# PART D, CHAPTER 3: PURCHASING GOODS AND SERVICES

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| **Policy Number** | **Authority** | **Scope** | **Effective Date** |
| Part D, Chapter 3 | [34 CFR §361.60-65](https://www.govinfo.gov/content/pkg/CFR-2022-title34-vol2/pdf/CFR-2022-title34-vol2-part361.pdf), [2 CFR §200.317](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.317), Article VII of the GAA, GAA Article IX, General Provisions, [2 CFR §200.302](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.302), [2 CFR §200.400](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFR1f52baf5ea70fff/section-200.400), [EDGAR 34 CFR §76, §77, §79, §81, and §82](https://www.ecfr.gov/current/title-34/subtitle-A), [2 CFR Part 3485](https://www.ecfr.gov/current/title-2/subtitle-B/chapter-XXXIV/part-3485), [2 CFR Part 3474](https://www.ecfr.gov/current/title-2/subtitle-B/chapter-XXXIV/part-3474), [34 Texas Administrative Code, Part I, Chapter 20, Statewide Procurement and Support Services](https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=34&pt=1&ch=20), [Texas Government Code, Chapter 2155](https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2155.htm), Texas Administrative Code Title 34, Part 1, Chapter 3, Rule §3.322, Texas Government Code §2155.382(d), [34 Texas Administrative Code § 20.487](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=34&pt=1&ch=20&rl=487)and Texas Government Code [Chapter 2252](https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2252.htm) | All TWC-VR staff | 07/18/2025 |

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## PROCEDURES

### Purchasing Requirements

* Budgeting
  + Reconciliation: Budgets must be reconciled against expenditures and invoices to ensure an accurate reflection of budgeted, obligated, and expensed funds.
  + Purchasing Budget Thresholds: Purchasing thresholds are established to ensure appropriate level of review for items of cost that represent greater potential for risk to the agency. To ensure appropriate budgeting of TWC-VR costs and activities, SAs and purchases must not be split (separated into multiple SAs).
* Obligations That Span Multiple Years**:** To ensure appropriate funds exist for SAs, TWC-VR staff must ensure that—
  + For goods and services, the budget program year is assigned based upon 1) the date the SA was issued and 2) (in the case of after-the-fact (ATF) SAs for the prior fiscal year) the Federal Fiscal year in which the goods or services were rendered; and
  + When creating non-after-the-fact SRs, TWC-VR staff members use the budget applicable to the FFY in which the goods or services are ordered as determined by the date on which the SA is issued
* Service Authorizations: SAs are the only mechanism to obligate funds for an approved good or service. SAs are issued to vendors established in WRAPS and RHW and must be issued prior to the date that goods are ordered or that service begins. All goods and services purchased with VR funds must be reasonable, appropriate and necessary to support the:
  + determination of eligibility;
  + assessment and planning for the development of an IPE;
  + goods and services documented on the IPE; and/or
  + the provision of relevant Pre-ETS to a potentially eligible customer.

The VR Counselor must consider the:

* best value purchasing;
* use of comparable benefits;
* required customer participation in cost;
* contract requirements;
* ability of the vendor to meet the customer’s needs;
* applicable vendor licensure, certification, credential or accreditation requirements; and
* customer’s informed choice when authorizing the purchase of a good or service.

SAs must include all costs associated with the purchase, such as shipping and handling, installation, training, item cost, etc. This ensures all costs are accounted for and obligated when an SA is issued.

When TWC-VR staff are notified by the State Office that RHW is not available, VR Management or its designee will provide TWC-VR staff members with direction regarding contingency purchasing processes and procedures.

* After-the-Fact Service Authorizations: When an SA is not issued prior to the service occurring or the date the good was ordered, it is an after-the-fact (ATF) SA. This is a violation of policy.
* Replacement SAs: When an SA needs to be changed during the delivery of services and the extent of those changes does not allow the existing SA to be properly updated in RHW, a replacement SA must be issued. The replacement SA must be issued within five calendar days of the day on which the original SA was canceled or closed.

When an Replacement SA is not issued within five calendar days of the cancellation or closing of the original SA, it must be processed and approved as an ATF SA instead.

* Vendor Agreement Mechanisms: Goods and services can be purchased for customers from a variety of community rehabilitation programs and vendors, including contracted providers, non-contracted providers, and medical service providers.
  + Non-Competitive Purchases: Purchases of goods and/or services from a single vendor that cost $10,000 or less. These purchases do not require competitive bids.
  + Competitive Purchases: Purchases of goods and/or services from a single vendor that cost more than $10,000 and which are non-contract, non-medical, and non-public tuition must be competitively bid. Competitive bids are required for the purchase of—
    - Non-contracted goods and services when the total cost of a single 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.

