Policy Statement

Procurement Management Summary

Summary

This section of the manual pertains to the Purchasing and Accounts Payable sections within the Procurement Management Department. There will be references to Property Administration, Stores/Receiving and Travel which can be found in other areas of the Manual.

Procurement Management at U.T. Dallas was formed in July 1996 as part of a reengineering effort designed to increase the effectiveness of the Purchasing, Accounts Payable, Stores/Receiving, Property Administration and Travel functions. This summary provides a brief overview of each area as does the Procurement Management Web Page http://www.utdallas.edu/utdgeneral/business/procure.

Purchasing

The Purchasing section of Procurement Management is responsible for overseeing the purchase of all goods and services as required by the University. There are four primary methods used:

1. Petty Cash - For purchases less than $50, an authorized employee may secure the item(s) using personal funds and then seek reimbursement. A Purchase Requisition or Request for Payment/Reimbursement of Business Expense form is completed with an authorized signature and the original receipt is attached. This document is then presented for reimbursement to the Bursar Office in the McDermott Library.
2. Small Order System (SOS) - Most departments at U.T. Dallas have been provided SOS privileges. The SOS is a purchase order form given to authorized departments which allows for the purchase of goods/services valued at less than $500. It requires an authorized department signature before it is valid. Once the order is placed, the department must distribute copies of the SOS purchase order to Purchasing and Receiving within 48 hours. (See Small Order System section below.)
3. Purchase Requisition - This is the normal manner of purchasing used at U.T. Dallas. The department determines its needs, types it either on-line into the purchasing module of the Financial Information System (FINS), or on a hard copy Purchase Requisition form. The requisition is approved by the account manager and sent to the Purchasing section of Procurement Management for handling.
Purpose and Scope

The objectives of the Purchasing section of Procurement Management are:

1. To provide systematic methods for procuring supplies, equipment and services for the University.
2. To procure products and services of quality at the lowest possible price and in a timely manner.
3. To adhere to the applicable state, U.T. System and/or local purchasing laws and guidelines.
4. To stimulate free and vigorous competition while maintaining high ethical standards.
5. To provide contracting opportunities to Historically Underutilized Businesses (HUB's).

The procedures set forth in this section provide information for purchasing goods and services. All purchases shall be in accordance with established procedures regardless of source of funds.

General Policy

Only the Purchasing Department has authority to obligate UTD for the purchase of goods and services (except for certain Auxiliary Enterprise functions). Failure to comply with the policies and procedures set forth in this Manual may result in disciplinary action and/or financial charges levied against any individual responsible for the improper expenditure of funds.

Procedures set forth in this section are based upon controls established by the:

- Article 601b, V.T.C.S. (http://capitol.tlc.state.tx.us/statutes/codes/VN000023.html)
- Board of Regents Rules and Regulations (www.utsystem.edu/BOR/homepage.htm)
- The General Services Commission (www.gsc.state.tx.us)
- General Appropriations Act, House Bill No. 1

Copies of these regulations are available in Purchasing or the Library.

These policies and procedures should provide the user with adequate information regarding routine purchasing activities. Occasionally, extraordinary situations will arise. In such cases, contact Purchasing (Ext. 2300).

How the State of Texas Procures Commodities and Services

The State of Texas operates under the basic principles of free and vigorous competition. To facilitate the ordering needs of the State of Texas, the General Services Commission (GSC) has established rules and procedures for procuring goods and services. For more detailed
When purchasing tangible goods or services, the employee should follow these steps:

1. Seek approval of signature authority and verify availability of funds.
2. Use one of five purchasing methods available:
   1. Petty Cash - less than $50
      **When to use:** Purchase with personal funds less than $50
      **How to use:** Take purchase requisition with original receipts attached to the Bursar in the McDermott Library
      **Exceptions:** Can't use for food/entertainment purchases
   2. Small Order System -less than $500 (unless higher level delegated by Purchasing)
      **When to use:** If vendor accepts purchase order but not credit card and the amount is less than $500
      **How to use:** Send the green copy to Accounts Payable within 48 hours.
      **Exceptions:** Not for food/entertainment or payment to individuals
   3. Purchasing Card - (UTD Credit Card) less than $1,000
      **When to use:** If vendor accepts credit card and amount is less than $1,000 for most users ($500 for some users)
      **How to use:** Provide vendor with credit card number
      **Exceptions:** Not for food/entertainment or payment to individuals
   4. Purchase Requisition
      **When to use:** When purchasing goods or services with funds greater than the credit limit ($500 or $1,000)
      **How to use:** Prepare requisition, sign and forward to Procurement Management
      **Exceptions:** Not needed for subscriptions, dues or registration
   5. Purchase Voucher Only
      **When to use:** Dues, subscriptions, registration fees, books, to authorize payments for services rendered
      **How to use:** Prepare voucher, sign and forward with attachments
      **Exceptions:** Use Reimbursement of Business Expense form for reimbursement requests
   6. When in doubt, call the Procurement Management Office at Ext. 2300
   7. The forms to be used are:
      - Purchase Requisition ([Exhibit E12](Exhibit E12))
      - SOS Purchase Order ([Exhibit E7](Exhibit E7))
Methods of Purchasing

