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Subject: INTRODUCTION TO PURCHASING	

This section is intended to benefit employees who are involved in the business and administrative affairs of the departments and divisions within the University. It should serve as a reference tool for official University procedures. For further references please visit the Midwestern State University Purchasing Department website and review the Purchasing Manual and Procurement Card Program Guide.



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Department: PURCHASING

Subject: PURCHASING ETHICS

- Give first consideration to the objectives and policies of Midwestern State University.
- Strive to obtain the maximum value for each dollar of expenditure.
- Decline personal gifts or gratuities. (**Midwestern State University Policies and Procedures: 3.314 Personnel; ETHICS POLICY FOR EMPLOYEES OF MIDWESTERN STATE UNIVERSITY, Date Adopted/Most Recent Revision: 08-04-06; E. Benefits, Gifts and Honoraria: Gift Items:** An MSU employee shall disclose to his or her respective Vice President (Provost and Vice President for Academic Affairs) any gift received in the course of official business having a value of more than \$50. The President shall make such disclosures to the Board of Regents.)
- Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other authorized third party review, insofar as the established policies of Midwestern State University permit.
- Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
- Foster fair, ethical and legal trade practices.

- All procurement transactions should be viewed from the perspective of a State of Texas taxpayer, and whose money Midwestern State University is spending.

 <p style="text-align: center;">FISCAL REGULATIONS and PROCEDURES</p>	Number: 5-3
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Subject: AUTHORITY – PURCHASING	

Government Code § 2155.131. DELEGATION OF AUTHORITY TO STATE AGENCIES. The Texas Procurement and Support Services Division (TPASS) may delegate purchasing functions to a state agency.

Added by Acts 1995, 74th Leg., ch. 41, § 1, eff. Sept. 1, 1995, Govt. Code.

§ 2155.132. PURCHASES LESS THAN SPECIFIED MONETARY AMOUNT.

- (a) A state agency is delegated the authority to purchase goods and services if the purchase does not exceed \$15,000. If the commission determines that a state agency has not followed the commission's rules or the laws related to the delegated purchases, the commission shall report its determination to the members of the state agency's governing body and to the governor, lieutenant governor, speaker of the House of Representatives, and Legislative Budget Board.
- (b) The commission by rule may delegate to a state agency the authority to purchase goods and services if the purchase exceeds \$15,000. In delegating purchasing authority under this subsection or Section 2155.131, the commission shall consider factors relevant to a state agency's ability to perform purchasing functions, including:
 - (1) the capabilities of the agency's purchasing staff and the existence of automated purchasing tools at the agency;
 - (2) the certification levels held by the agency's purchasing personnel;
 - (3) the results of the commission's procurement review audits of an agency's purchasing practices; and
 - (4) whether the agency has adopted and published protest procedures consistent with those of the commission as part of its purchasing rules.
- (c) The commission shall monitor the purchasing practices of state agencies that are making delegated purchases under Subsection (b) or Section 2155.131 to ensure that the certification levels of the agency's purchasing personnel and the quality of the agency's purchasing practices continue to warrant the amount of delegated authority provided by the commission to the agency. The commission may revoke for cause all or part of the purchasing authority that the commission delegated to a state agency. The commission shall adopt rules to administer this subsection.
- (d) The commission by rule:
 - (1) shall prescribe procedures for a delegated purchase; and

- (2) shall prescribe procedures by which agencies may use the commission's services for delegated purchases, in accordance with Section 2155.082.
- (e) Competitive bidding, whether formal or informal, is not required for a purchase by a state agency if the purchase does not exceed \$5,000, or a greater amount prescribed by commission rule.
- (f) Goods purchased under this section may not include:
 - (1) an item for which a contract has been awarded under the contract purchase procedure, unless the quantity purchased is less than the minimum quantity specified in the contract;
 - (2) an item required by statute to be purchased from a particular source; or
 - (3) a scheduled item that has been designated for purchase by the commission.
- (g) A large purchase may not be divided into small lot purchases to meet the dollar limits prescribed by this section. The commission may not require that unrelated purchases be combined into one purchase order to exceed the dollar limits prescribed by this section.
- (h) A state agency making a purchase under this section for which competitive bidding is required must:
 - (1) attempt to obtain at least three competitive bids from sources listed on the master bidders list that normally offer for sale the goods being purchased; and
 - (2) comply with Subchapter E.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 18, eff. May 30, 1995. Amended by Acts 2003, 78th Leg., ch. 198, Sec. 2.161, eff. Sept. 1, 2003. Amended by: Acts 2009, 81st Leg., R.S., Ch. [466](#), Sec. 1, eff. June 19, 2009.

Education Code § 51.9335. ACQUISITION OF GOODS AND SERVICES.

