

# Purchasing Policies and Procedures

## Introduction

The purchasing section contains specific procedures for System purchasing and contracting practices that are in compliance with the Purchasing and Acquisitions section of the Lone Star College System Board Policy Manual and with Texas state law.

These procedures identify:

- The specific steps to be followed.
- When those steps are appropriate.
- The responsible individuals in the colleges, satellite centers and System Office.

## General Guidelines

### Designation of Responsibilities

The responsibility and authority for System purchases varies with the amount and kind of purchase. In some instances, the College Board of Trustees specifically delegates the authority for limited purchases as indicated in the Board Policy.

The Vice Chancellor of Administration & Finance (or designee) has the responsibility for assuring that these policies and procedures are adhered to.

The Associate Vice Chancellor of Business Support Services has the responsibility to oversee the Purchasing department.

The Purchasing Director and the Purchasing department have the responsibility to implement, direct, control and conduct the purchasing function.

Authorized System employees in charge of a department or college budget may purchase items included in their approved budget in accordance with these policies and procedures, unless state law or Board policy specifically requires the Board to make or approve a purchase.

### Federal Grants and U.S. Government Contract Funded Purchases

Lone Star College will follow Uniform Grant Guidance (UGC) on all purchases funded by Federal Grants.

Lone Star College is taking advantage of an extended grace period to fully-implement the Uniform Guidance (UG) procurement requirements. The additional extension announced by the Office of Management and Budget (OMB) allows non-federal entities with a fiscal year ending on August 31, until September 1 of 2018 to fully-implement the requirements.

### **Purchasing Guidelines**

All supplies and equipment must be purchased in accordance with established written policies.

The law must be strictly followed in regard to purchasing, and bids shall be sought from firms located both within and outside the System's service area.

The bid must be awarded to the vendor that provides the best value and meets all the required specifications at the lowest cost.

Purchasing must be handled in such a manner as to assure fair competition among bidders.

The System must not make any purchases of services or goods from individuals or firms owned by any current member of the Board of Trustees. In addition, purchases from employees, or their families or a company in which an employee or his or her family member owns a five percent or greater interest are not allowed. A family member (natural, foster, adopted or step), means a spouse, child, in-law, sister, brother, mother, father, grandparent, significant other or life partner. A purchase that would otherwise not be permitted under this purchasing guideline may be allowed if obtained via a competitive process and:

- The goods or services being purchased are not under the direct or indirect authority of the approving employees' department or division.
- The family member's bid is the lowest price bid that meets all bid specifications.

### **Split Purchases**

In compliance with [Texas State Law \(Education Code 44.032\)](#), purchases must not be split or separated in order to fall under a designated threshold to avoid the competitive bidding requirements set out in this policy.

Board approval is required for purchases of \$100,000 or more. College administrative approval by the Associate Vice Chancellor of Business Support Services is required for purchases between \$50,000 and \$99,999.

All Purchase Orders (PO) must include the following in the printed comments where appropriate: Request for Proposal (RFP) number, cooperative contract number and expiration date, and Board approval date.

The requester shall attempt to resolve any vendor issues. If attempts at resolution are unsuccessful, the requestor must contact the Purchasing department. The Purchasing department will mediate the situation with the vendor and document the discussions and action plan. If the Purchasing department determines that a vendor follows a pattern of non-performance or unsatisfactory performance, that vendor might be disqualified from future opportunities. The duration of time will be determined by the Purchasing Director or Associate Vice Chancellor of Business Support Services.

#### **Tax Status**

LSCS is exempt from Federal, State and City taxes except in certain prescribed cases. An exemption certificate will be furnished to any supplier upon request.

#### **Vendor Application Form**

All new vendors shall submit a Vendor Application form to the Purchasing Department. Information on the Vendor Application form must be clearly printed; forms that are not legible will be returned to the vendor for clarification. Upon receipt of the properly completed Vendor Application form, the Purchasing Department will enter the vendor information into iStar and notify the Requestor of the Vendor ID number.

Prior to requesting the set-up of a new vendor, the Requester is encouraged to identify a current vendor who can supply the product or service. The Purchasing department can assist with identifying potential vendors.

#### **Vendor Credit Applications**

The Purchasing department completes vendor credit applications and the Associate Vice Chancellor of Business Support Services (or

designee) approves them following proper legal review.

### **Purchase Transactions**

Purchase transactions are governed by different rules depending on the dollar value and type of purchase. There are generally three types of purchases: goods and services, construction-related, and professional services. Purchases under \$50,000 are governed by the Board of Trustees (Board) policy and guidelines. State law requires that purchases \$50,000 or more undergo a formal bidding process. The dollar aggregate threshold for all purchases apply to the specific commodity purchased across the System in the 12-month, fiscal year period. Approval guidelines for all purchases are detailed under the Board Policies or the Administration and Finance Processes.

Three different mechanisms facilitate a purchase, assuming the proper procurement process has been followed:

- Most purchases more than \$5,000 are required to be made by entering a requisition in iStar, which dispatches a purchase order following the workflow approval process.
- A P-Card may be used for most purchases \$5,000 or less.
- A limited number of purchases can be made via Direct Payment of an invoice – The [Direct Pay Guidelines](#) define the items that may be paid under this method as well as the process to request that a purchase and the related invoice be paid via direct pay.

### **Purchases of Goods and Services Less Than \$10,000**

Purchases of goods and services are guided by [Texas Government Codes 44.031 and 44.0311](#). The process is different depending on the dollar value of the purchase. Contracts are required for all construction purchases.

All purchases under \$10,000 in the aggregate for the System for each 12 month period (cumulative) and single purchases valued under \$10,000 shall be made in a manner that will be most advantageous to the System. The requesting department may request quotes and select vendors based on the best value for the System.

In most cases, a contract is not required for purchases of less than \$25,000 for “goods and services” and “services only”. See the [Contract - Purchasing One Page Summary](#).

All purchases between \$3000 and \$10,000 funded by Federal Grants require three written quotes. If only one quote is obtained, the requesting department will be required to provide additional information documenting how the price quoted was determined to be fair and reasonable.

**Purchases of goods and services \$10,000 through \$49,999**

Anyone making purchases of goods or services \$10,000 through \$49,999 **in the aggregate for the System for each 12 month period** (cumulative) and single purchases \$10,000 through \$49,999 must request written quotations from at least three vendors.

**Written Quotations**

Written quotations must accompany purchase requisitions. A written quotation is a document that bears the vendor's company name, address, telephone number, current date and the vendor representative's name and signature. The requesting department must receive the quotations and secure any essential technical information.

