PURCHASING PROCEDURE UPDATE

Central Purchasing
August 2015
OBJECTIVE

- Introduce new procedures for processing sole source, emergency and professional service purchases
- Discuss changes to purchasing guidelines from the passage of Senate Bill 20 by the Legislature
  - Department of Information Resources (DIR) purchases
  - Transparency and other mandatory reporting requirements
- Discuss future changes to purchasing guidelines related to use of Group Purchasing Organizations (GPOs)
BACKGROUND

Evaluate Practices for Sole Source & Group Purchases
Sole Source
Group Purchase
Sole Source + Emergency PO + Contracts > $25K
Public Posting of No-Bid Contracts
Interim Directive Replaced by SB20 Requirement

• DIR Guidelines
• Transparency Reporting
• LBB Reporting
• Conflict of Interest
• Records Retention
• Contract Officer/Purchasing Director Written Verification of Certain Purchases
• Accountability & Risk Analysis
SOLE SOURCE BEST PRACTICES

- Adopt the term “Exclusive Acquisition” and include:
  - Sole source/proprietary purchases
  - Best value purchases
  - Emergency purchases
  - Professional services purchases (Govt. Code 2254.002/003)

- Cite in procedure or form the applicable legislative guideline

- Affirmation by requestor regarding accuracy/conflict of interest

- Counter signature by school/department administrative official

- Dual approval within Purchasing
  - Buyer
  - Purchasing management based on delegation of authority limits
EXCLUSIVE ACQUISITION JUSTIFICATION FORM
EXCLUSIVE ACQUISITION JUSTIFICATION FORM
(For Noncompetitive Purchases Over $5000)

The competitive bidding process is the foundation of government purchasing. In rare situations though, due to the unique nature of some goods and services, competition may not be possible. It is the responsibility of the Purchasing Office to verify that competition is not required and that the acquisition will result in “best value” for the institution in compliance with Texas Education Code §51.9335(b).

In order to make this determination, the Purchasing Office buyer must understand the unique characteristic(s) of the good or service. This form is designed to assist faculty and staff in communicating the required information to Purchasing.

Answer the questions below as completely as possible. Submit the completed form to the Purchasing Office at purchasing@austintexas.edu, 512-471-7745 (fax), D0300 (campus mail), or in person at MAI Room 132. If more space is needed, attach additional page(s). Requests must be typed.

GENERAL INFORMATION

Today's Date: ___________________________ Estimated Dollar Amount: ___________________________

Select anticipated contract type:

☐ Business Contract

☐ Purchase Order (PO)

Document ID #: ___________________________

CONTACT INFORMATION

DEPARTMENT INFORMATION

Department Name:

Contact Name:

Campus Phone:

Email Address:

SUPPLIER INFORMATION

Supplier Name:

Contact Name:

Phone:

Email Address:

TYPE OF JUSTIFICATION

Proprietary and Best Value: (as defined in Texas Government Code 2155.067, Education Code Section 74.008, Section b)

☐ Only known supplier that meets your “definition of scope.” (Complete sections A and B.)

Emergency: (as defined in Texas Government Code 2155.086, Section c)

☐ A purchase for which delay would create a hazard to life, health, safety, welfare or property. (Complete sections A and C.)

Professional Services: (as defined in Texas Government Code 2254.002, e.a. Architects, Engineers, RNs, CPAs, Physicians, Land Surveyors, etc.)

☐ Designated professional for which competitive bidding is not permitted. Note: To be used only when professional service providers have not been pre-qualified. (Complete sections A and D.)

Total value of PO or contract (including renewal options)

If PO, enter Point PLUS document number

Check appropriate box (only one)

Check appropriate box (only one)

Include department or unit (as appropriate)

Complete corresponding sections
### SECTION A - GOODS/SERVICES INFORMATION

<table>
<thead>
<tr>
<th>PRODUCT MAKE/MODEL OR SERVICE</th>
<th></th>
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<tbody>
<tr>
<td>DESCRIPTION OF REQUEST</td>
<td></td>
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</tbody>
</table>

Describe the good or service to be procured and how it meets your needs.

