



LEGISLATIVE BUDGET BOARD

Contract Reporting and Oversight

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2021

Presentation Overview

Contract Reporting and Oversight

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4. Contracts Awarded in Response to COVID-19
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Reference Materials

1. Contracting Totals by Agency
2. COVID-19 Related Contracting Totals by Agency
3. Changes to Contracting Provisions Made During the 86th Regular Session
4. Oversight Throughout the Contract Life Cycle

Contract Oversight Team

Four team members, all Certified Texas Contract Managers

Responsibilities include:

- Maintaining the contracts database and ensuring adherence to reporting requirements
- Performing detailed contract reviews, as authorized by Art. IX, Sec. 7.04 of the GAA, for compliance with state procurement rules and best practices. Reviews are based on our risk assessments, budgetary concerns, and legislative interest.
- Assisting on the Quality Assurance Team
- Producing contracting reports as required by the GAA
- Responding to legislative inquiries concerning contracts and procurement

Contract Reporting Requirements

Several provisions require agencies and institutions of higher education to report contracts to the LBB:

Type of Contract	Value Threshold	Reporting Timeframe	Location
Professional or Consulting Services	> \$14,000	10 days after award	2254.006, 2254.0301 Government Code
Construction	> \$14,000	10 days after award	2166.2551 Government Code
Major Information Systems	> \$100,000	10 days after award	2054.008 Government Code
All	> \$50,000	30 days after award	GAA Article IX, Sec 7.04
Non-Competitive/Sole Source	> \$1,000,000	30 days after award	GAA Article IX, Sec 7.12
Emergency	> \$1,000,000	48 hours after payment	GAA Article IX, Sec 7.12
All	> \$10,000,000	30 days after award	GAA Article IX, Sec 7.12

Note: The Government Code requirements are subject to numerous exceptions and exemptions, However, the GAA provisions apply to all entities receiving appropriations, regardless of method of finance or source of funds used for the contract.