- (a) An institution of higher education may acquire goods or services by the method that provides the best value to the institution, including:
 - (1) competitive bidding;
 - (2) competitive sealed proposals;
 - (3) a catalogue purchase;
 - (4) a group purchasing program; or
 - (5) an open market contract.
- (b) In determining what is the best value to an institution of higher education, the institution shall consider:
 - (1) the purchase price;
 - (2) the reputation of the vendor and of the vendor's goods or services;
 - (3) the quality of the vendor's goods or services;
 - (4) the extent to which the goods or services meet the institution's needs;
 - (5) the vendor's past relationship with the institution;

- (6) the impact on the ability of the institution to comply with laws and rules relating to historically underutilized businesses and to the procurement of goods and services from persons with disabilities;
 - (7) the total long-term cost to the institution of acquiring the vendor's goods or services;
 - (8) any other relevant factor that a private business entity would consider in selecting a vendor; and
 - (9) the use of material in construction or repair to real property that is not proprietary to a single vendor unless the institution provides written justification in the request for bids for use of the unique material specified.
- (c) The state auditor may audit purchases of goods or services by an institution of higher education or by a component of an institution of higher education that purchases goods and services.
 - (d) Subtitle D, Title 10, Government Code, and Subchapter B, Chapter 2254, Government Code, do not apply to the acquisition of goods and services under this section, except that an institution of higher education must comply with any provision of those laws, or a rule adopted under a provision of those laws, relating to contracting with historically underutilized businesses or relating to the procurement of goods and services from persons with disabilities. An institution of higher education may, but is not required to, acquire goods or services as provided by Subtitle D, Title 10, Government Code.
 - (e) In this section, "institution of higher education" has the meaning assigned by Section 61.003 and includes a school of veterinary medicine and a health care facility operated by a medical and dental unit, except that the term does not include The University of Texas M. D. Anderson Cancer Center or a public junior college.
 - (f) This section does not apply to professional services as defined by Section 2254.002, Government Code. Professional services shall be procured in accordance with Subchapter A, Chapter 2254, Government Code.
 - g) An institution of higher education may adopt rules and procedures for the acquisition of goods or services.
 - (h) In any contract for the acquisition of goods and services to which an institution of higher education is a party, a provision required by applicable law to be included in the contract is considered to be a part of the executed contract without regard to:
 - (1) whether the provision appears on the face of the contract; or
 - (2) whether the contract includes any provision to the contrary.

Added by Acts 1995, 74th Leg., ch. 736, § 1, eff. June 15, 1995. Renumbered from V.T.C.A., Education Code § 51.933 by Acts 1997, 75th Leg., ch. 165, § 31.01(21), eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 334, § 1, eff. May 29, 1999; Acts 1999, 76th Leg., ch. 1225, § 17, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 118, § 1.01, eff. Sept. 1, 2001. Amended by: Acts 2011, 82nd Leg., R.S., Ch. [1049](#), Sec. 2.02, eff. June 17, 2011.



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Department: PURCHASING


Subject: ORGANIZATION AND OBJECTIVES

1. Organization: The Purchasing Department of Midwestern State University is organized and staffed to serve all departments of the University.
2. Objectives: Its primary objective is to procure all goods and services required by the University at the specified quality and quantity levels, and at the lowest ultimate cost consistent with delivery requirements to enable the University to achieve its scheduled goals. The Purchasing Department is under the supervision of the Purchasing Director who is accountable to the Vice President of Business Affairs and Finance.
3. Authority to Obligate Funds: See MSU Policies & Procedures 2.24 Approval and Execution of University Contracts.

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	Department: PURCHASING
Subject: PURCHASING RESPONSIBILITIES	

The Purchasing Department is charged with the following general responsibilities:

1. Reviewing and processing department requisitions for accuracy and completeness of specifications and determining the proper purchasing procedure in view of the funds to be disbursed.
2. Processing of State Contract purchase orders, local orders and requisitions for open-market purchases.
3. Obtaining and reviewing quotations and placement of direct purchase orders.
4. Maintaining accurate and complete files of all purchasing transactions and related correspondence.
5. Developing and maintaining accurate and up-to-date information on sources of materials, services and equipment in the form of catalogs, price lists, websites, etc.
6. Acting as the liaison with the Texas Procurement and Support Services Division to ensure the most expeditious handling of University orders placed by the Texas Procurement and Support Services Division.
7. Interviewing suppliers' representatives who call at the University and conducting correspondence with suppliers on all matters related to procurement.
8. Managing the Procurement Card Program for the University. This includes but is not limited to: creating new accounts, training new and current users on the program procedures and rules, managing the program, collecting and auditing Transaction Logs from cardholders, dispute resolution, compiling and reconciling the upload to Banner Finance System and acting as the liaison with the current bank depository service.
9. Committing University resources to achieving the Historically Underutilized Business (HUB) requirements of the State of Texas. Ensuring that Midwestern State University makes available every possible procurement opportunity to HUB vendors. (Texas Government Code 2161)
10. Tracking, compiling and reporting to the Texas Procurement and Support Services Division (TPASS) the HUB expenditures for the University.
11. Adhering to State guidelines in reference to the competitive bid process and other State rules and legislation pertinent to purchasing activities.

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Guidelines for Price Quotations

Bidding Limits are established to ensure that sizable purchases are subjected to fair competition among available, responsible vendors. To effectively expedite and control purchases of goods and services that are under bid limits established by the Texas Procurement and Support Services Division (TPASS), the following guidelines have been established by Midwestern State University to assist Purchasing Department employees, as well as other University employees, in obtaining competitive quotes. These guidelines are based on Texas Procurement and Support Services Division guidelines and Midwestern State University policy.