### SECTION B – PROPRIETARY AND BEST VALUE JUSTIFICATION

<table>
<thead>
<tr>
<th>SPECIAL USE REQUIREMENTS (equipment only)</th>
<th></th>
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<tbody>
<tr>
<td>To be compatible with existing equipment:</td>
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<td>For the repair, maintenance, or modification of existing equipment:</td>
<td></td>
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<tr>
<td>For use as spare or replacement equipment:</td>
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<tr>
<td>_____YES _____NO</td>
<td></td>
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<tr>
<td>_____YES _____NO</td>
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<tr>
<td>_____YES _____NO</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>REQUIRED FEATURES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>List the specific feature(s) or characteristic(s) that are required, which are unique to the good or service provided by this supplier. Describe the importance of the unique feature(s) as it applies to the intended use and project goals. Describe how the selected supplier meets these requirements.</td>
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</tr>
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<tr>
<th>EVALUATION OF OTHER SOURCES</th>
<th></th>
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</thead>
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<tr>
<td>List other sources that were evaluated (including the names, manufacturers, model numbers, etc.) and state the reason they were found to be unsatisfactory for the intended use or in meeting project goals. (Attach copies of any quotes collected from other suppliers, if applicable.)</td>
<td></td>
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<tr>
<th>RISK ELEMENTS</th>
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</thead>
<tbody>
<tr>
<td>Describe any substantial risks that could not be overcome if the product or service was procured from another supplier.</td>
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</tbody>
</table>
### SECTION C – EMERGENCY JUSTIFICATION

<table>
<thead>
<tr>
<th>RISK ELEMENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State the financial or operational damage/risk that will occur if needs are not satisfied immediately. (You must provide specifics when explaining any loss or damage.)</td>
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</tbody>
</table>

<table>
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<tr>
<th>SPECIAL CIRCUMSTANCES</th>
<th></th>
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<tbody>
<tr>
<td>State why the needs were not or could not be anticipated so that goods/services cannot be purchased following standard procedures.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>SUPPLIER SELECTION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State the reason and process used for selecting the supplier. (Attach quotes/proposals received from other sources, if applicable.)</td>
<td></td>
</tr>
</tbody>
</table>

In order to provide the required goods/services, the supplier (check one):

- **Requires a physical PO**
  - The department must create a POINT Plus PB4 requisition document and submit an Exclusive Acquisition Justification Form to the Purchasing Office.
  - The department contacts their Purchasing Office buyer team to expedite requisition processing.
  - Purchasing Office buyer issues the PO to the supplier.
  - Payment is made on a *DEFINE VP1 payment voucher.

- **Requires a verbal PO**
  - The department must submit an Exclusive Acquisition Justification Form to the Purchasing Office.
  - Purchasing Office buyer provides an emergency PO number to the department.
  - The department provides the emergency PO to the supplier.
  - Payment is made on a *DEFINE VP2 payment voucher.

- **Requires verbal approval from requesting department (no PO)**
  - In the case where there is an immediate threat to The University of Texas at Austin and a supplier is on hand or can quickly mobilize to perform needed repairs (or the emergency occurs after normal business hours), the requesting department can give the go ahead for the supplier to start work.
  - The department must submit an Exclusive Acquisition Justification Form to the Purchasing Office for review as soon as possible.
  - Payment is made on a *DEFINE VP2 payment voucher.

### SECTION D – PROFESSIONAL SERVICES JUSTIFICATION

<table>
<thead>
<tr>
<th>SUPPLIER SELECTION</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Criteria used to select the supplier for these services.</td>
<td></td>
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</tbody>
</table>

<table>
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<tr>
<th>REASON FOR SELECTION</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Identify specific qualifications of selected supplier.</td>
<td></td>
</tr>
</tbody>
</table>

- Discuss the qualifications used to identify the group of suppliers
- Detail specific qualifications used to select the requested supplier

Section C - only filled out for emergency purchases

Section D - only filled out for professional services
CONFLICT OF INTEREST STATEMENT

I, __________________________, the undersigned, hereby certify that the following statements are true and correct and that I understand and agree to be bound by the commitments contained herein. I am acting on my own accord and am not acting under duress. I am not currently employed by, nor am I receiving any compensation from, nor have I been the recipient of any present or future economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service in connection with this supplier in return for favorable consideration of this request.

Signature: __________________________ Date: ________________
(Primary User)

Title: __________________________

(Note: Texas Government Code, Chapter 572, Subchapter C, Sec. 572.069 – CERTAIN EMPLOYMENT FOR FORMER STATE OFFICER OR EMPLOYEE RESTRICTED. A former state officer or employee of a state agency who during the period of state service or employment participated on behalf of a state agency in a procurement or contract negotiation involving a person may not accept employment from that person before the second anniversary of the date the officer’s or employee’s service or employment with the state agency ceased.)

DEPARTMENT APPROVAL – Dean/Chair/Business Officer*

By signing below, the department certifies that the information submitted on this form has been reviewed and this purchase has departmental approval. The final determination of approval shall be made by the Purchasing Office.

Signature: __________________________ Date: ________________
(Dean/Department Head/Business Officer)

Printed Name: __________________________
(Dean/Department Head/Business Officer) 

Title: __________________________

*Departmental approver must be senior to the primary user.