Proposed Reporting Requirement Update

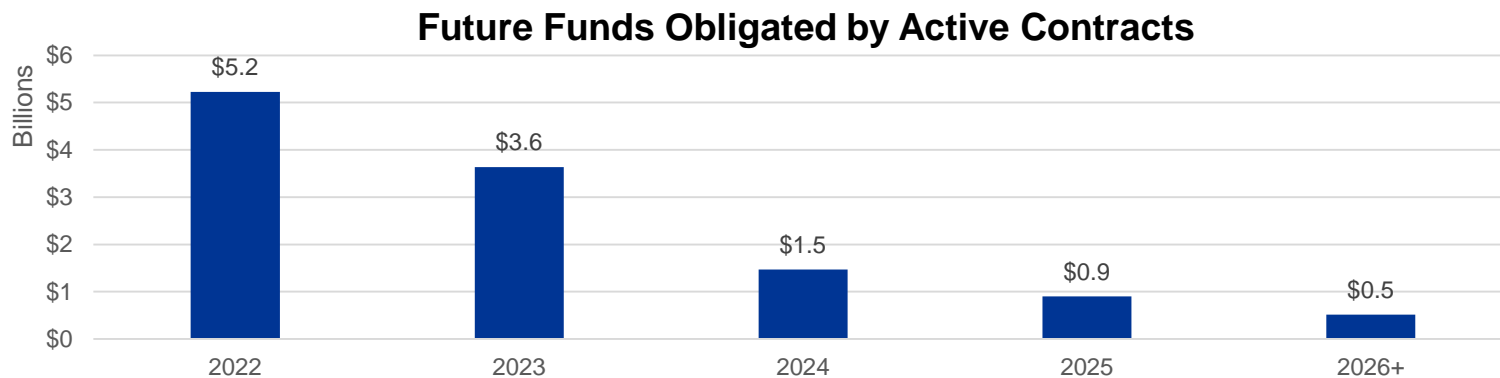
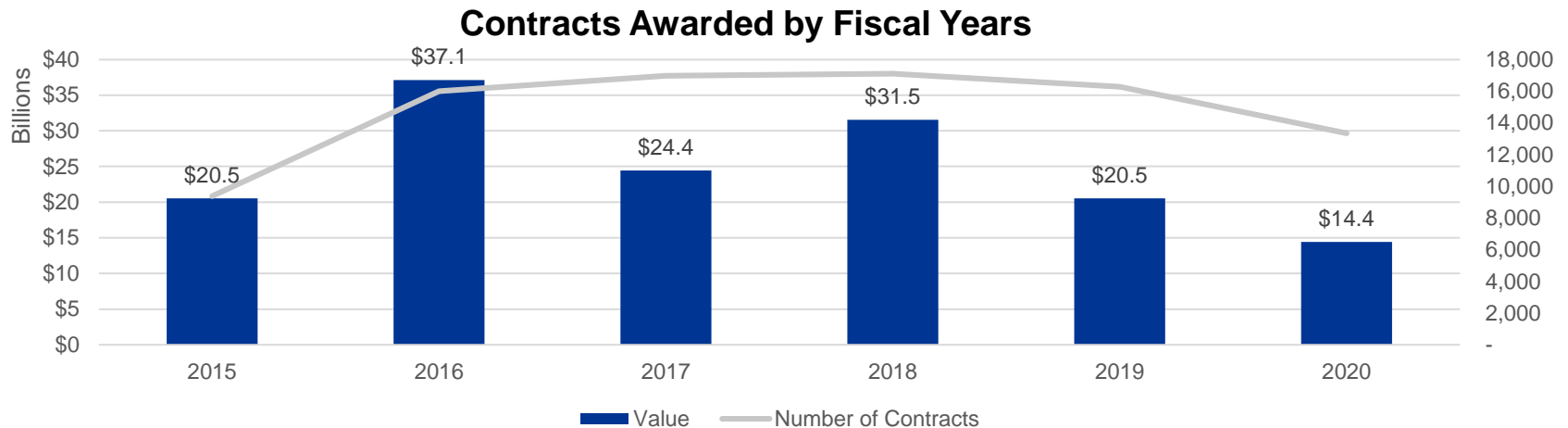
House recommendations include an update to Art. IX, Sec. 7.11 (formerly 7.12), which applies to all contracts over \$10 million and non-competitive/emergency contracts over \$1 million.

Contract Type	Current Reporting Deadline	Proposed Reporting Deadline
All contracts over \$10M and non-competitive contracts over \$1M	No later than 30 days after contract award	No later than 5 days after contract award
Emergency contracts over \$1M	Within 48 hours of making a payment*	No later than 5 days after contract award

