

## **Procedure III.3007.A.a, Purchasing**

### **Associated Policy**

Policy III.3007.A, Purchasing

### **Procedures**

#### **Funding and the Requisitioning Process**

All funds deposited with San Jacinto College (College), regardless of source, are College funds and must be handled in accordance with State statutes and the College policies and procedures. Although departments are allocated funds in their respective budgets, this allocation is only an authority to requisition, not to purchase. Any College department having a budget allocation may request purchases be made against that allocation. The proper method of procurement will depend on the anticipated expenditure amounts and the type of service and materials being procured in accordance with the following requirements below:

When a request for purchase is initiated through the Banner Financial software system, a requisition is created and is routed via the electronic approval process to departmental approving authorities depending on the requisition value. After the approval process is complete, it is routed to Contracts and Purchasing Services (“the Purchasing Department”) and the corresponding buyer for the commodity will:

1. Verify the expenditure is for goods or services that are appropriate to the needs of the institution;
2. Determine if quotes/bids are required in accordance with the Policy and Procedure on Bidding;
3. Offer consulting regarding bidding/quoting process;
4. Verify the pricing is correct;
5. Verify the vendor is approved via a contract; (if applicable)
6. Verify the requisition is documented properly;
7. Approve the requisition and convert it to an official purchase order.

At the conclusion of the purchasing process, a purchase order is generated, printed, and signed by the Chief Procurement Officer (CPO) of Contracts and Purchasing Services. Purchase orders are printed by the Purchasing Department and forwarded according to the instructions included on the purchase order. All terms and conditions stated on the purchase order apply.

#### **Unauthorized Purchases (After the Fact Transactions)**

Employees who purchase goods and/or services before proper authorization has been obtained assume complete responsibility for the purchase and may be held personally liable for all costs and any damages associated with the unauthorized purchase. This personal liability includes paying for the purchase with personal funds or personally reimbursing the College for any expenses incurred. Any employee who places an order for goods and/or services without following the approved procurement methods violates the College’s purchasing procedures.

Employees, who generate financial liability for the College without being authorized to do so, will be subject to disciplinary action, including suspension or termination.

Any supplier, who accepts an unauthorized order, will be advised of this policy and may jeopardize the ability to do future business with the College.

### **Criminal Offense**

The Purchasing Department is the only authorized entity within the College to issue purchase orders. In accordance with Policy III.3007.B, Contract Authority, only the Chancellor, the Vice Chancellor of Fiscal Affairs, or individuals with delegated signature authority may sign contracts, changes orders, addenda, and amendments. Depending on the type of contract or procurement used, the Purchasing Department will incorporate the required revisions and standards within the contract or agreement and manage the execution of the contract. All purchases shall be made in compliance with the provision listed within the Texas Education Code and College policies.

An officer, employee or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of Section 44.031 (a) or (b). An offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

### **Procurement Methods**

The procurement of supplies, equipment and services for the College can only be acquired by the following methods: regular purchase orders, standing purchase orders, PCards, and Direct Pay Request. A regular purchase order is the **preferred** method to purchase goods and services for the College while the additional methods provide increased efficiency and productivity in the purchase of small dollar repetitive purchases. The alternative methods shall not be utilized to circumvent the approval and procurement processes.

### **Regular Purchase Orders**

Regular purchase orders allow the requested product/service to be approved by the approving authorities prior to the actual purchase of the merchandise/service. Additionally, the Purchasing Department has the opportunity to source and obtain quotes to ensure a competitive environment exists for College procurements. Purchase orders are initiated by the requestor via the Banner requisitioning process. All requisitions must include the following information:

1. A recommended vendor or awarded vendor as a result of a competitive solicitation, quote process, sole source or other approved exemption;
2. A commodity code;
3. A **complete** description of the product/service being requested including stock numbers if applicable and price;
4. The appropriate FOAP (Fund-Organization-Account-Program) code;

5. Any other additional information in the document text section of the requisition such as bid number, quote number, do not mail instructions, confirmation only, contract information, Board approval date, etc.

When the user completes data entry of the requisition, it is processed for approvals. After the approval process is completed, the requisition is routed to the Purchasing Department for processing.

