

Procurement Procedures Handbook
for
Faculty and Staff
of
UTHealth
The University of Texas Health Science Center at Houston

June 2019

Introduction

Purpose

This guide is meant to be a resource for all employees involved directly or indirectly with the acquisition of goods and services for the department in which they work. This handbook provides localized documentation in support of the *Contract Management Handbook*.

Suppliers and prospective suppliers will find useful information on how to do business with UT Health (The University of Texas Health Science Center at Houston) and find key information regarding posting of bid opportunities, vendor debarment, purchasing processes and payment guidelines.

Comments or suggestions regarding this guide should be directed to Procurement

Hours of Operation

Procurement Services staff follows a standard work schedule of Monday through Friday from 8:00 am to 5:00 pm. On days designated by the UT Health “skeleton days,” Procurement Services provides staff to support all operating areas.

Contact Information

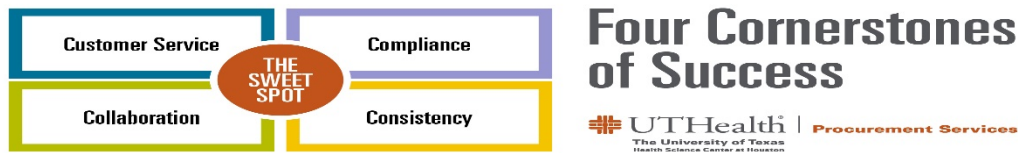
Procurement Services provides a single phone number, (713) 500-4700, which is answered during operating hours without use of an automated attendant. Individual telephone numbers for Procurement Services staff can be accessed through the UT Health directory (<http://peopledirectory.uth.tmc.edu/peopledirectory/index.jsp>) or the Procurement Services website (<https://www.uth.edu/buy>).

Organization

Procurement Services is organized into four operating areas:

- Purchasing
 - Central Purchasing
 - Transaction Processing
 - Medical School
 - Facilities
 - Shipping & Receiving
- Accounts Payable & Disbursements
- Travel and Expense Reimbursement
- Administration
 - Vendor File Maintenance
 - BuyCard Program
 - Records Retention
- HUB & Small Business Program

Mission Statement



Procurement Services will advance the strategic objectives of UTHealth by delivering excellence and resilience in procurement services through our four cornerstones of success: Customer Service, Collaboration, Compliance, and Consistency.

- **Customer Service:** Maximize efficiencies and problem solving in the processing of procure to pay transactions, and employee reimbursements and travel. Implement enabling technologies and service level metrics to achieve quick resolution and reduce processing times.
- **Collaboration:** Ensure the appropriate stewardship of public funds, by partnering with our internal customers and external suppliers to drive “best value” and HUB participation across all areas of spend. This includes good communication and mutual respect in all of our interactions.
- **Compliance:** Engage our customers with ethical procurement practices and auditable procedures that are compliant to Federal, State, UT System, and UTHealth regulatory requirements.
- **Consistency:** Deliver departmental effectiveness and reliability through consistent communication, development of procurement skills and expertise, and comprehensive implementation of “best practice” processes.

Resources

Procurement Services maintains the following resources to assist faculty, staff and suppliers in the acquisition of goods and services for the UTHSC-H.

- **Procurement Website**
 - Procedures
 - Forms
 - Program Information and Guidelines
 - BuyCard Program
 - HUB & Small Business Program
 - UT Supply Mall
 - eShip Global
 - Contact Information
 - Posted Bid Opportunities (<https://www.uth.edu/buy/bid-list.htm>)
 - Special Notices

- UT Supply Mall – Located in the basement of the Medical School, the Supply Mall is a centralized, self-service storeroom for laboratory consumable supplies. Supplies are kept in freezers, refrigerators and dry goods cabinets which users are able to access with a username and password. Fourteen suppliers maintain inventory that is on consignment to the UTHSC-H. User transactions in the Supply Mall are recorded for proper charge of the expense and payment to the supplier. More information is available at <https://inside.uth.edu/finance/procurement/supply-mall.htm>
- eShip Global – This online utility provides users with the ability to create shipping documents for express freight requirements. Users can select the carrier and type of service required and print their shipping documents. The system allows users to maintain individual shipping lists, track their shipments and manage their costs. More information is available at <https://inside.uth.edu/finance/procurement/eship-global.htm>.
- BuyCard Program – The UTHSC-H will provide employees a Master Card issued by Chase Bank as a means of facilitating the acquisition of small dollar goods and services. The single purchase dollar limit is set at \$2,000, with daily and monthly limits set based upon individual users purchasing requirements. More information is available at <https://inside.uth.edu/finance/procurement/buycard.htm>.
- HUB & Small Business Program – It is the policy of UTHSC-H to promote full and equal opportunity for all businesses to supply the goods and services needed to support the mission of the UTHSC-H. UTHSC-H is committed to making a good faith effort to increase purchases from and contract awards to Historically Underutilized Business (HUB) firms consistent with the State's goals for HUB participation and overall economic development. UTHSC-H also supports providing small businesses with opportunities through the Small Business Program managed by the Small Business Administration (SBA) of the federal government. More information is available at <https://www.uth.edu/buy/hub.htm>.
- Purchases from Persons with Disabilities – UTHSC-H is required to support the State's efforts to gainfully employ persons with disabilities. UTHSC-H must give first consideration to goods and services provided by persons with disabilities. Products and services offered by the Texas Industries for the Blind and Handicapped (TIBH) are listed on the [TIBH Online Catalog](#).

TIBH offers these products and services through State of Texas contracts. UTHSC-H must check their pricing and availability. However, if these goods do not meet best value criteria, that failure is justification to buy the products from the commercial marketplace.

Key Procurement Policies

Authority to Obligate

The Purchasing Department is delegated their authority to purchase for the organization from the President of the UTHSC-H. With the systems and controls currently in place, the Purchasing Department authorizes individual departments to purchase goods and services less than \$15,000.