*Agencies generally have up to 30 days to make a payment

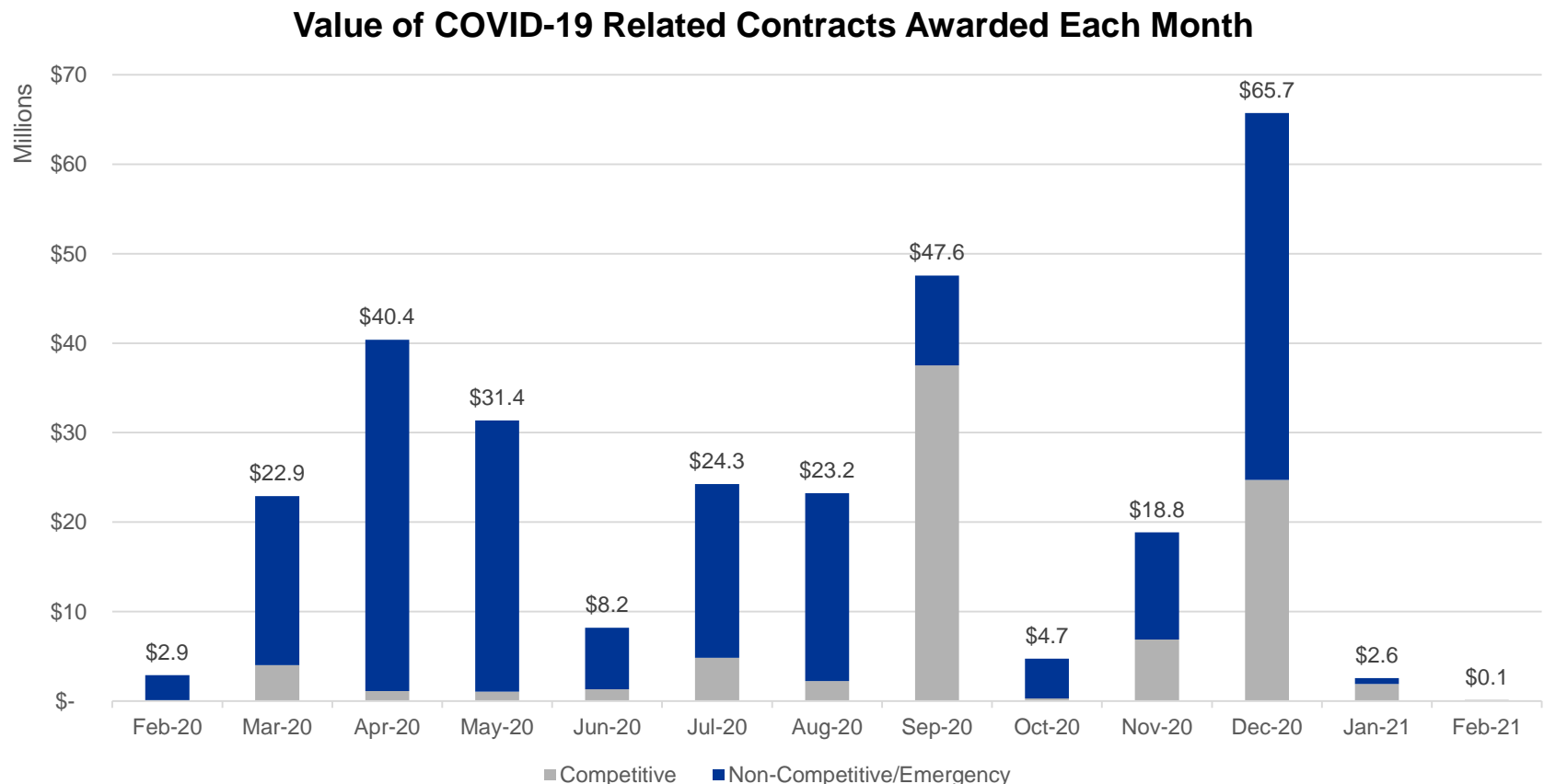
Recent Contracting Summary

Texas agencies and institutions award an average of 15,000 contracts worth \$24.8 billion every fiscal year.



Contracts Awarded in Response to COVID-19

Since February 2020, agencies and institutions have awarded 537 contracts, worth \$293.3 million in response to COVID-19.



Contracts Database

175 agencies and institutions have reported 115,801 contracts, worth \$437.3 billion, since Sept 1, 2015.

23,077 contracts, worth \$220.1 billion are currently active

Contract Category	Total Contract Value (Billions)	Percentage of Total
Managed Care	\$158.3	36.2%
Other Services	\$155.6	35.6%
Construction	\$55.6	12.7%
Professional/Consulting	\$42.3	9.7%
Information Technology	\$15.7	3.6%
Goods	\$9.7	2.2%

Upcoming Medicaid Procurements

There are 40 active managed care contracts valued at \$149.0 billion. All but two are set to expire before the end of the 2022-23 biennium and are due to be re-procured or renewed.