### **Standing Purchase Orders**

A standing purchase order is issued to a vendor where multiple purchases may be made during a specified period of time.

Conditions for use:

1. For supply-type commodities and services only. (No equipment over \$10,000);
2. For repetitive purchases and/or numerous shipments of the same type of commodity item, services or category of items;
3. For purchases with known pricing determined by a written quote, contract, or awarded bid.

Standing purchase orders should not be used when:

1. No benefit will be derived over and above use of a regular purchase order;
2. As a means to provide an open line of credit with a vendor;
3. Prices are unknown at ordering time, or subject to change later without notice;
4. As a means to save time rather than listing description detail required by a regular purchase order.

Limits when using standing purchase orders:

1. Standing purchase orders not associated by a written quote, contract or a bid issued by the Purchasing Department shall not exceed \$15,000.
2. Standing purchase orders exceeding \$15,000 must be associated by a written quote, contract or a bid issued by the Purchasing Department.

### **PCard Purchases**

A PCard is an alternate method of procurement utilized to purchase small dollar amounts and for travel arrangements. These purchases are governed by the procedures of the College's PCard program. Employees must meet specific procurement criteria and must be approved by their approving authority prior to receiving a PCard. Cardholders are required to use vendors approved via the bid and quoting process if applicable. The Purchasing Department is responsible for posting current vendor and contract information to assist card-holders in choosing the appropriate vendor. The monthly credit limit is established by hierarchy and need. The single item purchase limit is \$1,500. Exceptions to this limit include travel expenditures, utility expenditures and miscellaneous purchases as approved on a per occasion basis by the CPO.

## **Direct Pay Request**

The Direct Pay Request method for purchasing merchandise shall only be utilized in accordance with the Direct Pay Guidelines. Direct Pay Requests are not associated with purchase orders, but an invoice must be received and approved before a payment will be issued. The College will not pay a vendor unless an invoice is received for the goods or services provided and a receiving confirmation is completed. Direct Pay Requests may be utilized in accordance with Direct Pay process as outlined by the Accounts Payable Department.

## **Campus Bookstore Purchases**

The College bookstores' purpose is to sell products at retail value to generate profits. The primary customers of the bookstores are students of the College and the general public. Computer supplies and equipment purchases are prohibited College purchases from the bookstore. All purchases of books and textbooks utilized by the College should be done through the bookstore unless documented that the requested title is unavailable through the bookstore. The College bookstores will accept purchase orders and PCards as a procurement method.

The following is a link to the Campus Bookstore details:

<https://www.sanjac.edu/support/academic-support/textbook-support>

## **Receipt of Merchandise**

The College does not have a central receiving department to receive all incoming shipments in a centralized manner. The Maintenance Department of each campus is responsible for receiving merchandise and delivering merchandise to the requesting department. It is important to specify in the requisition the building, room number, contact person and telephone number to assist the vendor with proper shipping arrangements and for Maintenance personnel to know where to deliver the goods.

When the goods or services listed on the purchase order are received by the College, the person initiating the request is responsible for verifying that the goods or services received meet the conditions and requirements stated in the purchase order.

The receiver should have a copy of the purchase order for comparison of material ordered and material being received. If a discrepancy is discovered or the product is damaged, the Maintenance Department and the vendor should be notified expeditiously. Payment should not be initiated until the discrepancy or damaged item is corrected.

The requesting department is responsible for final verification of incoming merchandise received and initiating the receiver in the Banner Financial software system.

## **Payment of Purchase Orders**

All invoices should be mailed or emailed to the District Business Office. The business office will forward the invoice to the originating department for review and approval. When the budget authority responsible for the purchase receives the invoice for the goods or services listed on the purchase order, he or she shall review, approve and sign the invoice after verifying the invoiced

amount is in accordance with the contracted rate(s) [The College contract, co-op contract, supplier contract] and promptly forward the invoice to the District Business Office for payment. If the invoice total differs from the original purchase order total or the contracted rate, the originator of the purchase order must contact the supplier to correct the error or be able to explain, in writing, the price difference. After comparing the invoice against the purchase order and any subsequent adjustments, the District Business Office personnel will process the invoice for payment.

### **Sole Source Purchases**

Single source is the practice of using one source, among others in the competitive market, which for justifiable reason, is found to be most advantageous for the purpose of fulfilling a given purchasing need.