**Validity of Written Quotations**

A written quotation will be considered valid if processed within 30, 60, or 90 days, depending on the quote requirement, of its date or by the date identified on the quotation, whichever is longer. If the validity date has expired, written approval to extend the original proposed pricing must be received from the vendor. The quotations must be for identical or equivalent equipment or supplies and be written for easy comparison.

**Number of Bids**

The Requester must make every effort to obtain three written bids. If a vendor responds with a no-bid, the requestor should try to obtain an official quote from another vendor. Multiple bids from the same vendor will only count as a single bid.

**Bid Review**

The written quotations and selection process will be reviewed and approved by the Purchasing Director or designee.

**Award**

The award shall be made based upon the best value. If the lowest bidder is not selected, written justification of the selection of the higher bidder must be attached to the requisition.

### **iStar**

The requestor will enter the requisition, attach the three written quotes and the recommendation, including the justification (if applicable), in iStar.

### **Purchases of Goods and Services \$50,000 or More**

When you identify a need to purchase an item or items totaling \$50,000 or more, contact the System Office Purchasing department.

### **General Purchase Contracts**

All purchases valued at \$50,000 or more in the aggregate for the System for each 12 month period (cumulative) and single purchases valued at \$50,000 or more must be made in one of the following ways:

- Competitive bidding.
- Competitive sealed proposals.
- Request for proposals.
- Interlocal contract (cooperative purchasing program).
- A method provided by [Chapter 2269, Government Code](#), for construction services.
- Reverse auction procedure as defined by [Section 2155.062 \(d\), Government Code](#).
- Formation of a political subdivision corporation under section [304.001 of the Local Government Code](#).

### **iStar Strategic Sourcing**

LSCS uses the iStar Strategic Sourcing module to issue specifications for solicitations such as:

- Competitive bidding.
- Competitive sealed proposals.
- Requests for proposals.
- Request for qualifications.

Bidders must register in iStar and will automatically be sent opportunities to bid based on the commodities they have

selected as their area of interest. LSCS also advertises opportunities as required by law. In most cases, responses must be submitted in iStar.

### **Duration of Process**

A formal competitive bid process takes approximately eight weeks to complete from the day purchasing is notified of the need for the goods or services. This includes obtaining the appropriate Board or administrative approval. Therefore, you must take this into account in order to meet the requesting department's required delivery date.

### **Purchase of Construction-Related Services**

Purchases of construction-related services are guided by [Texas Government Codes 2269 and 2269.005](#). The process is different depending on the dollar value of the purchase. Contracts are required for all construction purchases.

#### **Construction Purchases Valued Under \$50,000**

1. Follow the same procedures for purchases of goods and services under \$50,000 as specified under sections 5.2.3.1 and 5.2.3.2 above.
2. Contractors receiving an award must certify that they are insured, including worker's compensation insurance coverage on all employees. Subcontractors must provide such certification to LSCS or a general contractor. LSCS will be listed as an additional insured.
3. The System requires payment bond for projects valued at \$25,000 or more.

#### **Construction Purchases Valued at \$50,000 or More**

All construction projects valued at \$50,000 or more in the aggregate for the System for each 12 month, fiscal year period (cumulative) and any single purchase valued at \$50,000 or more shall be publicly bid using one of the following purchasing methods:

- Competitive Bidding.

- Competitive Sealed Proposals.
- Construction Manager Agent.
- Construction Manager at Risk.
- Design Build Contracts.

### 1. **Insurance**

Contractors receiving an award must certify that they are insured, including worker's compensation insurance coverage on all employees. Subcontractors must provide such certification to LSCS or a general contractor. LSCS must be listed as an additional insurer. Refer to section 5.4.9, Insurance Certificates and Requirements, for more specific requirements.

### 2. **Bid Surety**

The System requires a bid surety in the form of a cashier's check or bid bond in the amount of 10% of the contractor's bid.

### 3. **Payment Bonds**

The System requires payment bonds for projects valued at \$25,000 or more and performance bonds for projects valued at \$100,000 or more.

## **Professional Service Purchases**

The State of Texas defines professional services as services within the scope of the practice of, or those services provided in connection with the employment of, a professional licensed or registered in the following disciplines:

- Accounting.
- Architecture.
- Landscape architecture.
- Land surveying.
- Medicine.
- Optometry.
- Professional engineering.
- Real estate appraising.
- Professional nursing.

In addition to the list of professionals defined by Texas law, Information Technology (IT) and financial consultants can be

procured using the method defined in this section; however, this method is not applicable to other types of consulting services.

All purchases of professional services, no matter the dollar amount, require that a contract be executed by the firm and LSCS prior to issuing the purchase order.

The cumulative total dollar amount of professional services is based on the service category. Each type of service is assigned a different category.

### **Professional Service Providers**

Professional service providers are independent contractors retained to provide services to the System when regular employees, within the scope of their employment, cannot provide such services.

### **Procurement of Professional Services**

Procurement of professional services must be conducted in accordance with the [Texas Government Code 2254 for Professional Services](#). Contracts for the procurement of defined professional services are only awarded on the basis of demonstrated competence and qualifications to perform the services, so long as the professional fees are:

- Within the budget for the services.
- Fair and reasonable.
- Do not exceed maximums provided by state law.
- Consistent with, and not higher than, the recommended practices and fees published by the applicable professional associations.

### **Professional Services Purchases Less than \$10,000**

Professional services purchases less than \$10,000 in the aggregate for the System for each 12 month period (cumulative) and single purchases valued less than \$10,000 must be selected using the following criteria:

1. Select the most highly qualified firm based on demonstrated competence and qualifications.
2. Negotiate a fair and reasonable price.
3. Prepare a special purchase memorandum in advance

and submit it to the Purchasing Director or designee for approval. This memo describes the selection process, including the selected firm's competence and qualifications for the project.

**Professional Services Purchases \$10,000 through \$49,999** Purchases of professional services \$10,000 through \$49,000 in the aggregate for the System for each 12 month period (cumulative) and single purchases \$10,000 through \$49,000 must be selected using the following criteria:

1. Request qualifications from a minimum of three firms.
2. Evaluate the qualifications based upon defined evaluation criteria.
3. Prepare an administrative approval memorandum in advance and submitted it to the Purchasing Director for approval. This memo describes the selection process, including the evaluation tabulation, competence, and vendor qualifications for the project.

**Professional Services Purchases \$50,000 or More**

When you identify a need to purchase professional services \$50,000 or more, contact the System Office Purchasing department.

