

HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES

Chapter 6	Fiscal Policies and Procedures	Effective:	May 2000
Section 6.7	Purchasing	Revised:	October 2010
Policy 6.7.3	Special Purchasing Procedures – Commodities	Responsibility:	Assistant Vice President for Business Affairs

SPECIAL PURCHASING PROCEDURES - COMMODITIES

Only Source and Only Brand Purchases – Sole Source/Brand Justification Form Required for Purchases Over \$5,000

Only source purchases are made for requests, which contain specifications or conditions, proprietary to one vendor, thereby eliminating the possibility of obtaining competitive bids. The proper use of a proprietary request is the user's close analysis of what is actually needed to be sure that it is not possible to write an alternate specification which would allow competition among other products meeting his/her needs, and for the user to review similar products to be sure they do not meet his/her needs. A PeopleSoft (PS) Departmental Requisition (REQ) for only source purchases shall be accompanied by the electronic sole source/brand justification memo, outlining the reasons for the need of the proprietary specifications and/or conditions of purchase. The justification contains the following:

1. Identify the features or characteristics which are unique to the requested product(s).
2. Briefly explain the need for the unique features or characteristics. (This explanation must address the critical importance of the unique features or characteristics as it applies to its intended use and/or purpose.
3. Will the item(s) be used with existing equipment? If yes, is the item(s) an interfaceable component? If yes, list Brand/Model numbers of existing equipment.
4. Identify all other sources whose product(s) have been reviewed and why they are not satisfactory.
5. Were any quotes/proposals received from other sources? If yes, forward these via inter-campus mail or fax (567-6032) to the Purchasing Office.

When submitting a sole source proprietary justification, you are insuring that:

- The above statements are true and correct, and that no other material fact or consideration offered or given has influenced

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this recommendation for a sole-source/sole-brand or proprietary procurement.

Ultimate authority for acceptance and approval of requests for sole source/proprietary purchases shall remain with the Director of Purchasing or designee(s).

Only brand purchases are made for requests which contain specifications or conditions unique to a specific brand, thereby eliminating the possibility of competitive bids for other than the specified brand. The proper use of a sole brand request is the user's analysis of what is actually needed to be sure that it is not possible for a product of another brand to meet his/her needs, and for the user to review similar products to be sure they do not meet his/her needs. A PS REQ for only brand purchases shall be accompanied by the electronic sole source/brand justification memo, outlining the reasons for the need of the sole brand product. The justification contains the same questions as outlined above for sole source purchases.

**Emergency Purchases -
Emergency Justification Form
Required for Purchases Over
\$5,000**

An emergency purchase allows for the expeditious purchase of supplies or equipment needed immediately to prevent financial loss or operational damage to the University. Anticipating departmental needs will eliminate many emergencies. However, should a situation arise which requires immediate attention, a department may send a PS REQ to the Purchasing Office along with the electronic emergency justification memo. The justification contains the following:

1. State the reason for the emergency purchase by explaining what the emergency is and/or what caused the emergency situation.
2. State the facts that lead to the conclusion that financial or operational damage or risk of damage will occur if needs are not satisfied immediately (do not simply say there will be damage or risk of damage).
3. State why the needs were not or could not be anticipated so that goods or services could have been purchased following standard procedures.

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4. State the reason and process used for selecting the vendor (attach all quotes/proposals received from other sources, if applicable).
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**Blanket and
Standing Orders**

Blanket and standing orders are issued for commodities which are used frequently by a department. The department should estimate the quantity of the items desired, determine the effective dates of the order and proposed delivery schedule, and place this information on a PS REQ. Once a blanket or standing order is issued, competitive bids do not have to be obtained each time an additional supply of the commodity is needed. Departments can telephone the vendor directly and request shipment on a blanket order, but only those items listed on the official purchase order document may be ordered. A standing order will specify the shipping schedule; vendor notification to ship is not necessary. Departments cannot place orders for items on blanket or standing orders after expiration of the contracts. Please contact the Purchasing Office prior to submission of the PS REQ on this type of order.

