

TEXAS STATE TECHNICAL COLLEGE SYSTEM
SYSTEM OPERATING STANDARD

No. FA.1.16	Page 1 of 7	Effective Date: 09/10/04
DIVISION:	Fiscal Affairs	
SUBJECT:	Purchasing Authority	
AUTHORITY:	Minute Order #63-02	
PROPOSED BY:	<i>Original Signed by Susan Vonder Hoya</i>	
TITLE:	Chief Financial Officer	Date: 09/13/04
RECOMMENDED BY:	<i>Original Signed by Susan Vonder Hoya</i>	
TITLE:	Chief Financial Officer	Date: 09/13/04
APPROVED BY:	<i>Original Signed by Bill Segura</i>	
TITLE:	Chancellor	Date: 09/13/04

STATUS: Approved by MC 09/10/04

HISTORICAL STATUS: Revised 08/2004
 Approved by BOR 04/26/02
 Approved by MC 03/28/02
 Proposed 02/07/02

POLICY

It is the policy of Texas State Technical College to procure goods and services in an effective and efficient manner in accordance with Education Code 51.9335, the General Appropriations Act of the Texas Legislature, the State of Texas Purchase Voucher Guide, and Federal and State grant regulatory requirements, where applicable.

PERTINENT INFORMATION

Texas Education Code, Section 51.9335, Acquisition of Goods and Services, states that “an institution of higher education may acquire goods or services by the method that provides the best value to the institution, including:

1. competitive bidding;
2. competitive sealed proposals;
3. a catalogue purchase;
4. a group purchasing program; or
5. an open market contract.”

“In determining what is the best value to an institution of higher education, the institution shall consider:

1. the purchase price;
2. the reputation of the vendor and of the vendor's goods or services;
3. the quality of the vendor's goods or services;
4. the extent to which the goods or services meet the institution's needs;
5. the vendor's past relationship with the institution;
6. the impact on the ability of the institution to comply with laws and rules relating to historically underutilized businesses and to the procurement of goods and services from persons with disabilities;
7. the total long-term cost to the institution of acquiring the vendor's goods or services;
8. any other relevant factor that a private business entity would consider in selecting a vendor; and
9. the use of material in construction or repair to real property that is not proprietary to a single vendor unless the institution provides written justification in the request for bids for use of the unique material specified.

“The state auditor may audit purchases of goods and services by an institution of higher education that purchases goods and services.”

“To the extent of any conflict, this section prevails over any other law, including Chapters 2155 (Purchasing-General Rules and Procedures), 2156 (Purchasing Methods), 2157 (Purchasing-Purchase of Automated Information Systems), 2158 (Purchasing-Miscellaneous Provisions for Purchase of Certain Goods and Services, regarding vehicles, printing, and recycled materials), 2167 (Lease of Space for State Agencies), and 2170 (Telecommunications Services), Government Code, except a law or rule relating to contracting with historically underutilized businesses or relating to the procurement of goods and services from persons with disabilities. An institution of higher education may, but is not required to, acquire goods or services as provided in Chapters 2155, 2156, 2157, 2158, 2167, and 2170, Government Code.”

DELEGATION OF AUTHORITY

The Chancellor shall designate implementation of system-wide procurement procedures in compliance with Education Code Section 51.9335. The Chancellor has delegated the primary responsibility for compliance of purchasing regulations to the Presidents.

OPERATING REQUIREMENTS

1. All acquisitions of goods and services shall be made in compliance with the TSTC Manual.
2. Requisitions shall be created through the Colleague requisitions module by the initiating department. Colleges may establish on-line approvals, if deemed necessary, in coordination with the Purchasing Offices system-wide.
3. Central purchases of goods on a system-wide basis shall be made in consultation with the college customers and Purchasing Offices. Determination of classes of goods to be purchased centrally shall be made by the Executive Cabinet and itemized in the TSTC Manual.
4. Delegated Purchases

- A. Purchases of goods and services for less than \$2,000 (including freight and/or postage) are delegated to departments, after completion of required training, using the best value criteria outlined above, with the following exceptions. ÷
- B. Printing, regardless of dollar value or funding source
 - 1. Goods and services available from Texas Industries for the Blind and Handicapped, as listed at the TIBH web site
<http://www.purchaseplus.com/catindex.htm>

The College may purchase goods and services available from TIBH from another source with approved advance justification from the college Purchasing Agent documenting the reason why TIBH products or services are unacceptable. Such reasons may be delivery time, price, quality, failure to meet specifications, or other factors, which do not support best value.
- C. Departments may not divide orders into smaller quantities in order to keep a purchase under the delegated purchasing limit.
- D. Delegated purchases in most circumstances will be made through the use of college-issued Procurement Cards. Delegated purchases not made by the use of procurement cards will follow procedures outlined in the TSTC Manual.
- E. Auxiliary enterprise purchases of goods intended for resale are delegated (regardless of amount) to authorized auxiliary department personnel.
- F. Small building maintenance and repair projects under \$5,000 are delegated as in 4.A. above.