Inherent in this authorization is the requirement that the departments enter requisitions into the financial system that result in the issuance of a purchase order to the supplier or that result in the recording of a transaction using a BuyCard. Failure to follow proper procedures will require the user to fully explain the non-compliance prior to payment of an invoice.

The entry of the requisition and the ultimate creation of a purchase order “encumbers” the funds in the financial system assuring that funds are available to pay for the goods or services. Suppliers should not provide goods and services to the UTHSC-H unless they have received a legitimate purchase order or a valid UTHSC-H procurement card number.

Unauthorized Purchases

Definitions: The acquisition of a good or service that has not been procured through the appropriate mechanism for the type and dollar value of purchase is considered an unauthorized purchase. The most common types of unauthorized purchases include:

- **Splitting of POs to avoid the “best value” guidelines:**
 - The splitting of a purchase into two or more separate orders in order to circumvent the less than \$15,000 department purchasing authority is a violation of rules established by the UT Board of Regents, UT System and the UTHSC-H. The splitting of orders is a violation of purchasing policy and individuals engaged in this activity may have sanctions placed on their purchasing authority or have such activity reported to the Office of Legal Affairs and Institutional Compliance for investigation and action.
 - **Reporting Control Method & Frequency:** Split PO Report: Monthly
- **Unauthorized execution of procurement contracts:**
 - The authority to sign any contract for the purchase of goods and services is delegated to the Purchasing Department and select additional individuals from the President of the University. Individuals within departments do not generally have the authority to sign contracts on behalf of UTHSC-H for the acquisition of goods and services. If you have a question regarding a contract that a supplier has sent for signature, contact the Purchasing Department.

- **Reporting Control Method & Frequency:** At time of offence
- **Moving forward with a procurement without a PO:**
 - The Purchasing Department is delegated their authority to purchase for the organization from the President of the UTHSC-H. With the systems and controls currently in place, the Purchasing Department authorizes individual departments to purchase goods and services less than \$15,000. Inherent in this authorization is the requirement that the departments enter requisitions into the financial system that result in the issuance of a purchase order to the supplier or that result in the recording of a transaction using a BuyCard. Failure to follow proper procedures will require the user to fully explain the non-compliance prior to payment of an invoice.
 - The entry of the requisition and the ultimate creation of a purchase order “encumbers” the funds in the financial system assuring that funds are available to pay for the goods or services. For faculty or staff to obligate the UTHSC-H in the amount of \$15,000 or greater, is a violation of this authority and places an increased and substantial risk with the suppliers that provide goods and services in good faith.
 - Suppliers should not provide goods and services to the UTHSC-H unless they have received a legitimate purchase order or a valid UTHSC-H procurement card number.
 - The Purchase of goods and services should be made using a purchase order or a BuyCard transaction. *Any purchase outside the UTHSC-H’S procurement policies and procedure may become the sole liability of the individual making the purchase.*
 - Request for payments for unauthorized purchases are made through the use of a Non-PO Voucher. Departmental personnel requesting payment must complete and submit an:

Unauthorized Purchase Justification Form

<https://inside.uthouston.edu/finance/procurement/forms.htm>

and

The Reaffirmation Agreement

<https://inside.uthouston.edu/finance/procurement/forms.htm>

Once completed, the signed forms and the request for payment, along with all necessary support documentation is forwarded to the Disbursement Team for handling. Before payment can be made, the AVP, Procurement will approve or deny the request based upon the review of all relevant information. All executed documentation will be stored within Procurement for future reference.

- **Reporting Control Method & Frequency:** At time of offence

Escalation Process:**Offense Type/ Document Requirement Schedule:**

- **Splitting of POs:** Notification at each offense, 3rd occurrence within a six- month period results in contacting offender's supervisor. Continued non-compliance will result in notification to Institutional Compliance for next steps.
- **Unauthorized execution of contracts:** Immediately – Continued non-compliance will result in notification to Institutional Compliance for next steps.
- **Procurement without PO issuance:** Immediately – Continued non-compliance will result in notification to Institutional Compliance for next steps and possible suspension of People Soft privileges.

Continued Escalation Process: Continued non-compliance of UTHSC-H's Procurement policies and procedures by an individual or a department may result in disciplinary action.

Purchasing Ethics

As the recipient and custodian of public and private funds, UTHSC-H is especially concerned with the ethical procurement of goods and services, and requires that its faculty and staff request and acquire goods and services in the most ethical manner.

Employees of UTHSC-H may not solicit, demand, accept, or agree to accept any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service in connection with:

- approving, disapproving, recommending, or preparing any part of a program requirement or purchase request;
- influencing the content of any specification or procurement standard, rendering advice, investigation, audit, request for ruling, or claim;
- awarding a contract.

Any individual with a concern regarding a breach of ethics or a possible compliance issue should notify the UTHSC-H Chief Legal and Compliance Officer.

Conflict of Interest: Individuals who participate on teams to evaluate proposals that will result the award of contracts are required to sign a conflict of interest statement with regards to that specific solicitation. Individuals who are making a recommendation in support of a sole source justification are also required to sign a conflict of interest statement.

Gratuities: Suppliers or potential suppliers to UTHSC-H might offer individuals within the UTHSC-H a token of their appreciation for their business, their continued support, or perhaps even provide a "sample" of something. These offerings are considered gratuities and should be refused.

Acceptance of such gifts creates the appearance of unfair advantage of one supplier over another and can place the individual and the UTHSC-H at risk and perhaps worsen the bargaining position of the UTHSC-H with the supplier.

Supplier Relations

Positive vendor relations are critical to the success of UTHSC-H. We have an obligation to our suppliers to provide fair opportunity to bid on business, honor contractual arrangements, work in good faith to resolve issues, and provide timely payment for all goods and services that have been provided.

