

COLLEGE SERVICES – GUIDELINES AND PROCEDURES MANUAL

REVISED FEBRUARY 13, 2015

SECTION 2-13 - PURCHASING GUIDELINES AND PROCEDURES

Funding and the Requisitioning Process

All funds deposited with the College, regardless of source, are College funds and must be handled in accordance with State Statutes and College Policy and Procedures. Although departments are allocated funds in their respective budgets, this allocation is only an authority to requisition, not to purchase. Any College department having a budget allocation may request purchases be made against that allocation in accordance with the following procedure:

Purchases totaling \$5,000 or more for the purchase of all equipment, furniture, materials, supplies, and services shall be initiated through the requisition process. Small Dollar purchases for items or services in which no single item exceeds \$750 may be purchased by the procurement card method provided prior approval by the cardholder's approving authority. After entering the requisition via the Banner Financial software system, the requisition is routed to the District Business Office.

Business office personnel evaluate the requisition according to specific criteria:

1. The proposed expenditure is in accordance with the purpose of the account from which it will be made;
2. The amount of the expenditure is within the approved budget allocation.

After the requisition has been processed by the Business Office, it will be routed via the electronic approval process to departmental approving authorities depending on the requisition value. After the approval process is complete, it is routed to the Purchasing Department and the corresponding buyer for the commodity will:

1. Verify the expenditure is for goods or services that are appropriate to the needs of the institution;
2. Determine if quotes/bids are required;
3. Verify/Obtain three (3) written or verbal quotes;
4. Offer consulting regarding bidding/quoting procedures;
5. Verify the pricing is correct;
6. Verify the vendor is approved via a contract; (if applicable)
7. Verify the requisition is documented properly;
8. Approve the requisition and convert it to an official purchase order.

At the conclusion of the purchasing process, a purchase order is generated, printed, and signed by the Director of Contracts and Purchasing Services. Purchase orders are printed by the Purchasing Department and forwarded according to the instructions included on the Purchase Order. All terms and conditions stated on the purchase order apply.

Unauthorized the Purchases (After the Fact Transactions)

Employees who purchase goods and/or services before proper authorization has been obtained assume complete responsibility for the purchase. Any employee who places an order for goods and/or services without following the requisition process violates the College's purchasing procedures. SJCCD employees, who generate financial liability for the College without being authorized to do so, will be subject to disciplinary action, including suspension or termination.

The District Business Office is not authorized to make payment in such cases unless instructed to do so by the Chancellor or his/her designee.

Any supplier, who accepts an unauthorized order, will be advised of this policy and may jeopardize the ability to do future business with the College.

Criminal Offense

The Purchasing Department is the only authorized entity within the College to issue purchase orders or, as delegated by the Chancellor or the Vice Chancellor of Fiscal Affairs, to enter into a contract for goods and/or services. All purchases shall be made in compliance with the provision listed within the Texas Education Code and College policies.

An officer, employee or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of Section 44.031 (a) or (b). An offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

Procurement Methods

The procurement of supplies, equipment and services for the College can only be acquired by the following methods: regular purchase orders, standing purchase orders, procurement cards, Sam's Card and Direct Pay Request. A regular purchase order is the **preferred** method to purchase goods and services for the College while the additional methods provide increased efficiency and productivity in the purchase of small dollar repetitive purchases. The alternative methods shall not be utilized to circumvent the approval and procurement processes.

Regular Purchase Orders:

Regular Purchase Orders allow the requested product/service to be approved by the approving authorities prior to the actual purchase of the merchandise/service. Additionally, the Purchasing Department has the opportunity to source and obtain quotes to ensure a competitive environment exists for College procurements. Purchase orders are initiated by the requestor via the Banner requisitioning process. All requisitions must include the following information:

1. A recommended vendor;
2. A commodity code;

3. A **complete** description of the product/service being requested including stock numbers if applicable and price;
4. The appropriate FOAP code (Fund-Organization-Account-Program);
5. Any other additional information in the document text section of the requisition such as bid number, quote number, do not mail instructions, confirmation only, contract information, Board approval date, etc.

