

UH System Purchasing Accountability and Risk Analysis Procedure Texas Government Code 2261.256

Objective 1: Assess the risk of fraud, abuse, or waste in the contractor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which UH System contracts.

In accordance with UH System Purchasing Guidelines, procurement risk is controlled as follows:

- a. Contractor selection process. The higher the cost of the contract the more rigorous the contractor selection process. Low dollar purchases (\$1 to \$14,999.99, called spot purchases) do not require competition or involvement of Purchasing. Medium dollar purchases (\$15,000 to \$25,000) require three email or fax quotes (informal bids), which Purchasing obtains or verifies. High dollar purchases (over \$25,000) require Purchasing to post a formal request for bids, proposals, or qualifications (formal solicitation) on the Comptroller's website and obtain written responses. See System Administrative Memorandum (SAM) 03.B.01, Purchasing Guidelines: <http://www.uh.edu/af/universityservices/policies/sam/3FiscalAffairs/3B1.pdf>
- b. Contract provisions. All written agreements not using one of the pre-approved UHS Standard Agreements (i.e., non-standard agreements) must be reviewed and approved by UHS Contracts Administration prior to signature, unless the contract is less than \$50,000 (\$100,000 for constructional related agreements) and the contractor also signs a UHS Standard Addendum agreeing to UHS terms and conditions. Also, all written agreements greater than \$50,000, including those on UHS Standard Agreements, must be reviewed and approved by UHS Contracts Administration as well. The department initiating the contract is responsible for ensuring that the delivery schedule and financial provisions of the contract are reasonable. See SAM 03.A.05, Contract Administration: <http://www.uh.edu/af/universityservices/policies/sam/3FiscalAffairs/3A5.pdf>
- c. Payment and reimbursement rates and methods for different types of goods and services. The UHS department initiating the contract is responsible for reviewing the business terms of the contract, including payment and reimbursement rates, to determine if they are reasonable. A competitive procurement process also helps to ensure that UHS is charged a reasonable rate. The vendor payment method required is ACH direct deposit, unless a different method is agreed to by UHS.

Objective 2: Identify contracts that require enhanced contract monitoring or the immediate attention of contract management staff.

- a. Enhanced contract monitoring. As indicated in SAM 03.A.05, Contract Administration, all contracts over \$1 million require UHS Board of Regents approval and, beginning September 1, 2015, have enhanced contract monitoring during the term of the contract. The UH Controller, or designee, is responsible for gathering information about the performance of these contracts from the UHS departments/components who originated the contracts and reporting on their status to the UHS Board of Regents annually.

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- b. Contract management review. Contracts Administration reviews and approves the solicitation document (RFP, etc.) before it is published for contracts that will require enhanced contract monitoring to ensure the document's terms and conditions meet UHS and state requirements. After a vendor is selected, Contracts Administration also reviews and approves the terms and conditions of the proposed contract before the contract is executed.

Objective 3: Establish clear levels of purchasing accountability and staff responsibilities related to purchasing.

- a. Purchasing accountability and staff responsibilities related to purchasing.
 1. SAM 03.A.05, Contract Administration, states that no person has the authority to contract on behalf of UH System or its components except as allowed by that policy. Some contracts require Board approval . See Board Policies 53.04, Approval of Construction Contracts, and 55.01, Contracts: <http://www.uhsystem.edu/board-of-regents/policies/index.php#SectionVI> . The Board delegates to the Chancellor the authority to negotiate, execute, and administer all other contracts or to delegate said authority.
 2. SAM 03.B.01, Purchasing Guidelines, states that the component purchasing department is delegated the final authority for determining the "best value" for the component university. Component 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. Component purchasing policies are as follows:
 - i. University of Houston: MAPP 04.01.01, Purchase of Goods, Materials and Supplies through the Purchasing Department, <http://www.uh.edu/af/universityservices/policies/mapp/04/040101.pdf>
 - ii. UH Clear Lake: Procurement Manual, <http://prtl.uhcl.edu/procurement-payables/procurement/manual>
 - iii. UH Downtown: PS 05.C.01, Procurement – General, <https://www.uhd.edu/administration/employment-services-operations/resources/Documents/PS05C01.pdf>
 - iv. UH Victoria: Policy E-1, Purchasing, <http://www.uhv.edu/fin/policy/e/e-1.aspx>