

TechBuy Policies and Rules

Procurement Policy

This policy includes a one-time order or a series of purchases of the same goods or services during the same fiscal year (example: purchase of toner cartridges from same vendor in same fiscal year)

- **Under \$10,000:** no bids required. Best practice is to obtain quotes from the vendors. HUB vendors should be used to the full extent possible.
- **Between \$10,000 & \$30,000:** three quotes required, two of which must be from HUB vendors.
- **Greater than \$30,000:** formal procurement is required unless exempted, sole source, or a contracted vendor. Email techbuy.purchasing@ttu.edu for assistance.

Purchase Order Best Practice

- Provide concise, clear descriptions on the purchase order. The description should be detailed to enable the vendor to clearly understand what goods or services are being purchased.
- For goods, the part number should always be included or the quote number should be referenced. The first thirty characters of the PO description prints on the check remittance and displays on Cognos reports.
- Attach quotes to the External Attachments or the requisition so that it will transmit to the vendor along with the purchase order. When quotes are attached, Purchasing does not require the requisition to be itemized unless the vendor or purchasing cooperative requires itemization. If there is not a quote attached, the requisition must be itemized.
- Unless the vendor is local, the quote specifically states that there will not be a shipping charge, or the purchase is from a contracted vendor providing free shipping, a line item must always be added for estimated shipping.
- **Do not** send a fax or email a copy of the PO to the vendor. The department will be responsible for any duplicate orders. TechBuy automatically emails or faxes PO's based on the information the vendor provided on the vendor setup forms.
 - If a need for a resend of PO to vendor arises, email techbuy.support@ttu.edu.

Formal Procurement (greater than \$30,000 annually) is not required for:

1. The following types of contracts

- TTU contract purchases – TTU solicited and awarded contracts (e.g. Aqua One, Scarborough Specialties, Slate Group).
- State of Texas/GSA contracts – State of Texas contracts and GSA (federal) contracts. For additional information, email techbuy.purchasing@ttu.edu.
- Piggyback contract for another state agency. If another state agency (including state universities) has established a competitive contract with a vendor, TTU may utilize that contract.

- Cooperative contract purchases- Texas Education Code 51 provides that TTU may utilize competitively procured purchasing cooperative contracts. There is a complete list of these on the Purchasing website. Some of them are:

TCPN	TPASS
HGAC	TxMAS
BuyBoard	Harris Co.
Western States Contracting Alliance	NJPA
US Communities	TIPS
Provista	TAPS
E&I	First Choice
DIR (contracts that are competitive)	UT Alliance
Pace	Region 19 ESC
Region 5 ESC	NCPA
Region 16	National IPA

2. Exempt purchases – the following goods or services are considered exempt purchases and therefore do not require bids/proposals:

- Acquisition of copyrighted materials
- Advertisements or placement services
- Artist (creating original pieces of art not for promotional or printing)
- Artwork(original) & art collections
- Catering, food, and meals (does not include food for resale)
- Conference expenses including conference meeting rooms (does not include promotional items for distribution or printing)
- Direct publications(subscriptions, newspapers, videos, software purchased from manufacturer, not items purchased for resale)
- Exhibit space
- Freight and installation
- Internal services from Texas Tech System institutions (TTU, TTUHSC, TTUHSC El Paso, Angelo State, etc.)
- Lecturers/guest speakers (not continuous services)
- Legislative information services
- Membership fees and dues

- Moving expenses for employees (does not include departmental moving expenses)
- Museum artifacts & collections
- Postal services
- Rare books
- Registration fees and related expenses
- Training services
- Travel expenses for faculty, staff, and students (does not include chartered air; all travel OPs must be followed)
- Purchases from federal, state, and local governmental agencies and quasi - governmental agencies, including public institutions of higher education
- Utilities

3. Sole source

- A sole source (also known as a “proprietary”) is one in which a good or service is available only from one vendor.
- Includes goods or services with patents or copyrights.
- In order to complete a sole source, an end user must prepare the “TTU Justification for Proprietary Purchase” form in TechBuy. Justification must be based upon unique technical or performance characteristics.
 - The form is not required on a purchase of less than \$10,000.
- Personal preferences for certain brands or goods does not adequately justify a sole source.
- Price cannot be a determining factor.
- Resellers do not qualify as sole source.
- When purchasing research goods or services, detail what unique characteristics the goods or services have making it essential for continuity of the research study.

4. **Discount Letter** – for vendors established in the discount letter program, informal bids are not required up to \$30,000. Formal procurement will be required on purchases greater than \$30,000.

- Email techbuy.purchasing@ttu.edu for assistance. The vendor must guarantee a discount of at least 15% for the fiscal year. The quote and invoice must reflect the discount.

All other purchases will be subject to competitive procurement rules:

1. Quotes for non-contracted vendors

- Quotes are required for purchases above \$10,000.
- A quote should include all provisions required for a complete delivery of the requested goods or services (e.g. training, spare parts, warranty, shipping, installation, etc).
- Quotes help protect the buyer (requires vendor to honor what was promised)
- The quote serves as a legal document along with the PO.