Protest Procedures: Any actual or prospective bidder, offeror, or proposer who is aggrieved in connection with the solicitation, evaluation, or award of a contract by UTHSC-H, may file a formal protest with the AVP, procurement. Such protest must be in writing and received in the AVP's office within 10 working days after such aggrieved person knows, or should have known, of the occurrence of the act or omission being protested.

- Written Determination to Proceed: If a protest meeting the requirements of these procedures is received, UTHSC-H shall not proceed further with the solicitation or with the award of a contract unless the Senior Executive Vice President, Chief Operating and Financial Officer ("SEVPCOFO"), after consultation with the using department and the Director of Purchasing, makes a written determination that it is necessary to proceed with the solicitation or award a contract without delay to protect the best interests of UTHSC-H.
- Formal Protest: A formal protest must contain:
 - a specific identification of the statutory or regulatory provision(s) that the act or omission being complained of is alleged to have violated;
 - a specific description of each act or omission alleged to be in violation of the statutory or regulatory provision(s) identified;
 - a statement of the relevant facts;
 - an identification of the issue or issues to be resolved; and
 - an argument and authorities in support of the protest.
- AVP. Procurement Review: The AVP, Procurement will attempt to settle and resolve the protest concerning the solicitation or award of a contract, prior to appeal to the SEVPCOFO. The AVP, Procurement may request additional information from the protesting party and the using department to help in the evaluation and resolution of the protest.
 - If the AVP, Procurement determines no violation of rules or statutes occurred, the AVP, Procurement shall inform the protesting party and the using department by letter that sets forth the reasons for the determination.
 - If the AVP, Procurement determines that a violation of the rules or statutes has occurred in a case where a contract has not been awarded, the AVP, Procurement shall inform the protesting party and the using department by letter that sets forth the reasons for the determination and the appropriate remedial action.
 - If the AVP, Procurement determines that a violation of the rules or statutes has occurred in a case where a contract has been awarded,

the AVP, Procurement shall inform the protesting party and the using department by letter that sets forth the reasons for the determination and the appropriate remedial action, which may include ordering the contract void.

- Appeal: The AVP, Procurement's determination regarding a protest may be appealed by the protesting party to the SEVPCOFO. An appeal of the AVP's determination must be in writing and must be received in the office of the SEVPCOFO no later than 10 working days after the date of the AVP, Procurement's determination.
- Timely Filing of Protest and Appeal: Unless good cause for delay is shown or the SEVPCOFO determines a protest or appeal raises issues significant to procurement practices or procedures, a protest or appeal not timely filed will not be considered.
- Appeal Final: An appeal to the SEVPCOFO shall be limited to review of the AVP, Procurement's written determination of the protest. A decision issued in writing by the SEVPCOFO shall be final.

Debarment:

The University of Texas Health Science Center at Houston ("UTHSC-H") cannot conduct business with suppliers who have been "debarred" by certain State and Federal agencies. There are multiple reasons for why a supplier may be debarred.

Procurement Services verifies a supplier's debarment status upon setting up a new supplier and upon issuing a purchase order greater than \$25,000.

Suppliers are required to certify that they are not debarred from any of the following federal and/or state agencies:

1. Debarment, exclusion, or other ineligibility for participation in federally funded health care programs or receipt of federal funds by querying the List of Excluded Individuals/Entities maintained by the Department of Health and Human Services, Office of the Inspector General <http://exclusions.oig.hhs.gov/>;
2. The System for Award Management (SAM) is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS. <https://www.sam.gov/portal/public/SAM/>
3. Designation as a Specially Designated National by querying the Specially Designated Nationals List maintained by the United States Department of the Treasury, Office of Foreign Assets Control <http://sdnsearch.ofac.treas.gov>
4. Suspension and/or exclusion by the State of Texas Comptroller of Public Accounts by querying the Suspended Vendor List and the Debarred Vendor List maintained by the Window on State

Government http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred/

5. Verification of good standing by querying the Franchise Tax Certificate of Account Status information maintained by the Texas Comptroller of Public Accounts <https://ourcpa.cpa.state.tx.us/coa/Index.html>

A supplier who is known to be debarred at time of entry into the vendor database **will not** be entered. A supplier who is subsequently found to be debarred will be **inactivated** in the system. The supplier will not be reactivated until assurance has been received from the debarring agency that the supplier is now in good standing.

It is the responsibility of the supplier to resolve any issue that has led to debarment. UTHSC-H employees **may not** directly contact state or federal agencies on behalf of a debarred supplier. Direct inquiries with these agencies for debarment status verification may only be made by designated managers within Finance and Business Services.

Records Retention

All records of purchase transactions including supporting documents such as packing slips, return to vendor authorizations, bid tabulations, award justification and communications must be retained for the period of time prescribed in UTHSC-H's Records Retention Schedule in accordance with state law.

Individual departments are required to maintain records on all purchases that they have made under their authority to purchase less than \$15,000. Procurement Services is responsible for retaining records of purchases \$15,000 or greater.

In the event of an Open Records Request or an audit, individual departments will be required to provide complete documentation for any purchase that has been made under their authority to purchase less than \$15,000.

Purchasing Process

Requisition

A requisition is the beginning of the procurement process and is used to request a good or a service. The requisition does not create an official obligation on the part of UTHSC-H to an outside supplier. Requisitions require approval from the user's department administration and may require additional approvals based upon the type of good or service being purchased.

There are five types of requisitions:

Catalog Request: A *Catalog Request* is used to select items that are maintained in an electronic catalog. Users may search the UTHSC-H electronic catalog for commonly used items, add the items to a shopping cart, and check out.

Suppliers who have high transaction volumes of purchases are asked to provide their offerings in the UTHSC-H electronic catalog.

Special Request: A *Special Request* provides a template for requisitioning items from vendors who do not maintain electronic catalogs. The templates require the

user to enter the item number and description of the good or service as free text. The requisition should be filled out accurately and completely fully describing each item being purchased along with the quantity being ordered and the unit price.