(Note: Texas Government Code Chapter 572, Subchapter C, Sec. 572.069 – CERTAIN EMPLOYMENT FOR FORMER STATE OFFICER OR EMPLOYEE RESTRICTED. A former state officer or employee of a state agency who during the period of state service or employment participated on behalf of a state agency in a procurement or contract negotiation involving a person may not accept employment from that person before the second anniversary of the date the officer’s or employee’s service or employment with the state agency ceased.)
PROCUREMENT APPROVAL – TO BE COMPLETED BY THE PURCHASING OFFICE

DETERMINATION:

___ Approved
___ Not Approved

JUSTIFICATION FOR PROCUREMENT METHOD:

Proprietary

___ Proprietary (i.e., Pharmaceuticals, Chemical Reagents)
___ Original Equipment Manufacturer (OEM) Maintenance/Renewal
___ Meets Unique Specification
___ Direct Publication/OEM Software Renewal or Maintenance

Best Value

___ Compatibility with Existing Equipment
___ Continuity of Service/Research
___ Contractor/Grantor Requirement
___ Best Value

Emergency Purchase

___ Emergency Purchase

Emergency PO Number: _____________________

Professional Services

___ Professional Services

Rationale for determination/comments:

☐ Signature: ________________________________ 
(Buyer) Date: ____________

☐ Signature: ________________________________ 
(Senior Buyer - up to $100,000) Date: ____________

☐ Signature: ________________________________ 
(Purchasing Management – $100,000 - $250,000) Date: ____________

☐ Signature: ________________________________ 
(Director of Purchasing – $250,000 - $1,000,000) Date: ____________

☐ Signature: ________________________________ 
(EVP & Chief Financial Officer - over $1,000,000) Date: ____________
**GENERAL INFORMATION**

| Today's Date: | July 28, 2015 | Estimated Dollar Amount: | $36,594.00 |

Select anticipated contract type:
- [x] Purchase Order (PO)
- [ ] Business Contract

Document ID #: 20PB4123456

**CONTACT INFORMATION**

<table>
<thead>
<tr>
<th>DEPARTMENT INFORMATION</th>
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<tbody>
<tr>
<td>Department Name:</td>
<td>Supplier Name:</td>
</tr>
<tr>
<td>Name of Department or Unit</td>
<td>Equipment Vendor, Inc</td>
</tr>
<tr>
<td>Contact Name:</td>
<td>Contact Name:</td>
</tr>
<tr>
<td>John Smith</td>
<td>Mary Jones</td>
</tr>
<tr>
<td>Campus Phone:</td>
<td>Phone:</td>
</tr>
<tr>
<td>512-471-1234</td>
<td>512-123-4567</td>
</tr>
<tr>
<td>Email Address:</td>
<td>Email Address:</td>
</tr>
<tr>
<td><a href="mailto:johnsmith@utexas.edu">johnsmith@utexas.edu</a></td>
<td><a href="mailto:mjones@equipmentvendor.com">mjones@equipmentvendor.com</a></td>
</tr>
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**TYPE OF JUSTIFICATION**

**Proprietary and Best Value:** (as defined in Texas Government Code 2155.067, Education Code Section 74.008, Section b)
- [x] Only known supplier that meets your "definition of scope." (Complete sections A and B.)

**Emergency:** (as defined in Texas Government Code 2155.088, Section c)
- [ ] A purchase for which delay would create a hazard to life, health, safety, welfare or property. (Complete sections A and C.)

**Professional Services:** (as defined in Texas Government Code 2254.002, e.g., Architects, Engineers, RNs, CPAs, Physicians, Land Surveyors, etc.)
- [ ] Designated professional for which competitive bidding is not permitted. **Note:** To be used only when professional service providers have not been pre-qualified. (Complete sections A and D.)
### SECTION A - GOODS/SERVICES INFORMATION

<table>
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<tr>
<th>PRODUCT MAKE/MODEL OR SERVICE</th>
<th>Equipment Vendor Model No. XYZ123</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESCRIPTION OF REQUEST</td>
<td>A media filling system that is capable of accurately and independently pouring 35mm, 60mm, and 90mm petri dishes and 13mm, 16mm, 20mm, and 25mm culture tubes. This unit will allow our department to produce sufficient media to meet the needs of our clients.</td>
</tr>
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### SECTION B – PROPRIETARY AND BEST VALUE JUSTIFICATION

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<th>SPECIAL USE REQUIREMENTS</th>
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**REQUIRED FEATURES**

List the specific feature(s) or characteristic(s) that are required which are unique to the good or service provided by this supplier. Describe the importance of the unique feature(s) as it applies to the intended use and project goals. Describe how the selected supplier meets these requirements.

