Purchasing and Disposition Guidelines

Western Texas College is required to make all purchases within the laws and guidelines established by the State of Texas. Although WTC uses several purchasing methods, all purchases must follow the rules below.

PURCHASES VALUED AT OR ABOVE $50,000

All purchases that equal or exceed $50,000 must be acquired through the competitive purchase process. Except as provided by Education Code Chapter 44, Subchapter B, all college district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at $50,000 or more in the aggregate for each 12-month period, shall be made by the method that provides the best value for the district. These purchases must also be approved by the college board of trustees.

The only exceptions for this bidding requirement are:

- Purchasing through a CO-OP such as DIR, Buy Board, TACC, NJPA, HGAC, or E$I – with board approval.
- Emergency repair – with board approval.
- Sole source purchase – with board approval.

All purchases of $5,000 or more are considered Capital Assets. Capital assets are entered into the POISE Fixed Asset program and tagged by the Comptroller or other Business Office employee with access to POISE. The General Ledger is reviewed periodically by the Comptroller over the fiscal year for purchases or projects costing $5,000 or more which may need to be capitalized and depreciated. Physical property donations are also reviewed.

PURCHASES VALUED AT OR ABOVE $5,000

For all purchases that equal or exceed $5,000, quotes from 3 sources must be obtained. If a purchase will exceed $5,000 the Director of Purchasing will need an itemized list of the purchase and copies of the quotes. If you are unable to obtain the 3 quotes this should be documented and provided to the purchasing office along with your purchase requisition. If the purchase is made through a co-op, 3 quotes are encouraged but not mandatory. Final approval by the CFO is required.

All purchases of $5,000 or more are considered Capital Assets. Capital assets are entered into the POISE Fixed Asset program and tagged by the Comptroller or other Business Office employee with access to POISE. The General Ledger is reviewed periodically by the Comptroller over the fiscal year for purchases or projects costing $5,000 or more which may need to be capitalized and depreciated. Physical property donations are also reviewed.

PURCHASES UNDER $5,000

Purchases under $5,000 must follow departmental guidelines for approval and require final sign off by the CFO. In some cases, three quotes may be required.

ASSET DISPOSAL

If the department currently in possession of a capital asset is transferring (to another department or to storage) or disposing of that asset, the Division Chair or other authorized representative of that department must complete a Capital Asset Transfer or Removal from Service form located on the College's website. The completed form with appropriate signatures must be turned into the Business Office for approval by the Chief Financial Officer or Controller. Upon approval, the Controller or other designated Business Office employee with access to the POISE Fixed Assets program changes the status of the asset as needed on POISE. The same form and process must be completed for the sale (by bid or auction) or donation (to another qualified government agency) of a capital asset.

GRANT FUNDED EQUIPMENT

All grant purchases are required to follow the college purchasing policy. Additionally, all grant funded equipment must be identified, inventoried, and tagged following the requirements specified with each individual grant. They must at minimum meet the following requirements.

§ 200.313 Equipment.

(a) ***Title.*** Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

(1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.

(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.

(b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section.

(c) ***Use.***

(1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then

(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in§ 200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

(d) ***Management requirements.*** Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
(4) Adequate maintenance procedures must be developed to keep the property in good condition.
(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Disposition. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:
(1) Items of equipment with a current per unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
(2) Except as provided in§ 200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of $5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of

participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

Western Texas College, as an agent of the community, is dedicated to the proper use of appropriated tax funds for its operation. WTC will strive to utilize all funds in an appropriate manner to continue excellent academic service to Scurry County and the State of Texas.