



# **PURCHASING PROCEDURE UPDATE**

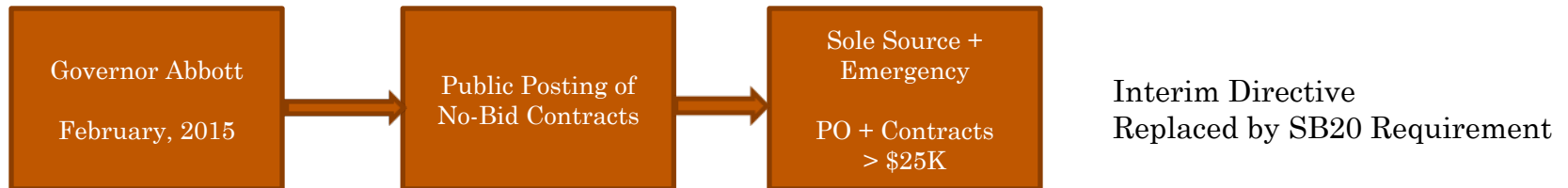
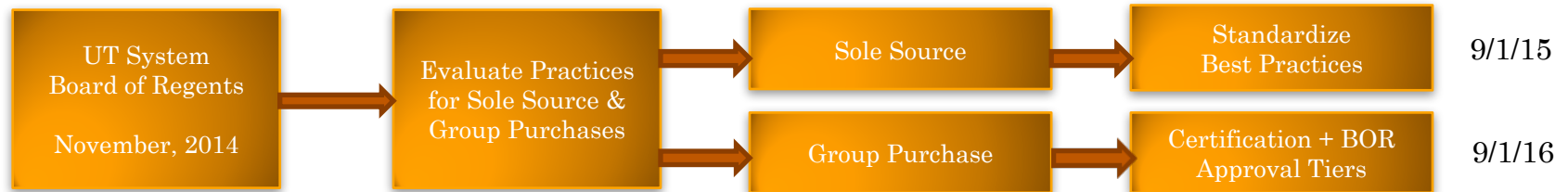
**Central Purchasing  
August 2015**

# 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



State Legislature  
SB20

June, 2015  
(Effective 9/1/15)

- **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@Austin.utexas.edu](mailto:purchasing@Austin.utexas.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.

Total value of PO or contract (including renewal options)

## GENERAL INFORMATION

Today's Date:		Estimated Dollar Amount:	
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Select anticipated contract type:

Check appropriate box (only one)

Business Contract       Purchase Order (PO)

Document ID #: \_\_\_\_\_

If PO, enter Point PLUS document number

## CONTACT INFORMATION

Include department or unit (as appropriate)

DEPARTMENT INFORMATION		SUPPLIER INFORMATION	
Department Name:		Supplier Name:	
Contact Name:		Contact Name:	
Campus Phone:		Phone:	
Email Address:		Email Address:	

## TYPE OF JUSTIFICATION

Check appropriate box (only one)

**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.)

Complete corresponding sections

**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.)



**SECTION A - GOODS/SERVICES INFORMATION**

<b>PRODUCT MAKE/MODEL OR SERVICE</b>	
<b>DESCRIPTION OF REQUEST</b> <i>Describe the good or service to be procured and how it meets your needs.</i>	

**Name and general description of what is being purchased**

**Section A - filled out on every form**

**SECTION B – PROPRIETARY AND BEST VALUE JUSTIFICATION**

<b>SPECIAL USE REQUIREMENTS</b> (equipment only)  <i>To be compatible with existing equipment:</i> _____ YES    _____ NO  <i>For the repair, maintenance, or modification of existing equipment:</i> _____ YES    _____ NO  <i>For use as spare or replacement equipment:</i> _____ YES    _____ NO	
<b>REQUIRED FEATURES</b>  <i>List the specific feature(s) or characteristic(s) that are <u>required</u>, 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.</i>	
<b>EVALUATION OF OTHER SOURCES</b>  <i>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.)</i>	
<b>RISK ELEMENTS</b>  <i>Describe any substantial risks that could not be overcome if the product or service was procured from another supplier.</i>	

**Only mark if purchasing or servicing equipment**

**Section B - only filled out for proprietary or best value purchases**

**Unique and required features and why they are needed**

**List of items or sources considered and how they don't meet requirements**

**Explain how project would be harmed if unable to purchase item**



## SECTION C – EMERGENCY JUSTIFICATION

Section C - only filled out for emergency purchases

Describe how the university would be harmed if purchase was delayed

<p><b>RISK ELEMENTS</b> 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.)</p>	
<p><b>SPECIAL CIRCUMSTANCES</b> State why the needs were not or could not be anticipated so that goods/services cannot be purchased following standard procedures.</p>	
<p><b>SUPPLIER SELECTION</b> State the reason and process used for selecting the supplier. (Attach quotes/proposals received from other sources, if applicable.)</p>	

Describe why the situation or problem wasn't anticipated

Explain why this particular supplier was chosen

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.