Sole source may exist when there is only one known source of supply available. An example would be a product that has a copyright, trademark or patent. SJCCD recognizes that there may be instances when proprietary or sole source purchases must be made, but such purchases must be appropriately justified. The justification for such purchases must be in writing and must be based upon a need for a specific feature of characteristic (specification) that is unique to the requested product or service that cannot be provided by any other product or service. The Purchasing Department shall provide a form for written justification. It must be signed by the requestor and other authorized individuals listed on the form and forwarded to the Purchasing Department. The explanation criteria must contain the following elements:

1. Identification of the unique feature(s) or character(s)/specification(s) of the requested product that will serve as the basis for the proprietary/sole justification;
2. An explanation of the need for the unique specifications. This explanation must address the critical importance of the unique specifications to the intended use of the product or service;
3. A reason stating why a competitor's product is not satisfactory. This section must relate to the explanation of need for the unique specifications and should serve to support a finding that the stated need cannot be met with competing products. **Sufficient detail must be included to show that the marketplace has been canvassed to locate acceptable competitive products.**

If there are two or more products that are acceptable, preserving the competitive bidding environment will help ensure that the College receives the best value. The use of proprietary/sole source purchase procedure is an act that must withstand critical scrutiny. Justifications must be objective and must avoid statements that cannot be substantiated. The justification cannot be that competing products are not satisfactory. Statements regarding product quality that may be subjective should not be used. It is important to note that the price of a product is not acceptable justification for a proprietary purchase. It is recognized that many purchases are based upon extensive investigative work done by the end-user before submitting the purchase request and that there are good reasons why one product will work, and another may not. Remember, however, that the proprietary/sole source purchase procedure is an exception to the competitive

bidding requirements to be used only whenever appropriate. The Purchasing Department has final authority to determine if a product or service meets the sole source criteria as specified in the Texas Education code 44.031(j) (k).

Because of patent expirations, new technologies and new companies entering the marketplace, justification on all sole source purchases shall be reviewed on an annual basis. In addition, annual justification is not required for software or products that would require a significant financial investment by the College to replace the major component of the item/service that is considered a sole source.

### **Professional Services**

Professional services are defined as customized services consisting of specialized intellectual or creative expertise based on personal skills or ideas of an individual(s) that are provided for a fee, which may be determined individually with each customer for each service contract.

The purchasing requirements of Education Code Section 44.031 do not apply to professional services including the services rendered by architects, fiscal agents, or attorneys. The College may contract for professional services rendered by a financial consultant or a technology consultant or a technology consultant in the manner provided by Government Code 2254.003, in lieu of the methods provided by Education Code 44.031.

Competitive bids shall not be solicited for professional services of any license or registered certified public accountant, architect, landscape architect, land surveyor, physician, optometrist, professional engineer, state-certified or state-licensed real estate appraiser, or registered nurse. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. Whenever applicable, a Request for Qualifications process should be initiated to determine the overall best value for the College.

### **Standardization**

All employees are encouraged to purchase standardized products established by the College. The benefits from standardization include reduced transaction cost, reduced support cost, improved communication, enhanced buying power and district-wide uniformity. The Purchasing Department is responsible for providing information to all employees regarding product standards.

### **Construction Contracts**

All solicitations for construction services and resulting contracts shall be completed in coordination with the Purchasing Department. All construction contracts will be awarded in compliance with the College's purchasing policies and procedures. The most common methods of procuring construction services are:

1. Competitive Bidding;
2. Competitive Sealed Proposals
3. Design-Build

4. Construction Manager at Risk
5. Construction Manager – Agent
6. Job Order Contracts

The Facilities Services Department and Fiscal Initiatives & Capital Projects Department will work in conjunction with the Purchasing Department for initiating the competitive solicitation process and maintaining the records from the results that of that process. A contract for construction services shall be issued upon approval of award by the Board of Trustees, when required. The College shall award competitively bid contracts to the firm(s) offering the best value to the College according to the selection criteria established by the College and in accordance with Section 2269 of the Texas Government Code.

### **Independent Contractors and Consultant Contracts**

Independent contractors and consultants are individuals engaged by the College to perform specific functions or tasks at his or her own discretion with respect to the means and methods used to accomplish the assignment.