Vendor	Award Date	End Date	Value (Billions)	Vendor	Award Date	End Date	Value (Billions)
Amerigroup Texas Inc	09/01/11	08/31/21	\$20.4	El Paso First Health Inc	09/01/11	08/31/21	\$1.6
United Healthcare Community Plan	09/01/11	08/31/21	\$15.1	Amerigroup Corporation	12/15/13	08/31/21	\$1.5
Bankers Reserve Life Insurance	09/01/11	08/31/21	\$14.3	Aetna Health Inc	09/01/11	08/31/21	\$1.2
Superior Health Plan Inc	09/01/11	08/31/21	\$13.7	Scott And White	09/01/11	08/31/21	\$1.1
Molina Healthcare Of Texas Inc	09/01/11	08/31/21	\$11.1	Superior Health Plan	01/01/10	08/31/21	\$1.0
Texas Childrens Health Plan	09/01/11	08/31/21	\$8.4	Molina Healthcare Inc	03/01/15	12/31/23	\$0.9
Parkland Community Health Plan Inc	09/01/11	08/31/21	\$4.8	Cook Childrens Medical Center	10/01/15	08/31/22	\$0.9
Driscoll Childrens Hospital	09/01/11	08/31/21	\$4.0	Community First Health Plans Inc	10/01/15	08/31/22	\$0.8
Molina Healthcare Inc	06/30/10	08/31/21	\$3.8	Blue Cross And Blue Shield	09/01/11	08/31/21	\$0.8
United Healthcare Insurance Company	12/15/13	08/31/21	\$3.6	Superior Health Plan	03/14/15	12/31/23	\$0.7
Superior Health Plan	12/15/13	08/31/21	\$3.6	Driscoll Children'S Health Plan	10/01/15	08/31/22	\$0.7
Amerigroup Insurance Company	09/01/11	08/31/21	\$2.9	Blue Cross And Blue Shield	10/01/15	08/31/22	\$0.7
Community First Health Plans Inc	09/01/11	08/31/21	\$2.8	Seton Health Plan Inc	09/01/11	08/31/21	\$0.5
Cook Children's Health Care System	09/01/11	08/31/21	\$2.7	Aetna Health Inc	10/01/15	08/31/22	\$0.4
Amerigroup Texas Inc	06/30/10	08/31/21	\$2.6	Molina Healthcare Inc	01/01/10	08/31/21	\$0.2
Texas Childrens Health Plan	10/01/15	08/31/22	\$2.6			Total:	\$149.0
Superior Health Plan	06/30/10	08/31/21	\$2.6				
SHA LLC	09/01/11	08/31/21	\$2.5				
United Healthcare Insurance Company	10/01/15	08/31/22	\$2.4				
Superior Health Plan	10/01/15	08/31/22	\$2.3				
Healthspring Life & Health Ins Co	12/15/13	08/31/21	\$2.1				
Healthspring Life & Health Ins Co	06/01/12	08/31/21	\$2.0				
Healthspring Life & Health Ins Co	09/01/11	08/31/21	\$1.9				
Superior Health Plan	07/01/15	08/31/21	\$1.9				
Amerigroup Insurance Company	10/01/15	08/31/22	\$1.8				

10% Amendment Report

Article IX, Section 7.04 (g) requires agencies and institutions to notify the LBB of certain amendments that increase a contract's value by 10.0 percent or more. The Contract Oversight Team produces a quarterly summary report of these notifications.

Statistics From The First Quarter, Fiscal Year 2021 Report

Article	Amendments	Increase (in millions)
I – General Government	10	\$100.5
II – Health and Human Services	58	\$140.5
III – Education	11	\$594.8
IV – Judiciary	0	\$0.0
V – Public Safety	2	\$1.7
VI – Natural Resources	11	\$102.0
VIII – Business and Econ Development	21	\$53.8
VIII - Regulatory	0	\$0.0
Total	113	\$993.3

Contract Management and Oversight Report

Article IX, Section 17.10 requires state agencies and institutions of higher education to provide an annual report to the Legislative Budget Board and the Office of the Governor that details actions conducted to ensure compliance with state procurement requirements. The Contracts Oversight Team produces an annual summary report.

Key finding from the fiscal year 2020 report:

- Attending external trainings, increasing management involvement, and obtaining certifications for procurement personnel were the most common compliance measures taken.
- Hiring outside consultants was the least used compliance action.
- The responses indicate that most agencies are taking procurement requirements seriously and conducting actions proactively to ensure compliance.