1. Purchasing issues a Request for Qualifications (RFQ).
2. Evaluation committee members review and score all proposals based on the criteria published in the RFQ.
3. The firms with the highest scores are invited to make presentations to the evaluation committee, as deemed appropriate. The presentation scoring criteria must be given to the vendors in advance of the scheduled presentation.
4. The firms with the highest scores are recommended for administrative or Board approval depending on the dollar value of the purchase.
5. Upon receipt of appropriate (administrative or Board) approval, a contract will be executed.

**Purchasing Cooperatives**

LSCS is a member of several purchasing cooperatives. These

organizations perform competitive procurement processes for goods and services on behalf of their members and award contracts to vendors based on these processes. LSCS can make purchases from vendors awarded contracts under these purchasing cooperatives and is deemed to have gone through the appropriate competitive procurement process. Specific guidelines for making purchases from [purchasing cooperatives](#) are outlined below based on the dollar value of the purchase. Generally, purchasing cooperatives do not conduct procurement processes for professional services. Services from a Job Order Contractor (JOC) may be purchased through purchasing cooperatives using the guidelines in section 5.2.3.5.4 below.

### **General Purchasing Cooperative Guidelines for any Dollar Amount**

Vendor Quotes must include cooperative name, contract number and contract expiration date.

### **Cooperative Purchases under \$50,000**

1. Obtain one written quote from an approved cooperative vendor.
2. No additional quotes are required given the purchase is being made through a cooperative because the competitive process has already been performed.

### **Cooperative Purchases \$50,000 or More**

1. Obtain a written quote from an approved cooperative vendor.
2. Purchases \$50,000 or more made through a cooperative require a market analysis to ensure that the prices are competitive and represent the current market rate. Sometimes purchasing cooperative contracts can be old, or the market pricing has changed significantly since the bid process was performed. A market analysis may consist of any one of the following:
  - A minimum of three quotes, including the cooperative vendor's quote.
  - Internet pricing from at least two other sources, plus the cooperative vendor's quote.
  - Comparison against publicized industry rates

(typically for services).

- Details of the competitive bid process performed by the purchasing cooperative (to be evaluated by the Purchasing department).
  - Another method pre-approved by the Purchasing Director.
3. If the cooperative purchase is \$50,000 up to \$99,999, obtain administrative approval. The written justification must include a description of how the market analysis was conducted.
  4. Board approval is required for a cooperative purchase of \$100,000 or more.

### **Job Order Contractor (JOC) Cooperative Purchases**

1. JOC's may be used when the project schedule is constrained by a short timeline that does not allow for a standard bid process.
2. Construction services over \$250,000 shall not be purchased from JOC's.
3. Any exception to the \$250,000 limit requires justification and review/approval by:
  - a. The Chief Facilities/Construction Officer.
  - b. The Purchasing Director.
  - c. The Associate Vice Chancellor – Business Support Services.
4. A market analysis must be conducted for all JOC purchases \$50,000 or more. All quotes from JOC's must list the cooperative name, contract number and the contract's expiration date.
5. Quotes must be requested from approved contractors with LSCS master service agreements (MSA) for any construction services up to \$100,000 before utilizing a JOC contractor.

### **Emergency and Sole Source Purchases**

At times, it may not be possible for the System to engage in a formal competitive process.

#### **Emergency Purchase Procedure**

An emergency purchase is justified in any situation when delay

due to competitive bidding requirements or normal procedures would:

1. Be detrimental to the mission of the System.
2. Jeopardize public or employee safety.
3. Result in significant financial or operational

loss. In such situations follow these guidelines:

- Submit a written justification for the emergency purchases to the Purchasing department and have it approved in advance by the Chancellor and Vice Chancellor for Administration & Finance for purchases \$100,000 or more. The Associate Vice Chancellor for Business Support Services is authorized to approve emergency purchases of \$50,000 and up to \$100,000. The Purchasing Director has the authority to approve emergency purchases below \$50,000.
- Upon approval to proceed with the emergency purchase, the requestor will complete a requisition, and it will automatically route for proper approval.
  - This requisition should be completed as usual, but the words "EMERGENCY ORDER" must be noted in the comment section.
  - Approval from the Chancellor, CFO, Associate Vice Chancellor for Business Support Services or Purchasing Director must be attached to the requisition.
- If time is critical, the Chancellor, CFO, Associate Vice Chancellor for Business Support Services, or Purchasing Director may approve a verbal purchase from the vendor. A confirming purchase order must be released shortly after the verbal purchase has been made with the vendor.
  - This requisition should be completed as usual, except that the words "EMERGENCY ORDER" and "CONFIRMING ORDER - DO NOT DUPLICATE" must appear in the printed comments.
  - Documentation of approval from one of the positions

noted above shall be attached to the requisition.

### **Sole Source Purchases**

Sole source purchases are purchases where only one supplier can provide the product or service.

1. [Education Code 44.031\(j\)](#) defines sole source as:
  - a. An item for which competition is precluded because of the existence of a patent, copyright, secret process or monopoly.
  - b. A film, manuscript, or book.
  - c. A utility service, including electricity, gas or water.
  - d. A captive replacement part or component for equipment.
2. Sole source purchases must be justified in writing and approved in advance by the System Director of Purchasing.
3. A sole source affidavit may be requested from the vendor to support the sole source purchase.

The Board of Trustees must approve or ratify Emergency or Sole Source purchases of \$100,000 or more.

### **Specific Guidelines**

#### **Competitive Bid Process**

Competitive bidding is a procurement method in which bids from contractors, vendors, and suppliers are solicited by advertising the scope, specifications, and terms and conditions of the contract as well as the criteria by which the bids will be evaluated. The competitive bid process is required for purchases of \$50,000.

The requesting department develops the scope of services, work, and specifications and submits them to the Purchasing department. The requesting department must take care to not intentionally write a scope of work or specification that may be provided only by one vendor and which will result in a sole source product or service. See Bid Specifications.

The Purchasing department will establish the evaluation criteria and published them with the formal bid documents. In addition, a diverse evaluation committee shall be established. See Evaluation of Bids.

Presentations, product demonstrations, and pilot programs required by the requesting department must be included in the scope of the formal bid process, not performed prior to the release of a formal bid request.

The Purchasing department prepares a draft of the formal bid documents for the Requester's review and approval prior to release.

The formal bid documents must be advertised in one local newspaper for two successive issues. Bid proposals are due at least two weeks from the last advertisement. The advertisement is released by the Purchasing department.

Purchasing develops a list of potential vendors.

1. To facilitate the Sourcing process, it is important to identify potential vendors who can provide the product or service.
2. As a governmental institution, it is important to give equal opportunity to qualified vendors to supply the product or service.
3. New suppliers increase competitive pricing, which creates leverage to reduce costs.
4. The vendor list shall include:
  - Any lists developed during previous competitive bid processes.
  - Vendors who have contacted the System
  - Vendors that have registered in iStar
  - Vendors who respond to the newspaper advertisement.
  - A list of vendors supplied by the requesting department
  - Vendors identified from an Internet search.

