



TEXAS A&M UNIVERSITY
COMMERCE

Purchasing Basics

(Updated July 2020)

Training & Development – 903-468-3021
Procurement Services – 903-886-3000

Introduction

Welcome to the Purchasing Basics Training Module. The purpose of this training module is to provide employees with information about Basic Purchasing Procedures and Rules and will cover the following topics:

- Conflict of Interest
- University Purchasing Procedure
- Delegated Purchasing Authority
- HUB Program
- Purchasing Categories
- Contract Administration



Conflict of Interest

It is very important to avoid situations that could appear to be a conflict of interest. As an employee of a state-funded University, it is imperative to exhibit high ethical standards. You should try to examine yourself when put into situations that could appear questionable.

An employee of the Texas A&M University System may not participate in work on a System purchase or contract with personal financial interest (actual or potential); solicit or accept anything of value; be employed by, or agree to work for a vendor; or knowingly disclose confidential information for personal gain.

A vendor, or potential vendor, may not offer, give, or agree to give an employee anything of value to secure a contract for a contingent fee, except for bona fide employees or sales representatives.

Purchasing Policies & Procedures

Why do we have so many Purchasing policies and procedures?

It can be very confusing to some, but this training will assist you during the buying process. The following information can be found at

www.tamuc.edu/purchasing

- Component Purchasing Authority
- A&M-Commerce Purchasing Manual,
- Rules, and Procedures
- Contract Administration Rules
- A&M-Commerce HUB Rules



University Purchasing Procedure

The University Purchasing Procedure, 25.07.03.R0.01, was last approved in 2018. This procedure provides information related to our purchasing rules at A&M-Commerce. It applies to all employees.

It, along with other rules and procedures which apply to purchasing can be found at: www.tamuc.edu/facultyStaffServices/purchasing/references



HUB Program

The State of Texas HUB Program was implemented to provide equal opportunity to women and minority owned businesses to compete for state dollars. The program requires state agencies to make a good faith effort to utilize HUBs in purchases. The HUB Coordinator for A&M-Commerce is responsible for all HUB activities at the University.

You can find additional information regarding the Texas A&M University-Commerce HUB Program here:

www.tamuc.edu/facultyStaffServices/purchasing/hubInitiative

You can also search for HUB vendors here:

<https://mycpa.cpa.state.tx.us/tpasscdblsearch>

Three Types of Purchases

There are three (3) primary types of purchasing procedures we use:

- Delegated Purchases are purchases that departments have the authority to process
- Non-Delegated Purchases are purchases that departments must go through Procurement Services to process
- Procurement Card Purchases are delegated to departments, but have their own set of rules and procedures.



Delegated Purchasing Authority

The delegated purchasing authority for the University is for purchases that are \$10,000 or less. This amount is the final price and includes freight charges.

If you have the need for services that are recurring, this needs to be processed on a requisition.

And... regardless of the type of purchase, we encourage the use of HUB vendors.



Purchasing Categories

As a State institution, we have many different options when making purchases for goods and services.

TIBH Industries can be utilized for office supplies and other goods or services at a discounted rate: <https://tibh.org>

The Comptroller's Statewide Procurement Division connects vendors with state purchasers and contract opportunities, and help state and local government entities procure non-IT goods and services through easily accessible contracts that meet their needs: <https://comptroller.texas.gov/purchasing>

University/System-wide contracts are utilized as a method of sharing services. As a University, the law allows us to “piggyback” off of already existing contracts for good and services, which have been competitively bid.

No Splitting of Orders

Departments may NOT exceed the authorized delegated limit.

Purchases may not be broken down into small purchases in order to circumvent delegated authority. Your purchasing authority may be revoked for intentional misuse. This constitutes fraud.



Software Restrictions

Software purchases are not delegated to departments.

Procurement requires a requisition to be submitted through Mane Market for ALL software purchases. You must include the manufacturer of the software in the description.



EBay & PayPal Transactions

Purchases through eBay and PayPal are **prohibited** in most circumstances.

