# PART D, CHAPTER 3: PURCHASING GOODS AND SERVICES

|  |  |  |  |
| --- | --- | --- | --- |
| **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), and Texas Government Code [Chapter 2252](https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2252.htm) | All TWC-VR staff | 11/1/2024 |

## PURPOSE

In accordance with the authority (Federal and State) listed above, this policy is issued by the Texas Workforce Commission Vocational Rehabilitation Division (TWC-VR). Adherence to these rules and regulations issued under the Rehabilitation Act of 1973, as amended by Title IV of the Workforce Innovation and Opportunity Act (WIOA), supports Texans with disabilities in gaining, maintaining, and advancing in competitive integrated employment (CIE).

Specifically, the purpose of this policy and these procedures is to ensure adherence to requirements for staff on the authorization and purchase of goods and services necessary for customers, or potentially eligible students, of the TWC-VR program. Processes include fiscal considerations for the purchasing of goods and services necessary for the administration of the Federal VR award, requirements for obligation and expenditure of funds, and monitoring for goods, services, and administrative costs necessary under these awards.

## DEFINITIONS

Authorization: Basis by which the authority to complete the various stages of a transaction is delegated.

Best Value Purchasing: Purchasing the least expensive services that meet the customer's vocational needs. Also known as the acquisition cost. Determining the acquisition cost ensures staff consider all factors that influence the total cost and value to both the customer and TWC-VR.

Expenditure: Payment made for goods or services.

Informed Choice: The means by which a customer chooses their rehabilitation path, from options based on their needs and circumstances and the TWC-VR rules, as it relates to choosing their services and the providers of those services.

Obligation/Encumbrance: When a Service Authorization (SA) is issued in RHW, it establishes a transactional order for goods and services and it reserves the required funds with which the eventual payment against the order will be made. The issuance of the SA and the resulting reservation of funds create a legally binding agreement between two entities initiating the commencement of the good or service and resulting in, upon proper performance, payment as a result.

Out-of-State Provider: Provider whose point-of-service address or place of doing business is located outside Texas. This term is not intended to describe, define, or include providers whose brick-and-mortar business operations are within Texas, but for whom the payment (remit) address of record is outside Texas.

## POLICY

### General Overview

The authorization and purchase of goods or services necessary for customers, or potentially eligible students, must be in accordance with sound Federal and State fiscal requirements, generally accepted accounting principles (GAAP), service requirements in the statute and regulations, need of the customer, availability and qualification of providers, and other considerations that are necessary to ensure the purpose of the Federal program is met.

### Authorization and Obligation

* Appropriate Purchases: As an essential part of the service delivery process, TWC-VR provides allowable, pre-identified, and agreed upon goods and services to customers and potentially eligible students in accordance with the parameters of the program under which they are being served.
* Service Authorization: The purchase of goods or services must be authorized with an SA. Goods and services may not start prior to the SA, as it is the mechanism by which funds are obligated from the appropriate budget.

### Purchasing Requirements

* Budgeting: In accordance with applicable State procurement statute, purchasing thresholds are established to ensure that management oversees purchases in accordance with Federal requirements per the VR Grant award. Thresholds help ensure funds are appropriately budgeted and obligated to the grant activity. TWC-VR funding and the expenditure of TWC-VR funds are based on the Federal fiscal year (FFY), which starts on October 1 and ends September 30.
* Competitive Bidding: When applicable, TWC-VR is required to obtain competitive bids to ensure compliance with State purchasing requirements per Federal grant requirements.
* Types of Purchases
  + Service Authorizations: SAs act as the legally binding obligation of funds in which TWC-VR must pay the vendor or individual established in the TWC system for goods and services provided.
  + Allowable Service Authorization Purchases: The SA is issued for allowable purchases necessary to achieve the requirements of the TWC-VR program and include the following:
    - Authorized Services on the Individualized Plan for Employment (IPE);
    - Services necessary prior to an IPE development, such as the costs in support or completion of a diagnostics, to assess eligibility, or to develop the IPE; and
    - Pre-employment Transition Services (Pre-ETS).

Pre-ETS are an allowable cost for both potentially eligible students with disabilities and those receiving services under an IPE.

