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

Revised Feb. 15, 2019

## D-205: Purchasing Threshold Requirements

Purchasing thresholds are established to ensure that management oversees purchases in accordance with the VR Grant award (2 CFR 200) regarding the use of internal controls and compliance with state procurement requirements. VR counselors must review associated chapters in the VRSM and VR-SFP in addition to reviewing the table published below prior to including the service on an IPE and authorizing the purchase of any good or service.

Purchases must not be split (separated into multiple purchases) to avoid purchasing threshold requirements in this section and throughout the VRSM. For more information, refer to [D-203-6: Ethics of Purchasing](https://twc.texas.gov/vr-services-manual/vrsm-d-200%22%20%5Cl%20%22d203-6).

### D-205-1: Approval Requirements by Threshold

All purchases of goods or services must be authorized by the VR counselor and documented clearly in a case note or the customer’s IPE and a service authorization must be issued. For more information, refer to E-300: Case Note Requirements, Service Justification [B-500: Individualized Plan for Employment](https://twc.texas.gov/vr-services-manual/vrsm-b-500) for more details.

The following approvals must be documented for a proposed purchase prior to the VR counselor authorizing the purchase of a good or service:

* Greater than $5,000 to $15,000 – VR Manager approval required.
* Greater than $15,000 to $25,000 - Regional director or deputy regional director approval required.
* Greater than $25,000 - Regional director or deputy regional director, and VR Division Director approval required.

For more information, including additional approval, consultation, and notification requirements, refer to [E-200: Summary Table of Approvals, Consultations, and Notifications](https://twc.texas.gov/files/partners/vrsm-e-200.docx).

### D-205-2: Pre-purchase Review

In addition to requirements throughout the VRSM and the VR Standards for Providers (VR-SFP), for all purchases that are over $2500 per service authorization, a pre-purchase review must be completed by the administrative supervisor or purchasing specialist prior to the purchase. The purpose of a pre-purchase review is to ensure that all required policies, procedures, and approvals applicable to the specific purchase have been followed and, as required, documented prior to issuing the service authorization (SA).

Pre-purchase reviews are documented in RHW using the “Purchasing Pre-review” case note topic.

Pre-purchase reviews may also be entered as a partial purchasing review or a case reading in TxROCS, but this is not required unless the proposed purchase is returned to the caseload for further action for one of the following reasons:

* Proposed purchase is not clearly supported by existing case documentation.
* Proposed purchase is not in the customer’s current IPE or most recent IPE amendment.
* Proposed purchase is not clearly connected to and supportive of vocational objective.
* Proposed purchase not allowable under federal regulations or state requirements.

When a proposed purchase Pre-purchase Review is either “complete” (no further action required) or “returned” to the caseload for further action, the caseload carrying team is notified accordingly.

### D-205-3: Competitive Bids

Competitive bids are required for the purchase of non-contracted goods and services when a single service authorization (SA) cost that is greater than $5,000.

Competitive bids are not required for the purchase of training services, including tuition, required fees, and room and board for training when paid directly to the training institution (excludes room and board paid to other entities, such as apartment complexes).

If the product or service is not under contract or is not a MAPS purchase and the cost is less than $5,000, the purchase is completed as a spot purchase using noncompetitive purchasing procedures.

### D-205-4: Exceptions to Purchasing Threshold Requirements

These purchasing threshold requirement exceptions do not apply to multi-customer service authorizations. For additional information, refer to [D-213-5: Multi-customer Purchases](https://twc.texas.gov/vr-services-manual/vrsm-d-200%22%20%5Cl%20%22d213-5).

The following purchases are exempted/excluded from the purchasing threshold requirements throughout D-205: Purchasing Threshold Requirements:

* contracted hospital services;
* contracted durable medical equipment (DME);
* contracted orientation & 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 & prosthetics and low-vision devices, purchased using MAPS codes;
* tuition, required fees, and room and board for training when paid directly to the training institution (excludes room and board paid to other entities, such as apartment complexes);
* contracted vehicle modifications; and
* other contracted services, as established and described in the VR Standards for Providers manual.

All other policies and procedures for these goods and services must be applied as part of the purchasing process.

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## D-206: Purchasing Restrictions

VR does 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 (such as rental or utility deposits)
* 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
* Land
* Operating capital (for example, 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. Check with the Department of Public Safety (DPS) for more information.
* Trailers, boats, or other items that require a certificate of title or registration to be used on public roads, highways, or waterways. (Check with DPS for more information and specific regulations. For example, many small trailers do not require a title of ownership.)

Exceptions are not allowed to this policy.

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### D-206-3: Out-of-State Purchases

The code of federal regulations (CFR) §361.50 (b)(1) allows TWC-VR "to establish a preference for in-state services, provided that the preference does not effectively deny an individual a necessary service. In compliance with CFR §361.50 (b)(2) 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 an in-state service, if 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."

The term “out-of-state” is defined as a 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.

#### Out-of-State Training Services

The purchase of any training services or related support services from out-of-state providers requires regional director (RD) approval. This includes online or correspondence training purchased from providers that are not physically located in Texas. For additional information about policies, procedures, and requirements, refer to C-414: College, University, and Technical Training.

Purchasing an out-of-state training service that is ordinarily regulated in Texas, but is not regulated in the state where the service is provided, requires consultation with state office program specialist and RD approval. Note: This includes out-of-state proprietary and vocational training. For specific information about licensing requirements, refer to C-415: Training from Proprietary or Certified Schools and C-418: Training by Paid Instructor.

In addition to this, payment of out-of-state tuition rates at training institutions in the state of Texas (when the customer does not meet the school’s residency requirements) also requires RD approval. For additional information about payment rates for out of state training refer to [C-414-17: Tuition and Fees](https://twc.texas.gov/vr-services-manual/vrsm-c-400#c414-17).

#### Out-of-State MAPS Services

Out-of-state MAPS services must also be purchased from providers who are properly credentialed. To ensure that a provider is properly credentialed, consult with the state office program specialist for MAPS provider services.

RD approval is required to purchase MAPS services from an out-of-state provider. On behalf of an individual customer, an RD may proactively approve multiple SAs to the same out-of-state provider when that entity is the customer's primary care physician or treating surgeon.

#### Records from Out-of-State Providers

The purchase of medical records or training transcripts from out-of-state providers does not require out-of-state approvals.

#### Contracted Out-of-State Goods and Services

Goods or services purchased under contract from an out-of-state provider do not require additional out-of-state approvals. However, all other required processes and procedures specific to that good or service including those in [D-205: Purchasing Thresholds](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d205) must be applied unless the good or service is specifically exempted from the requirement.

#### Noncontracted Out-of-State Goods or Services

Purchase of any good or service from an out-of-state provider that 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 state office program specialist and VR Manager approval.

Once approved, a contract exception must be completed. For information about the contract exception process, refer to [D-210: Exceptions to Contracted Fees and MAPS Fees](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d210). Purchases of any other non-contracted goods or services from an out-of-state provider that are not specifically referenced in this section requires RD approval prior to purchase.

#### Goods or Services Greater Than One Thousand Dollars ($1,000)

The purchase of goods or services from an out-of-state provider that cost greater than one thousand dollars ($1,000) per service authorization requires additional approvals to be purchased from an out-of-state provider.All other required processes and procedures specific to that good or service must also be applied.