The Purchasing department will release electronic bid documents to potential Respondents and review secure, competitive bids on the selected bid opening date.

To ensure that all potential respondents receive the same information, the Purchasing department will release a written addendum to the bid documents that answers written questions and provides further clarification, if necessary.

A diverse evaluation committee evaluates bids based upon the pre-defined evaluation criteria. The bid shall be awarded to the vendor that provides the best value and meets all the required specifications at the lowest cost.

The requesting department will prepare the necessary approval recommendation (administrative approval or board agenda item) and submit it to the Purchasing department for review.

The Purchasing department will finalize the administrative approval for the Associate Vice Chancellor's approval or the board agenda item for the Board of Trustees approval.

If applicable, a contract shall be submitted to legal counsel for review.

The Purchasing department issues a purchase order when the contract is approved and executed. The Board Chair or his designee signs contracts for \$100,000; the Chancellor signs contracts for \$50,000 to \$99,999.

The Purchasing department notifies both the awarded and non-awarded vendors.

Only the Purchasing department shall communicate with vendors during the competitive bid process. Campuses shall direct vendors to the Purchasing department.

### **Requisition Workflow Approval Process in iStar**

There are different requisition workflow approval processes within the iStar system: Standard, Office of Technology Services (OTS) and Project Manager. iStar routes all requisitions for \$50,000 or more to the Director of Purchasing for final approval before the purchase order is dispatched to the vendor.

The standard workflow approval process includes the following

steps:

1. The requester enters the requisition and attaches appropriate supporting documentation. Requestors have been trained to know the proper procurement process required for the type and dollar value of the purchase.
2. iStar automatically routes the requisition to the department manager assigned to the department ID chartfield for review and approval.
3. Following approval, iStar routes the requisition to the buyer assigned to the category entered on the requisition for review and approval.
4. When the approvals are complete, iStar emails the purchase order to the vendor.

The OTS workflow approval process includes the following steps:

5. The requester enters the requisition and attaches appropriate supporting documentation. Requestors have been trained to know the proper procurement process required for the type and dollar value of the purchase.
6. iStar automatically routes the requisition to the department manager assigned to the department ID chartfield for review and approval.
7. Following approval, iStar routes the requisition to the Vice Chancellor – Chief Information Officer for review and approval.
8. Then iStar routes the requisition to the buyer assigned to the category entered on the requisition for review and approval.
9. When the approvals are complete, iStar emails the purchase order to vendor.

The project workflow approval process includes the following steps:

10. The requester enters the requisition and attaches appropriate supporting documentation. Requestors have been trained to know the proper procurement process

- required for the type and dollar value of the purchase.
11. iStar automatically routes the requisition to the project manager assigned to the project for review and approval.
  12. iStar routes the requisition to the department manager assigned to the department ID chartfield for review and approval.
  13. Following approval, iStar routes the requisition to the buyer assigned to the category entered on the requisition for review and approval
  14. When the approvals are complete, iStar emails a purchase order to vendor.

The Accounting department staff assigns a manager with budget responsibility as the Department Manager in the General Ledger module and the Purchasing department adds that manager in the eProcurement module as an approver.

When a project is set up in the Project Costing module, a Project Manager is assigned to the project and the Purchasing department adds them in the eProcurement module as an approver.

### **Communication with Vendors**

Requestors and department personnel can communicate with vendors:

- During the exploratory phase as products are being researched; however, staff must inform the vendors they contact that an RFP process will be completed and all vendors will be given equal opportunity to propose their product or services.
- After an award has been made.

Communications with vendors cannot occur:

- During the development of the RFP.
- Prior to the release of the RFP.
- After the release of RFP.
- After bids have been received, but before an award has been made.

### **Bid Specifications**

The employee requesting bids will submit detailed specifications to enable a vendor to provide a suitable proposal and pricing. The Purchasing department will assist with development of such specifications, as necessary.

These detailed specifications should:

- Describe clearly the supply item, service or work to be performed.
- Provide for open competition in bidding
- Permit the procurement of standard products rather than items of special manufacture (insofar as is possible).
- Consider all equivalent products.
- Not be written to sole source a product or service.

Specifications for items to be fabricated must include:

- Exact and detailed information as to materials.
- Dimensions of major component design features
- Performance standards.
- Methods of manufacture, inspection and approval.
- Provide scale drawings if required.

### **Evaluation of Bids**

All Bids are evaluated by members of a diverse committee. Such committees consist of individuals who have expertise regarding, or some experience with, the subject matter of the bid or individuals who can be characterized as recipients, beneficiaries or users of the bid's subject matter. The committee is diversified in terms of gender, location within the College System, expertise and ethnicity.

The bids are evaluated based on a specified criteria dictated by the [State Education Codes 44.031 and 44.0311](#), [Government Code 2269](#) and [Government Code 2254](#) for each type of purchase.

The process for evaluating bids shall be completed as outlined below:

1. Each committee member will independently complete the evaluation criteria.

2. The buyer, using the iStar system, tallies completed evaluations for each committee member. The selection will be based upon the Respondent with the highest cumulative points.
3. The evaluation criteria for general goods and services (in compliance with [Education Code 44.031](#)) consist of the following:
  - Purchase price, including delivery and installation.
  - The reputation of the vendor and of the vendor's goods or services.
  - The quality of the vendor's goods or services.
  - The extent to which the goods or services meet the System's needs.
  - The vendor's past relationship with the System.
  - The extent to which the vendor is or is using historically underutilized businesses.
  - The total long-term cost to the System to acquire the goods or services.
  - Any other relevant factor specifically listed in the request for bids or proposals.
4. The evaluation criteria for construction services will comply with the provisions of [Texas Government Code 2269](#). The criteria vary depending on the procurement method used.
5. The evaluation criteria for professional services will comply with the provisions of [Texas Government Code 2254](#) as follows:
  - On the basis of demonstrated competence and qualifications to perform the services.
  - For a fair and reasonable price.
6. The selection must be approved by the Purchasing Director or designee.

## **Technology Purchases**

The policies and procedures for purchasing technology are applicable for all computer hardware and software purchases.

- Most technology products and services may be purchased through cooperative purchasing programs.
- Require approval of the Campus Information Technology (IT) Director and OTS in addition to the standard approval process.
- Requisitions are entered by the Campus IT department.

