

Procurement and Contracting Review

September 16, 2015

Procurement and Contracting Steps

Step	Procurement and Contracting Steps
1	<p>Choose the vendor using the right procurement method</p> <ul style="list-style-type: none">a. Spot purchase – select the vendor (consider using a HUB vendor); use voucher or P-Cardb. Informal bid – 3 quotes (2 from HUB vendors); if for a contract, email quotes to Purchasing <u>before</u> signing the contract to get approval of bid process; then send requisition to Purchasingc. Formal solicitation – give information to Purchasing for solicitationd. Sole source – send Sole Source Justification form to Purchasing for approvale. Emergency purchase – send requisition and memo to Purchasing for approvalf. State or purchasing cooperative contract – send requisition to Purchasing
2	<p>Complete the contracting process, if a contract is needed</p> <ul style="list-style-type: none">a. Confirm and finalize business terms of contract with vendorb. If don't use Standard Agreement, Standard Addendum, or if contract is over \$25K, send draft contract, Contract Coversheet, and Recommendation for Award form to Contract Administrationc. Obtain all signatures on contract <u>before</u> any services are performed
3	<p>Encumber the contract on a PO, if there is a contract</p> <ul style="list-style-type: none">a. Create requisition in CN730 or CN783 (for non-research and non-facilities contracts)b. Type the contract number and contract begin and end dates in the requisition commentsc. Change the Due Date on the requisition line to the date goods/services for that line are expected to be delivered or completedd. Attach the contract, Contract Coversheet, Recommendation for Award form, and quotes or Sole Source Justification form to requisition

Due Date on the Requisition

Requisition Scenarios	Due Dates
Lease copier from September 1, 2015 to August 31, 2016 on FY16 PO; lease period is September 1, 2014 to August 31, 2017.	08/31/16
Equipment purchase ; estimated delivery is December 1, 2015.	12/01/15
Software license from November 1, 2015 to October 31, 2016; must pay entire amount in advance.	10/31/16
Guest speaker agreement; give speech and visit with colleagues at UH January 15-16, 2016.	01/16/16
Furniture order. Two deliveries scheduled: October 15, 2015 and October 22, 2015. Each delivery is placed on a separate req/PO line.	11/15/15 11/22/15
Made-to-order scientific equipment purchase. Requires 25% payment when order is placed (March 1, 2016), 50% upon delivery (May 1, 2016), and 25% after installation and training (May 15, 2016). The req/PO has a separate line for each payment.	03/01/16 05/01/16 05/15/16

Procurement Methods

Procurement Method	Only Federal Funds	Only Non-Federal Funds	Both Federal and Non-Federal Funds
Spot Purchase	\$0 - \$3,000.00	\$0 - \$5,000.00	\$0 - \$3,000.00
Informal Bid	\$3,000.01 - \$150,000.00	\$5,000.01 - \$25,000.00	\$3,000.01 - \$25,000.00
Formal Solicitation	\$150,000.01 or more	\$25,000.01 or more	\$25,000.01 or more

Spot Purchase – No competition; HUB vendors encouraged; use voucher or P-Card

Informal Bid – at least 3 quotes (2 from HUBs); if for a contract, email quotes to Purchasing before signing contract; then send requisition to Purchasing

Formal Solicitation – Purchasing puts solicitation on Comptroller’s website (ESBD) for 14 to 30 days; lowest bid wins (ITB) or committee evaluates responses (RFP, RFQ)

Types of Formal Solicitations

Type of Solicitation	Description	Minimum Days on Electronic State Business Daily	Selection Process
Invitation to Bid (ITB)	Common goods (supplies, furniture, standard equipment)	14 days	Lowest bid that meets ITB requirements; no negotiation
Request for Proposal (RFP)	Complex goods and/or services (specialty equipment, consulting, construction)	21 days (30 days on ESBD and Texas Register for consulting over \$25K)	Committee evaluates proposals based on RFP criteria (including price); can negotiate
Request for Qualifications (RFQ)	Professional services (architect, engineer, CPA, physician)	21 days	Committee evaluates qualifications based on RFQ criteria (not price); can negotiate