A. Policies and Procedure Manual 4.158

MSU purchasing policies and procedures are controlled by rules and regulations set forth by the Texas Legislature, the Texas State Comptroller, and the Texas Procurement and Support Services Division (TPASS). A detailed outline of purchasing policies and procedures is shown in the MSU Handbook of Fiscal Regulations and Procedures. It should be noted that if any budgetary unit head or any other staff or faculty member makes a contract for supplies, equipment and or services without a purchase order from the Purchasing Department, he/she may be held personally responsible for clearing the account with the vendor.

B. Best Value Basis

Midwestern State University purchases goods and services on a best value basis including 1) procurement card; 2) informal verbal quotes; 3) formal written quotes; 4) competitive sealed bids; 5) competitive sealed proposals; 6) catalog purchases – Qualified Information Systems Vendor (QISV); and 7) cooperative purchasing.

In determining the best value, the university will consider:

1. the purchase price
2. the reputation of the vendor and of the vendor’s goods and services
3. the quality of the vendor’s goods or services
4. the vendor’s past relationship with the university
5. the extent to which the goods or services meet the university’s needs
6. the impact on the ability of the university to comply with the laws and rules relating to historically under-utilized businesses and to the procurement of goods and services from persons with disabilities

7. the total long term cost to the university of acquiring the vendor's goods and services
8. any other relevant factors that a private business entity would consider in selecting a vendor
9. the use of material in construction or repair to real property that is not proprietary to a single vendor unless the university provides written justification in the request for bids for use of the unique material specified.

C. Departmental Purchase Options

1. Procurement Card – Purchases less than the established cardholder's credit limits will be made following the guidelines set forth in the Procurement Card Program Guide. If the Procurement Card policy restricts items or a vendor will not accept a credit card, a purchase requisition should be prepared and submitted to the Purchasing Department.
2. Requisition Purchases – The department submits a formal requisition for the Purchasing Department to secure a good or service. The Purchasing Department places the order with the vendor. If the goods or services are of a time sensitive issue, the confirmation purchase order option may be used.
3. Emergency Purchases – An emergency purchase is defined as “a purchase of goods or services so badly needed that an agency will suffer financial or operational damage unless they are secured immediately.” The university will use the standard bid process, including obtaining the required number of bids if time permits. Documentation is to be retained by the Purchasing Department for auditing purposes. The university will have the responsibility for handling complaints and protests. An emergency purchase requires a letter of justification which will become part of the file. The letter should be signed by the appropriate Vice President or the Provost and be forwarded to the Director of Purchasing.
 - State the reason for the emergency purchase by explaining what the emergency is and/or what caused the emergency situation;
 - State the financial or operational damage that will occur if needs are not satisfied immediately; and
 - State why the needs were not or could not be anticipated so that items could have been requisitioned through the Purchasing Department following regular procurement procedures.

D. University Purchasing Guidelines


Purchases obligating university funds should follow guidelines set forth by the Texas Procurement and Support Services Division (TPASS). If competitive sealed bids are not used, price quotations should be solicited from an adequate number of vendors to ensure competition. Procedures for obtaining price quotations for the obligation of university funds are structured to meet the needs of Midwestern State University. University employees should use the following guidelines at all times. To

protect the integrity of the process, all solicitations of quotes shall comply with the following:

1. vendors should not be privileged to quotes from other vendors;
2. vendors should be rotated to ensure competition;
3. justification for any sole source request should be documented on the requisition;
4. 4 the Purchasing Department should be contacted if additional vendors for a particular product or service are needed;
5. purchases should be monitored to determine if separate, sequential, or component purchases might exceed the bid limits;
6. quotes should be submitted with a requisition to the Purchasing Department for vendor selection, processing and ordering;
7. the lowest price should always be accepted, all other factors being equal;
8. orders shall never be placed by the user department unless a purchase order has been obtained through the procedures established in the Purchasing Manual; and
9. contact the Purchasing Department staff with any concerns or questions you may have.

E. University Purchasing Bid Limits

1. Purchases below \$5000 - Purchases within this range do not require competitive bids. The Purchasing Department has the discretion to seek competitive bids if warranted. Purchase Requisitions should be forwarded to the Purchasing Department. Departments do not have the authority to place orders with vendors on items requested on a purchase requisition. A purchase order will be forwarded to the vendor from the Purchasing Department.
2. Purchases Between \$5001-24999.00- A minimum of three bids are required from the Combined Master Bid List (CMBL) with a minimum of two (if possible) Historically Underutilized Businesses (HUB's); A purchase requisition with a complete description of goods or services, quantity, delivery requirements (including shipping, warranties, maintenance fees, etc.), delivery location and any recommended vendors should be submitted to the Purchasing Department. The Purchasing Department will request price quotations, evaluate bid responses and forward this information to the department for input, make award and issue a purchase order.
3. Purchases Over \$25,000- A formal bid process is required. Specifications of the equipment and/or services should be forwarded to the Purchasing Department. The Purchasing Department will develop a Request for Proposal or Invitation for Bid, with input from the department, to be published in the local newspaper, e-mailed to interested parties and posted on the State of Texas (ESBD) website. The average time commitment from posting to bid opening is approximately 4-6 weeks. Bid proposals will be accepted by the Purchasing Department and evaluated by the requesting department. A purchase order will be issued by the Purchasing Department to the vendor awarded the bid.