As a State institution, we cannot agree to their terms and conditions because they conflict with State Law.

When making a purchase through their system, we are being bound by a third-party contract and have no control over the performance of the vendor. Their terms and conditions provide no recourse if the vendor fails to deliver the products. Contact procard@tamuc.edu for further information.



Purchases Through Procurement

As a departmental purchaser, you are authorized to purchase goods that are \$10,000 or less. Any order over \$10,000 should be processed through Procurement.

All requisitions require clear specifications of what goods or services you are wanting to procure. You should include manufacturer's part numbers (if available) and recommend a vendor or manufacturer from which we can purchase the item. Ensure to attach all pertinent documentation to the requisition in Mane Market.



Procurement Process

Once a need is identified, the department must anticipate the total dollar value and perform the proper bidding procedure for informal bidding or have Procurement Services complete a formal bid process.

1. Identify Need
2. Competition (if required)
3. Submit Requisition through Mane Market
4. Purchase Order created order to supplier
5. Supplier fulfills order
6. Department receives goods/services
7. Supplier invoices A&M-Commerce
8. Accounts Payable pays Supplier



Procurement Process – After-the-fact Purchases

Under no circumstances shall any employee of the University authorize a purchase without a formal means of order placement. An order is official when an employee pays with his/her P-Card or issues a Purchase Order through Mane Market.

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 Procurement Services issues a purchase order, even though the department has submitted a requisition, is an ATF. Similarly, obtaining goods or services on credit and subsequently submitting the invoice with a payment voucher is an ATF, unless it is a purchase specifically allowed to be paid by payment voucher.



Procurement Process – After-the-fact Purchases

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

- Place Texas A&M University-Commerce at financial and credit risk and results in higher than necessary costs paid for products and services
- Create unnecessary administrative effort
- Bypass State of Texas encumbrance requirements
- Violate procurement rules and procedures
- Result in supplier contracts with unfavorable terms and conditions signed by unauthorized A&M-Commerce personnel.

Procurement Process – After-the-fact Purchases

ATF Procedures:

1. When an ATF purchase has been identified, Procurement Services shall complete a Non-Compliant Purchase Requisition Letter with all supporting documentation attached (i.e. invoices) and forwarded to the Department Head for review
2. The Department Head shall review the purchase and complete the Non-Compliant Purchase Requisition Letter, which shall include a detailed statement explaining the circumstances surrounding the purchase, what corrective steps have 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 Non-Compliant Purchase Requisition Letter to the Chief Procurement Officer 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: 1) Return of the item(s); 2) Responsible person paying for the difference of item(s) if found to be cheaper by Procurement Services; or 3) Responsible person paying for the item(s).

Purchasing Process – Bidding Timeline

When placing an order for goods or services through the Purchasing Department, please follow the steps below. This will also give you an idea of the timeframe involved with the process.

A requisition is entered in Mane Market. Once Purchasing receives the requisition, it will be transferred to a bid. A bid can take approximately two weeks for development. An opening date is set at a minimum of two (2) weeks, but for larger solicitations, it can be approximately six (6) weeks.

The bids are opened, tabulated, evaluated, and then the department is contacted for review. This step can take up to two (2) weeks.

Purchasing Process – Bidding Timeline

When the review is returned, the bid is transferred to a Purchase Order and/or a written contract is processed.

The average time can be eight (8) weeks. During this timeframe, you can utilize Mane Market to track the progress of your order.



Exempt Purchases

An exempt purchase is 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 standard bid procedures.

The complete list of exempt purchases can be found in the University's Purchase Procedure [25.07.03.R0.01](#).

