PURCHASE REQUISITIONS

Objective:
To determine if the unit follows standard policies/procedures in the purchase of goods and services through purchase orders, purchase requisitions and contracts including Historically Underutilized Businesses (HUBs).

Potential Impact:
Results in violations of state laws and/or institutional and UHS policies and procedures if good purchasing practices are not followed.

Helpful Tools:
- UH System Administrative Memorandum:
  03.B.01 Purchasing Guidelines-Purchasing
  03.B.02 - Contracting with Historically Underutilized Business (HUBs)-Purchasing
  05.C.01 - Procurement - General
  05.C.02 - Procurement Options - Outside Vendors
  05.C.03 - Purchase Requisitions
  05.C.05 - Emergency Purchase Orders
  05.C.06 - Blanket Purchase Orders
  05.C.07 - Code of Conduct - Procurement Responsibilities
  05.C.08 - Receiving and Returning Shipments
  05.C.09 - General Procurement / Procurement Card

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Frequently Observed Weaknesses/Deficiencies:
- Ordering HEAF purchases without going through Purchasing
- Inadequate sole source justifications
- Purchases coded to incorrect account codes
- Failure to ensure proper receipt of goods and services purchased
- Failure to review and resolve open purchase orders
- Split purchasing
- Fully executing a contract valued more than $5,000 without going through proper procurement procedures
- Departments ordering goods & services more than $5,000 without going through Purchasing
**Best Business Practices:**

1. Designate an individual(s) as the unit’s central authority for handling the purchase of goods and services. This individual should understand and be apprised of all purchasing activity for the unit as well as understand purchasing policies and procedures.

2. Obtain competitive pricing on purchases equal to or greater than $5,000.

3. Ensure purchases remain within dollar transaction limits and charges are not split into multiple transactions to avoid exceeding limits.

4. Review and resolve open purchase orders periodically.

5. When purchasing a product or service which has a distinctive characteristic limiting to one manufacturer, product or service, a Proprietary Purchase Justification/Sole Source Justification must be completed and approved by purchasing prior to submitting the requisition.

6. Provide adequate safeguarding of goods received.

7. Ensure goods/services are charged/allocated to appropriate account codes/chart field combinations.

8. Renew all maintenance contracts and agreements as necessary. Ensure timely response to Purchasing Department on such renewals.

9. Ensure approval from the appropriate respective office for the following special approval commodities: equipment purchased with sponsored funding, IT equipment and some software, radioactive material, live animals and ads for classified and faculty positions.

10. Individual purchasing through requisition should not approve financial reconciliations. An appropriate level of management, i.e. department administrator, department chair, etc., should approve (sign-off) reconciliations.
This questionnaire is designed so that “no” answers indicate that an internal control weakness may exist and the procedure/process may need to be examined in greater detail. **Comments should be provided for “No” answers.** When such weaknesses are identified, a change in the process may be necessary OR a control may need to be put into place to address the weakness. The appropriate UHD contact office (as outlined in the self-assessment text) may be contacted for assistance with identified weaknesses.

<table>
<thead>
<tr>
<th>Self-Assessment of Internal Controls for Contracts</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are employees familiar with institutional and unit specific procurement policies and procedures?</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td></td>
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<tr>
<td>Does the unit have an individual(s) responsible for the unit’s purchasing activity?</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Does the unit have a back-up individual identified in the absence of the above designated individual?</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Have designated individuals received training?</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Is the individual who reviews and approves purchases different from the individual who reconciles financials/purchasing activity?</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Are purchases valued at $5,000 or above processed through the Purchasing Department?</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Are departmental purchasers aware of transaction limits and splitting charges into multiple purchases to avoid exceeding those limits is prohibited?</td>
<td>☐</td>
<td>☐</td>
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<td></td>
</tr>
<tr>
<td>Are departmental purchasers aware that when purchasing a product or service which has a distinctive characteristic limiting to one manufacturer, product or service, a Proprietary Purchase Justification/Sole Source Justification must be completed and approved by purchasing prior to submitting the requisition?</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Are purchasing errors/discrepancies corrected in a timely manner?</td>
<td>☐</td>
<td>☐</td>
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<td>Is appropriate approval obtained for special approval commodities?</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Are goods received adequately safeguarded?</td>
<td>☐</td>
<td>☐</td>
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</tbody>
</table>

This is a living document and will be updated as revisions are necessary. Periodically, you may want to check for updates and revisions. We welcome any questions and feedback regarding the information contained in this tool including any comments regarding how this may be more useful and effective.