Appendix: Reference Materials

Reference Materials

- FY 2019-20 Contracting Totals by Agency
- COVID-19 Related Contracting Totals by Agency
- Changes to Contracting Provisions Made During the 86th Regular Session
- Oversight Throughout the Contract Life Cycle

Contracting Totals by Agency Fiscal Years 2019-20

Agency	Contracts	Value	Agency	Contracts	Value
Department of Transportation	3,709	\$9,368,630,284	Texas Education Agency	136	\$150,604,548
General Land Office	629	\$5,301,111,403	San Jacinto College	93	\$143,944,870
Health and Human Services Commission	2,489	\$4,973,860,534	TTU Health Sciences Center	257	\$141,893,695
Department of Criminal Justice	2,230	\$1,949,629,386	Del Mar College	112	\$135,295,426
Department of State Health Services	758	\$1,304,674,089	Texas A&M University	400	\$119,697,547
UT System Administration	99	\$1,227,087,542	Texas State University System	48	\$118,915,504
Dept. of Family and Protective Services	1,183	\$733,777,311	Texas Woman's University	303	\$117,969,531
University of Houston	924	\$728,186,083	Department of Agriculture	343	\$105,363,050
Higher Education Coordinating Board	404	\$673,862,561	Department of Motor Vehicles	158	\$104,794,612
Employees Retirement System	142	\$619,744,328	TTU Health Sciences El Paso	192	\$100,421,298
Texas A&M University System	368	\$573,688,736	Houston Community College	346	\$93,393,430
The University of Texas at Austin	586	\$496,336,908	Texas A&M University - Commerce	278	\$84,549,344
Department of Information Resources	35	\$442,684,189	Sam Houston State University	373	\$81,684,985
Texas Tech University	306	\$427,743,762	UT Health Science San Antonio	64	\$79,033,457
Department of Public Safety	696	\$412,591,216	UNT Health Science Fort Worth	376	\$77,178,566
Texas Workforce Commission	1,847	\$360,505,718	Comptroller of Public Accounts	172	\$76,331,963
Facilities Commission	156	\$299,192,105	Texas Southern University	283	\$74,229,561
UT Health Science Center at Houston	127	\$290,450,981	Stephen F. Austin State University	144	\$69,424,530
Commission on Environmental Quality	540	\$257,074,908	Railroad Commission	162	\$67,208,649
Parks and Wildlife Department	487	\$220,190,078	TSTC System Administration	257	\$64,162,240
Collin County Community College	285	\$206,156,991	Public Utility Commission of Texas	12	\$60,236,219
University of North Texas	885	\$203,493,139	Veterans Commission	303	\$58,877,296
Office of the Attorney General	329	\$197,956,689	UNT's System Administration	166	\$56,895,895
Tarrant County College	693	\$179,216,634	UH Downtown	185	\$56,407,014
Teacher Retirement System	213	\$175,205,121	Texas A&M - Corpus Christi	285	\$55,164,524

Contracting Totals by Agency Fiscal Years 2019-20

Agency	Contracts	Value	Agency	Contracts	Value
Military Department	157	\$53,679,319	University of Houston - Victoria	62	\$17,959,091
Texas A&M University - Kingsville	289	\$37,037,313	Texas A&M International University	27	\$15,919,735
Texas A&M Health Science Center	99	\$36,159,106	Texas A&M University - San Antonio	183	\$14,647,663
Soil and Water Conservation Board	103	\$32,799,479	Brazosport College	56	\$14,472,901
Texas A&M Engineering	76	\$32,685,812	Trusted Programs Within the OOG	62	\$14,078,887
Texas A&M AgriLife Research	221	\$31,151,234	UT Rio Grande Valley	62	\$13,829,657
Texas State University	159	\$30,450,600	Midwestern State University	56	\$13,365,919
Prairie View A&M University	86	\$30,334,987	Historical Commission	31	\$12,721,865
UH System Administration	10	\$29,549,407	University of Houston - Clear Lake	202	\$12,667,711
Tyler Junior College	47	\$28,951,679	Preservation Board	51	\$12,330,272
Tarleton State University	140	\$28,543,616	Lone Star College System	30	\$11,582,010
South Texas College	177	\$28,036,754	Texas A&M Transportation Institute	59	\$11,548,812
Midland College	37	\$27,958,418	Texas A&M AgriLife Extension Service	44	\$11,264,083
Secretary of State	25	\$26,847,677	Lamar State College - Port Arthur	20	\$10,972,051
UT at San Antonio	8	\$26,246,266	Texas Lottery Commission	33	\$10,715,249
El Paso Community College	91	\$25,204,654	Alamo Community College	24	\$9,743,521
Angelo State University	83	\$24,126,309	Department of Insurance	25	\$9,508,396
UT Southwestern Medical Center	2	\$22,566,000	Texas A&M Forest Service	55	\$9,010,713
State Office of Risk Management	11	\$21,469,628	Library & Archives Commission	8	\$8,356,376
South Plains College	63	\$21,440,931	Lee College	29	\$8,241,770
University of North Texas at Dallas	82	\$21,204,642	McLennan Community College	16	\$7,340,919
Texas Southmost College	92	\$20,763,836	Austin Community College	63	\$7,252,125
Texas A&M Engineering Station	112	\$20,715,477	Lamar Institute of Technology	34	\$7,001,968
UT Medical Branch at Galveston	31	\$19,995,431	Water Development Board	35	\$6,882,792
Lamar University	101	\$19,252,729	Texas A&M University - Texarkana	40	\$6,576,991