Sole Source Purchase

- Only one vendor can provide the good/service required or for a guest lecturer/artist.
- Sole Source Justification form must be approved by Purchasing in advance. Examples:
 - Annual software license for an already-installed software that is only available from one vendor (copyright or patent)
 - Replacement parts that are only available from the manufacturer through one distributor in Texas
 - Guest lecturer or artist (type “lecturer” or “artist” on Sole Source form)
- Attach Sole Source form to requisition/PO.

Emergency Purchase

- A purchase of goods or services so critical that UHS will suffer severe financial or operational damage unless they are secured immediately.
- Justification letter or form must be approved by the Purchasing Director in advance that includes:
 - Nature of emergency (hazard to life, health, safety, welfare, or property) and cause of emergency
 - Estimated impact (financial or otherwise) if normal procurement process is followed
- Attach justification letter/form to requisition/PO.

State and Cooperative Contracts

- Contracts solicited by the state or by a purchasing cooperative, including:
 - TxSmartBuy (Comptroller's state contracts)
 - Department of Information Resources (DIR)
 - BuyBoard Purchasing Cooperative
 - E&I Purchasing Cooperative
 - US Communities Purchasing Cooperative
- Send requisition to Purchasing to place order.

Payment Methods

Procurement Type	Payment Method
Spot purchase (no contract)	Voucher or P-Card
Spot purchase (contract)	PO Voucher or P-Card (cancel PO after P-Card pmt)
Informal bid	PO Voucher
Formal solicitation	PO Voucher
Sole source	PO Voucher
Emergency purchase	PO Voucher
State contract	PO Voucher
Purchasing cooperative	PO Voucher
Existing UH contract	Voucher or P-Card
UH Service Center or Auxiliary	SC Voucher or P-Card

Non-Research Agreements

- Review “Contract Management Handbook” on the UHS Contract Administration website before entering into a non-research contract.
<http://www.uh.edu/legal-affairs/contract-administration/>
- Email contractadmin@uh.edu with questions about the contracting process or consult your campus Contracts Office.

Additional Approval Required for Large Contracts and POs

Amount of Contract or PO	Additional Approval Required
\$100K to \$300K (non-Athletics)	Division VP
\$100K to \$300K (Athletics)	Athletic Director and UHS CFO
\$300K to \$500K	Division VP and UHS CFO
\$500K to \$1 million	President and UHS CFO <small>See Note</small>
Over \$1 million	Board of Regents

See the [Delegations of Authority Table](http://www.uh.edu/legal-affairs/contract-administration/signature-authority/) for more information on approval authority:
<http://www.uh.edu/legal-affairs/contract-administration/signature-authority/>

Note: Employees are not authorized to sign contracts on behalf of UH System for any amount unless they have been delegated authority by the Board of Regents or as authorized by the Delegations of Authority Table, which authorizes further delegation of authority in writing to other employees not listed in the Table.

Note for items between \$500,000 and \$1 million: While contracts are signed by the President, internal forms such as the Addendum C are signed by the CFO

Board Approval Required

Contract or Project	Board Approval Required	Example
Contract	New revenue or expense contract over \$1 million	New contract for 4 years at \$300K/year including all possible extensions
Contract	Increase contract from less than \$1 million to over \$1 million	Amendment to increase contract amount from \$800K to \$1.1 million
Contract	Increase \$1 million+ contract by more than 25%	Amendment to increase contract amount from \$2 million to \$2.6 million (30%)
Project	New construction project equal to or more than \$10 million	New construction project for \$50 million
Project	Increase project from less than \$10 million to over \$10 million	Change project budget from \$9 million to \$11 million
Project	Increase \$10 million+ project by more than 10%	Change project budget from \$30 million to \$36 million (20%)