Below are a few examples of exempt purchases:

- Classified Advertising (newspapers and magazines)
- Conference Expenses (related to conference room services)
- Membership Fees and Dues
- Rental of Exhibit Space
- Travel
- Registrations
- Postage

Debarred and Excluded Vendors

Purchasers should check the following sites to ensure that the vendor is not on debarred or on a hold status:

A Debarred vendor has not complied with their contracts and have been forbidden from doing business with the State of Texas for a period of time. To check to see if a vendor is debarred, go to:

<https://comptroller.texas.gov/purchasing/programs/vendor-performance-tracking/debarred-vendors.php>

An Excluded vendor is excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and nonfinancial assistance and benefits. It is a requirement of the Federal Government to check the System for Award Management (SAM) for ALL purchases, which is found here:

www.sam.gov

Emergency Purchases

What is an emergency purchase?

“The purchase of goods or services so badly needed that an agency will suffer **operational or financial damage** unless they are secured immediately.”



Emergency Purchase

There are certain instances in which you may need to make an emergency purchase.

If you need to make an emergency purchase, please attempt to complete each step of the process listed below:

- Prior to commitment, notify the Director of Procurement
- Obtain at least three (3) verbal bids, if possible
- Submit a requisition in Mane Market
- Select “Emergency Purchase” on the requisition
- Complete and attach the Emergency Justification form to the requisition

Sole Source Justification

A Sole Source implies that there is only one person or company that can provide the product or service.

Procurement needs specific information before processing a Sole Source order. When creating the requisition, check the “Sole Source” box and attach the completed justification form. Below are some questions that need addressed:

- What is the unique feature?
- Why is the unique feature needed?
- Why will competing products no be satisfactory?



The Space Shuttle was not Sole Sourced!

Trade-in of Equipment

Trade-in of old equipment can be beneficial in some instances. Many times, you can save money, which will stretch your budget further.

If you decide to trade in your old equipment for new, follow these steps:

1. You must list the item for trade-in and include the serial number, asset number, condition of equipment, and a contact person (with phone number)
2. You must obtain written approval from the University Inventory Coordinator
3. The vendor must quote an exact price they are willing to pay for your used piece of equipment

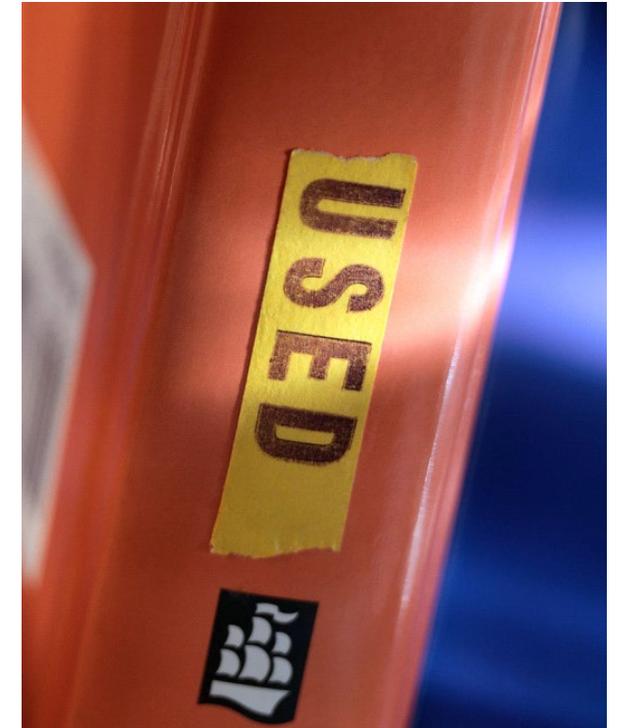


Used Equipment

As a rule, the purchaser should procure new equipment, but sometimes it is necessary or advantageous to purchase used or demonstrator equipment and supplies. The most common reasons are 1) the inability to secure new equipment; 2) the lack of adequate funds for new equipment; and 3) used equipment will satisfy the agency's need at a substantial savings.

If you decide to purchase used equipment, you must include the reasons for wanting used as opposed to new.

Procurement will bid out both new and used unless you can provide a written justification (with a quote) justifying that used equipment is better value for the University.



Purchases of Services

Many times, we require services from an outside company because we do not have the expertise or human capital to complete the job.