5. Non-delegated Purchases

Purchases with a cost of \$2,000 or more shall be made by the college Purchasing Office. Requisitions shall be entered into the Colleague Requisition system by the department, based upon local college operating procedures. Purchases shall be administered by the college Purchasing Office in accordance with the following thresholds and utilizing the best value criteria:

\$2,000 to \$4,999	Professional Best Value Judgment	Professional judgment by Purchasing professional as to whether to make spot purchase or to seek informal bids for the item requisitioned.
\$5,000 to \$24,999	Informal Pricing Requirements	Minimum: Three (3) verbal or informal written quotes, two from HUB vendors, when possible.
\$25,000 +	Formal Bid Requirements	Minimum: Three (3) written bids/offers, two from HUB vendors, when possible. Listing of bid specifications on the Texas Marketplace.
\$5,000	Sole Source or Proprietary Purchase	Documentation by requisitioning department in accordance with the TSTC Procurement Manual including explanation of need for sole source or proprietary specification, reason why competing products or services not satisfactory, and any other relevant information.

Purchases through a group purchasing program (e.g., TBPC or DIR contract), where competitive means have been used to award the contract, are exempt from requirements outlined in this section.

6. Emergency Purchases

An emergency purchase is defined as a purchase of goods or services so badly needed that a department will suffer financial or operational damage unless they are secured immediately. In the case of an emergency, departments must notify the college Purchasing Office immediately, providing full written justification of the circumstances creating the emergency. If the emergency happens after normal business hours, the department shall notify the college Purchasing Office the next business workday. Failure by a department to plan ahead in the acquisition of goods and services does not create an emergency.

7. Purchases from State or Federal Grant Funds

Purchases from state and federal grant funds shall be subject to the requirements of the grant agreement and guidelines, including Federal Acquisitions Regulations (FAR), OMB Circulars A-21, A-87, A-110, and A-133, where applicable. The President shall designate an office to establish written guidelines for each grant source regarding purchasing requirements, and communicate those requirements to the appropriate department heads. If no procurement policies/rules are specified by the grantor, then the other sections of this standard shall apply.

8. As an agency and institution of higher education of the State of Texas, the college has an obligation to support public policy preferences established by the Texas Legislature. Accordingly, when possible, delegated purchases should:

- A. be made from a historically underutilized business,
- B. be produced in the state of Texas and/or the United States,
- C. be produced by persons with handicaps,
- D. increase energy efficiency, and/or
- E. be manufactured from recycled materials.

9. Training and Certification

All college personnel who participate in the procurement of goods and services, which are acquired through competitive methods, shall attain nationally-recognized and/or State of Texas buyer certification.

Purchasing office personnel who are required to achieve certification must complete their certification within eighteen months.

Departmental personnel involved in the procurement shall attend purchasing office-delivered training concerning the operations of this policy and the TSTC Manual prior to being authorized to make procurements.

10. Purchasing Ethics

In discharging purchasing responsibilities, all employees of Texas State Technical College to whom purchasing authority has been delegated must maintain a standard of conduct in accordance with the SOS HR.2.1.12 and the guidelines listed in this section. Employees whose behavior violates these standards of conduct and the requirements of the TSTC Manual will be subject to disciplinary action, including discharge if warranted by the seriousness of the offense.

Employees shall:

- A. give first consideration to the System Policies and System Operating Standards;
- B. strive to obtain the maximum value for each dollar of expenditure;
- C. grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit;
- D. conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation;

- E. demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product;
- F. receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes;
- G. 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 third party review, insofar as the established System policies allow;
- H. accord a prompt and courteous reception;
- I. cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods;
- J. foster fair, ethical, and legal trade practices; and
- K. abide fully with the provisions of this policy and the TSTC Manual.

11. Vendor Protests

- A. Any vendor wishing to challenge a purchase award made by either the college or the central Purchasing Office shall make a written request to the college/central office Director of Purchasing/Purchasing Agent to review the transaction. The request for review must be made within five working days of the notification of award.
- B. The college or central office Director of Purchasing/Purchasing Agent will review the award and within five working days will provide a written explanation of the decision to the vendor making the request. In the event that the college/central office Director of Purchasing/Purchasing Agent's review discovers any significant deviation from the rules, the award may be changed at the discretion of the college/central office Director of Purchasing/Purchasing Agent.
- C. A vendor may appeal the decision, within three working days, to the appropriate college chief administrator of financial services. The administrator will render a decision within three working days of receiving the appeal.
- D. If the vendor does not agree with the decision of the chief administrator of financial services, the vendor may appeal within three working days to the President, whose decision will be final.

PERFORMANCE STANDARDS

- 1. Requirements of this System Operating Standard are performed successfully by each College as determined by internal and state auditor examinations.

2. Training is provided to departmental personnel, according to procurement policy and procedures.
3. College Purchasing Office personnel who participate in competitive procurement activity acquire or possess training in certification as required.
4. An acceptable level of customer satisfaction is maintained, which is determined by annual surveys or other means.

COLLEGE OPERATING PROCEDURE	
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OFFICE OF RESPONSIBILITY:	
APPROVED BY:	
TITLE:	Date
FORWARDED TO SYSTEM OFFICE ON	