**Radioactive
Isotopes**

Purchases which include radioactive and/or hazardous materials, requires the approval of Environmental Health and Safety Office prior to being forwarded to the Purchasing Office. Refer to the “Radioactive/Hazardous Materials” section in the PS [“Basic Web Requisition Guide”](#) for details on how to process this type of request.

Water Treatment

Purchase and installation of water treatment equipment is handled directly with Facilities Management.

Live Animals

Please contact Laboratory Animal Resource’s administrative desk for information on purchasing live animals.

**Electrical
Equipment
Requiring Utility
Connections**

All requisitions for new equipment requiring utility connections must be submitted to Facilities Management for approval before they are forwarded to the Purchasing Office for purchase under the following conditions:

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1. Electrical
 - a. Electrical loads exceeding 1000 watts or ¼ horsepower.
 - b. Require new or additional electrical services.
 - c. Require any electrical services other than already provided typical 120 volt duplex wall receptacles.
 2. Mechanical
 - a. Equipment requiring one or more of the following utilities: gas, steam, chilled water, reverse osmosis water, or cooling water.
 3. Contractors
 - a. Any equipment installed by an outside contractor, or equipment vendor, where modification of the building system may be required.

**Recycled,
Remanufactured,
and
Environmentally
Sensitive
Products**

State agencies are required to expend a minimum of 8% each year for materials, supplies, and equipment that have recycled content material, are remanufactured, or are environmentally sensitive products. Therefore, departments of the Health Science Center should request and accept, whenever possible, materials, supplies, and equipment that have recycled content material, are remanufactured, or are environmentally sensitive products.

**Used or
Demonstrator
Equipment**

Should a department want to purchase used or demonstrator equipment, the following procedures pertain:

1. Competitive bids are solicited in accordance with guidelines of the Texas Building and Procurement Commission (TBPC) procedures manual. The statement “Used or Demonstrator Equipment Will Be Acceptable to the University” must be contained in the PS REQ.

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2. Competitive bids are not solicited if the following documentation accompanies the PS REQ: A letter from an authorized individual stating why no competition exists, giving acceptable reasons why it is necessary to purchase used or demonstrator merchandise, and the approximate cost of the same if purchased new.
 3. A letter or signed statement from the bidder(s) guaranteeing quality and condition of the merchandise offered shall be required/provided, or a letter from an authorized, responsible person connected with the Health Science Center stating that he/she has personally examined the equipment or supplies, and given an opinion as to condition and value shall be required/provided.

**Computer
Hardware and
Software**

Requests for the purchase or lease of computers (including microcomputers) or computer-related equipment, proprietary computer programs, and computer services may be submitted via a PS REQ. Departments needing assistance in selecting computer hardware, software, or services should contact the Purchasing Office for information and assistance, as needed, during the initial decision phase. If needed, additional consultation may be requested through Computing Resources. When the desired computer hardware, software, or services have been determined, departments should prepare and submit a PS REQ to the Purchasing Office for processing.

**Telephone
Equipment and
Communications
Services**

The purchase, lease, subscription, or rental of telephones, telephone services, signal transmission services, or voice processing equipment is provided by Telecommunications and Networking Services as a service to the other departments of the University. The equipment shall be administered by Telecommunications and Networking Services, ensuring that it is properly acquired; State reporting requirements are met; proper maintenance is performed; compatibility with existing equipment is maintained; facilities are optimally used; and the communications needs of the department are met at the least cost.

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**Purchases from
Employees**

Purchases are not permitted from any officer or employee of The University of Texas System unless the cost is less than that from any other known source and until approved by the Vice President and Chief Financial Officer, the Chancellor of The University of Texas System, and the Board of Regents.

**Purchases for
Resale or
Personal Use**

The Purchasing Office cannot make purchases of merchandise for resale to employees nor will it permit purchases which will directly or indirectly be for personal use.