## **Purchases with Contracted Vendors**

Vendors selected following a legal procurement process become part of the approved contracted vendors list. The System is obligated to purchase from such vendors once a contract is executed.

Additional price discounts can be negotiated with approved contracted vendors for large volume orders. Campuses may negotiate for purchases up to \$50,000. The Purchasing department must coordinate negotiations for purchases of \$50,000 or more with limited, pre-approved exceptions.

If there are issues with the quality of an item or with the contracted vendor, the campus should first attempt to resolve the problem. If the issues cannot be resolved, please contact the Purchasing department for assistance.

A [list of products and services under contract](#) is available on the LSCS Intranet.

### **Core Item Product Purchases**

Core items are those identified by the Requestors as items with high usage. During the bid process, vendors bid specific pricing for such items. Core items can only be purchased from the approved vendor with limited exceptions approved in advance by Purchasing.

### **Similar Products**

Products similar to the core items should be purchased from the awarded vendor of the core item. If the similar item is not available, the item may be purchased from any approved vendor under the following guidelines:

- The awarded core item vendor(s) must be given the “first opportunity” to provide similar items (for example, a t-shirt of different fabric or style than the core item or a fitted cap in lieu of Velcro strap cap).
- The similar item purchased from the awarded vendor is processed by Purchasing with no additional documentation required.
- If a purchase is made from an approved vendor, but not the awarded vendor, Purchasing requires backup documentation demonstrating that the first opportunity was given to the awarded vendor. The documentation should include an email from the awarded vendor that the requested item cannot be supplied.
- An amount only (AO) or regular purchase order (PO) is used with Board-approved vendor(s).
- P-Card may be used for purchases \$5,000 or less.

### **Non-Core Item Purchases**

Non-core items may be purchased from any of the approved vendors (based upon best value and appropriate discount).

If a non-core item is not available from any of the approved vendors, the item may be purchased from any source under the following guidelines:

- All appropriate approved vendors must be given the first opportunity to supply the non-core item. If none of the approved vendors can supply the item, it may be purchased from any available source. Documentation from approved vendors noting they can't or won't supply the item must be attached to requisition.
- In some cases, three written quotes from approved vendors are required for supply purchases in excess of a certain dollar amount. This requirement will be outlined in the Board or administrative approval. Quotes shall be attached as backup documentation to the requisition and submitted to Purchasing.
- Awarded vendors must be given the opportunity to provide an equivalent product. Specifications of the item should be reviewed and approved or rejected by the requesting department. If purchased from a non-approved vendor, these specifications must be provided to the Purchasing department with the requisition. Documentation is subject to

approval by Purchasing Director or designee.

### **Contract Requirements**

All purchases \$25,000 or more for goods and services or services only where the services are performed at a college site, require a contract. The contract shall be signed by both parties prior to the issuance of a purchase order and the start of work.

### **Long Term Contracts**

Long-term contracts are encouraged to maximize the efficiency of the procurement process and to optimize long-term pricing. Long-term contracts shall not exceed five years. LSCS retains the right to terminate the engagement at any time upon due notice of no more than thirty days. All contracts must include a provision that permits termination at the end of the fiscal year if funding is unavailable.

Providers currently under contract are eligible to respond to a request for proposal or qualifications for a subsequent term.

### **Types of Contracts**

Contracts are classified as standard and non-standard. Standard contracts are those Standard Contract forms developed by the Office of the General Counsel. You may access these standard contract forms and more detailed contracting procedures from the [Office of General Counsel](#) website.

Non-standard contracts are vendor contracts or LSCS standard contracts that contain any edits (made by the vendor or LSCS).

### **Payment Term**

The payment term of all contracts is net 45 days (per [Texas Government Code Section § 2251.021](#).) A payment under a contract executed by a political subdivision whose governing body meets only once a month or less frequently is overdue on the 46th day.

### **Contract Authorization**

Contracts are authorized and executed by:

1. **Board of Trustees**

The Board is authorized to execute the following types of contracts:

- Employment contracts.
- Finance agreements.
- Purchases or sales of real property.
- Contracts, excluding legal services, and leases with a term exceeding one year (including options to renew) that have a cumulative expenditure of \$100,000 or more over the contract term.
- Contracts involving the sale of intellectual property or technology transfer, including software licenses, owned in whole or in part, by the System.

2. **Chancellor**

The Chancellor is authorized to execute contracts of less than \$100,000 over contract term, or contracts delegated by the Board.

3. **Location Executive Officer**

The executive officer of a LSCS location (Vice Chancellors and Campus Presidents) is authorized to execute contracts of less than \$50,000 over the contract term.

4. **Purchasing Director**

The Purchasing Director is authorized to approve Purchase orders only.

**Contracting Authority**

No employee or agent of the System has the authority to enter into any contract on behalf of the System, except as otherwise expressly provided above and by Board Policy. The following limitations on the ability to execute contracts apply to all System employees:

- If a System employee signs a contract without authority or falsely represents to a third party that he or she has authority to sign a contract, the employee can be held personally responsible to the third party under Texas law.
- An agreement that is not expressed in writing and approved and executed in accordance with these procedures shall not be binding on or enforceable against the System.

- Any employee who signs a contract or seeks to bind the System to an agreement in violation of these procedures and Board policy may be subject to discipline, up to and including discharge.

### **Contract Processes**

The requester department may initiate the contract process on purchases under \$50,000. All contracts, and amendments, for purchases \$50,000 or more are initiated by the Purchasing department.

Follow these steps for purchases under \$50,000:

1. Ensure the appropriate purchasing process has been conducted.
2. Select vendor (prepare justification memo and obtain Purchasing approval if lowest bidder is not selected).
3. Select the appropriate standard contract form from the Office of the General Counsel. If using vendor's contract, contact the Office the General Counsel for negotiation of the terms and conditions of the contract.
4. Complete Contract Coversheet and Approval Form.
5. Submit the coversheet and all required documents including contract, exhibits and attachments to the Office of the General Counsel.
6. Submit two copies of the approved contract from Legal to the vendor for signature (original signature required).
7. Obtains LEO's signature to fully execute agreement (original signature required).
8. Submit the fully executed contract with original signatures to Legal for filing.

### **Independent Contractors**

An independent contractor is a person engaged by the System to perform specific functions or tasks at his or her own discretion with respect to the means and methods used to accomplish the assignment.

If an individual will perform the services and that person operates under the direction and control of the System or its employees, the person is required to be an employee of the System.

To secure the services of an independent contractor, standard purchasing procedures for goods and services outlined in sections 5.2.3.1 through 5.2.3.3 apply based on the total purchase cost. A contract is required in all cases, so use the [Independent Contractors Standard Contract Form](#) available on the Office of the General Counsel's website.