1. Petty Cash - can be used for purchases less than $50.00; reimbursement is made at the Bursar’s Office for legitimate approved expenses; purchases are reviewed by the Bursar and Procurement Management Offices.

2. Small Order System (SOS) - for purchases of goods and/or services not exceeding $500.00 (for most departments); must have requisitioning department account manager approval and follow applicable SOS procedures; audited by the Procurement Management and Internal Audits Departments.

3. Purchase Requisition - used to start the normal procurement process; Procurement Management Department will check for proper approvals, encumber funds, and then secure required goods and/or services for the requisitioning department via issuance of a Purchase Order. (Reference UTDBP3059 and Exhibit E12 for details.)

4. Purchasing Card - this credit card is provided to authorized and trained employees for purchase of goods and/or services not exceeding $1,000 (for most users). The cardholder receives a monthly Cardholder Activity Report with all applicable charges. All receipts and associated paperwork are attached to the cardholder's Activity Report and kept by the cardholder. The cardholder reconciles the Activity Report. The cardholder's supervisor reviews the report. The report, with the signature of the cardholder and the supervisor, is faxed to Procurement Management for processing.

Emergency Coverage

Emergency coverage by Purchasing is intended to assist personnel who are confronted with an emergency situation at a time other than during the usual hours of operation. It is only for that purpose!

If an emergency arises such that if parts or services are not obtained immediately, severe damage to life or property could occur or great financial and operational loss would result, contact either:

- Director of Procurement Management
- Senior Buyer

at their respective residences. Phone numbers for these individuals are available through the University Police (Ext. 2020/2331).

UTD/Callier Center

The policies and procedures governing Purchasing at the Richardson Campus of UTD are also applicable to the Callier Center, with minor revisions to meet organizational and operational requirements.
Historically Underutilized Business Development

The Purchasing Department at UTD participated in and supports the formation and acceptance of the Policy on Contracting with Minority and Female-Owned Small Business Firms as approved August 9, 1990 by the Board of Regents. Subsequent legislation created specific rules defining the "good faith effort" required by all state agencies to stimulate opportunities for Historically Underutilized Businesses (HUB). (See Exhibit E30.)

- Policy Statement
  - Purpose: It is the policy of The University of Texas System to promote full and equal opportunity for all businesses to provide materials, supplies, and equipment, as well as construction, professional and other services needed to support the mission, administrative and logistical operations of the U.T. System Administration and U.T. System component institutions.
  - Scope: This policy applies to all procurement and contract activities of the U.T. System and component institutions, including auxiliary enterprises.
  - Definitions: "Historically Underutilized Business (HUB)" means a business enterprise:
    1. That is independently owned and operated in the State of Texas, formed for the purpose of making a profit, and has fewer than 100 employees or less than $1,000,000 in annual gross receipts.
    2. At least 51% of which is owned or controlled by one or more persons who is/are socially and economically disadvantaged because of his or her identification as a member of certain groups, including women, Black Americans, Mexican Americans and other Americans of Hispanic origin, Asian Americans, and American Indians.

- System and Component Responsibilities
  - Procedures: In order to achieve this policy, the office or department exercising the central purchasing function in the U.T. System and each component institution will:
    1. Prepare, publicize, and distribute information about procurement procedures and policies in a manner designed to encourage minority and female-owned small businesses to do business with the System or component.
    2. Maintain updated lists of minority and female-owned small businesses through communication with the U.T. System, the local minority business community in the component city, the General Services Commission, and the Texas Department of Economic Development.
    3. Ensure, whenever possible, that one or more qualified minority and female-owned small business is included in solicitations requiring more than one bid or proposal.
    4. Specify personnel within the office or department to communicate with minority and female-owned small businesses to assist such companies in understanding purchasing procedures and to encourage their bidding or submitting proposals on goods and services for which they are qualified.
    5. Award tie bids to minority and female-owned small businesses
wherever consistent with state and federal laws and General Services Commission regulations.

