

Purchasing Training

July 13, 2023

Purchase Order vs Contract

Purchase Order – a document sent from a buyer to a seller to purchase a product or service. A purchase order becomes a legally binding document **AFTER** the seller accepts the order. Acceptance would be sending an order acknowledgement or filling the order (shipping you the product or performing the service).

Contract – a formal contract is a legally binding agreement between two or more parties. The contract is usually written and signed by both parties. The document becomes legally binding once it is signed by both parties and can only be amended via an amendment/addendum that is signed by both parties.

Purchase Order vs Contracts

- **Purchase Orders** – All purchase orders over \$10K are issued in AggieBuy by Procurement Services. Departments have the authority to issue a purchase order within AggieBuy within their department delegation (\$10K or less). Our purchase orders are not signed.
- **Contracts** – All formal contracts that require signatures MUST be reviewed by TAMUSA Contract Administration. Departments do not have the authority to sign the agreement unless it specifically states within the President's/CEO's Delegation of Authority for Contract Administration.
<https://www.tamusa.edu/procurement/documents/delegation-of-authority-for-contract-administration.pdf>
- TAMUSA Contract Administration will determine the level of authority for signatures.





Purchase Orders vs Contract

- **Contract Terms** – Contracts shall be for a period of five (5) years. If a formal contract was reviewed over five (5) years ago, the agreement can no longer be amended for a new contract term, without a full contract review.
- If your contract was executed prior to 2018, you are due for a new contract review.

Is your Contract Compliant?

- If you have a formal contract that was executed by TAMUSA Procurement Office, prior to September 1, 2022 – TAMU Procurement Services will be requesting file backup documentation to determine how the contract was procured. We need to ensure the project was handled correctly before we can proceed with issuing a purchase order for the next contract term.
- We are seeking the bid documents, sole source justification, purchasing cooperative agreement, etc., to ensure we are compliant going forward.





Is Your Contract Compliant?

- If it is determined that the agreement was not setup correctly, we will work to bring it into compliance or request that we start over.
- We cannot continue to utilize an agreement that was done incorrectly. We will work with you to determine the best course of action on how we need to proceed.



Contract Checklist

- How old is my contract?
- How was it established?
- Does it have any renewals available?
- Is the agreement still meeting our needs?

Reach out to Procurement Services if you need assistance – we are here to help ensure you are compliant with your documents

Sole Source Justification



A sole source exists when goods or services, because of unique characteristics or other reasons, are only available from a single source or only a specific product will work for my application.



If your purchase is a sole source, you must submit a sole source justification with your purchase requisition.



The form can be found on your TAMUSA Procurement Services website - https://www.tamusa.edu/procurement/documents/sole_source_form-9-26-22.pdf



Order Category

- **Regular Order** – this should be the most common category utilized. This is when you want the purchase order to issue to the vendor.
- **Confirming Order** – this is used rarely. This category will NOT issue a purchase order to the vendor. Example – if you placed an order for a chair for \$500.00. The vendor accepted your order via email, but you want to encumber your money. The system will automatically issue the Purchase Order, so you have a document to pay against.
- **Payment Request** – this should be the most rarely used category. This will NOT send a copy of the PO to the vendor. This is used when you need to pay the vendor. Example – Exempt purchase and you have a formal agreement executed and need to make a payment.

Sole Source Justification



The sole source justification form needs to be completed by the subject expert for this purchase.



Reminder – Best Value Criteria is not a justification for a sole source. Pricing, delivery, insurance requirement, location to campus, etc. These are all could be determined by conducting a competitive bid process.

Sole Source Justification

- Clarifications for the justification form –
 - Question 5 – this is where you provide the features or functions that are unique and/or proprietary to this product or service.
 - Question 6 – this is where you detail how the features or functions that were provided as your answer to question 5 are essential to accomplish your work.
 - Question 7 – Provide other sources, if similar products or services. If you can google the product and find other sources this means there are others out there.
 - Question 8 – This is where you provide details as to why the similar products will not meet your needs. Where are they lacking that they will not work for your application.



Sole Source Justification



Question 9 – Answer all that apply. If this is matching existing equipment, provide the brand and model number of the existing equipment. Are we working toward the standardization in our labs?



Question 10 – Export Controls – this applies to specific products/services. There is a link provided on the form. Procurement reviews orders for export control issues and work with the Export Control office when needed. If you know it is a controlled item – please indicate on the form.



Question 11 – This is addressed via your IRIS approval emails. Please proceed to follow those guidelines and attach the IRIS approval email to the purchase requisition.

Sole Source Justification



Question 12 – Provide any additional information you may feel with assist with your justification.



Subject Matter Expert will then need to provide contact info and sign the form.



Procurement Services wants the subject matter expert to sign the justification form. If the form is pulled during a routine audit, we seek assistance from this individual, if needed.

Questions???