Contracting Totals by Agency Fiscal Years 2019-20

Agency	Contracts	Value	Agency	Contracts	Value
Juvenile Justice Department	3	\$6,180,706	Amarillo College	12	\$744,484
Alcoholic Beverage Commission	21	\$5,654,598	UT Health Science Center at Tyler	7	\$516,003
Lamar State College - Orange	31	\$5,246,016	The University of Texas at Dallas	1	\$484,320
Division of Emergency Management	34	\$5,087,003	Texas Ethics Commission	1	\$467,770
Texas State Board of Dental Examiners	99	\$4,825,000	Western Texas College	3	\$435,170
Texas Board of Nursing	8	\$4,746,015	Office of Public Utility Counsel	5	\$432,247
School for the Deaf	24	\$4,132,724	14th Court of Appeals District, Houston	1	\$254,602
State Emergency Communications	5	\$3,473,778	First Court of Appeals District, Houston	1	\$245,113
Alvin Community College	13	\$3,433,580	Office of the Governor	1	\$229,635
The University of Texas at Arlington	14	\$3,394,585	Sixth Court of Appeals District, Texarkana	2	\$212,398
State Office of Administrative Hearings	16	\$3,212,514	Department of Licensing and Regulation	1	\$200,000
Department of Housing	12	\$2,885,794	Hill College	2	\$198,993
Board of Pharmacy	6	\$1,686,911	Emergency Services Retirement System	1	\$180,000
Panola Junior College	1	\$1,671,000	Texas Medical Board	1	\$125,000
School for the Blind and Visually Impaired	11	\$1,607,880	Texas State Technical College - Harlingen	2	\$78,120
Cisco Junior College	12	\$1,458,992	Grayson County Junior College	1	\$60,000
Animal Health Commission	14	\$1,372,832	Sul Ross State University	1	\$60,000
Racing Commission	22	\$1,369,162	Office of Public Insurance Counsel	1	\$35,000
Texas A&M - Research Services	4	\$1,264,956	Securities Board	1	\$25,000
Real Estate Commission	12	\$1,155,807	Board of Veterinary Medical Examiners	1	\$17,500
Department of Banking	10	\$1,124,920			
The University of Texas at El Paso	8	\$941,177			
Navarro College	6	\$915,965			
Board of Public Accountancy	17	\$886,500			
Texas A&M Veterinary Laboratory	6	\$760,363			