6. Adopt in conjunction with the U.T. System and other purchasing departments and offices information forms for minority and female-owned small businesses with pertinent qualifying data.

7. Ensure that offices, departments, or divisions of the U.T. System or a component institution not required to handle contracts through the System's or component's central purchasing unit have access to the minority and female-owned business lists.

8. Report to the U.T. System's Office of Business Affairs on an annual basis the number, types, and value of contracts awarded to minority and female-owned small businesses in the year preceding the determination and the ratio of the number and value of those contracts to the number and value of those contracts awarded by the U.T. System or component institution in that year.

Small Order System (SOS)

The Small Order System exists to simplify and expedite the purchases of small dollar orders. Upon written request from the department manager level, the Purchasing Department may delegate purchasing authority to a department for purchases up to $500.00 (for most users). The procedure for use of the Small Order System follows. Failure to follow these procedures may result in the revocation of delegated purchasing authority.

- Definition: The Small Order System (SOS) shall serve as delegated authority to specific departments to purchase merchandise when the order value is $500.00 or less and the requisitioning department is authorized to use the SOS system. When a requirement is realized for an order with a dollar value less than $500.00, the department having the need will:
  1. Check the Central Stores catalog to determine if the item is available through Central Stores. Generally, office supplies must be purchased from Central Stores.
  2. For commonly used items, the organizational unit should determine if a state or local contract exists through the Purchasing Department.
  3. If the need can't be satisfied by either (A) or (B) above, the department may select the vendor capable of providing the item(s) at an acceptable price. Each department should refer to the Historically Underutilized Business (HUB) bidders list whenever possible. This list is furnished by the Purchasing Department and lists the minority- and women-owned business registered with the Purchasing Department.

- Exceptions: Purchasing needs which can't be satisfied by the SOS program are:
  1. Printing or reproduction services (unless unavailable from UTD Print Shop).
  2. Services which are provided by University organizational/auxiliary units.
  3. Federal grant and contract fund requirements when within the final thirty (30) days of the termination of the grant.
  4. Radioactive materials (unless approved in advance by the Radiation Control Officer).
5. Purchases which require prepayment.
6. Purchases from an individual.
7. Travel-related purchases (hotels, rental cars, etc.)

• Categorical Rules:
  1. Purchase Orders are valid only for purchases less than $500.00 (freight included). (NOTE: Some service departments have been granted a higher limit.)
  2. Each SOS must be signed by the proper Account Manager as identified on the Budget Department's Signature Authority List.* *Departmental requests to add someone to the Signature Authority List must be made on the Signature Authority Form. A dollar limit of $500.00 can be stated to limit the authority of order placement.
  3. "Splitting" of orders constitutes a direct violation and removal of the SOS privileges will be considered. "Splitting orders" is defined as placing more than one order with the same vendor in a short period of time to purposely avoid the $500.00 per order restriction.
  4. Person placing order must secure firm pricing before releasing SOS P.O. number.
  5. SOS Purchase Order shall be filled out completely by the requisitioner and distributed upon placement of order.
  6. SOS orders are not encumbered. Each department is responsible for determining funds availability before order placement.

• How to Place Orders:
  1. Identify what is needed.
  2. Ensure that Account Manager approves the purchase.
  3. Requisitioning unit contacts vendor verbally, secures firm pricing and delivery date, and places order. Vendor must be instructed to reference SOS P.O. number on his invoice, to send invoice to Accounts Payable and deliver order to Central Receiving.
  4. Requisitioning unit must determine who will pay freight charges. F.O.B. Point Destination would indicate freight charges (if any) will be paid by the vendor. F.O.B. Shipping Point, prepay and add indicates freight charges will be added to the invoice and become the responsibility of U.T. Dallas
  5. Requisitioning Unit completes the SOS Purchase Order upon placement of order and distributes as shown on the bottom of the form within 48 hours. (See Exhibit E7) If delivery of the merchandise is expected within 24 hours, the requisitioner must FAX a copy of the SOS Purchase Order to the Receiving Department (FAX 972-883-2434). This is particularly important for overnight deliveries, shipments requiring special handling, etc.