* Service Limitations
  + Unallowable Costs: TWC-VR does not pay for or purchase for customers any items that constitute prohibited purchases or expenditures.
  + Out-of-State-Services: TWC-VR does not prohibit the provision of out-of-state services. However, if the individual chooses an out-of-state service at a higher cost than a comparable in-state service, when either service would meet the individual's rehabilitation needs, TWC-VR is not responsible for those costs in excess of the cost of the in-state service.
* Taxes: Purchases made for the State of Texas are not subject to Texas sales taxes. 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); and
  + Tax on services.

### Payment

* Vendor Requirements: Prior to the obligation of funds for services provided to eligible individuals under this authority, vendors are reviewed to ensure eligibility to do business in the State of Texas. The vendor must be in good standing with the State of Texas, must have an active, current set-up in RHW, WRAPS, and on the Comptroller’s system and, as applicable depending on the good/service being purchased, must be appropriately licensed, credentialled, certified, or accredited. In addition, for goods and services requiring a contract, the vendor must have an active contract applicable to the goods or services to be purchased.
* Verification Requirements: To ensure internal controls over TWC-VR Federal funds, goods and services received must be in accordance with the original obligation of funds and for the specific purpose under which the funds were authorized.
* Billing/Invoices: Fees for late payments are automatically calculated and paid by the State comptroller to meet the requirements of the Texas Prompt Payment Act. TWC-VR does not pay late fees directly invoiced by the provider.

### Purchasing Restrictions

High ethical standards also involve best-value purchasing and the wise use of funds. To prevent conflicts of interest, the following restrictions apply—

* TWC-VR staff must not purchase goods or services for a customer from a family member, with the exception of the following:
  + Personal Assistant services;
  + Childcare services; and
  + Transportation services.
* TWC-VR staff must not purchase goods and services for a customer from a provider who serves as the customer's representative, with the exception of the following:
  + Before the customer designates the provider as their representative; or
  + After the customer has revoked the provider’s authority to act as their representative.

The term "family" includes the following:

* All related individuals who are dependent upon the employee or employee's family member for personal care or services on a continuing basis;
* All individuals living in the same household with the employee or with an employee's family member (regardless of kinship); and
* Spouse, child, parent, grandparent, brother, sister, cousin, aunt, uncle, niece, nephew, and any other individual related by—
  + Kinship;
  + Adoption; or
  + Marriage (e.g., stepchild, stepparent, stepson)

Exceptions are not allowed.

### Prohibited Factors

Texas State law prohibits the State comptroller from issuing a warrant directly to an individual who owes the State or Federal government delinquent taxes or a defaulted debt (e.g., Texas Guaranteed Student Loan).

### Standards for Providers (SFP)

The SFP manual focuses on the business practices, processes, and policies that TWC-VR and the contracted provider must follow. This VRSM chapter includes services that are provided by a contractor. For additional information regarding contractor responsibilities, service descriptions and costs, refer to the respective SFP Chapter.

### Additional Policy Considerations

* Comparable Services and Benefits: TWC-VR must not expend funds on goods and services unless the VR counselor and the customer have made maximum efforts to secure grant assistance in whole or in part from other sources to pay for the training.
* Customer Participation in the Cost of Services: A customer's eligibility for TWC-VR services does not depend on the customer's income or liquid assets; however, if the customer's net income or liquid assets exceed the Basic Living Requirements (BLR), the customer must participate in the cost of services unless an exception is granted.
* Recipients of Social Security Disability Benefits: Recipients of Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), due to the customer's disability, are exempt from the requirement to participate in the cost of TWC-VR services regardless of income.
* Exceptions to Policy: When necessary to meet the VR needs of a customer, TWC-VR staff members may request exceptions to policies and procedures through their chain of management up to the Deputy Division Director of Field Services Delivery, or designee. However, exceptions to policies and procedures based on Federal and State laws, statutes, and rules or regulations are not allowable.