Point of Sale: A *Point of Sale Request* is used to record purchases made with a procurement card. The transaction is entered “after the fact”, that is, after the purchase has been made either through an in-store purchase, telephone order, or through an internet web site. Entry of the requisition pre-encumbers the funds and a purchase order is ultimately created to encumber the funds and allow for later reconciliation with the procurement card statement. Purchase orders created from *Point of Sale Requests* are not dispatched to the supplier as this would result in duplication of the order.

Internal Service Request: The *Internal Service Request* is used to order goods or services that are provided by an internal UTHSC-H service department. Examples include long distance charges, copy services and printing.

Travel & Consultant Request: The Travel & Consultant Request is used for employee travel and for payment of consultant expense and related travel. These requisitions are managed by the Employee Reimbursement Team which provides procedures that govern travel. (*Note: The term “consultant” in this context refers to guest lecturers and research collaborators being reimbursed for services and travel expenses less than \$14,000 per year.*)

Purchase Order

A purchase order (PO) is issued to a supplier to order goods or services. The purchase order is the official contract between UTHSC-H and the supplier. The purchase order binds the UTHSC-H and the supplier to specific terms and conditions, delivery location, billing location, delivery date, description, pricing, and terms of payment. The definition of best value (best value matrix) and outline of how to drive best value on PO's >\$15K is outlined in the **Buyers Guide: Sourcing Best Value and Spend Analytics.**

Purchase orders are created once the requisition has been electronically approved in the financial system. Approvals are managed by workflow and require department approval, as well as additional approvals for certain types of purchases.

Purchase orders created in the amount less than \$15,000 are automatically dispatched to the supplier via email, fax, or XML. The method by which the order is dispatched is selected by the supplier and maintained within the financial system. The user should not telephone the supplier and provide the purchase order number as it will likely result in a duplication of the order. The creation and dispatch of these orders generally takes place within 2 hours of the final approval of the requisition.

Purchase orders created with amounts \$15,000 or greater are automatically routed to the Purchasing Department for review and subsequent processing. These purchase orders must

be approved prior to dispatch by an individual who has been delegated the authority to obligate the amount of the purchase order.

Change Order

There may be instances where a change needs to be made to a purchase order after it has been dispatched to the supplier. The purpose of the Change Order is to communicate to the supplier that corrections or amendments have been made to the PO. Only the buyer of record on the purchase order may create a change order to the PO. *Changes made to quantity, amount, buyer, scope of work, or delivery schedule are not automatically dispatched to the supplier.*

Blanket Purchase Orders (Beginning FY20)

Requirements:

- BPO's greater than \$15K must meet UT System "best value" requirements as outlined in best value matrix located in the ***Buyers Guide: Sourcing Best Value and Spend Analytics***.
- BPO's shall only be used for service related purchases, regardless of the dollar amount.
- BPO's are no longer allowed for the purchase of products, unless an exception is approved by Procurement Services.
- BPO related invoices should be returned to AP for payment processing within (5) business days of receipt by the department.

Purchases from Employees

When a requesting department determines that the best source of supply for particular goods or services is a UTHSC-H employee, the following information must be provided to the President's executive designee for this purpose, the Senior Executive Vice President, Chief Operating and Financial Officer ("SEVPCOFO"):

- justification for use of the employee as a vendor; and
- Documentation showing that the cost to purchase from the employee is less than the cost to purchase from any other known source.

The request will be approved or denied by the CFO. When approvals have been secured, the requesting department will enter a requisition into the financial system referring to the approval. Documentation of the SEVPCOFO's approval must be forwarded to Procurement before the requisition can be processed.

If Procurement Services identifies a requisition in the financial system and the vendor is known to be an employee, Procurement Services will apply a "hold" status to the requisition and inform the requesting department that the purchase cannot be made until the approval process outlined above is completed. If the approval is denied, Procurement Services will cancel the requisition.

Closing Purchase Orders

Closing a purchase order followed by the budget check process will release any

remaining encumbrances on that particular purchase order. Responsibility for closing purchases orders is the responsibility of the processing department that manages the financial system business unit designation as follows:

- Business Unit UTHSC – Procurement Services
- Business Unit UTINT - The appropriate Internal Service department
- Business Unit UTTVR - Employee Reimbursement Team

(Note: Business Unit designations within the Purchasing Module of the financial system allow for different types of purchase orders to follow different processing rules. Purchase Orders for each Business Unit contain the Business Unit Designation followed by a dash and a ten digit sequential number, i.e. UTHSC-00000259429.)

Please follow the following steps when closing a purchase order in Business Unit UTHSC:

1. Determine that the UTHSC purchase order is no longer needed and will not be invoiced further
2. Send an email to procurementservices@uth.tmc.edu with the following
 - a. Purchase order number
 - b. Requisition Origin
 - c. Buyer
3. A Procurement buyer will be assigned to close the purchase orders.

A nightly batch process in the financial system will run to budget check all closed purchase orders and release encumbered funds back to the available budget.

Purchasing Radioactive Materials:

According to Texas and Federal regulations, **the UTHSC-H Radiation Safety Program must approve all orders for radioactive materials before any order is submitted to the vendor.** To assist in this process, the Radiation Safety Program has on the website, a form RADMAT that is to be submitted prior to ordering radioactive material.

All e-mails are monitored during working hours and UTHSC-H Radiation Safety will respond via e-mail as soon as the order of radioactive material is verified to be within the Principal Investigator's permitted limits.