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Subject: PURCHASE REQUISITION	

The preparation of an electronic Purchase Requisition Form should be accomplished by using the banner finance system. Appropriate backup documentation should accompany the requisition (i.e., quotes, specifications, etc.)



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Department: PURCHASING

Subject: DIRECT PURCHASES WITH OTHER THAN STATE APPROPRIATED FUNDS

1. Purchases to be made with funds other than state-appropriated funds will be made following State procedures (competitive bidding and HUB requirements).
2. Purchases of supplies, materials, services and equipment for resale, for auxiliary enterprises, for organized activities relating to instructional departments of institutions of higher learning, and for similar activities of other State agencies, and purchases made from gifts and grants may be made by the University without authority of the Texas Procurement and Support Services Division.
3. Local funds are all funds not on deposit in the State Treasury. Requisitions payable from Local Funds are subject to the same requirements as requisitions payable from funds in the State Treasury.

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Subject: EXEMPTIONS FROM BIDDING OR PRICE COMPARISONS	

The University defines the following additional exemptions from price comparison processes:

- Classified Advertising
- Hotels and Conference Rooms (*see Travel Policy: 3.339 & 3.342 Personnel-TRAVEL; Fiscal Regulations and Procedures Handbook: Business Office 2-15 thru 2-18*)
- Conference Expense; expenses related to conference room services such as audio/visual/network and food services. (*Does not include goods purchased for attendees or transportation services.*)
- Moving Expenses (*employee*)
- Student Travel; expenses related to student travel
- Library materials for Midwestern State University Library, when such exemption represents the best value to the University (*in accordance with Government Code 2155.139*)
- Membership fees and dues
- Newspaper and magazine subscriptions, books, videos and software direct from the publisher only available from a single source
- Freight
- Intra-agency payments
- Rental of exhibit space; i.e., booths for display purposes
- Goods and services provided by the Texas Department of Criminal Justice
- Goods and services provided by the Texas Industry for the Blind and Handicapped
- Internal Repairs (a repair that cannot be reasonably defined prior to the actual repair and the extent to which cannot be determined until the equipment is disassembled)
- Purchases from Federal agencies
- Utilities

The following items require special consideration for proper processing:

Professional and Consultant Contract Services. Professional and Consulting Service rules **do not require nor prohibit** competitive bidding. However, it may be advantageous and may be required in certain circumstances to issue a Request For Proposal. In all cases the availability and capability of HUBs to perform the work should be considered.

REQUIRED PROCESSES BEFORE ANY PROFESSIONAL OR CONSULTANT WORK IS PERFORMED

- The department must determine if the individual should be hired as an independent contractor or as an employee. To help make this determination, refer to the IRS website at www.irs.gov or contact the Personnel Department.

PROFESSIONAL SERVICES

Professional services include but are not necessarily limited to:

accounting – a certified public accountant (CPA);
architecture – an architect;
landscape Architecture;
land surveyor – a land surveyor;
medicine - a physician, including a surgeon;
optometry - an optometrist;
professional engineering – a professional engineer;
real estate appraisal – a state certified/licensed real estate appraiser; or
professional nursing – registered nurse

Specific rules relate to the selection of an Architect, Engineer or Land Surveyor. Consult with the Purchasing Department BEFORE PURSUING A CONTRACT FOR THESE SERVICES.


CONSULTING SERVICES

"Consulting service" means the service of studying or advising a state agency under a contract that does not involve the traditional relationship of employer and employee. "Major consulting services contract" means a consulting services contract for which it is reasonably foreseeable that the value of the contract will exceed \$15,000, or \$25,000 for an institution of higher education other than a public junior college. Allow at least 3 months for this process.

Proprietary Purchases. Purchase requisitions which are submitted for items to be purchased for a single brand and/or from a single vendor shall include a Sole Product/Sole Source Justification Form, which is available from the Purchasing Department.

Radioactive or Radiation Producing Materials or Equipment. All purchase requisitions for radioactive or radiation producing materials or equipment must be noted on the purchase requisition.

Printing. The Texas Constitution requires that at least 2 bids or price comparisons be obtained for printing when state funds will be used for payment, if \$5,000 or less. The University requires three competitive bids be obtained if the amount exceeds \$5,000.

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Subject: REQUIREMENT OF PURCHASING	

STANDING ORDERS

Most standing orders have been established for departments with a need for frequent purchases of the same item(s). If the total amount spent over the fiscal year will exceed \$5,000 the appropriate solicitation process must be completed. Individual orders are placed by the end user as needed or by purchasing staff and the invoice forwarded to the Purchasing Department. Standing Orders that are prepared for multi-department use are established yearly by the Purchasing Department through a standing order renewal process. Standing Orders that are used by a single department require the department to submit a requisition annually.

COMPETITIVE BIDDING

Competitive bidding is defined as the process of inviting and obtaining bids from competitive sources. Competitive bidding is considered to be a level of competition at which two or more manufacturers' products will meet the specifications, terms and conditions of the bid. Competitive bidding requires that all requirements be included in the specifications and the best value is typically the low bid meeting specifications. Any considerations other than price must be specifically stated in the bid and must be measured and documented during the evaluation process.

