

Texas Tech University
Animal and Food Sciences

MEMORANDUM TO: All AFS Employees

SUBJECT: Purchase Orders

PURPOSE

The purpose of this Operating Policy/Procedure (OP) is to outline a standardized procedure to be followed when purchasing goods and services for the Animal and Food Sciences Department.

This OP has been reviewed by Jennifer Adling from Procurement Services and Janice Forburger from Procurement Services on May 2, 2007.

Summarized from TTU OP 72.09. Please refer to TTU OP 72.09 for more information.

TTU OP Website- <http://www.depts.ttu.edu/opmanual/>

POLICY/PROCEDURE

1. The AFS Business Office will prepare blanket PO's. All other PO's will be the responsibility of the account manager.
2. All purchase orders need to be routed thru the AFS Business Office.
3. Purchase orders will be required for all payments that cannot be paid by a procurement card. Only employee reimbursement will be paid on an RI.
4. **Purchase orders must be created prior to the commitment or obligation.** Purchase orders submitted after the commitment has been made and/or after the goods and services are received will constitute non-compliance.
5. Procurement Methods
 - a) Buy Direct Programs-Buy Direct Programs are institutional contracts that allow requisitioning departments to purchase commodities directly from the vendor. Individual purchases do not require further bidding. Institutional contracts should be utilized whenever possible. All current institutional contracts will be available through the purchasing website, www.depts.ttu.edu/purchasing. **Examples include the Staples office supply contract.**
 - b) Procurement Card-The procurement card should be utilized for allowable low-dollar procurements (less than \$5,000.00). See purchasing Web site, www.depts.ttu.edu/purchasing, for procurement card guidelines and application.
 - c) TIBH (Texas Industries for the Blind and Handicapped)-Commodities and /or Services that is available through the Texas Council for Purchasing from People With Disabilities (currently TIBH) must be purchased through this entity when state-appropriate funds are being used; non-utilization of TIBH must be adequately justified.
 - d) Catalog Information Systems Vendor Program (CISV)-Automated information Systems (ASI) products and services that are associated with computers

(automation) or telecommunication systems may be purchased using the Catalog Information Systems Vendor Program (CISV). Specific guidelines for this program are accessible on the purchasing Web site, www.depts.ttu.edu/purchasing.

- e) State of Texas Contracts-The Texas Building and Procurement Commission (TBPC) establishes term contracts, including TXMAS (GSA) contracts, for goods and services. These contracts are accessible on the TBPC Web site, www.tbpc.state.tx.us.
- f) Purchasing Co-ops-Texas Tech University is a member of numerous purchasing Co-ops, which allow purchases to be made directly with the vendor as the bidding and/or negotiation process has already occurred. Contact Purchasing for further information.
- g) Competitive Bidding/Proposals-If the “best value” for the commodity or service is not obtained from one of the above-listed programs, follow the bidding requirements. If competitive sealed bidding is either not practical or is not advantageous to the University, the request for proposal (RFP) process may be used.

6. Specifications for PO

- a) The end user should communicate to the purchaser in Purchasing the commodity or services needed via the electronic requisition (E-RQ)/electronic purchase order (E-PO). The E-RQ/E-PO should include the specifications of the commodity or service that the end user needs to procure.
- b) A specification is a detailed description of a product or service that a user seeks to procure. The specification must be simple, clear, accurate, competitive, and flexible. If the specifications do not allow for competition, then the specifications are considered proprietary.

7. Proprietary Specifications

- a) A proprietary purchase is justified only when an equivalent product or service competition is not available. When the specification requirement limits consideration to one manufacturer, one product, or one service provider, and the amount of the purchase exceeds \$5,000, a written justification must be provided, as required by state and federal law and university policy.
- b) The *Proprietary Purchase* form, included as an additional form within the E-RQ/E-PO system has been developed to assist in the justification process. The project account manager must state:
 - (1) The proprietary features of the item and why these features are required; and
 - (2) Why no competing product can meet the needs.

6. Bid Requirements

- a) Bids must be obtained on all purchases in excess of \$5,000 unless the requirement can be properly justified.
- b) Current bid limits, regardless of the source of funds are:

\$0-\$5,000	Only one bid is required; however, requisitioning departments are encouraged to obtain more than one bid. Purchases from a historically underutilized business (HUB) are encouraged to the fullest extent possible.
\$5,000.01-\$10,000	Three verbal or informal bids are required, with two being from certified HUBs (minority-owned and/or woman-owned business). The informal bids should be documented by the

requisitioning department on the *Informal Bid* form included in additional forms on the E-RQ/E-PO system.