The information required by the RADMAT program is:

Requestor Name:	Person ordering radioactive material
Date of purchase:	02/20/2008
Requestor email address:	Necessary for reply
Authorized User's Name: John Smith)	Name of PI (Principal Investigator, ie
• Authorized User's Number: Safety Committee approval	Issued by Radiation Safety after Rad
Radionuclide:	P-32, 3H, etc (See list below)
Compound:	ATP, DCTP, glucose, etc

Number of vials or units:	How many
Activity (mCi) per unit:	1 mCi, 0.250 mCi, etc
Total activity per shipment:	number X activity
Vendor Name:	Perkin Elmer, ARC, etc (See list below)
Contact person:	Who can we call for pick up?
Contact person's phone number:	713-500-xxxx

Additionally, the requestor must verify that the shipping address for the order is correct:

UTHSCH/Radiation Safety 6431
 Fannin, CYF G. 102
 Houston, TX 77030
 Attn: (Principal Investigator) 713-
 500-5840

About 20 companies can legally sell radioactive materials to UTHSC-H. The UTHSC-H is currently doing business with the following companies (the asterisk indicates our largest supplier of radioactive materials):

- American Radio-labeled Chemicals Cayman Chemical
- GE Healthcare ICN
- Linco Research
- MP Biomedical
- Perkin Elmer
- Sigma Chemicals

The following is a listing of radioactive materials. Please understand that they can show up in the item description in several forms, for example Phosphorus 32 can be listed as 32P or P32 (example from an order: BLU513H250UC 32P dCTP GREEN 250UCI; so that you have isotope, compound, activity all of which are necessary for the order to be complete):

C-14	Carbon
Ca-45	Calcium
Cd-109	Cadmium
Ce-141	Cerium
Cl-36	Chlorine
Co-57	Cobalt
Co-60	Cobalt
Cr-51	Chromium
Cs-137	Cesium
H-3	Hydrogen
I-125	Iodine
I-129	Iodine
Mn-54	Manganese
Na-22	Sodium
Nb-63	Niobium

Ni-63	Nickel
P-32	Phosphorus
P-33	Phosphorus

Receiving

At UTHSC-H, there are two ways in which goods are received: At the desktop and at Shipping and Receiving (Central Receiving).

If your package is delivered directly to you (Desktop delivery), it is your responsibility to process the receiving transaction and retain the packing list for the three (3) year period specified by UTHSC-H's **Records Retention Schedule**. The receiving transaction should be entered into the financial system within 48 hours of the physical receipt. Failure to enter the receiving transaction for an item requiring receiving is the primary reason for late payments to suppliers. Payments for purchase orders requiring receiving cannot be made until a receiver is recorded into the financial system. Consistent late payments to a supplier negatively impacts the Purchasing Department's ability to negotiate better prices for the UTHSC-H overall, and subjects the department to interest on late payments.

Shipping and Receiving is responsible for receiving all UTHSC-H incoming shipments, **unless a different address and room number is specified**. Shipping and Receiving will deliver your overnight packages ([FedEx](#), [DHL](#) etc.) the same day they are received at our location, 6431 Fannin, B.324. All other packages will be delivered within 24 hours of receipt.

Shipping and Receiving will process and retain all required paperwork in accordance with UTHSC-H's Records Retention Schedule for shipments received by Shipping and Receiving. In addition, if your package is received in Shipping and Receiving, their staff will record the receiver in the financial system. The University Of Texas Health Science Center at Houston does not accept C.O.D. (cash on delivery) packages. If a C.O.D. shipment arrives in the Shipping and Receiving area, the department will be contacted and the individual that the package belongs to will have to pay the C.O.D. charges with cash or a personal check and then seek reimbursement. If a C.O.D. package is received and an individual does not pay the charges, the package is refused and the carrier will return to sender.

Return to Vendor

It may be necessary to return items you have purchased for credit or replacement. These returns could be the result of incorrect merchandise delivered, damaged merchandise, or any number of valid reasons. In these cases you should document the problem by processing a Return to Vendor (RTV) transaction. This transaction has no accounting or general ledger affect but is used to document the problem.

The department receiving the good is responsible for the coordination and the recording of the Return to Vendor both in the departmental files and in the financial system.

Invoice Entry and Payment

Accounts Payable & Disbursements' goal is to ensure timely and accurate processing of payments to UTHSC-H's suppliers while adhering to the UTHSC-H's policies and procedures, as well as maintaining compliance with applicable state and federal laws, rules and regulations, and UTHSC-H policies and procedures.

Suppliers should send invoices to Accounts Payable. The correct address for Accounts Payable is provided on the purchase order. Invoices received by other departments must be immediately forwarded to Accounts Payable unless the invoice is to be paid on a Non-PO Voucher. Non-PO Vouchers are requests for issuance of a payment for an obligation that was not transacted using a purchase order.

Payment will be made to the supplier in accordance with the Texas Prompt Pay Act.

Payment Terms:

Texas Prompt Payment Act states the UTHSC-H has thirty days to pay from the latter of: 1) receipt of the invoice, 2) receipt of the goods, or 3) performance of the services. All invoices received in Accounts Payable are date and time stamped upon receipt. Payments will be made in accordance with the Texas Prompt Pay Act, Chapter 2251, Government Code. Suppliers will be paid interest for certain payments that are late in accordance with the Texas Prompt Payment Act

Procurement Sourcing Process: Best Value

Best Value (Competitive Procurement for \$15,000 and Greater)

UTHSC-H is dedicated to providing a fair opportunity for all suppliers to bid or submit proposals and be awarded contracts for goods and services. Most contract award determinations are based upon "best value" to the UTHSC-H. Best value considers price, as well as other important factors that may include delivery, features, specifications, service levels, warranty, etc. When publishing bid and proposal opportunities for formal procurement, the suppliers will be made aware of the best value criteria that will be used and the relative weights of each criterion for bid and proposal scoring. The definition of best value (best value matrix) and an outline of how to drive best value on PO's and Contracts >\$15K is outlined in the **Buyers Guide: Sourcing Best Value and Spend Analytics**.