Exception: Medical goods and services purchased using Maximum Affordable Payment Schedule (MAPS)rates, contracted goods and services, and in-state public college/university tuition and fees do not require competitive bids, irrespective of the total dollar amount of the SA.

* + Sole Source and Proprietary Purchases: A sole source purchase occurs when only one provider can meet TWC-VR'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. A proprietary purchase occurs when only one product or service can meet these requirements.
    - For sole-source or proprietary purchases exceeding $10,000, excluding those involving MAPS, tuition/fees, or existing contracts, a detailed justification must be documented in a case note. This justification must demonstrate that the proposed purchase offers the best value for the State of Texas and include the following:
      * Describes the specific product or service and explains the need and planned use;
      * Explains why the specifications for the product or service are restrictive and limit the number of potential vendors;
      * Explains why no other competing products or services can fulfill the customer’s needs; and
      * Describes whether the purchase is a sole source (only one vendor can provide the good or service) or available from multiple vendors.
    - Sole Source and Proprietary Purchases must not exceed $25,000.
  + Contracted Goods or Services: Some goods and services must be purchased under contract. Customer goods and services that are purchased under contract include, but are not limited to, the following:
    - Assistive Technology;
    - Diabetes Education Training;
    - Durable Medical Equipment;
    - Employment Services;
    - Employment Supports for Brain Injury;
    - Hearing Aids;
    - Hospital Services;
    - Interpreter & Translators;
    - Orientation and Mobility Services;
    - Pre-Employment Transition Services;
    - Project SEARCH;
    - Self-Employment Services;
    - Supported Employment;
    - Supported Residential Services for Persons in Recovery;
    - Vehicle Modifications; and
    - Wage Services for Paid Work Experience.
* Considerations
  + Best Value Purchasing: TWC-VR must apply the best-value purchasing approach. Applying best-value helps ensure that staff consider all factors that influence the total cost and value to both the customer and TWC-VR. To apply best value, the purchase price and whether the goods or services meet specifications are key considerations that are then balanced with other relevant factors. Examples include the following:
    - Installation costs;
    - Life cycle costs;
    - Quality and reliability of the goods and services;
    - Delivery terms;
    - Indicators of probable vendor performance, which include—
      * Ability to perform,
      * Experience or demonstrated capability
      * Ability to provide reliable maintenance and support;
    - Cost of any training associated with the purchase; and any other factors relevant to determining the best value in the context of a specific purchase.
  + Services and Payments that Exceed the MAPS Rates: SAs may not exceed established rates for medical treatment or complex cases without Medical Director approval.
  + Medical and Psychological Services: Medical and psychological services purchased for customers must use MAPS coding and rates in RHW. No other type of SA may be issued, and maintenance is not allowable for medical goods and services.
* Prohibited Purchases/Expenditures
  + Unallowable Customer Service Costs: TWC-VR will not pay for or purchase the following for customer use:
    - Bonding fees;
    - Buildings or other structures that require a fixed foundation and/or that are not movable;
    - Criminal or civil fines or penalties, including traffic tickets;
    - Deposits that are refundable, other than the initial one-time costs, such as a security deposit or charges for the initiation of utilities, that are required in order for an individual to relocate for a job placement or to participate in TWC-VR services;
    - Fees for registration of inventions, patents, trademarks, or copyrights;
    - Fees for use of a franchise name;
    - Firearms of any kind or components of a firearm;
    - Insurance other than health insurance premiums for Work Experience Services, practicums, internships, and clinicals;
    - Land;
    - Operating capital (e.g., for self-employment);
    - State or municipal tax assessments on occupations;
    - Vehicles to be used on public roads or highways that have not or will not be modified for accessibility and require a certificate of title or registration to be used on roads;
    - Trailers, boats, or other items that require a certificate of title or registration to be used on public roads, highways, or waterways;
    - Professional association or trade union dues, unless the purchase is justified as critical to the success of the customer's employment; and
    - Organizations that financially support a lobbyist.
  + Restricted Service Costs – Food for TWC-VR Customers attending Group Skill Trainings:
    - Food may not be purchased to feed customers unless the training is scheduled to exceed five hours, not including the meal hour. Customer training should not be planned over a meal period with the intent of purchasing food. Meals should be purchased only when doing so will allow customers to continue their training activities during the meal or will support completion of the training in less time.
    - Food purchases must be only for customers, must not be an excessive quantity or variety, and must be a reasonable cost. The cost per meal should be as economical as possible and must not exceed $15 per customer. When a training spans a full day or multiple days, the daily cost per customer for food must not exceed $51.
    - Food may not be purchased for TWC-VR staff, individuals from partner organizations, or family members, with some exceptions.
    - For Pre-ETS expenditures, food is only allowable when the student is TWC-VR eligible with an IPE in place and when it directly supports participation in a Pre-ETS activity.
  + Restricted Services Costs – Food for Potentially Eligible Customers: Food is not an allowable expense for potentially eligible customers.
  + 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 for services is specified on the SA; and
    - Delivery is to a Texas address.
  + Late Fees: TWC-VR does not pay late fees that are directly invoiced by the provider. If a provider bills for a late payment fee, TWC-VR will not pay the fee and reduces amount from the invoice total for authorized payment.
  + Fees: Fees greater than the contracted fee are not allowed, no exceptions.
  + Reimbursement: TWC-VR does not reimburse funds paid by a customer, individual or organization for a good or service that was not authorized by TWC-VR prior to purchase.