• How to Receive Merchandise:
  1. Central Receiving will log the order in and then deliver it to the requisitioning unit. The requisitioning unit will be asked to sign for "x" number of packages on SOS number. The requisitioning unit is solely responsible for inspecting all orders as they are received.
  2. The requisitioning unit must provide a designated delivery room and a designated individual to accept the merchandise.
  3. The requisitioning unit is responsible for conducting all negotiations for
replacement of damaged or incorrect goods.

4. The requisitioning unit is responsible for resolving discrepancies regarding items ordered.

5. The requisitioning unit must observe a separation of duties between the purchasing and receiving functions related to SOS activities. The requisitioning department is responsible for maintaining an auditable file documenting the purchases and receipt of merchandise.

• How to Pay
  1. Upon receipt of invoice from the vendor, the Accounts Payable Department will match the SOS Purchase Order with the invoice. Invoice will be paid if there is no difference in price. Accounts Payable may choose to pay variances of 10% of less.
  2. Invoices received by requisitioner should immediately be forwarded to Accounts Payable for processing.

• Auditing
  1. The Purchasing Department will conduct a desk audit of every order written.
  2. Internal Audits will conduct periodic audits on a sampling basis to:
     ▪ Determine if purchases have been made of unauthorized items.
     ▪ Determine if orders are being split.
     ▪ Check the validity of receipt of merchandise.
     ▪ Determine adequacy of accounting control.

• Use of SOS is Optional: Any department that desires not to utilize the SOS alternative may submit a purchase requisition to the Purchasing Department in the normal manner or participate in the Purchasing Card Program.

Ethics

The employees of the Purchasing Department adhere to the Purchasing Ethics listed below. All Purchasing Department employees receive a copy of this code and are required to acknowledge receipt and understanding of the ethics code as written. University employees involved in any type of purchasing activity should also adhere to this published Ethics Code.

Ethics Code: In performing the procurement function, the UTD Purchasing Department subscribes to the following code of purchasing ethics:

1. Gives prime consideration to the goals and objectives of the Institution.
2. Declines personal gifts and gratuities which might in any way influence the purchase of goods or services.
3. Never barters the name of the University about for personal or friendship gains.
4. Strives towards excellence and professionalism as the University's legal and formal business agents.
5. Endeavors to perform to the best of one's ability in achieving the goals of the department.
6. Reaches for the maximum value of each dollar expended.
7. Affords all bidders an "or equal" consideration regardless of the size of the firm, the ethnicity/gender of its owners, or the location of the business.
8. Demands honesty in sales.
9. Insures open honesty in buying.
10. Provides prompt, courteous, efficient and effective procurement for the Institution.
11. Refrains from "shop talking" prices and divulging confidential technical information.
12. Respects fellow workers and maintains a pleasant working environment.
13. Does not fall into the "condemn and condone" syndrome in transacting business.
14. Continues to improve one's knowledge and expertise to better fulfill one's personal growth needs.
15. Bestows a warm and gracious reception to sales personnel, not restricting one's availability to them, but limiting the interview to a worthy exchange.

Conflict of Interest: Only the highest ethical principles are to be employed by all persons involved in the procurement process. It is the responsibility of each member of the University staff and of the Purchasing Department to take all appropriate steps to assure that the University does not knowingly enter into a purchase commitment which could result in a conflict of interest situation.

A conflict of interest exists when some factor, such as financial or personal interest in a vendor, interferes or appears to interfere with an individual's ability to be completely impartial and loyal to the University's interest.

Gifts and Gratuities: All University personnel will refrain from accepting any gifts, gratuities, or entertainment from vendors who do business or who wish to do business with the University. This requirement is mandated by the State General Services Commission Rule 111.4(f), Breach of Ethical Standards -- Gratuities and Kickbacks.

Purchases for Personal Use: The University does not make purchases for any individual, nor permit personal purchases with departmental or project funds, nor may purchases be made for resale to an employee. University letterhead may not be used to order personal items to be paid for by an individual. Misuse of University funds may result in disciplinary action.

Purchases from Employees: Purchases are not permitted from any officer or employee of The University of Texas System, including component institutions, unless the cost is less than that from any other known source and only when approved by the component chief administrative officer, the appropriate Executive Vice Chancellor of the System, and the Board of Regents. Details of such transactions shall be reported in the docket or minutes of the Board of Regents.

Policy History

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- Editorial Amendments: 2015-01-16
Policy Links

- Permalink for this policy: http://policy.utdallas.edu/utdbp3057
- Link to PDF version: http://policy.utdallas.edu/pdf/utdbp3057
- Link to printable version: http://policy.utdallas.edu/print/utdbp3057