When the user completes date entry of the requisition, it is processed for approvals. After the approval process is completed, the requisition is routed to the Purchasing Department for processing.

Standing Purchase Orders:

A Standing Purchase Order is a purchase order which has been issued to a vendor where multiple purchases may be made during a specified period of time.

Conditions for use:

1. For supply-type commodities and services only. (No equipment over \$5,000);
2. For repetitive purchases of the same type of commodity item, services or category of items;
3. Standard materials or maintenance supplies that require numerous shipments;
4. For purchases associated by a written quote or bid awarded by the Board of Trustees.

Standing Purchase Orders should not be used when:

1. No Benefit will be derived over and above use of a regular purchase order;
2. As a means to provide an open line of credit with a vendor;
3. Prices are unknown at ordering time, or subject to change later without notice;
4. As a means to save time rather than listing description detail required by a regular purchase order.

Limits when using Standing Purchase Orders:

1. Standing purchase orders not associated by a written quote, contract or a bid issued by the Purchasing Department shall not exceed \$5,000.
2. Standing purchase orders exceeding \$5,000 must be associated by a written quote, contract or a bid issued by the Purchasing Department.

Procurement Card Purchases (P-card):

A Procurement Card is an alternate method of procurement utilized to purchase small dollar amounts and for travel arrangements. These purchases are governed by the procedures of the College's Procurement Card program. Employees must meet specific procurement criteria and must be approved by their approving authority prior to receiving a procurement card. Card-holders are required to use vendors approved via the bid and quoting process if applicable. The Purchasing Department is

responsible for posting current vendor and contract information to assist card-holders in choosing the appropriate vendor. The monthly credit limit is established by hierarchy and need. The single item purchase limit is \$500. Exceptions to this limit include travel expenditures, utility expenditures and miscellaneous purchases as approved on a per occasion basis by the Director of Contract and Purchasing Services.

Direct Pay Request:

The Direct Pay Request method for purchasing merchandise shall only be utilized in accordance with the Direct Pay Guidelines. Direct Pay Requests are not associated with purchase orders, but an invoice must be received and approved before a payment will be issued. San Jacinto Community College District will not pay a vendor unless an invoice is received for the goods or services provided and a receiving confirmation is completed. Direct Pay Requests may be utilized during the end of the fiscal year procedures and other special requirements approved by the Director of Accounting and Financial Services.

Campus Bookstore Purchases:

The College bookstores are managed and operated by Barnes & Noble and their purpose is to sell products at retail value to generate profits. The primary customers of the bookstores are students of the College and the general public. Computer supplies and equipment purchases are prohibited purchases from the bookstore. All purchases of books and textbooks utilized by the College should be done through the bookstore unless documented that the requested title is unavailable through the bookstore. Barnes and Noble will accept purchase orders and procurement cards as a procurement method.

The following is a link to the Campus Bookstore Guidelines:

<http://msjc-central.bncollege.com/webapp/wcs/stores/servlet/BNCBTermsOfUseView?langId=-1&storeId=38055&catalogId=10001>

Receipt of Merchandise:

San Jacinto College does not have a central receiving department to receive all incoming shipments in a centralized manner. The Maintenance Department of each campus is responsible for receiving merchandise and delivering of merchandise to the requesting department. It is important to specify in the requisition the building, room number, contact person and telephone number to assist the vendor with proper shipping arrangements and for Maintenance personnel to know where to deliver the goods.

When the goods or services listed on the purchase order are received by the College, the person initiating the request is responsible for verifying that the goods or services received meet the conditions and requirements stated in the purchase order.

The receiver should have a copy of the purchase order for comparison of material ordered and material being received. If a discrepancy is discovered or the product is damaged, the Maintenance Department

and the vendor should be notified expeditiously. Payment should not be initiated until the discrepancy or damaged item is corrected.

The requesting department is responsible for final verification of incoming merchandise received and initiating the receiver in the Banner Financial software system.