### **Insurance Certificates and Requirements**

The requirement that all vendors who perform work on the System's property must have appropriate insurance is specified in all LSCS solicitations and contracts. The LSCS standard contract forms also lists the different insurance types and insurance limits required with each contract form.

Before any work begins, an insurance certificate must be on file for any work performed on LSCS property. The System Office Purchasing department manages certificates of insurance for multi-year contracts, construction contracts, and individual purchases \$50,000 and more.

Project Managers must obtain certificates of insurance for contractors working on LSCS construction projects.

The campus is responsible for obtaining insurance certificates for all other purchases.

**Table 5.1** contains the minimum insurance requirements that a vendor or contractor must maintain when performing services at any LSCS site. Certain engagements may require additional insurance types or limits. Contact the Legal department when purchasing services that may involve a high degree of risk, such as construction, hazardous waste removal, asbestos removal, etc.

**Table 5.1 Minimum Insurance Requirements**

Type of Insurance	Limits of Liability
Workers' Compensation	Statutory Benefits-State of Texas
Employer's Liability	\$100,000 each accident & \$100,000 each employee (Including Occupational Disease)
Commercial General Liability	\$1,000,000 each occurrence or \$1,000,000 aggregate for bodily injury and property damage, including contractual liability and products/completed operations insurance.
Commercial Automobile Liability	\$1,000,000 combined single limit per occurrence for bodily injury and property damage.
Umbrella/Excess Liability	\$1,000,000 each occurrence/\$1,000,000 aggregate (Construction projects may require a higher limit.)
Professional Liability (Errors & Omissions)	\$1,000,000 each claim/\$1,000,000 aggregate (If applicable)

The insurance companies issuing the different policies must have an A.M. Best rating of "A-" or better.

Each insurance policy maintained by the vendor or contractor must be endorsed as follows:

1. "Lone Star College System is named an Additional Insured." (Except the Workers' Compensation, Employers' Liability, and Professional Liability.)
2. "Underwriters waive all rights of subrogation against Lone Star College System."
3. "The coverage afforded herein shall be primary in relation to any policies carried by Lone Star College System."
4. "To provide 30 days written notice of cancellation or reduction of any coverage to Lone Star College System."

### **Open Records Requests**

The System adheres to the following policy regarding open records:

- All documents related to a purchase are subject to open records requests, including hand-written notes, "to do" lists, emails, etc. Any document, in any format, is subject to disclosure under the Public Information Act.
- Information regarding a purchase is available to the public after the purchase has been finalized. Until the purchase has been approved by the appropriate level of authority and the contract has been executed, the information related to the purchase is not available to the public.
- LSCS does not withhold information from the public. The Office of the Attorney General determines confidentiality following a review of the documents in question.
- All requests must be submitted to the Office of Public Records under the Office of the General Counsel:

E-mail: [PublicRecords@LoneStar.edu](mailto:PublicRecords@LoneStar.edu)

Fax: 832-813-6862

U.S. Mail: Office of Public Records

Lone Star College

5000 Research Forest Dr.

The Woodlands, Texas 77381

### **Bid Protests**

A vendor who has responded to an Invitation to Bid or submitted a Competitive Sealed Proposal, but is not awarded the bid, has the right to protest the award within five business days after the vendor knows, or should have known, of the occurrence of the protested action. The buyer who made the award will justify the reasons for the award to the vendor within five business days. If the justification does not satisfy the vendor and the award exceeds \$10,000, the vendor may file a formal written protest with the LSCS Director of Purchasing no later than five business days after receiving the buyer's justification.

A formal protest must contain:

- A specific identification of the statutory or regulatory provision(s) that the action is alleged to have violated.
- A specific description of each alleged action.
- A precise statement of the relevant facts.
- An identification of the issue or issues to be resolved.
- Arguments and authorities in support of the protest.
- An affidavit that the contents of the protest are true and accurate.

The Director of Purchasing or the Associate Vice Chancellor of Business Support Services must review the protest documentation and provide the protestor with a final written determination whether any statutes or regulations were violated, the reasons for the determination, and any remedial action. This decision is final.

**Auction and Surplus Property Trade-Ins and Donations** LSCS campuses may dispose of surplus property by sale or trade-in providing that such goods are disposed in accordance with applicable federal, state and local laws and the System follows these guidelines:

- All communications with the auctioneer must go through the Purchasing department.
- It is prudent to offer other LSCS campuses the first opportunity to use the surplus property.
- Trade-in information must be provided on the vendor's quote and printed on the comments of the purchase order issued to the vendor for the new piece equipment or vehicle. Trade-in

information must include equipment type, model, serial number and trade-in amount.

- When trading in old vehicles, the campus must inform Purchasing Vendor Services that the vehicle is going to auction. A copy of the title with proper signature is forwarded to the requesting campus.  
Purchasing maintains original titles on all vehicles.
- The campus Facilities Director and Vice President of Administrative Services approve all surplus equipment items in advance of submitting the fixed asset movement log/surplus property log.
- The Campus Fixed Asset Coordinator notifies the System Office Fixed Asset Accountant of the disposal of fixed assets which are obsolete, depleted, or no longer necessary. LSCS may only donate supplies to a school district, not to non-profit or other organizations. The Vice Chancellor of Administration & Finance must authorize donations in advance.

### **Auction Procedures**

Each campus must use the following procedures to consign miscellaneous surplus property and equipment to the System's approved auctioneer.

1. The campus must complete the [Fixed Asset Movement Log/Surplus Property Log \(Log\)](#) for each numbered pallet, obtain appropriate signatures, and transmit electronically to the Purchasing department prior to coordinating shipment of the items to the auctioneer's warehouse.
2. Purchasing department transmits Log to auctioneer.
3. Auctioneer notifies Purchasing department and campus of available pick-up times.
4. Auctions are held by the auctioneer the second Saturday of each month. If necessary, Purchasing may coordinate a special auction.
5. Campuses arrange delivery by using one of the following approved methods:
  - Pickup by auctioneer.
  - Making arrangements with the System's contracted moving vendor.
  - Using a campus vehicle or trailer.

- Auctioneer handles the unloading of the items from the trailers.

### **Accounting Inventory**

Accounting inventories all fixed assets before shipment to the auctioneer's warehouse.

### **Labeling**

The campus labels all surplus property and equipment to be sent for auction with the name of the campus.

### **Pallets**

The campus ensure that all pallets are:

- Numbered.
- Packed with like items.
- Have a separate Log.

### **Certificate of Sale**

Using information from the Log, Purchasing creates a Certificate of Sale for any hazardous material and sends it to the auctioneer on the date of equipment delivery.