A service is defined as the furnishing of skilled or unskilled labor or professional work (as defined in TGC Chapter § 2254).

Due to the University's insurance requirements, this type of purchase is not delegated to departments. The following information must be submitted to Procurement for processing:

- Requisition through Mane Market
- Full description of service required (Statement of Work)
- Period of Performance (Start & End Dates)
- List of Deliverables
- Suggested Sources

Professional Services

A professional service is defined as a person licensed as an Accountant, Architect, Landscape Architect, Land Surveyor, Physician (including Surgeon), Optometrist, Professional Engineer, Real Estate Appraiser, or a Registered Nurse (see TGC Chapter § 2254).

In order to hire a company that provides a “professional service”, it is recommended that you have Procurement Services issue a Request for Qualifications (RFQ) if the value is expected to exceed \$25,000. This is a selection process of a vendor based on qualifications, not price.

A requisition will need to be submitted through Mane Market to process the order.



Consulting Services

Consulting Services are very unique in the sense that they have their own process that must be followed to be in compliance with State Law (TGC Chapter § 2254).

Consulting Service means the service of studying or advising a state agency under a contract that does not involve the traditional relationship of employer and employee.

Major Consulting Service contract means a consulting service contract for which it is reasonably foreseeable that the value of the contract will exceed \$25,000, and justification from the Chief Executive Officer of the institution is required.

Contract Administration

In some instances, it is necessary to issue a written contract.

All contracts, excluding advertising, are to be routed to the Office of Contract Administration prior to execution of the contract.

The State of Texas requires the review and approval of contractual service by the Contracting Officer when the service exceeds \$50. This is also written into University rule [25.07.99.R1](#).

Contracts of \$100,000 or more require the review of the Office of General Counsel at Texas A&M University System.



Contract Administration

All contracts are reviewed for compliance with State of Texas statutes and Texas A&M University System policies.

The Contracting Officer or Chief Procurement Officer are the only delegated people to sign contracts for the University. Any contract over \$1,000,000 will require additional approval from the CFO.

Contract templates, references, forms, and other helpful information can be found at:

www.tamuc.edu/facultyStaffServices/purchasing/ContractAdministration

Contract Administration

- Only authorized individuals on campus may sign contracts (25.07.01.R0.02)
- Contracts can be known by other names, such as:
 - Agreement
 - Memorandum of Understanding (MOU)
 - Interagency Agreements
 - Grants
- An individual executing a contract on behalf of a state agency, without the authority to do so may be personally liable for damages flowing from repudiation of the contract. (1)
- “No person has authority to make a contract binding on the State, except when so authorized by the Constitution or a pre-existing law”. (2)

(1) - See Thomas, Richardson, Runden & Company, Inc. v. State of Texas, 683 S.W.2d 100

(2) - See State of Texas v. Ragland Clinic-Hospital 138 Tex. 393 (Tex. 1942) 159 S.W.2d 105

References Sources

- Texas
 - Texas Constitution
 - Texas Government Code
 - Texas Administrative Code
 - Texas Education Code
 - Texas Contract Management Guide
- Texas A&M University System
 - 25.07 Contract Administration
 - 25.07.01 Contract Administration, Delegations, and Reporting



References/Sources

- Texas A&M University System (continued)
 - 25.07.03 Acquisition of Goods and Services
 - TAMUS Contract Management Handbook
- Texas A&M University-Commerce
 - 25.07.03.R0.01 Acquisition of Goods and Services
 - 25.07.99.R1 Contract Administration
 - 25.07.01.R0.02 President's Delegation of Authority for Contract Administration
 - Procurement Manual



THE TEXAS A&M
UNIVERSITY SYSTEM

Contact

For additional information regarding purchasing, the HUB program, contract administration, or P-Card information, please go to the A&M-Commerce Procurement Services web page. You may also contact us via phone or email.

www.tamuc.edu/purchasing

purchasing@tamuc.edu

(903) 886-3000





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