Payment of Purchase Orders:

All invoices should be mailed to the District Business Office. The business office will forward the invoice to the originating department for approval. When the person responsible for the purchase receives the invoice for the goods or services listed on the purchase order, he or she approves the invoice for payment and promptly forwards the invoice to the District Business Office for payment. If the invoice total differs from the original purchase order total, the originator of the purchase order must be able to justify and explain the price difference. After comparing the invoice against the purchase order and any subsequent adjustments, the District Business Office personnel will process the invoice for payment.

Sole Source Purchases

Single source – The practice of using one source, among others in the competitive market, which for justifiable reason, is found to be most advantageous for the purpose of fulfilling a given purchasing need.

Sole source – This may exist when there is only one known source of supply available. An example would be a product that has a copyright, trademark or patent. SJCCD recognizes that there may be instances when proprietary or sole source purchases must be made, but such purchases must be appropriately justified. The justification for such purchases must be in writing and must be based upon a need for a specific feature of characteristic (specification) that is unique to the requested product or service that cannot be provided by any other product or service. The Purchasing Department shall provide a form for written justification. It must be signed by the requestor and other authorized individuals listed on the form and forwarded to the Purchasing Department. The explanation criteria must contain the following elements:

1. Identification of the unique feature(s) or character(s)/specification(s) of the requested product that will serve as the basis for the proprietary/sole justification;
2. An explanation of the need for the unique specifications. This explanation must address the critical importance of the unique specifications to the intended use of the product or service;
3. A reason stating why a competitor's product is not satisfactory. This section must relate to the explanation of need for the unique specifications and should serve to support a finding that the stated need cannot be met with competing products. **Sufficient detail must be included to show that the marketplace has been canvassed to locate acceptable competitive products.**

If there are two or more products that are acceptable, preserving the competitive bidding environment will help ensure that SJCCD receives the best price. The use of proprietary/sole source purchase procedure is an overt act that must withstand critical scrutiny. Justifications must be objective and must

avoid statements that cannot be substantiated. The justification cannot be that competing products are not satisfactory. Statements regarding product quality that may be subjective should not be used. It is important to note that the price of a product is not acceptable justification for a proprietary purchase. It is recognized that many purchases are based upon extensive investigative work done by the end-user before submitting the purchase request and that there are good reasons why one product will work and another may not. Remember, however, that the proprietary/sole source purchase procedure is an exception to the competitive bidding requirements to be used only whenever appropriate. The Purchasing Department has final authority to determine if a product or service meets the sole source criteria as specified in the Texas Education code 44.031(j) (k).

Because of patent expirations, new technologies and new companies entering the market place, justification on all sole source purchases shall be reviewed on an annual basis. In addition, annual justification is not required for software or products that would require a significant financial investment by the College to replace the major component of the item/service that is considered a sole source.

Professional Services

Professional services are defined as customized services consisting of specialized intellectual or creative expertise based on personal skills or ideas of an individual(s) that are provided for a fee, which may be determined individually with each customer for each service contract.

The purchasing requirements of Education Code Section 44.031 do not apply to professional services including the services rendered by architects, fiscal agents, or attorneys. The College may contract for professional services rendered by a financial consultant or a technology consultant or a technology consultant in the manner provided by Government Code 2254.003, in lieu of the methods provided by Education Code 44.031.

Competitive bids shall not be solicited for professional services of any license or registered certified public accountant, architect, landscape architect, land surveyor, physician, optometrist, professional engineer, state-certified or state-licensed real estate appraiser, or registered nurse. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. Whenever applicable, a Request for Qualifications process should be initiated to determine the overall best value for the College.

The Attorney General has provided guidance to governing bodies by opining that professional services are those that:

1. Require predominantly mental or intellectual, rather than physical or manual skills;'
2. Require years of education and service for one to attain competence and call for a high-order of intelligence, skill and learning; and
3. Has widely accepted standards of required study or specified attainments in a special knowledge as distinguished from mere skill.