Exclusive Acquisition Determination

If a faculty or staff member feels that there is only one supplier who is capable of supplying the good or service they require, they may submit a request for an Exclusive Acquisition. The Purchasing Department will review the request to assure that the justification is valid and that only one supplier can provide the goods or services requested.

The individual who is writing the justification must also sign a conflict of interest statement as well as their respective department head.

The requestor is responsible for providing a detailed, reasonable, and defensible justification of sole source purchases. The AVP, Procurement is responsible for approvals. Requests for exclusive acquisition justification that cannot be supported will be denied and returned to the initiating department.

Exclusive Acquisition Procedure

The department is responsible for completing Section 1 & 2
<https://inside.uthouston.edu/finance/procurement/forms.htm>

Completing **Section 1** provides explanations to the following three issues:

- An explanation of the need for the specification, e.g. which part or parts of the stated specification restricts the requisition to one manufacturer or provider.
- The reason competing products are not satisfactory, e.g. a justification for the proprietary purchase.
- The specific impact on the Department/Research/Patients.

In addition the individual must complete and sign **Section 2**, “Conflict of Interest” Statement providing assurance that their recommendation has not been inappropriately influenced.

The Purchasing Department buyer who is processing the request will research the request to validate that justification is appropriate and correct. The buyer will document the due diligence that was performed to support his or her approval then sign and date the buyer approval in **Section 3**.

The buyer will discuss the recommendation with a manager in the Purchasing Department with delegated authority for the amount of the purchase and have the manager complete the approval in **Section 4**.

On a monthly basis the AVP, Procurement will review a sample of approved sole source justifications to validate that the process is being followed correctly. On a monthly basis the exclusive acquisition justification process and issues will be discussed in regularly scheduled meetings of Purchasing Department buyers. If approved, the Buyer will write a statement to describe their due diligence that supports the justification and sign the request. The request will then be reviewed and approved or denied by a manager within the Purchasing Department or the AVP, Procurement.

Existing Contracts

Competitive bidding is not required if there is an existing contract in place for the good or service being requested.

Local Contracts: UTHSC-H enters into contracts for goods and services that are used routinely by departments within the university. These contracts cover such things as office supplies, architectural services, household goods moving services, housekeeping services, etc. A list of all local contracts can be found at <https://inside.uth.edu/dotAsset/50f46d9a-5de1-490c-948c-bd9ca4665d50.pdf> *State Contracts:* There are a variety of contract that have been entered into by State

agencies that can be accessed for our use in procuring goods and services. The Texas Multiple Award Schedule (TXMAS) and Department of Information Resources (DIR) are two sources of existing contracts available for use. Purchasing can assist in determining if there are existing State contracts in place.

UT System Supply Chain Alliance Contracts & Group Purchasing Organizations: The Supply Chain Alliance is a group purchasing organization that works on behalf of all UT components. Components can sign a participation agreement in order to access one of these contracts. Current contracts include laboratory equipment and laboratory consumables distribution.

Informal Procurement

For purchasing requests between \$15,000 and \$50,000 multiple bids, proposals, quotes, or offers are required for the purchase of goods and services. Effective September 1, 2018 UTHSC-H has implemented new Informal Procurement standards of \$15K for Federal funding sources as well.

In this contract value range the requirement is for execution of an informal procurement and it is normal that a minimum of three bids, proposals, quotes or offers are evaluated, two (2) of the bids must be from a certified Historically Underutilized Business (HUB). If no HUBs can be identified for a particular commodity or service, the Purchasing Department will document the file appropriately. Informal bids proposals, quotes, or offers may be received via letter, fax or email. Bids, proposals, quotes, or offers obtained by departments must be forwarded to the Purchasing Department for processing. The Purchasing Department may solicit additional bids, proposals, quotes, or offers including those from HUBs. Once a determination has been made to award the contract to a specific supplier, the Purchasing Department will issue a purchase order and a written contract (if necessary). Resources for assistance with identifying HUBs:

1. Our HUB Vendor Locator Database:
http://gadmhubrptvm1.gadm.uthouston.edu:8080/HUBVendor/hubvendor_lookup.jsp
2. Shaun McGowan, Manager, HUB and Small Business Program
713-500-4862
Shaun.A.McGowan@uth.tmc.edu

Formal Procurement

When the purchase request is expected to exceed \$50,000 formal procurement is required. The Purchasing Department primarily uses two methods for solicitation of formal bids, proposals, or offers:

- Invitation to Bid (ITB) – Award based on price and delivery
- Request for Proposal (RFP) – Award based on best value criteria

Suppliers will submit their sealed bids or proposals prior to a specified submission deadline in response to the instructions contained in the procurement solicitation. Procurement solicitations are publically posted on the Procurement Services web site.

The Purchasing Department will coordinate with the requesting department to develop a Scope of Work and complete set of specifications. The evaluation of RFP's is generally accomplished with a team of internal experts evaluating each supplier's proposal and scoring the responses relative to pre-established criteria. The recommendation for award by the team is sent to the Director of Purchasing for approval. ***For further detail, please reference Formal Bid Procedures document.***

If the value of the contract is expected to exceed \$100,000 suppliers will be required to submit a HUB Subcontracting Plan in a separate sealed envelope. HUB subcontracting plans will be reviewed by the HUB Coordinator to verify that the plan is in compliance with State requirements. If the HUB Subcontracting Plan is rejected the supplier's proposal will not be opened. Instructions for submitting HUB Subcontracting Plans are located at <http://www.window.state.tx.us/procurement/prog/hub/hub-subcontracting-plan/>.

Contract Management:

Our contract management procedures are established in detail through our: ***Buyers Guide: Contract Management Process Outline.***

No work is to begin until the Agreement is signed and dated by both parties. Only a representative of the Purchasing Department can sign the contract on behalf of UTHSC-H. The Agreement will be considered effective when the last party signs and dates the Agreement. UTHSC-H **will not** be responsible for any payments for services performed or products delivered by the Contractor prior to the effective date of the Agreement.