### **Delivery Dates**

When Accounting releases the consignment, Purchasing coordinates possible delivery dates with the auctioneer and notifies the campus. The campus coordinates delivery of surplus property and equipment to auctioneer's warehouse on the available dates only.

### **Photographic Identification**

The Campus emails pictures of any significant items (i.e. cars, tractors, etc.) to Purchasing for posting on the auctioneer's website.

### **Auctioneer Verification**

The auctioneer uses the Log to verify all items received. Auctioneer will notify Purchasing of any discrepancies.

### **Auction Proceeds**

- The auctioneer sends the proceeds check to Purchasing.

- Purchasing submits the check to Accounting.
- Purchasing notifies the campus of the dollar amount.
- Accounting deposits the check into the campus account.

### **Reporting**

Auctioneer provides a summary of the items sold. This report will be available to the campus upon request. Purchasing will keep the reports on file for the college system. A copy of the report is provided to Asset Management so they can record the sale, including the gain/loss, on the books.

### **Unsold Property**

The auctioneer will dispose of any unsold property after the auction.

### **Disposal of Computer Equipment**

LSCS has engaged a vendor for the purpose of recovering and remarketing computer, data processing, telecommunications or other equipment that is underused or surplus. OTS manages this program.

End-users are responsible for removing all personal or departmental information before releasing equipment to OTS. OTS is responsible for removing all LSCS sensitive information from all equipment before shipment to the vendor.

After receipt of equipment, the vendor is responsible for wiping clean all computers to remove all data prior to re-sale or disposal.

LSCS delivers the equipment to the vendor. The title of all equipment consigned to the vendor remains the property of LSCS until the equipment is sold or destroyed.

The vendor maintains and provides LSCS with reasonable access to or copies of records containing information related to equipment delivered by LSCS, including the names of all buyers, and destruction dates.

### **Requisitions**

Requestors enter requisitions electronically in the iStar System. [iStar Information and Help](#) are available on the intranet. When the appropriate staff approves requisitions via the automated workflow in

iStar, the system automatically emails a purchase order to the vendor. The receipt of the purchase order is the vendor's authorization to begin the work or provide the goods. The total cost entered on a requisition for goods must include installation and delivery over the contract term as well as the cost of the item. There are two types of requisitions and purchase orders:

**1. Quantity**

These are mostly used for the purchase of goods based on a specific quantity and that can be received by specific units, for example, furniture, science supplies, janitorial supplies, etc.

**2. Amount Only**

These are mostly used for the purchase of services when more than one delivery, more than one invoice, or more than one payment is expected and the receipts are entered in dollar amounts, not unit quantities. This facilitates the purchasing process by minimizing the quantity of purchase orders issued to a vendor.

Examples of when you would use amount only requisitions or purchase orders include consulting or professional services and construction-related services.

**Issuing Purchase Orders**

1. Requestors enter requisitions in iStar and attach appropriate supporting documentation.
2. iStar automatically routes the requisitions to the appropriate staff for review and approval.
3. Buyers are included in this automated workflow based on the category used on the requisition and verify the accuracy of input, review supporting documentation, and approve the requisition if everything is complete. Requisitions route to the Purchasing Manager or Director for review and approval if the total is \$50,000 or more.
4. The iStar System emails purchase orders to the appropriate vendor within two days of the Buyer or Purchasing Manager/Director approval. Purchase Orders are dispatched several times a day between 8:00 a.m. and 6:00 p.m.
5. When a Purchase Order has been issued, a [Change Order](#) must be issued to make changes in quantities or prices.

### **Follow-up and Expediting**

If a Purchase Order has been issued and the merchandise or services ordered do not arrive timely, the requestor may make follow-up inquiries through the Vendor, College Business Office or Purchasing department (for System Office purchases).

1. Requestor may check the status on the [Manage Requisitions page](#) in iStar.
2. Contact the vendor to see if the Purchase Order has been received and/or when the order was shipped.
3. Obtain a tracking number from the vendor and track shipment with designated shipper.
4. If the shipper has delivered the order, provide the Receiving area with the purchase order number, vendor name, and tracking number (if available).
5. If the vendor has not received the Purchase Order, contact the Purchasing department. A confirming order will be resent to the vendor to ensure that the original order is not duplicated.

### **Unavailable or Backordered Products**

If the products are no longer available or backordered, the Requestor shall decide if the order needs to be cancelled or can they wait for the back ordered items to arrive. Any changes to the order shall follow standard Purchase Order Change procedures.

### **Receiving Merchandise**

#### **Receiving Department**

The Receiving department is responsible for inspecting the incoming merchandise and checking the number of containers and the condition of the goods received.

After verifying the condition of the shipment, the Receiving department delivers the merchandise to the Requesting department.

1. Delivery should be made in a timely manner, normally within twenty-four (24) hours after receipt.
2. If delivery is not made within twenty-four hours, the Receiving department notifies the Requesting department of the shipment and the reason for non-delivery.

3. The Requesting department verifies the contents of the shipment against the packing slip(s) and the purchase order.

### **Receiving in iStar**

The requester will enter a receipt into iStar for all items physically received or services performed. If the incoming shipment constitutes only a portion of the items ordered, the requester will enter a receipt *only* for the specific items that were received and the related quantity of each item. When the remaining products or services are received, the Requester shall enter a new receipt for the balance of the items.

Requestors should review the packing slips or service work documents provided by the vendor when goods are received or the services are performed and receipt the items in the system. Accounts Payable will only be able to process the invoice for payment when the requestor enters a receipt.

The requestor should receive the service/supplies into the system as soon as they are received, but no later than three business days following the physical receipt of the goods or services. Requester [Job Aids](#) for receiving are posted in MyLonestar.

Prompt entry of receipts is imperative, as payment cannot be made until the Purchase Order receipts are entered in the iStar System.

The System Office Accounts Payable Department enters and matches original invoices to Purchase Orders in the System. Goods/Services procured with a Purchase Order will not be scheduled for payment unless there is receipt (exception noted below) against a Purchase Order that matches the invoice.

### **Receipt Exceptions**

The following purchase orders that are associated with the category codes below do not require a receipt in iStar:

**Table 5.2 Receipt Exceptions**

Category Code	Purchase Order
96168	Sports Professionals
96187	Volunteer locating services
96195	Modeling Services
96205	Entertainers
96322	Allowances-Students

To initiate a payment for these purchase orders, Requestors should provide the following information to their Business Office and the Business Office will forward it to Accounts Payable:

- Purchase Order number.
- Non-receipt category code.
- Vendor name and number.
- Amount.
- Payment due date.
- Check distribution instructions (US mail or return to campus).
- Campus employee name.