The Texas Attorney General generally has refrained from making factual determinations about whether particular services are properly classified as professional services. Instead, the Attorney General generally has stated that such factual determinations should be made by the governing body of a government entity such as the College. *See, E.G., Attorney General Opinion DM-418 (1996).*

Standardization

All employees are encouraged to purchase standardized products established by the College. The benefits from standardization include reduced transaction cost, reduced support cost, improved communication, enhanced buying power and district-wide uniformity. The Purchasing Department is responsible for providing information to all employees regarding product standards.

Construction Contracts

All solicitations for construction services and resulting contracts shall be completed in coordination with the purchasing department. All construction contracts will be awarded in compliance with the College's purchasing policies and procedures. The most common methods of procuring construction services are:

1. Competitive Bidding;
2. Competitive Sealed Proposals
3. Design-Build
4. Construction Manager at Risk
5. Construction Manager –Agent
6. Job Order Contracts

The Construction Department will work in conjunction with the Purchasing Department for initiating the competitive solicitation process and maintaining the records from the results that of that process. A contract for construction services shall be issued upon approval of award by the Board of Trustees if required. The College shall award competitively bid contracts to the firm(s) offering the best value to the College according to the selection criteria established by the College and in accordance with Section 2269 of the Texas Government Code.

Independent Contractors & Consultant Contracts

Independent contractors and consultants are individuals engaged by the College to perform specific functions or tasks at his or her own discretion with respect to the means and methods used to accomplish the assignment.

Contracts for these services shall be issued prior to services rendered and submitted to the Purchasing Department for approval. In selecting a consultant or independent contractor, the responsible budget head shall base the choice on demonstrated competence, knowledge, qualifications, and on the reasonableness of the proposed fee. All contracts shall specify the nature of the service, deliverables, dollar amount, and any special payment requirements. An authorization for payment will be issued by the requestor upon satisfactory completion of the work. The requestor shall contact the Purchasing Department to communicate any changes and /or problems during the process of completing the

project. Payments should be directed to the Accounts Payable Department. A copy of the Agreement should be retained in the Purchasing Department.

Grant Purchases

Grant purchases shall follow the same process established for requisitioning other goods and services. Deadlines to procure goods and services will be determined by specific grant provisions. Purchases are restricted by grant requirements and stipulations. Grant administrators shall communicate to the Director of Grants prior to submitting a purchase order to the Purchasing Department to verify the purchase is in compliance with the grant. Users should be informed that grant purchases must comply with College policies, procedures and State statutes.

Educational Agreements and Revenue Generating Agreements

Educational agreements refer to agreements between the College and a third party for establishing the terms for the sharing or use of facilities, staff or other educational resources in which no funds are exchanged between the parties. Revenue generating contracts refer to training programs and auxiliary enterprise.

Training programs provide customized or specialized training to area companies. These agreements generally identify the services to be provided, the fee for services, and the reimbursable cost associated with supplies and other expenses. Auxiliary enterprise contracts refer to purchases for the sole purpose of generating a profit through products or service sales.

Departments responsible for educational agreements and revenue generating contracts are responsible for initiating competitive quotes and maintaining records for their areas of responsibility. The Purchasing Department will offer assistance in establishing guidelines and contract retention.

Co-Operative Purchase Contracts & Inter-Local Agreements

San Jacinto College may participate in an inter-local agreement with another local government agency, educational institution or a purchasing cooperative organization. Upon approval by the Board of Trustees, the College may sign an agreement with another participating local government, education institution or a cooperative program which satisfies the law requiring it to seek competitive bids as stated in the Texas Education Code, Subchapter B, Section 44.031, as provided by Section 791 of the Government Code, and Sections 271.082 – 083 of the Local Government Code.

Contract Retention

The Purchasing department is the central repository for all contracts which provide goods or services to the College which financially impact the College. All contracts will be retained in accordance with the College's record retention procedures.

(Re: Policy V-B; Board of Trustees Policy Manual)