Based on situation, check the appropriate box (only one)

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.

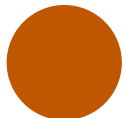
## SECTION D – PROFESSIONAL SERVICES JUSTIFICATION

Section D - only filled out for professional services

Discuss the qualifications used to identify the group of suppliers

<p><b>SUPPLIER SELECTION</b> Criteria used to select the supplier for these services.</p>	
<p><b>REASON FOR SELECTION</b> Identify specific qualifications of selected supplier.</p>	

Detail specific qualifications used to select the requested supplier





**CONFLICT OF INTEREST STATEMENT**

Filled out and signed by the end user or interested party

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\***

Signed by appropriate person senior to primary user

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.

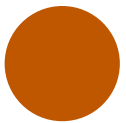
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Dean/Department Head/Business Officer)

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**

**Filled out by purchasing**

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: \_\_\_\_\_ Date: \_\_\_\_\_  
(Buyer)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Senior Buyer - up to \$100,000)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Purchasing Management – \$100,000 - \$250,000)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Director of Purchasing – \$250,000 - \$1,000,000)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(EVP & Chief Financial Officer - over \$1,000,000)



## GENERAL INFORMATION

Today's Date: <b>July 28, 2015</b>	Estimated Dollar Amount: <b>\$36,594.00</b>
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Select anticipated contract type:

Business Contract

Purchase Order (PO)

Document ID #: **20PB4123456**

## CONTACT INFORMATION

DEPARTMENT INFORMATION		SUPPLIER INFORMATION	
Department Name:	<b>Name of Department or Unit</b>	Supplier Name:	<b>Equipment Vendor, Inc.</b>
Contact Name:	<b>John Smith</b>	Contact Name:	<b>Mary Jones</b>
Campus Phone:	<b>512-471-1234</b>	Phone:	<b>512-123-4567</b>
Email Address:	<b>johnsmith@utexas.edu</b>	Email Address:	<b>mjones@equipmentvendor.com</b>

## 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.)

## SECTION A - GOODS/SERVICES INFORMATION



PRODUCT MAKE/MODEL OR SERVICE	Equipment Vendor Model No. XYZ123
DESCRIPTION OF REQUEST <i>Describe the good or service to be procured and how it meets your needs.</i>	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.

## SECTION B - PROPRIETARY AND BEST VALUE JUSTIFICATION

SPECIAL USE REQUIREMENTS (equipment only)  <i>To be compatible with existing equipment:</i>  <i>For the repair, maintenance, or modification of existing equipment:</i>  <i>For use as spare or replacement equipment:</i>	  <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO  <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO  <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
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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 work load, 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  
(Primary User)

Title: Professor

*(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.*

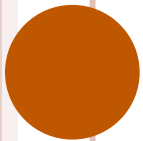
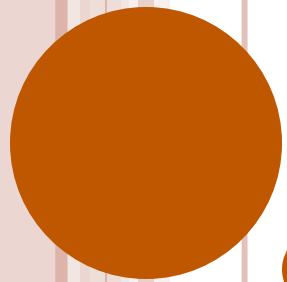
Signature: Jane Miller Date: 7/29/15  
(Dean/Department Head/Business Officer)

Printed Name: Jane Miller  
(Dean/Department Head/Business Officer)

Title: Department Chair

\*Departmental approver must be senior to the primary user.

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## 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:

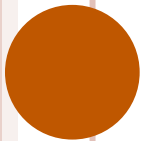
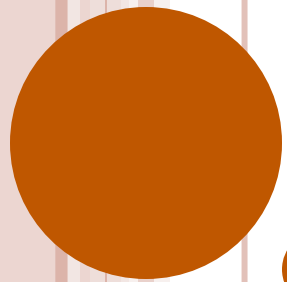
• Up to \$50K	One (1) quote is sufficient
• \$50K – 150K	Three (3) quotes required
• \$150K - \$1M	Six (6) quotes required
• >\$1M	Not permitted
- Services:
  - Scope of Work Must be approved by DIR
  - Public Posting Required
  - Capped at \$1M



# 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