COMPETITIVE SEALED PROPOSALS

Competitive Sealed Proposals are typically large purchases and are utilized when several options may meet the University's needs or when other considerations may be more important than price. Specifications are typically limited and a Statement of Work details required specifications and the end result desired. Vendors may submit a variety of possibilities to achieve the desired results. Factors to be used in evaluating the proposals are often included in the RFP.

INTERAGENCY AND INTERLOCAL AGREEMENTS


The purchase of goods or services from another state agency is handled as an Interagency Agreement, and is allowed so long as neither agency exceeds its duties and responsibilities or the limitation of its appropriated funds. The purchase of goods or services from a political subdivision such as a city or county government, school district, or junior or community college is handled as in Interlocal Agreement, and is allowed so long as neither agency exceeds its duties and responsibilities or the limitation of its appropriated funds.




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Department: PURCHASING
Subject: EQUIPMENT OFFERED AS TRADE-IN

If a department requests the purchase of new equipment and also offers a trade-in of old equipment of the same or a similar type, the used equipment must be fully described as to age, condition, make, model and serial number, if available. The department should also give the Purchasing Department its most realistic estimate of the value of the used equipment and the possibility of salvage for further or other uses. The Purchasing Department will also consult with the University's Property Manager to ascertain property values. Bids involving trade-in equipment will be received subject to acceptance or rejection; this condition will be so stated in bid invitations, e.g.: "Trade-in at State's Option – to be picked up by the contractor where is and as is."

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Subject: PURCHASE ORDERS	

Cancellations and/or Changes on Order – All cancellations, changes, etc., on an order after it has been issued to a vendor must be handled by the Purchasing Department/Contract Administrator.


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Subject: RECEIVING	

Noting the date the product was received and the signature of the person accepting responsibility of the product is extremely important. The notation may be made on the purchase requisition, on the invoice paperwork or the actual shipping/delivery form. By signing and dating the employee is acknowledging receipt of the goods and authorizes the payment process to begin. The Prompt Payment Law requires that payment be made to a vendor for goods or services on the 30th day after the later of:

- **the date you receive the goods;**
- the date the services are completed; or
- the date you receive an invoice for the goods or services.

By signing and dating the receiving documentation the employee is stating that the goods were received in good condition or the services were rendered satisfactorily. The receiving documentation can also be used to note that the goods or services were received, but document unacceptable condition.

All documentation reflecting the receipt of goods or services must be submitted to the Purchasing Department to complete the payment process.

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	Department: PURCHASING
Subject: HISTORICALLY UNDERUTILIZED BUSINESSES PROGRAM	


Historically Underutilized Businesses (HUBs) – it is the policy of Midwestern State University to involve qualified HUB businesses to the greatest extent feasible in: purchases of goods, construction contracting, professional services, lease or rental of all supplies, materials, services, and equipment. A certified HUB business is a Corporation, Sole Proprietorship, Partnership, or Joint Venture in which at least 51% of the business is owned, operated, and actively controlled and managed by a minority or woman. HUB vendors are defined as Texas businesses that are at least 51% owned, operated and controlled by United States citizens, born or naturalized and members of qualifying groups which include Asian Pacific Americans, Black Americans, Hispanic Americans, Native Americans and American Women.

A HUB business must be registered with the State of Texas for the university to get credit for the purchase of goods and services. Midwestern State University and its contractors and subcontractors shall not discriminate on the basis of race, color, religion, national origin, sex, disability, political belief, or affiliation in the award of contracts. For further information concerning HUB certification or involving HUB businesses in the purchase of goods and services, contact the HUB Coordinator (Director of Purchasing).


All state agencies and institutions of higher education are required to make a good faith effort to INCREASE business with HUBs. **This good faith effort applies to ALL FUNDS and ALL DOLLAR AMOUNTS, including amounts that do not require bidding.** The University reports semi-annually and annually total expenditures from which the State prepares a report showing the percentage of expenditures made with State of Texas Certified HUBs. A comparison of annual percentages is reported each year in the annual financial report and each biennium in the legislative appropriations request. This information is scrutinized closely by legislators.

HUB SUBCONTRACTING PLANS are a requirement of ALL solicitations that are expected to be \$100,000 or greater. Inclusion of a HUB Subcontracting Plan requires Midwestern State University to investigate subcontracting opportunities before the solicitation is issued. The opportunity, or lack thereof, of subcontracting opportunities must be stated in the solicitation. If subcontracting opportunities are identified, a list of potential HUB subcontractors must be included in the solicitation document. The respondent’s HUB Subcontracting Plan **MUST BE RETURNED** with the bid or proposal response in order for the response to be given consideration. Failure to return the HUB Subcontracting Plan automatically disqualifies the bid, offer, or proposal. In addition, the HUB Coordinator reviews each HUB Subcontracting Plan. If the HUB Coordinator determines that the respondent did not make a good faith effort to do business with HUBs, the bid, offer, or proposal may be rejected from further consideration.

HUB AUDITS have been developed by the State Auditor's Office to determine if agencies are making a good faith effort to identify and do business with HUBs. If Midwestern State University is determined to be non-compliant, this will be reported to the Legislative Budget Board, and the university will be required to work under the assistance of the TPASS to document a good faith effort.