This unit has two unique features that are required by our department:

1. Capable of independent culture tube preparation – without a pourer, these must be prepared using a machine operated by a handler which is then dependent on the skill and speed of the handler.
2. Capable of handling 35mm petri dishes – without a pourer, these must be poured by hand which is a time consuming process that carries contamination risks.

One of our primary functions is to provide media plates and tubes to the labs we serve. Having a system that is capable of hands-free operation is essential to producing the volume of media required in the allotted time frames.

Equipment Vendor model XYZ123 meets all of the requirements.

**EVALUATION OF OTHER SOURCES**

List other sources that were evaluated (including the names, manufacturers, model numbers, etc.) and state the reason they were found to be unsatisfactory for the intended use or in meeting project goals. (Attach copies of any quotes collected from other suppliers, if applicable.)

While researching automatic plate pourers, we looked at 3 other units that ultimately did not meet our requirements:

1. Vendor B model ABC – not able to independently pour tubes or handle 35mm petri dishes.
2. Vendor C model DEF – able to independently pour tubes but not able to handle 35mm petri dishes.
3. Vendor D model XYZ – not able to independently pour tubes but able to handle 35mm petri dishes.

**RISK ELEMENTS**

Describe any substantial risks that could not be overcome if the product or service was procured from another supplier.

Without this unit, we are not able to handle 35mm plate requests. This is detrimental to the labs we serve. Also, we would be forced to pour culture tubes by hand which is a time consuming process. Given our increasing workload, we would not be able to fill all the orders requested by our clients.
CONFLICT OF INTEREST STATEMENT

I, John Smith, the undersigned, hereby certify that the following statements are true and correct and that I understand and agree to be bound by the commitments contained herein. I am acting on my own accord and am not acting under duress. I am not currently employed by, nor am I receiving any compensation from, nor have I been the recipient of any present or future economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service in connection with this supplier in return for favorable consideration of this request.

Signature: John Smith Date: 7/28/15

Title: Professor

(Primary User)

(Note: Texas Government Code, Chapter 572, Subchapter C, Sec. 572.069 – CERTAIN EMPLOYMENT FOR FORMER STATE OFFICER OR EMPLOYEE RESTRICTED. A former state officer or employee of a state agency who during the period of state service or employment participated on behalf of a state agency in a procurement or contract negotiation involving a person may not accept employment from that person before the second anniversary of the date the officer’s or employee’s service or employment with the state agency ceased.)

DEPARTMENT APPROVAL – Dean/Chair/Business Officer

By signing below, the department certifies that the information submitted on this form has been reviewed and this purchase has departmental approval. The final determination of approval shall be made by the Purchasing Office.

Signature: Jane Miller Date: 7/29/15

(Dean/Department Head/Business Officer)

Printed Name: Jane Miller

(Dean/Department Head/Business Officer)

Title: Department Chair

*Departmental approver must be senior to the primary user.

(Note: Texas Government Code Chapter 572, Subchapter C, Sec. 572.069 – CERTAIN EMPLOYMENT FOR FORMER STATE OFFICER OR EMPLOYEE RESTRICTED. A former state officer or employee of a state agency who during the period of state service or employment participated on behalf of a state agency in a procurement or contract negotiation involving a person may not accept employment from that person before the second anniversary of the date the officer’s or employee’s service or employment with the state agency ceased.)
OTHER KEY INFORMATION
BOR – GPO CERTIFICATION

- Develop a certification process to assure that GPO solicitation processes and contracts comply with State of Texas Guidelines
  - Workgroup being chartered to design the process and make recommendation to the BOR in November or February
  - Implementation planned for September 1, 2016
- BOR approval will be required based on “tier”:
  - UT Austin will be exempt for purchases up to $3M
- Quarterly report to BOR for all purchase from GPOs
SB20 - DIR GUIDELINES

- Current Expectation:
  - Higher Education will be Exempt!

- Commodities:
  - Up to $50K: One (1) quote is sufficient
  - $50K – 150K: Three (3) quotes required
  - $150K - $1M: Six (6) quotes required
  - >$1M: Not permitted

- Services:
  - Scope of Work Must be approved by DIR
  - Public Posting Required
  - Capped at $1M
SB20 - Transparency Reporting

- Internet posting of all contracts and purchase orders:
  - Regardless of value
    - Less than $15,000 may be posted monthly
    - Greater than $15,000 must be posted more frequently
      - Real time, daily, weekly?
  - UT Austin Plan
    - IQ & FIS finalizing a plan to automate posting to the internet via COGNOS/Tableau
      - This process could update all information as part of the overnight database refresh
Questions