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

Revised January 2, 2018

## Introduction to Purchasing

This chapter describes the requirements for purchasing goods and services for the Texas Workforce Commission's (TWC) Vocational Rehabilitation (VR) customers.

For information on unique or additional purchasing requirements (such as approvals, consultations, and specific documentation), see the section relevant to the service (for example, sections on assistive technology or medical services).

This chapter, along with other chapters of the Vocational Rehabilitation Services Manual (VRSM) and the VR Standards for Providers (VR-SFP) manual, establishes statewide operating procedures for VR programs that:

* define services and service limitations; and
* support the highest compliance with federal and state law through:
  + best-value purchasing;
  + use of comparable benefits;
  + customer participation in the cost of services;
  + documentation in ReHabWorks (RHW) and/or the customer's paper case file;
  + informed customer choice;
  + professional and ethical obligations;
  + provider and facility qualifications; and
  + the individualized plan for employment (IPE).

All purchasing activities are subject to internal and external review, audit, and investigation at any time. As public servants who are responsible for assisting Texans and serving the Texas taxpayers, VR employees are expected to maintain the highest level of ethical conduct. Violation of these policies may result in disciplinary action up to and including dismissal and, in some cases, referral to state or federal law enforcement agencies. For more information, see the [TWC Personnel Manual, 1.9 Ethics/Standards of Conduct](http://intra.twc.state.tx.us/intranet/manuals/hr/ch1.pdf#page=32).

The VRSM is not intended to create immovable barriers in the VR process. However, there are certain goods and services that cannot be purchased with VR funds or that require a specific level of review and approval before authorizing the purchase. For more information on restricted goods and services, see [D-205: Purchasing Thresholds and Restrictions](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d205) and [D-206: Purchasing Restrictions](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d206). For more information about required approvals and consultations, refer to the relevant sections of the VRSM and to the Required Approvals and Consultations Table in the appendices of this manual.

When there is a clearly demonstrated vocational need that cannot be approved at the local field office, 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 your chain of management to the Deputy Division Director for Field Services for consideration. However, exceptions to policies and procedures based on federal and state laws, statutes, and rules or regulations are not allowable.

For additional information on other required approvals and consultations, refer to E-200: Summary Table of Approvals, Consultations, and Notifications and content throughout this manual.

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## D-202: VR Staff Responsibilities

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### D-202-1: Documentation Requirements

RHW is an electronic case management system. It communicates with TWC's financial system to authorize and track payments for all customer goods and services.

Purchasing documentation is kept in both RHW and in the paper case file.

All documentation that supports the purchase of a good or service must be entered into RHW and filed in the customer's paper case file by VR staff before obligating VR funds.

VR funds are obligated at the time that a SA is generated in RHW.

#### IPE, IPE Amendment, and Case Notes

The only goods and services that may be purchased before the customer's IPE is completed are the goods and services that are necessary to:

* complete diagnostics;
* support the completion of diagnostics;
* assess eligibility; or
* develop the IPE.

Purchases made before the IPE is completed must be documented in a service justification case note. After the customer is determined eligible and an IPE is completed, substantial services (such as training, surgery, and vehicle modifications) may be purchased only if they are included in the customer's current IPE or in an IPE amendment in RHW.

Services that support substantial services (such as maintenance or ancillary services; for example, X-rays and lab work) can be documented in the original IPE, in an IPE amendment, or in a service justification case note.

Documentation of the service justification may also be included as part of another case note in RHW, such as in a Counseling and Guidance case note or a Joint Annual Review (JAR) case note.

When there is no clear association between a purchased service and a service identified in the IPE or IPE amendment, the VR counselor must document the association clearly in an RHW case note.

For more information about content that must be included in specific case notes, refer to E-300: Case Note Requirements and content for specific services throughout this manual.

For more information about completing an IPE, JAR, or IPE amendment, refer to B-400: Individualized Plan for Employment.

For more information on creating service records and SAs in RHW, refer to the [ReHabWorks User's Guide, Chapter 16: Case Service Record](https://online.twc.state.tx.us/services/rhwhelp/ch16.htm) and [Chapter 17: Case Purchase Order](https://online.twc.state.tx.us/services/rhwhelp/ch17.htm).

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## D-204: The Purchasing Process

Service authorizations must be issued no later than the date that good is ordered or that service begins. When an SA is not issued within these parameters, it is an after-the-fact SA. There are three types of after-the-fact SA’s: backdated; after-the-fact ancillary; and replacement, which are covered in more detail below.

### All after-the-fact SA’s are monitored by state office.D-204-1: Steps in the Purchasing Process

VR staff completes the following steps.

#### Step 1 – The VR counselor

* Identifies the good or service needed.
* Researches the good or service.
* Collects the required approval (as identified in the appropriate program manual).

#### Step 2 – The VR counselor

Documents the need for and type of purchase in:

* a service justification case note;
* an IPE; or
* an IPE amendment.