\$10,000.01-\$25,000 Electronic requisitions must be sent to Purchasing for processing. Purchasing will determine if obtaining informal or formal bids are needed.

c) Exception to above bid requirements:

- (1) Texas Constitution, Article 16, Section 21, requires all printing and binding to be competitively bid; therefore, any procurement for printing or binding on state-appropriated funds will require bids, regardless of the dollar amount.
- (2) Exempt purchases.
- (3) Proprietary purchase adequately justified (request in excess of \$25,000 will require a formal bid).

d) All procurements that exceed \$25,000, without regard to the source of funds, may be posted on an electronic bulletin board managed by the Texas Building and Procurement Commission if there is an advantage to do so.

e) The account manager is encouraged to solicit and purchase from HUBs to the fullest extent possible. For assistance in locating HUBs, contact a purchaser in Purchasing. See TTU OP 72.12.

f) State and federal laws and university policies strictly prohibit the splitting of orders to circumvent the bidding process.

7. Exempt Purchases are purchases that are exempt from the competitive bidding process. Exempt purchases include:

- a) Classified advertisements (newspaper and magazine advertisements)
- b) Conference expenses (expenses related to conference room services such as audio/visual/network and food services; however, goods purchased for attendees or transportation service are not exempt)
- c) Direct publications (direct subscriptions, prepared videos, and software Packages purchased directly from the developer)
- d) Exhibit space (booths for display purpose)
- e) Freight
- f) Hotels and conference rooms
- g) Internal repairs
- h) Inter-agency purchases (purchases from other state agencies)
- i) Lecturers/guest speakers (fees for one time only, not continuous engagements)
- j) Legislative information services; bill analysis services.
- k) Membership fees and dues
- l) Moving expenses (employee)
- m) Newspaper and magazine subscriptions directly from the publisher
- n) Registration fees and associated books and materials
- o) Student travel (except for chartering aircraft)
- p) Purchases from federal agencies
- q) Purchases from the Texas Department of Criminal Justice
- r) Purchases from Texas Industries for the Blind and Handicapped
- s) Utilities

8. Advance Payments

- a) Generally, prepayment is not authorized for the purchase of supplies, materials,

equipment, or services. When using state-appropriated funds the following exceptions:

- (1) Library purchase for the university libraries;
 - (2) Payments to federal and other state agencies;
 - (3) Lease payments;
 - (4) Subscriptions;
 - (5) Rental fees for a meeting room or exhibit booth;
 - (6) Annual maintenance agreements; and
 - (7) Registration fees.
 - b) When institutional funds are being used, advance payments will be made to Vendors only when no practical alternative exists to satisfy need, when definite price savings can be realized, or when it is in the best interest of Texas Tech to do so. Advance payments will not be made to vendors who sell to some classes of customers without advance payments, but require such payments from Texas Tech, unless there is no alternative and the payments are approved in advance by the assistant vice president for business affairs. Payments from agency funds do not require prior approval.
9. Memberships
- a) State law requires payment of membership dues to an organization to be Approved by the chancellor, the president, or a designated appointee; however once the membership has been approved, subsequent transactions will not require any additional approval. The list for approved memberships can be viewed on the TTU Purchasing Web site. The E-PO will verify whether this approval is required. The *Request for Membership Approval* form within the additional forms on the E-PO must be completed. A benefit statement must be included identifying the benefit Texas Tech receives or derives from becoming a member of the organization. Once submitted, the form will route electronically to a designated appointee for approval of the membership.
 - b) All memberships must be in the name of the state of Texas and cannot be in the name of an individual. An individual may be shown as a representative.
10. Subscriptions
- a) Subscriptions may be processed by using the procurement card or through Purchasing, using an E-PO. When a subscription is required, it is suggested that a lead-time of approximately six weeks be given; however, when state-appropriated funds are used, subscription may not be paid more than six more in advance of the renewal date.
 - b) The “ship to address” on the E-PO should be in this format to minimize delays:
Texas Tech University
Name of Department
Box Number
City, State, and Zip Code
11. Payments to Individuals
- a) An *Independent Contractor Questionnaire*, within additional forms on the E-RQ/E-PO, must be completed by the individual preparing the E-RQ/E-PO when services are being performed by an individual who is not an employee of Texas Tech University.
 - b) Internal Revenue Service regulations require a valid mailing address for all payments for services made to individual who are not Texas Tech employees.
12. When entering the E-RQ/E-PO on-line make sure to include Brenda or Lisa as additional authorization.
13. Payments for Goods and Services

- a) When the goods or services have been received please fill out the approval to pay PO form and attach the invoice or receiving report and send to the accounting area in our department.

Contacts:

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Attachment: [Instructions for Merchandise Received form](#)
[Approval for Merchandise Received form](#)

Effective Date:	<u>04/01/07</u>	Replaces:	<u>New</u>	Review Date:	<u>JAN ANNUAL</u>
Responsibilities:	Review-	Chair & Administrative Counsel	Policy/Procedure-	AFS Business Office	
Approved:	<u>Kevin Pond</u>				