 FISCAL REGULATIONS and PROCEDURES	Number: 5-15
	Date: Revised 05-10-13 Page 1 of 1
	Department: PURCHASING
Subject: GAS CYLINDER MANANGEMENT	

Departments utilizing compressed gas cylinders such as Acetylene, Oxygen, Helium, Argon, etc., are reminded that these cylinders are to be picked up by the delivery company. The department is to keep accurate records of pickup and delivery of these items so that additional costs are not incurred.

 <p style="text-align: center;">FISCAL REGULATIONS and PROCEDURES</p>	Number: 5-16
	Date: Revised 05-10-13 Page 1 of 1
	Department: PURCHASING
Subject: PROMPT PAYMENT	

Prompt Payment Requirements

The following information is taken from the Prompt Payment law that is currently in effect. Invoice payments are due by the 30th calendar day after the latest of the following:

- The day the agency received the goods;
- The day the vendor completed performing its services for the agency; or
- The day the agency received the invoice for the goods or services.


The Comptroller’s Office and the university automatically computes and pays interest owed to vendors for late payments.

If Accounts Payable does not mail or electronically transmit a payment to a vendor or the vendor’s financial institution by the applicable due date, the agency is liable to the vendor for interest, in compliance with the following provisions:

- Beginning on the day after the payment is due, interest* accrues on the unpaid balance at the rate of 1.0% per month. The interest ceases to accrue on the date the state agency mails or electronically transmits the payment to the vendor or the vendor’s financial institution.

It is imperative that invoices received by departments are processed immediately for payment. It is also imperative that the Purchasing Department receives notification from your office of receipt of goods and/or services.

**Interest will automatically be included to the vendor for all payments. This applies to state and local accounts. Interest will be charged to the account that paid the principal.*


 <p style="text-align: center;">FISCAL REGULATIONS and PROCEDURES</p>	Number: 5-17
	Date: Revised 05-10-13 Page 1 of 1
	Department: PURCHASING
Subject: SOLE SOURCE VS PROPRIETARY JUSTIFICATION	

The purchase of goods and service that are considered sole source must be accompanied by documentation. To determine the difference between sole source and proprietary apply the following definition:

1. If a purchase request describes a product via brand name, such as Sony or Pioneer, then the product is **not** sole source.
2. If a purchase request describes a product that is unique to one vendor, is a restricted purchase or over department purchasing delegation, and does not permit an equivalent product to be supplied, then the product is sole source. The Purchasing Department requires the requesting department to justify in writing the specifications or conditions. The written justification must include: the need for the product; reason(s) competing products are not satisfactory; and provide other information necessary for approval.

When a product is sole source, the following procedure is to be followed:

1. Determine type of funds being used.
2. Complete a sole source justification form.
3. Submit Purchase Requisition to the Purchasing Department with sole source justification form attached.
4. The purpose for the form is to provide an audit trail.

 <p style="text-align: center;">FISCAL REGULATIONS and PROCEDURES</p>	Number: 5-18
	Date: Revised 05-10-13 Page 1 of 4
	Department: PURCHASING
Subject: PROCUREMENT CARD PROGRAM	

Orders for supplies and small items in amounts not exceeding the cardholder’s established credit limits may be purchased using a University Procurement Card. The terms and conditions of the MasterCard Procurement Card contract were specified and awarded by the Texas Procurement and Support Services Division (TPASS) for the State of Texas. In addition to internal policies and procedures, Midwestern State University will comply with the terms and conditions of the state contract.

Responsibilities

The Procurement Card will be issued in the name of the employee with the State of Texas emblem and the wording '**Official Use Only**' clearly indicated on the card. The Procurement Card is to be used for official University business purposes only and may not be used for **ANY** personal transactions. The employee is responsible and accountable for the security and documentation associated with the use of the Midwestern State University Procurement Card. Documentation shall include maintaining a Transaction Log and providing Transaction Detail information for each transaction. The individual is responsible for keeping documentation of all transactions including returns, credits and disputed charges. Supervisors are responsible for: 1) designating departmental cardholders; 2) determining spending limits; 3) incorporating projected yearly expenditure amounts designated for credit card charges into their budget; and 4) approving monthly reconciliations of procurement cardholder statements and supporting documentation to ensure purchases are within Midwestern State University policies and procedures and departmental budgets. Supervisors should be sure that all employees issued a card understand the departmental budget constraints under which they are to use the card.

The Purchasing Department is responsible for maintaining complete and accurate information regarding Procurement Card users and associated credit limits, for notifying supervisors when a current cardholder changes employment from one University department to another, for establishing and updating restricted Merchant Category Codes, and for determining compliance with University policies and procedures through periodic audits.

Card Use By Another Employee

The only person authorized to use the Procurement Card is the cardholder whose name appears on the card.

Training and Issuing Cards

All requests for new accounts must be approved at the Vice President or Provost level. Supervisors should notify the Purchasing Department to request a Cardholder Application/Approval Form. The form is to be completed by the Supervisor and forwarded to the Vice President or Provost for approval. The Vice President or Provost has the authority to approve/disapprove a new account. Both documents must be submitted to the Purchasing Department reflecting proper signature authority prior to a new account being created. When all appropriate paperwork has been submitted to the Purchasing Department the documentation will be submitted to the bank and a credit card will be issued by the company. The employee requesting the card will be notified by the Purchasing Department within 10-14 working days to pick up the card from the Purchasing Department. All employees will be required to attend training and sign a Cardholder Agreement and Training Completion form before being issued a card.

