

## **Operating Procedures for Group Purchasing Organization (GPO) Accreditation Program**

The following operating procedures detail the necessary work to successfully execute the GPO Accreditation Program.

### **1. Accreditation Standards**

- 1.1 The UT System Audit Office will continue to conduct its assessment of materials submitted by accreditation applicants to determine whether the internal controls referenced in the materials meet the standards of the GPO Accreditation Program. A senior-level committee, comprised of experts from business affairs, procurement and legal (Accreditation Committee) will review the assessments and recommend to the UT System Executive Vice Chancellor for Business Affairs (EVCBA), for final decision, a determination as to whether each applicant passes or fails the accreditation process.
  
- 1.2 Value Component Test. In order to be accredited or maintain accreditation, each applicant will be required not only to show that it meets UT System’s minimum procurement and contracting standards (as described below), but also to demonstrate that it would add sufficient value to UT System to justify accreditation. This “value component” test will consist of quantitative and qualitative elements:
  - 1.2.1 Quantitative: more than one UT System institution uses the contracts of the entity under consideration, and UT System’s aggregate, annual institutional spend through the entity is at least \$4 million. Spend data for purposes of this calculation will be gathered by the UT System Office of Collaborative Business Services (OCBS) from each entity via a standard template. Each entity will be required to furnish reasonable estimates of UT System’s aggregate, annual institutional spend through the entity on the basis of the UT System fiscal year – September 1 through August 31 – immediately preceding the accreditation decision. Entities meeting this quantitative element of the test will be deemed to satisfy the value component for accreditation. Entities not meeting the quantitative criteria will be further assessed under the following qualitative criteria.
  - 1.2.2 Qualitative: despite not satisfying the quantitative element above, the entity uniquely meets a UT System institution’s needs, such as by satisfying demand for niche products or helping to meet historically under-utilized business (HUB) or local vendor usage requirements. Each situation will be assessed by the Accreditation Committee based on input from UT System Chief Procurement Officers (CPOs) for affected institutions, and the Accreditation Committee will make a recommendation on accreditation to the EVCBA.

If an entity fails to satisfy the value component test, accreditation will be revoked (or denied, for new applicants), and the Accreditation Committee will work with the affected institutions to help them meet their needs through alternative means.

- 1.3 The following are the minimum procurement and contracting standards referenced above that an entity must meet to be accredited through the GPO Accreditation Program:

- Established provider with a value-added portfolio of contracts;
- Open bid policy;
- Competitive procurement;
- “Best Value” evaluation and award criteria;
- Contract management program;
- Policy of diversity and inclusion (e.g., HUBs and minority and women owned business enterprises programs);
- Compliance with federal procurement requirements; and
- Transparent procurement practices.

## 2. **Annual Solicitation and Assessment of New Applications**

2.1 Each June, OCBS will ask all UT System CPOs to nominate any additional Texas state agencies and/or GPOs they hope will participate in the GPO Accreditation Program.

2.1.1 Responses must identify a single point of contact (along with a backup) for the nominee, and communication information, including an email address, for each contact.

2.1.2 CPOs must justify their nominations of any additional state agencies or GPOs (beyond those already accredited by UT System), by indicating how the additional entity uniquely would meet campus needs, such as by satisfying demand for niche products or helping to meet HUB or local vendor usage requirements.

2.2 Early in July, OCBS will:

2.2.1 Distribute by email, to the Texas state agencies and GPOs nominated by the UT System institutions, appropriate materials to describe the Accreditation Program and enable the nominees to apply for accreditation.

2.2.1 Post the same materials to the Texas eCommerce/Electronic State Business Daily website (<http://portal.cpa.state.tx.us>) for 30 days, and invite state agencies and GPOs not already accredited to seek nominations by one or more CPOs of UT System institutions for accreditation.

2.2.2 Require submissions by approximately August 1 of accreditation-related materials by new applicants.

2.3 Early each August, OCBS will begin an initial review of all the information submitted by the applicants that respond to the GPO Accreditation Program, to ensure completeness of the material, and promptly will provide the UT System Audit Office with a listing of all Texas state agencies and GPOs that have responded and all the related material submitted.