#### Step 3 – Any VR staff

* Creates a service record. For more information, see the [ReHabWorks User's Guide, Chapter 16: Case Service Record](https://online.twc.state.tx.us/services/rhwhelp/ch16.htm).
* Completes the specification on the service record to identify the precise good or service and obtains and documents the required consultations and or approvals, according to policy.
* Edits the level-four specification descriptions to match the good or service to be purchased. All specifications can be customized—except MAPS specifications.

Note: Staff must use the correct specification for the good or service being authorized. For questions about specification levels for specific services, VR staff can email [vr.rhw.datamaintenance@twc.state.tx.us](mailto:vr.rhw.datamaintenance@twc.state.tx.us)

#### Step 4 – Any VR staff

* Creates an SA to obligate the budget. For more information, see the [ReHabWorks User's Guide, Chapter 17: Case Purchase Order](https://online.twc.state.tx.us/services/rhwhelp/ch17.htm).
* If the customer is eligible, uses the Pre-Employment Transition Services budget. For more information, refer to [C-1300: Transition Services for Students and Youth with Disabilities](https://twc.texas.gov/vr-services-manual/vrsm-c-1300).

#### Step 5 – Any VR staff

* Prints the SA. (The printed SA must be signed by the issuer).
* Sends the SA to the vendor by mail, fax, or encrypted email. Depending on the manner in which the SA is sent to the vendor, the VR staff member files the original, signed SA, or a copy of it, in the customer's case folder.

If the SA is revised, VR staff:

* completes these steps again;
* sends the new or updated SA to the vendor; and
* files the SA in the paper case file.

For more information about revising an SA, see [D-204-2: After-the-Fact Purchases](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d204-2).

For more information about requirements for maintaining printed copies of SA's in the paper casefile, see [D-202-1: Documentation Requirements](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d202-1).

**Step 6 – Any VR staff**

* If it becomes apparent that the total committed budget will not be used, reduce the quantity and/or unit cost in the SA in RHW.
* Repeat step 5.

For information about closing an SA, refer to the [ReHabWorks User's Guide, Chapter 17: Case Purchase Order, 17.10 PO Change](https://online.twc.state.tx.us/services/rhwhelp/ch17.htm#pochange).

For more information about requirements for maintaining printed copies of SAs in the paper casefile, see [D-202-1: Documentation Requirements](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d202-1).

**Step 7 – Any VR staff**

* Receives and documents the receipt of goods and services.
* Verifies that goods and/or services were delivered in good condition and met the specifications.

**Step 8 – Any VR staff**

* Processes the invoice within seven calendar days.

### D-204-2: Backdated Service Authorizations

The purchase of goods and services must be authorized with a service authorization (SA) in RHW before the good or service is ordered or received. If an SA was not issued for a good or service before the date that the good or service was ordered or received, this is an after the fact backdated service authorization which is referred to as a “backdated SA”.

All backdated SAs must be approved by the VR Supervisor, if being issued by a field office, or Regional Program Support Manager, if being issued by a regional Medical Services Coordinator (MSC) or Medical Services Technician (MST).

For documentation requirements for backdated service authorizations, refer to VRSM E-300: Case Notes Requirements – After-the-Fact SA.

All backdated SAs are subject to consideration as a policy violation. However, when a delay of services may have endangered a customer's well-being, a backdated hospital or medical service SA may be issued with required approvals. See [C-701-4: Necessary, Unplanned Medical Services](https://twc.texas.gov/vr-services-manual/vrsm-c-700#c701-4) for additional information.

### D-204-3: After-the-Fact Ancillary Service Authorizations

An after-the-fact ancillary SA is one that is issued after a good or service has been provided, but that is directly related to an existing SA. Ancillary goods and services that are anticipated with a specific service must be included on the customer's IPE and the SA should be issued in advance to minimize the use of after-the-fact ancillary SAs. See [B-504-4: Planned Services, Ancillary Goods and Services](https://twc.texas.gov/vr-services-manual/vrsm-b-500#b504-4) for additional information.

All after-the-fact service ancillary authorizations must be approved by the VR Supervisor, if being issued by a field office, or Regional Program Support Manager, if being issued by a regional MSC or MST.

After-the-fact ancillary SAs are issued:

* when a service is unanticipated, arising from services previously authorized;
* because of complications from services previously authorized; or
* because additional services are needed to directly support an existing SA.

Before generating an after-the-fact ancillary SA, the VR staff must:

* justify the SA in a case note;
* include in the case note the SA number of the original SA;
* obtain the required approvals for the SA; and
* generate the after-the-fact ancillary SA and include in the comments section the original SA number.

After the start date of an existing SA, it may be necessary to:

* document unanticipated ancillary services (for example, pathology, radiology, and consultations); or
* document the change in the Comments section of the original SA, provided a change in services is not significant.

For documentation requirements for after-the-fact ancillary SA, refer to VRSM E-300: Case Notes Requirements – After-the-Fact SA.

For more information about revising an SA, see the [ReHabWorks User's Guide, Chapter 17: Case Purchase Order, 17.10 PO Change](https://online.twc.state.tx.us/services/rhwhelp/ch17.htm#pochange).

For more information about requirements for maintaining printed copies of SAs in the paper casefile, see [D-202-1: Documentation Requirements](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d202-1).