Making A Purchase with the Procurement Card

Refer to the Purchasing Manual -- Procurement Card Program Guide for detailed information related to making a purchase with the Procurement Card. A list of Restricted Items is included in the Guide for the employee's information. No charges may be made using the Procurement Card that will be charged against HEAF fund accounts. All charges against HEAF accounts must be processed through the standard purchase requisition process. The Procurement Card is to be used for official University business purposes only and may not be used for any personal transactions. Gift cards may be authorized for purchase when used to promote the University and/or student activities. Approval must be granted at the Vice President or Provost level prior to the purchase. Gift cards may be purchased using the Procurement Card and/or purchase requisition. Documentation supporting the reason for the purchase and who received the card must be available for auditing purposes.

Transaction Log, Monthly Statement, Reconciliation and Approval

The Transaction Log is required and provides an audit trail for expenditures made with the Procurement Card. Each individual purchase must be recorded on the Transaction Log. (see the Procurement Card Program Guide for detailed instructions on completing the Transaction Log). Upon receipt of the monthly statement from the credit card vendor, the cardholder shall reconcile the statement with the Transaction Log and forward the reconciled statement, Transaction Log and all supporting documentation to the employee's supervisor for signature. The finalized packet will then be submitted to the Purchasing Department for processing and reconciliation. Arrangements should be made when people will be out of the office; e.g. vacation, sick leave, jury duty, etc., so that the appropriate information is transmitted to the Purchasing Department in a timely manner.

The supervisor of the cardholder is responsible for verifying that all purchases are appropriate expenditures and should take necessary disciplinary action with employees making inappropriate expenditures.

The documentation identified in the Procurement Card Program Guide must comply with the University's Records Retention Schedule. These are official University records. The records for Procurement Card purchases will be required for periodic audits by the Procurement and Support Services Division, the State Auditor or the MSU Internal Auditor.

Card Termination

NON-USE - If it is found that a cardholder has not used the Procurement Card for six consecutive months, this card may be terminated at the discretion of the Purchasing Department. Any cards so deactivated may be reactivated with the submission of an Application/Approval Form and a Cardholder Agreement form. The individual will be required to attend training again before the card will be reactivated.

TERMINATION OF UNIVERSITY EMPLOYMENT - When a cardholder terminates employment with the University, the department has specific obligation to reclaim the Procurement Card and return it to the Purchasing Department prior to the employee's termination date. Failure to do so may result in the department being responsible for payment of any fraudulent charges. Verification of card return will be part of an employee's exit interview with the Personnel Office. Fraudulent charges will be reported to the University Police Department and the terminated employee will be expected to reimburse the University. The cardholder will also be required to reconcile any outstanding statements along with purchases that have not yet been submitted to the Purchasing Department prior to leaving employment with the University.

INSUFFICIENT BUDGET – Departments must review accounts on a periodic basis to guarantee funds are available for Procurement Card expenditures.

FAILURE TO PASS AUDIT - The Purchasing Department will audit transactions on a monthly basis. The Purchasing Department will work closely with cardholders who fail to produce the required documentation. The cardholder will be notified three times via email/ phone to provide substantiation for charges. Supervisors will be notified if the cardholder is not forthcoming in a timely manner with required documentation to support charges. Repeated failures to produce the required documentation may result in the card being terminated at the Purchasing Department's discretion.

CARD USE BY ANOTHER EMPLOYEE - Allowing someone else to use a card belonging to another employee is not an acceptable practice and is not considered an authorized purchase.


VIOLATION OF PURCHASING PROCEDURES - If the cardholder violates any Procurement Card Purchasing Procedure outlined in the Program Guide, the Purchasing Department may provide one on one instruction or the card may be deactivated. If the violation appears fraudulent or abusive, the cardholder may be subject to personal liability and/or disciplinary action, which may include termination of employment or possible criminal penalties.

FAILURE TO PROMPTLY REPORT A LOST OR STOLEN CARD - If a cardholder fails to make a report of a lost or stolen card immediately upon discovery, the cardholder may be

required to reimburse the University for any fraudulent charges made on the card until it has been cancelled, including a \$50 deductible for fraudulent charges up to \$15,000. Upon the loss of a second card, no additional cards will be issued to the cardholder.

PROCUREMENT MANAGER AUTHORITY - The President, supervising Vice President, Provost, Dean, Department Head, Director or immediate Supervisor has the authority to request that the Purchasing Department terminate an employee's card at any time for any reason. Any cards so deactivated may be re-issued with appropriate approvals upon submission of an Application/Approval Form and a Cardholder Agreement form. The employee will be required to attend training again before a card will be re-issued.

Source of Authority: Texas Government Code, Title 10, Subtitle D, Chapters 2151 through 2176

 <p style="text-align: center;">FISCAL REGULATIONS and PROCEDURES</p>	Number: 5-19
	Date: Revised 05-10-13 Page 1 of 2
	Department: PURCHASING
Subject: WAREHOUSE-CENTRAL RECEIVING	

All supplies and equipment purchased for the University are to be delivered through the Purchasing Department -- Warehouse (Daniel Building) to ensure uniform handling of freight claims, accurate entry of receiving information, and necessary elements of institutional control. The following purchases are excluded from this requirement.