## 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 program year is assigned based upon 1) the date the SA was issued and 2) (in the case of back-dated SAs) the Federal Fiscal year in which the goods or services were rendered; and
  + When creating non-backdated SRs, TWC-VR staff members use the budget applicable to the FFY in which the goods or services are ordered. The anticipated or actual receive date does not have to fall within the start and end dates of that FFY and may fall within the following FFY.
* Service Authorizations: SAs are the only mechanism to obligate funds via an authorization for service and to subsequently pay a vendor or customer in relation to services. SAs are issued to vendors established in WRAPS and RHW and must be issued no later than the date that goods are ordered or that service begins. All goods and services purchased with VR funds must be appropriate and necessary to support the customer’s IPE or to provide relevant Pre-ETS to a potentially eligible customer. The VR Counselor must consider the following factors when authorizing the purchase of a good or service:
  + Contribution to eligibility determination;
  + Applicability to the customer’s plan;
  + Cost, accessibility, type, and duration of the services;
  + Customer's informed choice;
  + Contract applicability (whether a contract is required for the goods or services, whether such a contract exists, and whether the contract life cycle covers the time period needed by the customer);
  + Customer's satisfaction with the proposed services;
  + Provider's compliance with the Americans with Disabilities Act;
  + Qualifications of the service provider;
  + Setting in which the services are provided;
  + Provider's history of success with other customers;
  + Best value;
  + Use of comparable benefits; and
  + Any required customer participation in cost of services.

SAs must include all acquisition costs, such as shipping and handling, installation, training, item cost, etc. This ensures all costs are accounted for and obligated when an SA is issued. SAs may include extra line items to account for the total acquisition cost.

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 the continuation of purchasing processes and procedures.

* After-the-Fact 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. The two types of ATF SAs are as follows:
  + Backdated ATF SA: When services occur but an SA was not authorized prior to an authorization, this may result in a backdated ATF SA. All backdated SAs are subject to consideration as a policy violation.
  + ATF Replacement SA: When the specifications in an SA change during the delivery of services, a replacement SA must be issued within five calendar days of the day on which the original SA was canceled or closed. The new SA should be issued before the old SA is canceled or closed.

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

* 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) codes, 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.

* + 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-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 or sole source transaction must not exceed $25,000.

Justification for a proprietary or sole source purchase is required if only one provider meets requirements, the planned purchase exceeds $10,000 or does not involve MAPS, is not for tuition and fees, and no contract is required.

* + 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 pricing 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.