### D-204-4: Replacement Service Authorizations

The specifications in a service authorization (SA) may change during the delivery of services. When this is necessary, it is an after the fact replacement service authorization, which is referred to as a replacement SA. Replacement SAs must be issued on the same business day that the original SA is closed. If they are not issued on the same business day, they must be processed as a backdated SA. See [D-204-2: Backdated Service Authorizations](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d204-2) for additional information.

For documentation requirements for replacement service authorizations, refer to VRSM E-300: Case Notes Requirements – After-the-Fact Replacement SA.

If a change is needed to services that are delivered by the same vendor (for example, if a change is needed to the MAPS codes), and approval by the VR Manager or state medical director was required on the initial SA, the same approvals must be obtained before issuing the replacement SA.

If a change is needed to services that are delivered by the same vendor (for example, if a change is needed to the MAPS codes), and approval was not required for the original SA or the new SA, then no additional approval is required.

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## D-206: Purchasing Restrictions

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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."

#### 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 located in Texas.

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.

In addition to this, payment of out-of-state tuition rates at training institutions in the state of Texas also require 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 Less Than Fifty Dollars ($50)

The purchase of goods or services from an out-of-state provider that cost less than fifty dollars ($50) do not require additional approvals to be purchased from an out-of-state provider. However, all other required processes and procedures specific to that good or service must be applied.

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## D-208: Invoices

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### D-208-3: Incomplete or Inaccurate Invoices

VR staff must not authorize payment for a product or service without an accurate and complete invoice from the provider. When an invoice is inaccurate or incomplete, VR staff return it to the vendor for correction.

VR staff must:

1. return the invoice and the [VR3460, Vendor Invoice Additional Data Request](http://intra.twc.state.tx.us/intranet/gl/html/vocational_rehab_forms.html), to the vendor within 21 days of receiving the invoice (the VR3460 form tells the vendor what additional information TWC requires to process payment);
2. create a RHW case note to document the date on which the invoice was returned to the vendor and the reason for the return;
3. date-stamp the corrected invoice and use it as the invoice of record for the purchase; and
4. do not acknowledge receipt of the invoice in RHW until the provider submits a corrected invoice or until the disputed point is resolved.

Note: Use the date of resolution as the invoice's received date in RHW, and date-stamp the invoice with that date.

If a medical billing lacks the required invoice data, but all other information on the billing is accurate and complete, the VR staff member attaches the RHW system-generated billing cover sheet for the SA to the medical billing and uses it in place of an invoice.

### D-208-4: Invoice Is Not Received

The VR staff member must not enter an invoice-received-date in RHW before receiving and verifying the invoice.

When vendors do not submit invoices in a timely manner, the VR staff member follows up with the service provider by contacting the provider's accounts payable department.

If the provider does not have an invoicing system or template, the VR staff member refers the provider to the invoice templates posted on the [UNTWISE website](https://wise.unt.edu/content/invoice-examples) for examples of invoices that include all required elements.

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## D-211: Setting Up and Paying Providers

Before the service record is generated and before the SA is issued, the staff member ensures that:

* the service provider, customer, or individual has been established in RHW; and
* the service provider, customer, or individual’is linked to the appropriate specifications.

If the service provider, customer, or individual is not already established as a provider, the unit purchasing specialist:

* reviews the completed [VR1020, TWC Substitute W-9 and Direct Deposit](https://twc.texas.gov/forms/index.html) form, , orthe [VR1021, Consumer or Parent Information and Direct Deposit](https://twc.texas.gov/forms/index.html) form when setting up a customer or a customer's family member to receive payments (such as maintenance or transportation).

Both of these forms include additional instructions for completing and submitting the forms to establish the providers in RHW.

Note: State law prohibits the state comptroller from paying funds directly to anyone who owes the state because of delinquent taxes or a defaulted debt, such as a guaranteed student loan.

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## D-216: Using Provider Credit Accounts

A service authorization (SA) is the only valid means by which VR may authorize the purchase of goods and services on behalf of VR customers.

Use of a service authorization ensures that the

* required approvals and consultations have been obtained;
* appropriate funds have been encumbered;
* necessary contracts are included, when applicable; and
* additional instructions, guidance, or other necessary information is given to the provider.

No purchases may be made using just a bank or provider's credit card. When a purchase must be completed through a credit account, it must be made using an SA.

Some providers require the use of a credit account to purchase their goods or services. In these instances, VR staff contact TWC Procurement and Contract Services through the Unit Purchasing Specialist for assistance in completing the transaction or identifying alternate resources for the purchase.

For Walmart only, each VR management unit has an assigned account number that prints automatically on the SA. If the Walmart account number does not print on the SA, VR staff email [VR RHW Support](mailto:VR.RHWSupport@twc.state.tx.us) for assistance.

#### State Office Consultation

When there is a clearly demonstrated vocational need that cannot be addressed through the use of established providers, the VR counselor discusses the circumstances with the unit purchasing specialist, VR Supervisor, VR Manager, and/or a regional or state office program specialist to assess options and determine how the needed goods or services will be purchased.

To ensure compliance with the VR grant award and 2 CFR 200, no new vendor specific credit accounts may be established by the VR program.

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