**Over-Shipments
on Purchase
Orders**

The University does not accept and/or approve over-shipments on purchase orders. The buyer placing the order has negotiated the pricing and shipping cost based on the stated requisition quantity. Accepting overages, results in the University not receiving optimum pricing. We are mindful of the fact that some commodities, i.e. printing, have inherent over-run situations. In these cases, the Purchasing buying staff will be informing the vendors that we will accept the over-runs but at no cost to the Health Science Center.

**Unauthorized
Purchases**

No individual has the authority to enter into purchase contracts or in any way obligate the funds of the Health Science Center unless specifically authorized by the Director of Purchasing, unless otherwise specifically approved by the Health Science Center's President, the Executive Vice Chancellor for Health Affairs, or by the Board of Regents. The Health Science Center cannot assume liability for payment of purchases made in any manner other than those outlined herein.

**Equipment
Offered as
Trade-In**

Should a trade-in become necessary, the old equipment must be fully described on a PS REQ along with specifications for the desired new equipment. Description of the equipment offered for trade-in shall include its age, condition, manufacturer, make, model, serial number, Health Science Center inventory number, original cost, and a realistic estimate of the used equipment's value. All equipment traded in must be picked up "where-is, as-is" by the successful bidder. The Health Science Center reserves the right to reject any or all offers for the trade-in equipment.

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**Rental or Lease of
Equipment**

Requests for rental or lease of equipment regardless of the aggregate total cost are processed by the Purchasing Office. A PS REQ must list complete specifications for the unit and the effective dates of the rental or lease.

Substitutions

Substitutions of items called for in a Purchase Order are not permitted without the prior approval of the Purchasing Office and the department requesting the product. No such approval will be granted unless substituted items meet or exceed the original specifications and are offered at the same or lower price.

**Inspection of
Merchandise**

Departments must immediately inspect all shipments received against Purchase Orders and report any discrepancies to Central Receiving. Failure to report discrepancies in a timely manner may cause problems with returning the product to the vendor for credit or replacement. Inspection terms vary from vendor to vendor.

Late Delivery

Firm delivery dates are requested from bidders during the bidding process and are shown on the Purchase Order. Please contact Purchasing, should the order not be received within the stated time.

**Damaged or
Incorrect
Merchandise**

If items are received damaged or are not as specified on the Purchase Order, departments should contact Central Receiving.

**Return of
Supplies or
Equipment**

Central Receiving must handle return of supplies or equipment for replacement or credit.

**Cancellations and
Corrections**

Only the Purchasing Office may officially issue corrections or cancel orders. Requests for cancellations, deletions, or corrections on PS Purchase Orders, provided the commodities have not been received, shall be made via e-mail to the Purchasing Office's administrative mailbox, [PurchAdmin](#) mailbox, or directly to the respective buyer, if known, to provide the following information:

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1. Purchase Order number
 2. Line number and brief description of the item to be changed
 3. Quantity
 4. Price
 5. A detailed reason for the change

If a partial or an entire cancellation of a Purchase Order is desired after merchandise has been received, departments should contact Central Receiving.

No Bids Obtained

If the Purchasing Office is unable to obtain bids on a requisition either in whole or in part due to the lack of vendor response, the requisitioning department will be so notified. If the department still desires the merchandise, additional information (i.e., sources of supply, clarification of specifications, etc.) may be forwarded to the Purchasing Office for bid re-advertisement.

**Correspondence
with the Texas
Building and
Procurement
Commission**

All contacts pertaining to purchasing with the TBPC, whether oral or written, shall be handled by the Purchasing Office unless specifically approved in advance.

**End-of-Fiscal Year
Procedures**

The Purchasing Office establishes an annual cut-off date for the processing of all requisitions regardless of funds or of the aggregate total cost, to be paid from current fiscal year funds. Departments will be notified several weeks in advance of the cut-off date, which is communicated by the Office of the Vice President and Chief Financial Officer in the form of a Business Affairs Bulletin. In addition, the mentioned Bulletin will inform departments when they are able to place orders for the next fiscal year.