signing a written contract that will be paid with local funds.

The policy does not require the verification for state voucher payments or prior to entering into contracts that will be paid only with state funds since the Comptroller's Office has a mechanism to hold and apply state payments to the vendor's liabilities.

The following matrix shows when departments are required to verify vendor hold status for their purchases:

Purchase Method (fund type)	Vendor Hold Status Verification Requirement
Voucher (state and local)	No Verification Required The vendor's hold status is verified automatically before issuing a payment and will not issue payments to vendors on hold.
Procard (state and local)	<u>Purchases over \$500</u> Verification is Required Prior to Making Purchases <u>Purchases of \$500 or less</u> No Verification Required
Contract (local)	Verification is Required Prior to Signing the Contract Verification may occur no earlier than seven days before the contract is signed and no later than the date the contract is signed.
Contract (state)	No Verification Required The vendor's hold status is verified automatically before issuing a payment and will not issue payments to vendors on hold.

The Comptroller does not require us to document the verification of vendor hold status through screen prints or other means. However, the verification process should be included in your department procedures.

To verify a vendor's status, you may use the Comptroller's Vendor Hold Search web page: <http://ecpa.cpa.state.tx.us/coa/Index.html>. If you cannot find the vendor on the web page, please contact your assigned bookkeeper who has other means and methods for verifying vendor status.

State Debarment

State Agencies using state funds or grants must check to see that the solicited vendor is not debarred prior to the purchase of the goods and/or services.

To search the State Debarment web page:

1. Access the government web page
http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred/
2. View the vendor's names.
3. If the vendor appears, then the agency cannot do business with that vendor. If the search does not find the vendor, print the page and attached it to the departmental documentation.

Federal Funds

For System Offices' departments who utilize and/or have access to federal funds, the Federal Government maintains an "Excluded Parties List System (EPLS). The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits. The EPLS is used to keep agencies abreast of administrative, as well as, statutory exclusions taken throughout the Federal Government. Actions may be taken under the Federal Acquisition Regulation (FAR) or supplements thereto, under specific agency regulations or under the Government-wide Non-procurement Suspension and Debarment Common Rule [68 FR 66533] or other specific statutory authority.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

To verify a vendor's status, you may use the Federal Government's Excluded Parties List System web: <https://www.epls.gov/epls/search.do?ssn=true>.

Prompt Payment Requirements

The following is to inform you of the Prompt Payment law currently in effect.

Invoice payments are due by the 30th calendar day after the last of the following has occurred:

- The day the Agency received the goods;
- The day the vendor completed performing its services for the Agency; or
- The day the Agency received the invoice for the goods or services.

The Comptroller's office and the System Offices automatically compute and pay interest owed to vendors for late payments processed through FAMIS.

If Accounts Payable does not mail or electronically transmit a payment to a vendor or the vendor's financial institution by the applicable due date, the Agency is liable to the vendor for interest, in compliance with the following provisions:

- Beginning on the day after the payment is due, interest* accrues on the unpaid balance rate. The interest ceases to accrue on the date the State Agency mails or electronically transmits the payment to the vendor or the vendor's financial institution.

***Interest will automatically be included to the vendor for all payments. This applies to state and local accounts.**

Sole Source Justification

The purchase of goods and service that are considered sole source must be accompanied by documentation. To determine the difference between sole source and proprietary apply the following definition:

1. If a purchase request describes a product via brand name, such as Sony or Pioneer, then the product is **not** sole source. Departments will be expected to follow purchasing guidelines in Section I.
2. If a purchase request describes a product that is unique to one vendor, is a restricted purchase and does not permit an equivalent product to be supplied, then the product is sole source. The Procurement Office requires the requesting department to justify, in writing, the specifications or conditions. The written justification must include: the need for the product; reason(s) competing products are not satisfactory; and provide other information necessary for approval.

When a product is sole source, the following procedure is to be followed:

1. Complete a sole source justification (see page 18 for example)
2. Submit letter to the Office of HUB & Procurement Programs Manager with department requisition.
3. The Procurement Manager will review justification and either approve or deny reasoning.
4. Once documentation is received and approved, a purchase order will be processed.

Ethics

The Procurement Office has delegated the authority to departments to make purchases of goods and services up to \$5,000 (including freight and/or postage) unless the purchase is on the exception list as indicated on page 4. All employees making purchases under this delegated purchasing authority shall adhere to the Texas A&M University System Ethics Policy and the NAEP Code of Ethics endorsed by the System Offices.

NAEP Code of Ethics

- Give first consideration to the objectives and policies of my institution.
- Strive to obtain the maximum value for each dollar of expenditure.
- Decline personal gifts or gratuities.
Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.

- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other authorized third party review, insofar as the established policies of my institution permit.
- Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
- Foster fair, ethical and legal trade practices.

Conflict of Interest

No member of the System Offices or any employee, employee family member or appointee of the System Offices shall have any interest in, or in any manner be connected with, any contract or bid for furnishing supplies, materials, services, and equipment of any kind to any agency of the State of Texas. Neither shall any member or employee, employee family member or appointee, under penalty of dismissal, accept or receive from any person, firm, or corporation to whom any contract may be awarded, directly or indirectly, by rebate, gift, or otherwise, any money or other thing of value whatever, nor shall any employee receive any promise, obligation, or contract for future reward or compensation from any such party.

SECTION IV

Sole Source Letter Example

MEMORANDUM

DATE: May 11, 2007

TO: Don Barwick, Manager
Office of HUB & Procurement Programs

FROM: (Account Manager) (Signature of Account Manager)

SUBJECT: Purchase Requisition No. (will need to encumber funds)
For the purchase of _____
_____.

This _____ will be used to _____. The _____ is needed because _____.

Knowligent's IP Portfolio™ is the only out-of-the-box IP management software geared towards the academic setting. Knowligent's IP Portfolio™ offers a state-of-the-art browser-based interface written in ASP.Net, for easy access from any computer. This enables the OTC to link multiple offices together and involve inventors, attorneys, licensees and System member administration in the IP process like never before.

The only other similar software package is _____. _____ software package is _____ (insert why it will not meet OTC's needs). Therefore, _____ (insert what would happen if current software continues to be used).

A critical part of the OTC's mission is to provide our stakeholders with improved access to information throughout the technology commercialization life-cycle, and a strong browser-based interface is essential for this to occur. Based upon my research, the only capable software which meets OTC's requirements for our _____ (insert application) is the Knowligent's IP Portfolio™.

Your approval to complete the requested purchase is respectfully requested.

APPROVED:

Don Barwick, Manager
Office of HUB & Procurement Programs
The Texas A&M University System

Example of an Unauthorized (After-the-Fact) Purchase Documentation

Requisition No.	
Date	
Purchasing Service Officer	

	Department	Vendor
Value of Purchase	\$	
Contact Person		
Telephone No.		
Fax		
Person Liable/Requestor		
Telephone No/Extension		
<u>Statement of Problem:</u>		

Departmental Explanation (attach additional sheet if more space is required):

Corrective Action Taken:

Please Sign and Date:

	Signature	Date	<u>Comments</u>
1. <u>Purchasing Process:</u> Asst. Dir. of Purchasing	_____	_____	_____
2. <u>Dept. Process:</u> Dept Head, Director or Chairperson	_____	_____	_____
3. <u>Management:</u> a. Dir. of Purchasing	_____	_____	_____