- 2.4 By approximately the 15<sup>th</sup> of each September, the UT System Audit Office will provide OCBS with the results of their review assessment. Soon thereafter, OCBS will convene the Accreditation Committee to review the assessment results.
- 2.5 If it deems it necessary to do so, the Accreditation Committee will conduct brief interviews of each entity whose new written application for accreditation seems satisfactory, primarily in order to confirm the Committee’s initial judgment that the entity meets the accreditation criteria.
- 2.6 Based on these assessments, the Accreditation Committee will recommend to the EVCBA a determination of whether each new applicant passes or fails under the GPO Accreditation Program.
- 2.7 Each October, the EVCBA will provide his final determination on the applicants that achieve a pass under the GPO Accreditation Program
  - 2.7.1 Applicants that achieve a pass under the GPO Accreditation Program will be accredited for a period of time expiring August 31, 2026.
  - 2.7.2 OCBS will notify all UT System institutions of the results of the GPO Accreditation Program by email.
  - 2.7.3 OCBS will notify all applicants (along with entities previously accredited) of the results of the GPO Accreditation Program by email, and pursuant to a written agreement with each applicant, accredited agencies/GPOs will participate in periodic formal reviews described below, and will be required to report any material changes to information provided in their application.
- 2.8 Each November, the EVCBA will report the latest results from the GPO Accreditation Program to the UT System Board of Regents, as appropriate.
- 2.9 Rejected Applicants
  - 2.9.1 OCBS will notify any applicant that does not sign the Accreditation Consent Form of the rejection of their application.
  - 2.9.2 OCBS will inform each entity that did not achieve a pass under the GPO Accreditation Program of the reason(s) why they failed.
  - 2.9.3 Applicants that fail to achieve accreditation will be eligible to re-apply the following year, assuming they again are nominated by a CPO.

**3. Biennial Assessments of Entities Previously Accredited**

- 3.1 Beginning in 2021, UT System will conduct formal reviews only every other year (rather than annually) of entities previously accredited, resulting in the following schedule of assessments:

Fiscal Year	Scope of Formal Reviews
2021	Only Applications by Newly Nominated Entities

Fiscal Year	Scope of Formal Reviews
2022	Applications by Newly Nominated Entities, Plus Formal Compliance Reviews of Entities Previously Accredited
2023	Only Applications by Newly Nominated Entities
2024	New Applications, Plus Formal Compliance Reviews of Entities Previously Accredited
2025	Only Applications by Newly Nominated Entities

Notwithstanding the above schedule, newly accredited entities will receive a formal review in the first year following their accreditation.

- 3.2 Each accreditation in existence as of December 31, 2020 will be extended automatically, without any requirement of new CPO nominations or new applications, through August 31, 2026, provided the accredited entity confirms to UT System that it will continue honoring the terms that the entity agreed to when it applied for accreditation (e.g., UT System has the right to audit the entity to confirm the accuracy of information provided in its original application, and that the entity must notify UT System in writing within 30 days of any material change to such information). These extended accreditations will be subject to earlier revocation, as provided in **Sect. 3.3.3** below.
- 3.3 The Accreditation Committee will conduct its review of each entity previously accredited, as follows:
  - 3.3.1 The reviews will focus on existing sourcing policies and processes, contract portfolio, use of contracts by any UT System institution, material changes since the last periodic review, etc.
  - 3.3.2 The Accreditation Committee will have the flexibility to decide whether to bring in particular GPOs previously accredited for reviews of ongoing compliance with accreditation standards. The Committee may decide, for example, to bring in only those entities whose written input raises a concern, as well as entities that are used by UT System institutions in high volumes.
  - 3.3.3 If the Accreditation Committee determines an entity has not maintained policies and processes to ensure compliance with the GPO Accreditation Program’s minimum standards, they may recommend that the EVCBA rescind the entity’s accreditation status.
- 3.4 In support of these formal reviews of entities previously accredited, OCBS will distribute appropriate materials to previously accredited entities, and during the year of any such review, will comply with the timing described in **Sects. 2.2 through 2.8** above, as appropriate.

#### **4. General Provisions Applicable to All Accreditations**

- 4.1 All accredited entities must submit any significant changes (e.g., process changes, mergers/acquisitions) to OCBS within 30 days of occurrence. OCBS will determine whether the submitted changes require a special meeting of the Accreditation Committee or to defer until the next periodic review.

- 4.2 OCBS and the CPOs will discuss from time to time any significant changes in the marketplace with respect to GPOs and collectively determine whether another request for GPOs to become accredited should be initiated.
- 4.3 OCBS will provide GPO Accreditation Program information to any entity interested in learning about this Program and will communicate when, if known, the next cycle for GPO Accreditation will occur.
- 4.4 Audit of GPO. The UT System Audit Office may elect to perform an audit of any accredited entity to ensure compliance with the GPO Accreditation Program's minimum standards. Any audit would be included in the current UT System Audit Office annual audit work plan.
- 4.5 GPOs that fail to comply on an ongoing basis with the standards required to maintain accreditation will be given 30 days' notice of any such failure. If the entity fails to cure the failure within this time period, UT System will revoke the accreditation.
- 4.6 The primary point of contact for questions from the state agencies and GPOs will be identified in the distributed materials. All questions regarding the GPO Accreditation Program, whether arising before or after completion of the review process described below, will be restricted to written communications submitted to the identified primary point of contact.