# Vocational Rehabilitation Services Manual D-200: Purchasing Goods and Services

Revised on October 1, 2021

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**D-204: The Purchasing Process**

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**D-204-6: Changing a Provider on a Service Authorization**

Under some circumstances, the selected provider on an existing service authorization (SA) may need to be changed. Only designated ReHabWorks (RHW) users, including the medical services coordinator and the unit purchasing specialist, may change the provider on an SA.

Changing the provider on an existing SA is allowable in circumstances involving, but not limited to, the following:

* Medical services
* Medical records
* A provider’s change of status, such as changing from being a sole provider (for example, Dr. Smith) to an incorporated provider (for example, ABC Medical Services) or vice versa
* The provider’s merger with, or acquisition by another provider
* An incorrect selection of the provider on the SA

The new provider on the SA must meet all the criteria (for example, contract type or required credentials) that were in place for the existing SA. For additional information, refer to [VRSM B-504-5: Planned Services](https://twc.texas.gov/vr-services-manual/vrsm-b-500" \l "b504-5) and other relevant content found in this manual.

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## D-205: Purchasing Threshold Requirements

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### D-205-3: Competitive Bids

Obtaining competitive bids ensures the agency is complying with applicable State purchasing requirements and Federal grant requirements.  We must  also apply best value purchasing principles, as outlined in [D-203-2: Best Value Purchasing](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d203-2), to the extent possible.

Services authorizations must not be split to avoid the requirement to obtain bids as this is a violation of State procurement requirements, Federal grant requirements, and purchasing ethics. Therefore, this is subject to corrective action and documentation in the Performance Improvement Plan section of the staff member's next Performance Planning Review.

**Competitive Bids Required**

Competitive bids are required for the purchase of:

* non-contracted goods and services when:
  + the total cost of purchases from a single service provider or
  + the total cost of a single service authorization (SA) is greater than $10,000;
* tuition and required fees greater than $10,000 per semester for training at an out-of-state or private training institution;
* room and board greater than $10,000 per semester when paid directly to a private or out-of-state training institution; and
* room and board greater than $10,000 per semester when paid to an off-campus housing facility, such as apartment complexes or other rental properties.

When competitive bids are required, these bids may be obtained by field staff and must be documented in a purchasing case note as cost comparisons in a RHW case note.   At a minimum, the bid documentation must include the:

* name, address, and phone number of the providers contacted; and
* details of the responses from providers, such as brand. make, model, description of good or service, and the prices quoted.

If a potential provider is contacted and is not able or willing to provide a bid (cost estimate), this is referred to as a "no bid"; include this in your documentation.

When the service authorization is generated by field staff for a purchase that requires a bid, RHW saves the SA as a draft. The generation of this draft SA alerts procurement staff, who will review the documentation in RHW to ensure compliance with policies and procedures for the specific purchase, including the documentation of the required bids and justification for the use of VR funds. If there are questions or concerns about the documentation, procurement staff will contact the issuer of the SA. Once procurement staff confirm that there is documentation of the required bids, the SA will be released, and field staff may proceed with the purchase. For additional information about draft SA's, refer to the ReHabWorks Users Guide.

**Competitive Bids Not Required**

Competitive bids are not required for the purchase of:

* goods and services when the total cost of a single SA is less than $10,000;
* goods and services when the total cost of all related purchases from a single service provider is less than $10,000;
* contracted goods and services;
* MAPS purchases;
* tuition and required fees for training at a public training institution in the state of Texas; and
* room and board for training when paid directly to a public training institution in Texas.

If the product or service is not under contract or is not a MAPS purchase, and the cost is less than $10,000, competitive bids are not required; this is referred to as a spot purchase.

Refer to [D-205-4: Exceptions to Purchasing Threshold Requirements](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d205-4) for a specific list of goods or services that are exempt from these threshold requirements.

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## D-206: Purchasing Restrictions

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### D-206-4: Taxes

Purchases made for the State of Texas are not subject to Texas sales taxes per Texas Administrative Code Title 34, Part 1, Chapter 3, Rule §3.322.

State agencies are not automatically exempt from paying any tax or fee assessed by the United States, another state, or the State of Texas; however, the State of Texas is exempt from paying sales and use taxes. A taxable item sold, leased, or rented to the State or a taxable item stored, used, or consumed by the State is exempt from the following taxes and surcharges:

* Retail sales tax
* Tax on leases and rentals of most goods (except vehicles)
* Tax on services

VR staff must inform new providers that purchases made for the State are not subject to Texas sales taxes.