1. Items being delivered under delegated purchase authority to the Library, Bookstore, or Food Services.
2. Delegated purchases made by departments using local purchase authorizations, procurement cards, or phone purchase orders.
3. Items which require installation by the contractor.
4. Items specifically authorized by the Purchasing Department.
5. Items marked as Toxic and/or Hazardous Materials. These items will be routed to the Warehouse, staff will count the boxes, compare to the receiving report and either direct the delivery company to the department's office to complete the delivery or accept the package(s) and deliver the package(s) themselves. The department will be responsible for opening and inspecting the items. The department will be responsible for notifying the Warehouse staff of any discrepancies or damaged goods.

If the department meets one of the five exemptions stated above, it is the responsibility of the department taking receipt of goods or services to immediately submit direct delivery of goods or services documentation, invoices and payment documentation to the Purchasing Department. Timely submittal of receiving information is essential to avoid late payment penalties and to effectively handle freight claims, shortages, or discrepancies.

Other Delivery Services

Upon receipt of merchandise, the Warehouse staff will:

1. Count and examine all cartons for visible damage and note any discrepancies on the Bill of Lading.

2. Deliver all materials (except that requiring inventory tagging, special equipment or manpower for moving) within 24-48 hours to the requisitioning department.
3. Handle the filing of claims with the freight company for any freight damages or shortages.
4. Affix property inventory tags when needed.

Immediately after delivery of the shipment to the requisitioning department, the department will:

1. Check contents of shipment against original purchase order.
2. Notify the Purchasing Department within three working days of any damages or shortages not identified by the Warehouse staff.


When shipments are authorized by the Purchasing Department for delivery directly to the requisitioning department, bypassing the Warehouse, it shall become the responsibility of the department to:

1. Count and examine all cartons for visible damage and note any discrepancies on the Bill of Lading.
2. Check contents of shipment against the original purchase order and submit appropriate documentation to the Purchasing Department for payment.
3. Notify the Purchasing Department within three working days of any damages or shortages.

Failure to promptly notify the Purchasing Department of damages or shortages may result in delays in payment for the goods or services and a liability for late payment penalties. The payment of any such penalties will be made from the account(s) that funded the original purchase.

Outgoing Freight

Outgoing freight should be dispatched through the Warehouse to ensure proper documentation, packing, and labeling. Clear indication of shipment value should always be made on the package or on the accompanying documentation. A special notation should be made when insurance is desired. Departments should contact Warehouse staff for additional instructions or assistance in handling outgoing freight.

 <p style="text-align: center;">FISCAL REGULATIONS and PROCEDURES</p>	Number: 5-20
	Date: Revised 05-10-13 Page 1 of 2
	Department: PURCHASING
Subject: DIRECT PAYMENT VOUCHER	

Reimbursements are made to employees or students for approved purchases made on behalf of the University. Payments are also made to vendors for products and services not processed via a purchase order. Both reimbursements and payments are generated on a **Payment Voucher form**.

Payments for the following goods and services are authorized to be paid with University funds; but should **not** be processed with a purchase order. They should be processed in accordance with these procedures.

- a) Registration fees for conferences, seminars and workshops. *(These can be paid for using the University procurement card or through the Payment Voucher form.)*
- b) Umpire/Officials fees for referring sporting events.
- c) Memberships *(These can be paid for using the University procurement card or through the Payment Voucher form.)*
- d) Overnight hotel lodging *(paid on behalf of official University guest)*.
- e) Fees for performers and entertainers.
- f) Business meal reimbursements.
- g) Fees for Guest Lecturers.
- h) Subscriptions and Periodicals *(unless a Purchase Order is required – may also be purchased using the University procurement card)*.
- i) Filing fees for work to be performed on buildings *(i.e. Texas Department of Health)*.
- j) Professional registration/license fees *(excluding software licenses)*.
- k) Postmaster-Permit, bulk rate fees and meter charges.
- l) Insurance premiums.
- m) Bus charters *(unless a Purchase Order number is required by the company)*.
- n) Publications and audio-video material *(prepared materials only)*.
- o) Employee incentives.
- p) Miscellaneous fees and assessments, i.e. accreditation, royalty, copyright and appraisals.

Requirements on Reimbursements – All reimbursements must be supported by the following:

- a) Original receipt showing date goods or services were received; description and cost of goods or services purchased along with any tax or tip. Sales tax will not be reimbursed for any purchases of tangible goods. A Texas Sales and Use Tax Exemption Certificate must be presented to the vendor at point of sale.

- b) A list of all participants is required for all meal and entertainment reimbursements. The receipt must be signed by the individual receiving reimbursement or by a department official when purchase is made directly from a vendor.
- c) An individual receiving reimbursement or payment may not approve his/her own payment voucher form. Individuals receiving reimbursement or payment must forward the payment voucher form to their supervisor for approval.
- d) Tips are normally reimbursable up to 15% of total purchase, however, actual will be reimbursed, if reasonable, and supported by appropriate documentation.

Requirements on payments to vendors – The following information must be provided:

Invoice showing name of company, address for remittance, description and cost of goods or services, shipping charges (actual or estimated) and amount due. Shipping and receiving documentation must be submitted reflecting acceptance by the University of the goods or service.