Contracts for these services shall be requested prior to services rendered and submitted to the Purchasing Department for review, negotiations, and routing of final signature approval. The selection of a consultant or independent contractor shall be based on demonstrated competence, knowledge, qualifications, and on the reasonableness of the proposed fee in accordance with the Texas Education Code, Subchapter B, Section 44.031. All contracts shall specify the nature of the service, deliverables, dollar amount, and any special payment requirements. An authorization for payment will be issued by the requestor upon satisfactory completion of the work. The requestor shall contact the Purchasing Department to communicate any changes and /or problems during the process of completing the project. Payments should be directed to the Accounts Payable Department. A copy of the Agreement should be retained in the Purchasing Department.

### **Grant Purchases**

Grant purchases will follow the same process established for requisitioning other goods and services. Quote thresholds to procure goods and services will be in accordance with the strictest parameters established by College policies and procedures, grant provisions, funding agency requirements, the standards established to the formal adoption of the Uniform Guidance rules and state procurement statutes.

### **Alcohol Purchases for Instructional Purposes**

The College may only purchase alcohol in accordance with the college Procedure VII.7002.A.b, Alcohol Usage in College Programs.

### **Educational Agreements and Revenue Generating Agreements**

Educational agreements refer to agreements between the College and a third party for establishing the terms for the sharing or use of facilities, staff or other educational resources in which no funds are exchanged between the parties.

Revenue generating contracts refer to training programs and auxiliary enterprise.

Training programs provide customized or specialized training to area companies. These agreements generally identify the services to be provided, the fee for services, and the reimbursable cost associated with supplies and other expenses. Auxiliary enterprise contracts refer to purchases for the sole purpose of generating a profit through products or service sales.

Departments responsible for educational agreements and revenue generating contracts are responsible for initiating competitive quotes and maintaining records for their areas of responsibility. The Purchasing Department will offer assistance in establishing guidelines and contract retention.

### **Co-Operative Purchase Contracts and Inter-Local Agreements**

The College may participate in an inter-local agreement with another local government agency, educational institution or a purchasing cooperative organization. In accordance with Policy III.3007.B, Contract Authority, the College may sign an agreement with another participating local government, education institution or a cooperative program which satisfies the law requiring it to seek competitive bids as stated in the Texas Education Code, Subchapter B, Section 44.031, as provided by Section 791 of the Government Code, and Sections 271.082 – 083 of the Local Government Code.

### **Contract Retention**

The Purchasing department is the central repository for all contracts which provide goods or services to the College that financially impact the College. All contracts will be retained in accordance with the College's record retention procedures.

### **Definitions**

**Alcohol:** A controlled substance to include liquor, beer, or wine.

**College:** The San Jacinto Community College District and also referenced as San Jacinto College.

**Contract:** An agreement between two or more parties that is intended to have legal effect to create a financial commitment or obligation of the College. A contract may include, but is not limited to, goods and service agreements, memoranda of understanding, letters of intent, lease agreements, rental agreements, grant awards, purchase orders, sole source contracts, cooperative contracts, interlocal contracts, and job order contracts.

**Employee:** A full-time or part-time employee of the College as defined by Human Resources policy and procedure.

**Pcard:** A purchasing card utilized and approved by the San Jacinto College Business Office.

**Purchasing Contract:** Any contract that requires an expenditure of College funds, regardless of the funding source.

**Purchase Order:** A contract that legally binds the College to purchase goods and services.

**Student:** A currently enrolled student of the San Jacinto Community College District as defined by instruction policy and procedure.

**Trustee:** Persons who are elected in accordance with the State statute and collectively comprise the governing body of the College.

**Work Order:** A work order is a discrete task or a job request for a client, which can be scheduled or assigned to department resources for execution. Facilities Services utilizes a computerized maintenance management software application to aid in the backlog, planning, and scheduling of work orders.

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Associated Policy	Policy III.3007.A, Purchasing
Primary Owner of Policy Associated with the Procedure	Vice Chancellor, Fiscal Affairs
Secondary Owner of Policy Associated with the Procedure	Chief Procurement Officer, Contracts & Purchasing Services

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