Invoices without purchase order numbers will be returned with a letter requesting that the vendor obtain the number from the original purchase order. The vendor should insert the purchase order number on the invoice and re-submit it for payment.

#### **Incomplete Deliveries**

On any unshipped or unfulfilled portions of the purchase order, notification shall be sent to Buyers for cancellation of such items in the purchase order in iStar.

#### **Reporting Discrepancies**

When a discrepancy exists between the expected items or quantities and those received, the Requester shall report the discrepancy to the vendor immediately.

If the Requester cannot resolve the issue with the vendor, it shall be reported to the Purchasing department. The Purchasing department will assist the Requestor in resolving the issue with the vendor.

If the Purchasing department determines that a vendor follows a pattern of non-performance or unsatisfactory performance, that vendor may be disqualified from future opportunities for an indefinite or a specified period of time.

### **Damaged Merchandise**

If shipping damage is discovered, do not refuse the shipment or the damaged articles. When a shipment is rejected and returned to the shipping point, the carrier cannot make inspection and the System loses the right to file a claim.

When visible or concealed damage is found, the damaged items may be held in the receiving location. All containers and packing materials shall be kept until an inspection has been made by the carrier inspector.

The Receiving or Requesting Department will immediately notify the carrier of damage and request an inspection.

The inspector will be allowed to examine any damaged items, cartons, inner packing materials and shipping documents.

Personnel in the Receiving and Requesting departments must not sign the inspection report unless all facts and conclusions are valid, fair, and accurate. The inspection report is the basis for claim settlement.

If damaged articles cannot be satisfactorily repaired, inform the inspector that the item must be replaced.

After an inspection, damaged items cannot be used or disposed of without written permission from the carrier. If damaged merchandise is surrendered to the carrier for salvage, obtain a receipt.

**Return to Vendor (RTV)**

The following process must be followed to initiate a Return to Vendor Process.

1. Receive the goods in iStar.
2. If an item is found to be defective or broken, the requestor will contact the vendor and make arrangements to return the item.
3. The vendor will issue a Return Materials Authorization (RMA).
4. The requestor will input the RTV and reference the RMA number in the iStar System through the iStar purchasing module.
5. When the RTV is processed, Accounts Payable creates a debit memo for the vendor.
6. The vendor issues a credit memo upon receipt of the returned goods.
7. Accounts Payable applies that credit to a future payment or credits it to the correct GL account.
8. The requester is responsible for ensuring the credit memo is issued by the vendor on an RTV.

**Creating an RTV in iStar**

To create an RTV in iStar follow this link in the [Intranet](#).

**Terms of Shipment**

1. Purchase Orders state that all orders are "F.O.B. Destination." Unless other arrangements have been made, the shipper retains title to and is responsible for merchandise until it is delivered in acceptable condition to Lone Star College System.
2. If items are shipped under any terms other than "F.O.B. Destination," Lone Star College System assumes title to the material when the shipper releases the goods to a carrier at the point of origin of the shipment.

## Filing Claims

1. If damage occurs in a shipment that is received on the basis of "F.O.B. Destination," the responsibility for filing a claim and for repairing or replacing the merchandise rests with the supplier.
2. It is the System's responsibility to provide the vendor with timely notification of damage, to furnish the Bill of Lading and freight bill, and to hold the damaged articles and all packing materials until disposition of the goods has been determined.
3. The Requester shall make first attempts to conduct all negotiations with the vendor for filing of claims and replacement of goods. If assistance is required, contact the Purchasing department.

## After-The-Fact Purchase

A purchase that requires a purchase order but that is made without a properly drawn and approved purchase order is considered an after-the-fact purchase. Such purchases can adversely affect department budgets and result in delayed payments that could negatively impact the System's standing with the vendor and restrict future business. In addition, payment of the invoice for these goods or services is a potential violation of Board Policy D.1.02.d and, depending on the amount, state law.

The best option to prevent an after-the-fact purchase is to contact the buyer assigned to the specific goods or services you need to purchase. Many approved vendors from current awarded bids and purchasing cooperatives are also available for a purchase needed quickly.

If you inadvertently make an after-the-fact purchase, initiate a request (use the [administrative approval memo format](#)) to honor payment of the invoice. This request must document:

- The process used to select the vendor to provide the goods or services based on the procedures required for the dollar value of the purchase.
- The reason a PO was not issued.

This request must be approved by the appropriate Chancellor's Cabinet member over the Requestor's area. The Requestor must attach quotes or other supporting documentation, including a contract where required, to the

request and send it to the Director of Purchasing for review and approval.

If approved for payment, the invoice will be directly paid versus entering a requisition and dispatching a PO as the vendor has already provided the goods or services.

The System has notified vendors that purchases made without a PO may not be honored.

Purchasing will monitor instances of after-the-fact purchases in an effort to reduce their occurrence.

After-the-fact purchase procedures will not be applied to purchases of \$5,000 or less because these purchases can, in most cases, be made via a P-card. When using the P-card for a purchase, the cardholder is required to get verbal or email approval to make the purchase if they are not the budget manager.

Accordingly, when Purchasing or Accounts Payable receives an invoice or requisition for a purchase of \$5,000 or less, they should do the following:

1. Have the requestor pay for the invoice with a P-card.
2. If the vendor won't take that method of payment, direct pay the invoice as the vendor has already provided the goods or service. The requestor will need to complete a Direct Pay form to show the proper accounting and get the appropriate approvals.

Please refer to the LSCS website for [additional Purchasing forms](#) and other helpful information.

### **Monthly Board of Trustees Agenda Process**

Advance planning is crucial to the success of the approval of items presented to the Board of Trustees for action or consideration at the board meetings. To facilitate the monthly agenda process, the office of the associate CFO, in collaboration with the purchasing department, creates and distributes an annual administration and finance planning calendar confirming progressive deadline dates for each phase of the process. The chancellor's office designates the official board meeting dates and the required submission dates for the review and finalization of agenda summaries and information by their office. The purchasing department and associate CFO use those dates as the determining factors in establishing the remaining calendar dates for the various stages of the agenda development including notification of the initial intent of purchase goods and

services, agenda list due dates, and the dates actual agenda items are to be submitted for review by purchasing, the associate CFO, and the vice chancellor for administration and finance. Each month, based upon the administration and finance planning calendar [found here](#), a proposed agenda list is compiled by purchasing and the associate CFO and provided to the vice chancellor for administration and finance for review and approval. The VC forwards the finalized agenda list to the chancellor's office and cabinet members by the deadline established in the agenda calendar. The same process is followed for the submission of the actual agenda items.