### Payment

* Invoicing Requirements: Vendors must submit invoices to the office address listed on the SA. Invoices must comply with the applicable contract, all policies and procedures, and the terms and conditions of the SA. Vendor invoices must include, at a minimum, the vendor's name, address, Texas ID number issued by the comptroller, contact information, contract number, TWC-VR office location, SA number, description of goods and services provided, dates of service provision, quantity and unit cost, and other relevant information pertinent to the service delivery, and other information required by law or regulation.
* Billing/Invoices: Accurate and correct invoices are processed within seven calendar days of receipt. SA total cost must be adjusted upon receipt of invoice to account for actual acquisition cost such as shipping.
  + Billed Costs: Invoices for SAs that are the result of a bid process must reflect actual agreed upon costs in the bid. If costs such as shipping and handling were not addressed in the bid, TWC-VR cannot pay for those expenditures.
  + Receive Date: The date on which the goods were delivered or the services completed. VR staff enter this date in RHW within seven calendar days of verifying goods delivery/service completion.
  + Report Receive Date: The date that the report is received in the office listed on the SA. When applicable, TWC-VR staff enter this date in RHW within seven calendar days of receiving a complete and accurate report.
  + Invoice Receive Date: The date that the invoice is received in the office listed on the SA. TWC-VR staff enter this date in RHW within seven calendar days of receiving the complete and accurate invoice.
  + EOB Receive Date: The date on which the TWC-VR received a statement provided by a health insurance company or similar entity regarding a covered individual (the customer) explaining what medical treatment, goods, or services were paid for on behalf of that individual and describing how much was paid. When applicable, TWC-VR staff enter this date in RHW within seven calendar days of receiving a complete and accurate report.
  + Invoice Requirement Exceptions:
    - Medically Related: Invoices may constitute just the RHW system-generated billing cover sheet and billing statement.
    - Advanced payment: Invoices may constitute the vendor's billing statement and the RHW system-generated billing cover sheet for the SA.
  + Considerations: Occasionally, payments must be processed for select services that did not occur, such as no-shows and cancellations. As the service did not occur, the payment must be processed differently than if the service had been provided.
    - No-Show Billing: When a customer misses a service or does not properly cancel an appointment provided by a psychiatrist, social worker, licensed professional counselor, or psychologist upon request by the provider, TWC-VR will pay 50% of the allowable payment if the provider notifies TWC-VR within one working day of the no-show appointment. A TWC-VR staff member processes payment when the SA includes a line item demonstrating the no-show payment. No show billings from other disciplines, specialties, and contractors are not eligible for payments.
    - Cancellation Upon Arrival: Cancellation upon arrival occurs when a communication access provider arrives at a scheduled appointment for a TWC-VR customer and the customer does not arrive to the appointment, the communication access provider must wait for at least 30 minutes after the scheduled appointment time or the services are not canceled within a period of at least 48 hours of the scheduled service. TWC-VR accepts cancellation upon arrival billing from all communication access providers when the service provider notifies TWC-VR within one working day of the customer's failure to appear. A TWC-VR staff member processes payment when the SA includes a line item demonstrating the cancellation payment.
* Verification Requirements: Goods and services must be verified as received prior to payment. TWC-VR staff must not authorize payment for a good or service without an accurate and complete invoice from the provider.
* Verifying Receipt of Service: When verifying services, the description, the quantity, and the costs on the SA must match the required documentation to verify receipt of goods or services with the provider's invoice. Prior to payment to a vendor, TWC-VR staff must verify that services were delivered. This includes contacting the customer for verification or obtaining written documentation from the customer.
* Three-Way Match: Three-way match is the process of reconciling an SA, the documentation of the receipt of goods or services, and the provider invoice prior to authorizing the payment, helping ensure that the payment to the provider is necessary, appropriate, and accurate. When TWC-VR staff cannot reconcile all three elements, the receipt should not be entered in ReHabWorks and the payment should not be processed until any issues are resolved.
* Payment Types: The types of payments and purchases that can be processed in RHW include the following:
  + Periodic Payments: Periodic payments are used when a service is provided and paid over a defined but recurring period, such as monthly. The receive date for periodic payments is the last day of the billing period.
  + Advance Payments: Advance payment occurs when payment for a customer service is issued before the service is delivered. Advance payments may be received and authorized anytime from the "pay as early as" date to the actual completion date of the service. The billing statement constitutes the invoice. The circumstances under which an advance payment may be issued includes the following:
    - Maintenance, Transportation, and Child Care: Pay as early as seven days before the start date.
    - Academic and vocational training and training-related services (when provided by an accredited college or university over a semester or quarter), Vocational or technical training (when provided by an accredited training institution): Pay as early as Time of Enrollment.
    - Room and board to support planned training activities, State board licenses, and the registration for an exam: Pay as early as 14 days before the start date.
  + Medical Records limited to circumstances in which advanced payment is required by the provider: Pay as early as the day the SA is issued.
  + Restricted Donations: A restricted donation is a cash donation made to TWC-VR to provide services to TWC-VR customers for a specific purpose, program, TWC-VR office, or caseload. When a restricted donation is received, the receiving office immediately notifies the office of the VR Division Director.
* Interagency Transfer Vouchers: Interagency Transfer Vouchers (ITV) are the mechanism through which the State Comptroller transfers funds from one agency to another instead of issuing a warrant to make the payment.

### 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 and the issuer must sign the SA. If the SA is changed while it is still open, the revised SA must be printed, signed, and also filed in the customer's virtual case file. A signed 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 paper case file must contain a complete and approved *Proprietary Purchase Justification form (VR1322)*.
* Contract Modification: When there is a significant change in circumstances that may justify an additional purchase of the same service, approval, and completion, *Contracted Service Modification Request* (*VR3472)* is required.
* After-the-Fact Service Authorization: For ATF SAs, such as Backdated SA and Replacement SA, 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, 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 TWC-VR staff members notify a provider that an SA is closed because the service is no longer authorized, TWC-VR staff members must 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 return it to the vendor for correction by completing a *Vendor Invoice Additional Data Request (VR3460)*. If RHW is not available and 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 within 21 days of receiving the invoice. 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.
  + 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 codes;*
      * *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 Backdated SAs: Require VR Supervisor approval or Regional Program Support Manager approval.*
  + *ATF Replacement SAs: Require approval only if the original SA required approval.*
* *Notification of SA to Vendors: TWC-VR sends a copy of the SA to the provider when the SA is generated, when an open SA is changed, and when an SA is closed because the service is no longer authorized.* 
  + *When an SA is closed, TWC-VR must notify the provider no later than the same business day that the SA is closed.*
* *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 |
| --- | --- | --- |
| 9/3/2024 | New | VRSM Policy and Procedure Rewrite |
| 10/8/2024 | Revised | Added address to use when sending refunds via FedEx. |
| 11/1/2024 | Revised | Added ‘trial work plan’ to requirements before creating a service record authorizing a service. |