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### C. Purchasing Documentation Requirements

* Establishing a Vendor in the RHW System: If the service provider, customer, or individual is not already established as a provider, TWC-VR staff send the *TWC Substitute W9 and Direct Deposit Form* *(VR1020)* with instructions to the potential vendor for its completion, to gather information required to establish the provider as a vendor with the State of Texas. For maintenance payments to customers, customer information must be entered into RHW as a vendor when a single maintenance payment will equal or exceed $400. TWC-VR staff provides customers with the *Customer or Parent/Guardian Information and Direct Deposit Form* *(VR1021)* with the instructions; and the customer (or parent or guardian) returns the completed form to the TWC-VR staff member. TWC-VR RHW Provider Services act as a clearinghouse for RHW vendor-related information and requests and will route all forms or inquiries to the appropriate office.
* Service Authorization: Prior to the creation of a service record, the VR Counselor must document the need for and type of purchase in a service justification case note (if prior to an IPE or potentially eligible), Trial Work Plan (TWP), TWP amendment, an IPE, or an IPE amendment. When the initial SA is generated, TWC-VR staff must include a copy in the customer's virtual case file. If the SA is changed while it is still open, the revised SA must be filed in the customer's virtual case file. A copy of the revised SA must also be sent to the provider.
* Competitive Bids: Bids must be documented in a purchasing case note as cost comparisons in a RHW case note and must include the following:
  + 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.

Lack of cost estimates from providers must be documented as "no bid."

* Proprietary or Sole Source: When a proprietary or sole source justification is used, the case file must contain a complete and approved *Proprietary Purchase Justification form (VR1322)*.
* Contract Modification: Services or goods outlined in the VR-SFP manual or in a contract exhibit can be modified to meet a customer's individual needs. Before any changes are made to the service definition, procedures, required outcomes for payment, or deliverables, a VR3472, Contracted Service Modification Request, must be completed and approved by the Director of the Vocational Rehabilitation Division, or their designated authority.

Procedure for Contract Modifications:

* If a contractor requests a service modification, the VR counselor determines whether to submit the request for review.
* The VR counselor initiates a VR3472 form when a contract modification is required, gathering necessary information and the contractor's signature.
* Contracted service modifications are valid and effective *only* after approval by the Director of the Vocational Rehabilitation Division or their delegated signature authority.
* After-the-Fact and Replacement Service Authorizations: For ATF SAs and Replacement SAs, documentation of the request must include the following:
  + The request (specific good or service, provider, and anticipated dates of service);
  + Original SA number (for Replacement SAs);
  + Justification and circumstances supporting the request; and
  + Name and job title of requester.

For the approval or denial of the ATF SA, RHW documentation must include the following:

* + Parameters of the approval or denial (specific good or service, provider, and, when applicable, the date range of the approval);
  + Type of review completed in TxROCS (if applicable); and
  + Name and job title of TWC-VR staff making decision.
* Service Authorization Closure: When an SA is closed because the service is no longer authorized, TWC-VR staff members must notify the provider no later than the same business day the SA is closed and document the notification to the provider in a case note in RHW.
* Customer Purchases: All documents that support the purchase of goods and services for a customer must be entered into RHW and filed in the customer's virtual case file prior to the obligation of TWC-VR funds.
* Purchasing: All documents related to the purchasing process must be kept in the customer's virtual case file. When received via US mail or other hard copy means, documents must be date stamped based on the day received in the TWC-VR office. If sent by email or fax, the receipt date is the date the email or fax was sent. This includes the following:
  + Bids
  + Invoices
  + Reports
  + Printed SAs
  + Related correspondence.
* Verifying Receipt of Goods or Services:
  + Customer Verification: When TWC-VR staff obtain written documentation that includes the customer's signature verifying that the service met the specifications, the documentation is filed in the customer's virtual case file.