- Itemizing the requisition is not required if a quote accompanies the order. (except as required by the vendor or the purchasing cooperative).
- Expired quotes are not permitted.
- The quote must include shipping & handling. Purchasing will add shipping if not included.
- Reference the quote number on the requisition and attach to External Attachments section of the requisition.

2. Blanket Orders

A blanket order does not encumber funds. Blanket orders are only permitted on purchases that are non-obligatory. These automatically expire on 08/31 of each fiscal year.

The same bid limits and purchasing rules detailed in this document apply to blanket orders.

State Funds (11, 12, 13, and 14) and grant funds (21, 22, and 23) are not permitted on blanket orders.

Blanket orders are not acceptable for State of Texas contracts as the State requires each PO to be itemized and encumbered.

Items not allowed on blanket orders:

- Travel
- State appropriated funds
- Federal equipment purchases
- Texas SmartBuy contract items
- Construction
- Chemicals and gases
- Memberships
- Registrations
- Purchases of live animals
- Reimbursements
- Vehicles
- Gifts or prizes
- Printing or promotional items with TTU Logos (see OP 68.01)
- After the fact/non-compliant orders
- Capital equipment
- Controlled substances

Each FOAP that may be used to pay against the blanket order but be entered on the requisition or will not be allowed for payment.

- Change Orders are required to change blanket order organization codes or to increase the order amount. Email techbuy.purchasing@ttu.edu for assistance.
- It is the end users responsibility to write the FOAP and blanket order number on each invoice and submit to Payment Services for payment.
- A blanket order PO is numbered with a "PB" prefix.

3. Standing Orders

- A standing order is created by using a Non-Catalog form, and noting “Standing Order for...” in the description box. A complete description of the purchase is required.
- A standing order encumbers funds and allows for multiple, repetitive purchases throughout the fiscal year.
- Complete the Non-catalog Form, providing the estimated annual amount in the unit price field.
- Standing orders require adherence to procurement rules.
- Appropriated funds (11, 12, 13 or 14) cannot be used for Standing Orders.
- When received, submit the invoice to Payment Services with detailed FOAP payment instructions if multiple FOAPs are encumbered. Payment.services@ttu.edu.
- Cognos Reports, FI030 – Encumbrance Ledger Transaction Report, FI045 – Monthly Ledger Report can be used to track activity on a standing order.
- A standing order is identified with a “P” prefix like other PO’s.
- Any remaining balance at the end of the fiscal year must be released. Email techbuy.purchasing@ttu.edu for releases.
- A Standing Order should not be closed until all invoices are submitted and paid.

4. Contracts

- Contracts may only be signed by the President or those individuals with delegated authority from the President (CFO and Director of Procurement).
- All contracts require legal review by Procurement Services and/or General Counsel.
- Contracts and the signed Contract Routing Sheet should be scanned and attached to the requisition. The routing sheet is found under the forms tab on the Contracting website:
<http://www.depts.ttu.edu/afism/AFISMFormRepository/ProcurementDept/PurchasingAndContracting/Contract%20Routing%20Sheet.pdf>
- Non-expenditure contracts can be emailed to purchasing.contracting@ttu.edu along with the Contract Routing Sheet.

a. Contract Review Process

- \$0 to \$100,000 – Reviewed and signed by Procurement Services
- \$100,000 - \$\$1,000,000 and University – Reviewed by Procurement Services, reviewed by General Counsel, and signed by Vice President of Administration and Finance & CFO
- \$100,000 - \$1,000,000 and System – Reviewed by Procurement Services, reviewed by General Counsel and signed by Chief Financial Officer For TTU System
Above \$1,000,000 – Reviewed by Procurement Services, reviewed by General Counsel, approved by Board of Regents, signed by the Chancellor or President.

5. Advanced Pay

Per Texas Comptroller guidelines, advance payments are permitted for the following types of purchases:

- Library books (must be a collection), databases and other published materials necessary for the efficient operation of the institution's library
- Payments to federal or state agencies
- Lease payments
- Subscriptions (up to six weeks in advance)
- Rental fees for a meeting or conference booth
- Annual maintenance agreements (regardless of whether it covers more than one appropriation year however, on appropriated funds, the university may not charge a fiscal year for the purchase of services if the services are rendered during a different fiscal year)
- Registration fees.
- TTU may make advance payments for additional reasons if cost savings will be realized or it is in TTU's best interest to do so to serve the public purpose.
- Texas Education Code § 62.021, prohibits the use of HEAF funds (13) to pay for goods or services before the delivery of said goods or services.

In addition, Federal Acquisition Regulations prohibit the use of federal funds to pay for goods or services before the delivery of the goods or services. Verify on your purchase with Accounting Services

6. Change Orders

The Change Order form is required to request changes to a PO that is established.