When purchasing goods from providers in other states, out-of-state sales tax must not be paid when:

* the Free-on-Board (FOB) destination is specified on the service authorization (SA); and
* delivery is to a Texas address.

A statement is included on all SAs that ensures that providers are reminded of this restriction on each SA.

State agencies are **not** exempt from paying certain taxes or fees assessed by the State of Texas or cities in Texas. For example, tax exempt status does not apply to vehicle rentals.

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## D-209: Types of Purchases

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### D-209-1: Noncompetitive Purchases

Noncompetitive purchases are those purchases of goods and/or services from a single vendor that cost $10,000 or less. These purchases do not require competitive bids, but they must conform to the purchasing guidelines and principles stated in this chapter and in the applicable chapters of the VRSM and VR Standards for Providers related to the good or service being purchased.

Purchases of goods and/or services from a single vendor that cost more than $10,000 must be competitively bid or approved as a proprietary or sole source purchase. For more information, refer to [D-205-3: Competitive Bids](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d205-3) and [D-209-2: Proprietary and Sole Source Purchases](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d209-2).

Exception: Medical goods and services purchased using MAPS codes, contracted goods and services, and in-state public college/university tuition and fees do not require a competitive bid.

For information about obtaining required bids (for example, RHW bid requests), VR staff contacts the [TWC Purchasing Team](mailto:consumer.procurement@twc.texas.gov) at [consumer.procurement@twc.texas.gov](mailto:consumer.procurement@twc.texas.gov).

### D-209-2: Proprietary and Sole Source Purchases

A proprietary or sole source purchase is made when only one brand name (manufacturer) or only one provider can meet TWC's specifications for the product or service because of distinctive features or characteristics that are not provided by competing companies, similar products, or comparable services.

When the specifications limit consideration to one product or supplier, the paper case file must contain a complete and approved [VR1322, Proprietary Purchase Justification](http://intra.twc.state.tx.us/intranet/gl/html/vocational_rehab_forms.html).

Justification for a proprietary or sole source purchase is required, if the above condition and one or more of the following apply:

* The planned purchase exceeds $10,000
* The planned purchase does not involve MAPS
* The planned purchase is not for tuition and fees
* No contract is required

A proprietary purchase or sole source transaction must not exceed $25,000. Exceptions are not allowed to this policy.

An example of a proprietary purchase is a Humanware BrailleNote Notetaker, a unique device that is available from only one provider.

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## D-212: Creating the Service Authorization

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### D-212-2: Crossing State Fiscal Years

State funding and the expenditure of state funds are based on the state fiscal year (SFY). The SFY starts on September 1 and ends on August 31.

**Ordering and Receiving Goods across Fiscal Years**

When creating service records for goods, Vocational Rehabilitation (VR) staff members use the budget applicable to the state fiscal year in which the goods are ordered. The anticipated or actual receive date does not have to fall within the start and end dates of that state fiscal year and may fall within the following state fiscal year.

Example 1: An order for a wheelchair is submitted on August 3, 2021, using 2021 VR Basic Support funds. The start date is the date the order was placed (August 3, 2021), and the end date is August 31. Since this order is for a good, not a service, the receive date may be later than the service record/service authorization (SR/SA) end date. If the chair arrives on September 27, 2021, and is in good condition, then the VR staff member enters "09/27/2021" as the receive date in RHW.

Example 2: An order for a customer’s fall semester textbooks, workbooks, pens, and other supplies is created and placed on August 15, 2021, using 2021 VR Basic Support funds. The start date is the date the order was placed (August 15, 2021), and the end date is August 31. Because this order is for goods, not services, the receive date may be later than the SR/SA end date. The goods are received on September 2, and the VR staff member enters "09/02/2021" as the receive date in RHW.

In both of the examples above, the SR end date is the end of the state fiscal year. Per Texas Comptroller of Public Accounts requirements, one SR line item may not have dates from two different state fiscal years.

When ordering goods for which the anticipated receive date is after the end of the state fiscal year, VR staff members enter the end date of the state fiscal year as the SR end date.

Please note: For this procedure to work correctly in RHW, the SR must be created with a “goods” service category code. If a “services” service category code is used instead, RHW will not allow the receive date to be after the end date.

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