If 20 days have passed since receipt of the vendor invoice and attempts to contact the customer have been unsuccessful, TWC-VR staff must continue to contact the customer and record in case notes each attempt of contact.

* + Provider Reports: For SAs that require a provider to submit a report, the date of receipt of the service, invoice, and report must each be entered in RHW within seven calendar days of when each occurred to ensure data accuracy and integrity in the payment authorization process.
* Inaccurate Invoices: When an invoice is inaccurate or incomplete, TWC-VR staff must return it to the vendor for correction by completing a *Vendor Invoice Additional Data Request (VR3460) within 21 days of receiving the invoice.* If RHW is not available, the *VR3460* is completed outside of RHW.
  + TWC-VR staff must create a RHW case note to document the date on which the invoice was returned to the vendor and the reason for the return and return the invoice and the *VR3460* to the vendor.
  + If the vendor's billing statement for advance payment situations lacks the required invoice data but all other information is accurate and complete, the TWC-VR staff member must attach the RHW system-generated billing cover sheet for the SA to the billing statement. The combination of the two documents serves as the invoice for the associated SA.
    - Once the corrected invoice is received, date-stamp the corrected invoice and use it as the invoice of record for the purchase. This date is the invoice received date in RHW.
  + Serial Numbers: For technology goods with a serial number only, the serial number must be recorded as part of the documentation when delivery of a good is accepted.
* Refunds: When receiving a refund from a vendor or customer, the Unit Purchasing Specialist or the designated TWC-VR staff member for that office location must document the receipt of the check or money order in a case note in RHW; complete the *Cash Receipts and Returned Warrants Log (TWC1770)* and the *Cash Receipts Transmittal Memo (TWC1769)*, and e-mail the documents to TWC Revenue and Trust Management ([revenuetrust.mgmt@twc.texas.gov](mailto:revenuetrust.mgmt@twc.texas.gov)) within two business days after the mail was opened or the check was hand delivered. The original check or money order must be mailed with the *TWC1769*.

If sending by regular mail (U.S. Postal Service), send to:

**Texas Workforce Commission**Revenue and Trust Management  
PO Box 322  
Austin, Texas 78767

If sending by FedEx, send to:

**Texas Workforce Commission**

Revenue and Trust Management

4405 Springdale Rd., Ste B

Austin, TX 78723

## APPROVALS & CONSULTATIONS

TWC-VR staff must follow the following approvals and consultations:

* *Service Authorizations: Prior to issuance of an SA, the VR Counselor identifies, and researches the good or service needed, and obtains approval.*
  + *Threshold Requirements:* 
    - *Greater than $5,000 to $15,000 – TWC-VR Manager approval required.*
    - *Greater than $15,000 to $25,000 – VR Regional Director or Deputy Regional Director approval required.*
    - *Greater than $25,000 – Regional Director or Deputy Regional Director, and TWC-VR Division Director, or designee, approval required.*
  + *Pre-Purchase Review: For all purchases that are over $5,000 per SA or per customer in a multi-customer SA, a pre-purchase review must be completed by the Administrative Supervisor, Purchasing Specialist, or the final approver (e.g., the VR Manager) prior to the purchase.*
    - *Exceptions to the threshold requirement and pre-purchase review include the following:*
      * *Contracted hospital services;*
      * *Contracted durable medical equipment (DME);*
      * *Contracted Orientation and Mobility or Diabetes Education services;*
      * *Contracted hearing aids and related products;*
      * *Interpreter/CART services for students enrolled in training programs for longer than 30 days when paid to paid directly to the training institution or an appropriately contracted service provider;*
      * *Medical goods and services, including orthotics and prosthetics and low-vision devices, purchased using MAPS rates;*
      * *Tuition, required fees, and room and board for training when paid directly to a public training institution in the state of Texas (excludes room and board paid to other entities, such as apartment complexes and private training institutions);*
      * *Contracted vehicle modifications;*
      * *Contracted services, as established and described in the VR Standards for Providers (SFP) manual; and*
      * *All other contracted goods and services to include purchases made using contracts established by the State Comptroller for Public Accounts and the Department of Information Resources (DIR).*
  + *Contracts for Purchase of Goods and Services: When it is determined the use of a contracted provider is not in the best interest of TWC-VR or the TWC-VR customer, the exception must be reviewed by the VR Manager and Regional Director or Deputy Regional Director; and approved by the VR Division Director, or designee.*
  + *Service Authorization Consultation: The following individuals are available to provide specialized oversight, support, and consultation for purchasing processes and procedures:*
    - *Designated Subject-Matter Experts;*
    - *Dental Consultants;*
    - *In-House Providers;*
    - *Medical Services Coordinators;*
    - *Medical Consultants;*
    - *Psychological Consultants;*
    - *Assistive Technology Specialists;*
    - *Managers and Management Teams;*
    - *Unit Support Assistants And Unit Support Coordinators; and*
    - *Program Specialists (unit, regional, and State Office)*
  + *ATF SAs: Require VR Supervisor approval or Regional Program Support Manager approval. Create a draft SA in RHW for the approver to release for approval of ATF SAs. Do not use the RHW Approval Workflow.*
  + *Replacement SAs: Require the same approvals as necessary for the original SA. Create a draft SA in RHW for the approver to release for approval of replacement SAs. Do not use the RHW Approval Workflow.*
* *Service Payments: TWC-VR staff who issue or change an SA are prevented from being able to authorize payment for that SA.*
* *Service Costs that exceed MAPS rate: In circumstances when a provider indicates a need to bill for a medical service at a rate that exceeds the established MAPS rate for that code, consultation with the State Medical Director is required.*
* *Establishing Vendors in RHW: All payments for services to a vendor or payment to a customer (for a service such as maintenance) are processed through RHW, and the entity receiving eventual payment must be entered into the system and must first be verified as legally allowed to do business in the State. Depending on the goods & services to be provided, contract requirements and/or licensure, certification, credential, or accreditation requirements may also apply. TWC-VR RHW provider services staff checks WRAPS, Texas Comptroller of Public Accounts (for taxpayer identification numbers), the Secretary of State’s system, and RHW according to the information from the VR1020 and VR1021.*
* *VR Supervisor approval and completion of the VR3472 is required for the purchase of any outcome-based contracted training services provided more than once.*
* *Out-of-State Purchases:* 
  + *Purchasing an out-of-state training service or related support service requires VR Manager approval. This includes online or correspondence training purchased from providers that are not physically located in Texas.*
  + *Purchasing an out-of-state training service that is ordinarily regulated in Texas but not regulated in the State where the service is provided requires consultation with the State Office Program Specialist assigned to the specific type of training along with TWC-VR Manager approval. This includes out-of-state proprietary and vocational training.*
  + *To purchase MAPS services from an out-of-state provider, consultation with the State Office Program Specialist is required.*
  + *Purchase of any good or service from an out-of-state provider that is normally purchased under a contract, but the out-of-state provider does not have a contract for that good or service with TWC-VR, requires consultation with the State Office Program Specialist assigned to the specific good or service and TWC-VR Manager approval. Once approved, a contract exception must be completed.*
  + *The purchase of non-contract goods or services from an out-of-state provider that is greater than $1,000 per SA requires TWC-VR Manager approval.*
  + *When there is a clearly demonstrated vocational need that cannot be approved at the Management Unit level, the VR Counselor discusses the circumstances with the VR Supervisor, VR Manager, and/or a Regional or State Office Program Specialist. Together, they determine whether there is justification for requesting an exception to published policies and procedures. If the need is justified, then the VR Counselor sends a request for an exception to policies and procedures through their chain of management to the Deputy Division Director of Field Services Delivery for consideration. However, exceptions to policies and procedures based on Federal and State laws, statutes, and rules or regulations are not allowable.*

## REVIEW

The Policy Planning and Statewide Initiatives Team, or designee, is responsible for reviewing this policy and these procedures and will update the Document History log if necessary.

| Date | Type | Change Description |
| --- | --- | --- |
| 09/03/2024 | New | VRSM Policy and Procedure Rewrite |
| 10/08/2024 | Revised | Added address to use when sending refunds via FedEx. |
| 11/01/2024 | Revised | Added ‘trial work plan’ to requirements before creating a service record authorizing a service. |
| 07/01/2025 | Revised | Updated several sections throughout chapter |
| 07/18/2025 | Revised | Updated ATF Backdated SA to After-the-Fact SA and updated ATF Replacement SA to Replacement SA. |