BuyCard Procedures

The UTHSC-H BuyCard provides faculty & staff with an alternate method to pay for purchases of goods and services that are not available through other purchasing methods such as the eProcurement catalog. The UTHSC-H uses a MasterCard from Citi Bank.

After approval of the BuyCard Account Application, the card will be issued and the cardholder will receive instructions for its use and the charge limits that are assigned to the account. The BuyCard form can be located <https://inside.uthouston.edu/finance/procurement/forms.htm>

The card can be used to make purchases from any supplier who has an active vendor code within the financial system. It is the cardholder's responsibility to make sure that the transaction is with an approved vendor. The card can be used at a supplier's place of business, over the telephone or on a web site. The cardholder should exercise appropriate measures to assure that the card and account number are not lost or otherwise compromised. The cardholder must avoid entering into contract terms or other conditions when making purchases on web sites.

Restricted Items

For the majority of cardholders, the single purchase limit per transaction, per supplier, per day is a maximum of \$2,000. Splitting an order using separate transactions to circumvent the daily limit is a violation and may lead to cancellation of card holder privileges.

*The BuyCard **may not** be used for any personal purchases under any circumstances.*
The BuyCard is **not** an authorized method for payment of travel and entertainment.

A cardholder **cannot** make purchases of items that appear on the List of Restricted Items.

A List of Restricted Items can located at

<https://inside.uthouston.edu/finance/procurement/buycard.htm>

Chemical Purchases: Non-radioactive Materials

The Buy-Card can be used for purchase of all non-radioactive laboratory chemicals.

In order to assure compliance please take these steps:

- When entering the POS (Point of Sale) requisition into the financial management system, be very specific in the item description to include the chemical's name, CAS # (Chemical Abstract Service number), and quantity.

- Select the appropriate item category from the item category list.

Make sure the requisition includes the name of the individual who will be receiving the order along with the building and room number. (The following *Ship To* address should be used for non-radioactive material orders):

University of Texas HSC-Houston
Radiation Safety Division
6431 Fannin, JFB G.752
Houston, TX 77030
Attn: *(Authorized
User)*

- The Authorized User must notify the Radiation Safety Division of the intended order or receipt. This is accomplished by completing an order approval form on the electronic mail system or facsimile copy and sending it to the Radiation Safety Division. For additional information, refer to Environmental Health & Safety's website. <http://www.uthouston.edu/safety/>

Buy-card Requisition Entry

All BuyCard transactions must be entered as POS requisitions in the eProcurement module of the financial management system. The State of Texas mandates that all orders placed on any BuyCard be entered immediately. Entry of the requisition will pre-encumber the funds. Once the requisition is approved a purchase order will be created which will encumber the funds to cover this transaction. Entry of the requisition must be a complete and accurate description of each item purchased.

Buy-card Reconciliation:

The cardholder will be notified via email of an on-line statement of charges for reconciliation. Files are loaded from the bank on a daily basis. All statements should be reconciled within **three days** of receiving this notification. On the 15th day of each month, all outstanding charges that have not been reconciled by the cardholder will be automatically reconciled to the cardholder's default account.

IMPORTANT: MATCHING THE ONLINE STATEMENT TO THE INDIVIDUAL PURCHASE ORDER LINES IN THE FINANCIAL MANAGEMENT SYSTEM IS

NECESSARY TO DISENCUMBER THE FUNDS AND SUBSEQUENTLY CLOSE THE ASSOCIATED PURCHASE ORDER. IT IS THE CARDHOLDER'S RESPONSIBILITY TO MAKE SURE THAT ENCUMBRANCE BALANCES ON POS TRANSACTIONS ARE MONITORED AND MANAGED CORRECTLY.

Use of Proxy:

The financial system has functionality that allows the cardholder to delegate another individual to "Act as a Proxy" for the purpose of entering requisitions and reconciliation of the online statements. After the cardholder makes a purchase, the receipts (and any other supporting documentation) should be given immediately to the delegated individual for POS requisition entry. This feature is especially useful for cardholders who are physicians, researchers and other non-administrative personnel. However, it remains the cardholder's responsibility to assure that requisition entry and statement reconciliation is taking place properly.

Compliance Monitoring:

The BuyCard Team monitors bank statements on a daily basis and cardholder activity on a routine basis for compliance with program requirements. The compliance reviews monitor for restricted charges, splitting of charges over \$2,000, lack of requisition entry, missing receipts/statements, and improper statement reconciliation.

A cardholder who is out of compliance will be notified by the BuyCard Team and is subject to probation, suspension or revocation of their cardholder privileges. Accounts that have been placed on probation and are subject to possible suspension or revocation are reviewed periodically to determine that issues with compliance have been resolved.

Questions regarding compliance probation, suspension or revocation may be directed to Johnathan Lawrence, Compliance Coordinator (713-500-8182) or Lori Hill-Thompson, Program Coordinator (713-500-4715).

Record Keeping:

In an effort to ensure proper card usage, certain supporting documentation for each cardholder is required. A credit card statement will be mailed to each cardholder during the months that they make charges. If no charges are made during a billing cycle, no statement is mailed. The following items should be attached to each JP Morgan Chase Bank monthly statement.

- Sales receipts with pricing
- Packing slip: and transaction

The above documentation should be maintained in the department. The cardholder and another approving official within the department should sign each statement. Supporting documentation for BuyCard transactions must be maintained by the department in accordance with the UTHSC-H Records Retention Schedule.

Card Termination:

Cards that are issued, but not used present a risk of fraud and abuse to the UTHSC-H. If a cardholder has not used the BuyCard for six consecutive billing cycles (months), the card may be revoked at the discretion of the BuyCard Program Coordinator. The cardholder will be contacted in an effort to determine the explanation for non-use of this privilege.