Change orders are necessary for:

- FOAP changes only when the organization code requires changing. For changes to the Fund, Account or Program codes, email techbuy.purchasing@ttu.edu
- Increases to an order which exceed the Payment Services tolerance (\$100 or 10%), whichever is less. Be advised that if the overage causes the transaction to go over \$10,000, the change order will not be approved if bids were not obtained.
- Purchasing will not change account code just to accommodate current budget pool. Account codes must be correct, following Texas Comptroller's guidelines
- For decreases on purchase orders, email techbuy.purchasing@ttu.edu
- To change funding after payment is made, a cost transfer is required through Accounting Services.
- A change order is not permitted for a punch-out vendor as these are automated orders.
- A PO from the previous year cannot be increased using the previous year's funds.
- A change order is not permitted on after-the-fact orders or one-time payment orders.

7. Direct Pay

The Direct Pay form in TechBuy can be utilized for the following types of transactions.

For assistance, contact paymentservices@ttu.edu

- Citi Bank Payments - Multiple Travel Codes
- Interlibrary Loan Fees - 7N0045
- Investment Fees - Multiple Codes
- Research Participants- 7N3053
- Reimbursements to Petty Cash - Multiple Codes
- Royalties- 7N6001
- Special Events/Game Officials - 7N6004
- Student Athlete Medical Payments - 7P1004
- Student Refunds - Multiple Codes
- University Deposits - 7N3053
- Utilities Electricity - 7D0100
- Utilities Natural Gas - 7D0110
- Utilities Treated Water - 7D0120
- Utilities Water - 7D0130
- Utilities Compressed Air - 7D0140
- Utilities Other - 7D0141
- Utilities Waste Disposal (includes sewer charges) - 7D0151
- Utilities Chilled Water - 7D0160
- Utilities Steam - 7D0161

8. Receiving

An electronic receipt is created in TechBuy to verify that the goods or services were delivered as requested. Receiving is required for the following:

- Purchase orders utilizing appropriated funds (FOPs beginning with 11, 12, 13, or 14).
 - Purchase orders utilizing sponsored program funds (FOPs beginning with 21, 22, or 23).
 - Purchase orders greater than \$10,000.
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- For advanced payments, the receiving rules apply at the time the goods or services are received, not at the time of payment. The fact that the PO has already been paid does not relieve the department of the obligation to complete receiving as required.
 - When a product is received, it should be thoroughly inspected to compliance with the specifications. Any shortages, overages, or damaged or noncompliant goods or services should be noted. This information should be reported by the department to the vendor immediately.
 - Shipments that do not meet specifications should be rejected at the time of inspection.

*If the PO and the invoice do not match, the remaining encumbrance is not automatically released. Please request a close through techbuy.purchasing@ttu.edu.

When the receipt is complete, notify payment services (payment.services@ttu.edu) to initiate the payment. This step completes the receiving process.

9. Payments

Ensuring the vendor is paid for the good or services received completes the purchasing process. Departments must forward invoices they received to Payment Services . As a reminder, the comments section of TechBuy is the preferred method of communication and documentation of invoices, delivery issues, and non-compliance with specifications.

- The State of Texas requires payment of invoices within **30 days of the latter of receipt of goods or services or receipt of invoice**, unless payment is being disputed. Interest is charged when those terms are not met. The late interest rate is set by the State.
- Invoices must be sent to Payment Services within 5 business day of the payment deadline. Failure to get the invoice to Payment Services within this timeframe will result in the department being responsible for any resulting late charges.
- Cash discounts are acceptable and will be taken if earned by the University. (i.e.2%/10, indicating a 2% discount if they receive payment within ten days of an invoice date.
- PO's containing either all appropriated funds (11, 12, 13, or 14) or partial appropriated funds require a check issuance by the State of Texas. When there is a combination of funds, the vendor will be issued more than one check, one from TTU & one from the state. If the state portion of the payment is greater than \$5,000, the payment will be scheduled out 25 days in accordance with state regulations.
- Some TechBuy vendors are set up as e-invoicing vendors. For these vendors, an electronic invoice will be submitted by the vendor into the TechBuy system.

E-invoicing Vendors:

Dell / Summus	Fisher / PDME
VWR / Summus	Grainger / Mavich
Qiagen	SHI
CDWG / Facilities Connection	Staples / Summus
Invitrogen	Bio-Rad
Roche	Sigma Aldrich
Airgas / Cuevas	Agilent

Chemglass	Integrated DNA
New England Biolabs	Abacus
B&H Photo	Benchmark
Apple Computer	Home Depot/Lone Star
Govconnection	MSC/Native Nations
Supplyworks/LTH	Wesco
Praxair/Summus	Promega
Completebook	

10. Closing of Encumbrances

- Departments must review encumbrances on a regular basis. FI030 Encumbrance Ledger Transaction Report and FI137 Open Encumbrance Report are the appropriate reports.
- Encumbrances can be released at any time, but departments must verify that all invoices have been received and paid.
- A partial release of encumbrance is allowable on a standing order.
- Purchase orders less than \$10 will be automatically closed. Best practice is to leave a balance of \$25 or more on standing orders.