SECTION: Fiscal Affairs **NUMBER: 03.B.01**

AREA: Purchasing

SUBJECT: Purchasing Guidelines

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1. PURPOSE

It is the responsibility of each university's purchasing department to organize and administer procurement of supplies, equipment and services for the University of Houston System (UHS) in a manner that will result in the best value and price for the university in conformance with established ethical practices. This administrative memorandum describes guidelines to ensure that this responsibility is met. Purchase orders are a particular type of contract. For information on contracts in general, refer to System Administrative Memorandum (SAM) 03.A.05, Contract Administration.

2. POLICY

The University of Houston System has a fiduciary duty~~ies~~ to ensure that expenditures are consistent with applicable state and federal laws and regulations; with any restrictions, rules or regulations placed on the use of the funds by donors and granting or contracting agencies; and with prudent management practices regardless of funding source. All expenditures must be reasonable and necessary for carrying out the programs and activities of the System~~University~~, and shall be documented in a way that clearly substantiates such reasonableness and necessity. See Section 5 for specific information regarding Goods/Services Purchased or Reimbursed with Foundation Funds.

~~2.~~

2.1. Each purchasing department is responsible for purchasing all supplies, materials, services or equipment and, pursuant to Texas Education Code § 51.9335, an institution of higher education may acquire goods or services by the method that provides the best value to the institution, including but not limited to:

- Competitive bidding
- Competitive sealed proposals
- A catalogue purchase
- Group purchasing programs
- Open market contract

2.1.1. In determining best value to an institution of higher education, the institution shall consider:

- Purchase price.
- Reputation of the vendor and of the vendor's goods or services.
- Quality of the vendor's goods or services.
- Extent to which the goods or services meet the institution’s needs.

- Vendor's past relationship with the institution.
- Impact on the ability of the institution to comply with laws and rules relating to Historically Underutilized Businesses (HUBs) and to the procurement of goods and services from persons with disabilities.
- Total long-term cost to the institution of acquiring the vendor's goods or services.
- Any other relevant factor that a private business entity would consider in selecting a vendor.
- 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.

2.1.2. The following additional criteria shall be considered in determining best value:

- A vendor proposal must meet the requirements of the institution's solicitation document; and
- A vendor proposal that is non-responsive to the criteria set forth in the institution's solicitation document shall be rejected.

2.1.3. Procurement of goods and services must comply with state and federal laws and institutional policies and procedures.

2.1.4. The purchasing department is delegated the final authority for determining the "best value" for the university. University purchasing departments shall issue policies and procedures to help ensure that the purchasing methods described in the Texas Education Code, Section 51.9335, are followed and are competitive. The UHS Controller and System Office of General Counsel shall provide guidance in the implementation of such procedures. Subject to state rules and regulations, the purchasing department has final discretion and authority for vendor selection and award. It is the responsibility of the university purchasing departments to issue and to maintain records of purchase orders in the System's finance system.

2.2. Regardless of the source of funds or dollar level of purchase, each purchasing department and operating unit will purchase from state-certified Historically

Underutilized Businesses (HUBs) to the fullest extent possible and will make a ~~2.2.~~ good faith effort to meet the state's goals for doing business with HUBs.

3. PURCHASES FROM ALL FUNDS

3.1. Principles when making purchases involving the expenditure of all funds are as follows:

3.1.1. To adhere to the general procurement requirements of "best value" as noted in Section 2.1.

3.1.2. To provide free and open competition when and wherever possible.

3.1.3. To abide by the general procurement standards of the Office of Management and Budget (OMB) 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and its applicable attachments, when required.

3.1.4. To provide for sole source procurement when competitive options do not provide adequate procurement solutions for end users.

3.1.5. To exercise buyer discretion in the purchasing process.

3.2. All universities follow the University of Houston System Purchasing Guidelines and the University of Houston System Contract Management Handbook.

Each university may issue additional procedures, if required, for campus-specific needs as long as they comply with Texas Education Code, Section 51.9335.

4. EMERGENCY PURCHASES

A university may provide for emergency purchases when a situation exists in which the requirement for goods and services is so severe that the university will suffer operational or financial damage if the goods or services are not secured immediately. If the nature of the emergency permits, the needed goods or services should be requested through the university's purchasing department. Each university is responsible for issuing specific policy to be used as a guideline when the emergency is such that corrective action must be taken immediately.

5. Goods/Services Purchased or Reimbursed with Foundation Funds

The following purchases ~~or reimbursements~~ may not be made directly by ~~with~~ Foundations on behalf of the System or reimbursed by Foundations to individuals. ~~Funds~~If Foundations wish to pay for these costs, funds must be transferred to the System so that System procurement policies may be followed. ~~are not allowed:~~

- Any purchases that require contracts (all services including advertising, repairs, rental/lease, translation, and editing).

- Taggable equipment, including component pieces of equipment.
- Gift cards or digital payments, including payments using a survey data collection platform.
- Items that always require Purchase Orders (See the campus policy~~ MAPP 04.01.01~~).
- Items that use the UHS and its universities brands.
- Items with product warranties.
- Items purchased from vendors that are on vendor hold.
- Items purchased from vendors that are restricted by the Comptroller's Office (see the Comptroller's websites: Divestment Statute Lists; Debarred Vendor List).

6. REFERENCES

- Texas Education Code § 51.9335
- Office of Management and Budget (OMB) 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- System Administrative Memorandum (SAM) 03.A.05, Contract Administration
- University of Houston System Purchasing Guidelines
- University of Houston System Contract Management Handbook

~~5.~~7. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every five years~~s~~

8. APPROVAL

Approved: _____
Senior Vice Chancellor for Administration and Finance

_____
Chancellor

Date: _____

6. APPROVAL

Approved: */Raymond Bartlett/* Senior Vice Chancellor for Administration and Finance

/Renu Khator/ Chancellor

Date: October 8, 2024

7. REFERENCES

- Texas Education Code § 51.9335
- Office of Management and Budget (OMB) 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- System Administrative Memorandum (SAM) 03.A.05, Contract Administration
- University of Houston System Purchasing Guidelines
- University of Houston System Contract Management Handbook