When a cardholder terminates employment with the UTHSC-H, the department is obligated to reclaim the BuyCard and return it to the BuyCard Program Administrator prior to the employee's termination date.

Cardholder & Department Responsibility**Cardholder:**

The cardholder is the ONLY individual authorized to use their card. The cardholder is responsible for signing the credit card. The cardholder must understand the responsibilities they are assuming by having a card issued to them and accepting those responsibilities.

The cardholder will be held responsible for any personal charges made to the card. Restitution and a full explanation are immediately required. The cardholder is responsible for immediately contacting the BuyCard Team in order to dispute any fraudulent or inappropriate charges that are made to the card.

The cardholder is responsible for contacting Citi Bank in order to cancel a lost or stolen credit card. The cardholder is also responsible for contacting the BuyCard Team and his/her department business manager in the event of a lost or stolen card. The cardholder is responsible for attempting to resolve any disputes with a supplier. If resolution is not possible, it should be reported to Citi Bank, the BuyCard Team and the department's business manager.

Department Responsibility:

Each department's chair is responsible for assuring proper administration of all BuyCard issued to employees of that department.

The department's chief business officer is responsible for ensuring that cardholder statements are properly reconciled each month and that charges have been reviewed and signed-off on the statement by a third party.

Report a Stolen Card

The cardholder should notify Citi Bank immediately if the BuyCard is lost or stolen by calling 1-800-248-4553. The cardholder should also notify their department's business manager and the BuyCard Program Coordinator.

Upon notification, the bank will immediately suspend the BuyCard and issue a new card. The new card will be sent to the BuyCard Program Coordinator who will make the new card available to the cardholder.

IMPORTANT: It is imperative that the cardholder contact the bank immediately to suspend the card if it is lost or stolen. The cardholder is responsible for all charges made on the card

until it has been cancelled at Citi Bank.

Dispute a Transaction

The cardholder may dispute any charge that appears on the monthly statement. If there is a charge that is not recognized or appears to be incorrect, the cardholder should first contact the supplier and attempt to resolve the issue. If an agreement cannot be reached with the supplier, simply complete the "Charge Dispute Form" and fax it to the BuyCard Team at 713-500-4710. A charge may be disputed **up to 60 days** from the bank billing date. [Click here to access the Charge Dispute form](#)

Documentation of the dispute should also go to the department's business manager and a copy should be maintained with the credit card statement. Please remember, Procurement Services is the cardholder's partner in helping the cardholder manage the credit card and is available to assist in any dispute resolution.

Purchasing Terminology

FOB – FOB stands for "Free on Board." The free on board location in a contract determines where ownership of the goods pass from the supplier to the buyer. The FOB point is generally described as FOB Origin (s(delivery point). It is preferable for purchases to be designated as FOB Destination so that the supplier is responsible for the goods until UTHSC-H signs for the goods. Freight claims for loss or damage are the responsibility of the party who has ownership. Freight carriers have up to 6 months to settle claims.

Indemnification – Indemnification is a clause that protects UTHSC-H and others from certain claims (legal actions) resulting from a purchase order or the goods or services provided to the UTHSC-H. An indemnification clause is contained within UTHSC-H's standard terms and conditions for all purchase orders, contracts and agreements issued by UTHSC-H.

Invoice – An invoice is a demand for payment issued by a supplier for the delivery of a good or service. Most invoices presented by suppliers should be for performance against a purchase order. Suppliers are instructed on the purchase order to submit their invoices to Accounts Payable and the address is provided. Departments who receive invoices related to purchase orders should immediately forward them to Accounts Payable.

Point of Sale – Point of sale is the name of the requisition transaction that is entered into the financial system that records a procurement card purchase. This transaction records the obligation as an encumbrance and provides instruction for the appropriate funds to be expensed. The cardholder is required to reconcile their individual bank statement in the financial system to their recorded point of sale transactions on a monthly basis.

Procurement Card – The procurement card program was designed and implemented to allow cardholders to make direct small dollar purchases in a convenient way. The program at UTHSC-H is formally referred to as the *BuyCard Program*. Cardholders have a single transaction limit of \$2,000. Additional daily and monthly limits are set for each cardholder based upon need.

Purchase Order – A purchase order is a written contract between UTHSC-H and a supplier that describes what is being purchased, when and where it is to be delivered,

what will be charged, where the invoice will be sent and when payment will be made. In addition, all purchase orders are subject to standard terms and conditions which are posted on the Procurement Services website at <https://www.uth.edu/buy/terms.htm>.

Amount Only Purchase Order – a purchase order that is issued when entering a receiver is not practical because the purchase order cannot be stated in terms of the “number of items”. Amount only purchase orders are generally issued for services that are to be paid upon completion of the service. Rather than enter a receiver into the financial system, the department will be asked to sign off on the invoice that the services being invoiced have been completed satisfactorily.

Receiver – A receiver is a transaction entered in the financial system that describes the items and quantity of each item that has been received on a purchase order receiver can also be used to document the condition of the shipment which would be useful in supporting any claim of shortage or damage. The receiver is generally entered by the department receiving the goods via “desktop delivery.” If an item is physically received in the Shipping & Receiving Department at 6431 Fannin Street, the Shipping & Receiving staff will enter the receiver into the financial system.

Requisition – A request to purchase a good or a service. Requisitions are entered into the financial system providing a description of the items to be purchased, the quantity to be purchased, the delivery date, the delivery location, the price, and any special instructions. The requisition also contains the accounting information required in order to encumber the funds and ultimately the expense for the purchase. Requisitions must be approved in the financial system by the ordering department’s administrative staff. Additional approvals may be required for certain items before a purchase order may be issued.

Voucher – A voucher is entered into the financial system in order to create a payment of an invoice. The voucher must match the purchase order and the receiver creating what is referred to as a 3-way match. This match is necessary to confirm the transaction and support approval for payment. Vouchers will establish a payment date based upon the payment terms in effect for the supplier.