COVID Related Contracts By Agency

Agency	Contracts	Total Value	Agency	Contracts	Total Value
Department of State Health Services	82	\$116,247,023	Del Mar College	10	\$950,036
Texas Education Agency	20	\$59,410,946	UNT Health Science Center at Fort Worth	6	\$842,582
Higher Education Coordinating Board	87	\$23,751,647	Office of the Attorney General	1	\$564,441
Texas Workforce Commission	126	\$20,676,210	Texas A&M University - Commerce	3	\$525,660
Secretary of State	3	\$15,314,800	University of Houston - Downtown	4	\$433,531
General Land Office and Veterans' Land Board	5	\$9,654,966	Texas A&M University - Kingsville	6	\$372,931
Health and Human Services Commission	18	\$8,272,669	The University of Texas at Austin	3	\$313,286
Department of Criminal Justice	53	\$7,296,495	Texas A&M University - San Antonio	4	\$169,160
University of Houston	13	\$5,611,980	University of North Texas at Dallas	2	\$159,298
Texas Woman's University	8	\$4,662,775	Employees Retirement System	2	\$141,637
Tarrant County College	11	\$3,204,730	Department of Motor Vehicles	1	\$141,029
Collin County Community College	2	\$2,870,000	Texas A&M International University	1	\$79,500
El Paso Community College	12	\$2,718,659	Texas Division of Emergency Management	1	\$69,840
Department of Family and Protective Services	8	\$2,356,170	Comptroller of Public Accounts	1	\$60,620
Department of Public Safety	17	\$2,051,872	Military Department	1	\$58,500
University of North Texas	10	\$1,711,157	TTU Health Sciences Center at El Paso	1	\$47,500
TSTC System Administration	9	\$1,428,500	The University of Texas at El Paso	1	\$35,250
Texas Tech University	5	\$1,063,898	Totals:	537	\$293,269,298

Source: LBB staff asked agencies to identify contracts that were awarded directly in response to COVID-19 when reporting to the contracts database.

Highlights of Contracting Oversight Changes

Contract Oversight changes for the 2020-21 biennium:

- Article IX Part 7, Reporting Requirements Changes (2020-21 General Appropriations Act (GAA))
- Article IX Part 9, Information Resources Provisions Changes (2020-21 GAA)
- New Article IX, Sec. 9.12, Assignment of Contract Responsibility (2020-21 GAA)
- New Article IX, Sec. 9.13, Report on Monitoring Assessments by State Auditor (2020-21 GAA)
- New Article IX, Sec. 17.10, Contract Management and Oversight
- Senate Bill 65, Eighty-sixth Legislature, Regular Session

2020–21 GAA, Article IX, Section 7.04(g)(h)(i)

Contract Notification: Amounts Greater than \$50,000

For contracts with an initial award greater than \$1.0 million, agencies and IHE must provide notice for any amendment or renewal that increases the expected contract value by 10 percent or more.

Notification to the governor and legislative leadership is required within 30 days of the discovery or disclosure that the amendment or renewal will increase the expected contract value by 10 percent or more.

The notice must include:

- The amount of the increase;
- The reason for the increase; and
- Any opportunities that were available to reduce the cost or find savings with other vendors.

2020–21 GAA, Article IX, Section 7.12(d)

Notification of Certain Purchases or Contract Awards, Amendments, and Extensions

Requires additional information for non-competitive/sole source and emergency contracts greater than \$1.0 million and all contracts greater than \$10.0 million. The notification includes:

- The solicitation, contract, and if applicable, a finding of fact for major consulting contracts from the Governor's office stating that the consulting services are necessary as required by Government Code, Section 2254.028(a)(3).
- Certification from executive management stating that:
 - The procurement complied with all applicable rules and statutes.
 - The procurement processes include when, why, or how to apply corrective action plans to address continued vendor poor performance.
 - The agency or IHE will provide information on the vendor to the Vendor Performance Tracking System.

7.12(c): An agency or IHE may not expend funds to make a payment on the contract until the notice is provided to the LBB

2020–21 GAA, Article IX, Sections 9.01(c) and 9.02(c)

QAT Notifications

Agencies executing Major Information Resource Projects (MIRP) monitored by QAT are required to:

- Provide QAT with third party independent verification and validation or quality assurance reports required by federal or state rule, policy, or procedure within 10 days of receipt of a request from QAT;
- Notify QAT if the agency solicits bids for a contract to execute a MIRP; and
- Notify QAT within 10 days of awarding a MIRP contract valued over \$10.0 million.

2020–21 GAA, Article IX, Section 9.01

Purchases of Information Resources Technologies

Defines “phases” of the development of a MIRP to include planning, systems analysis and requirements, system design, development, integration and testing, implementation, and operations and maintenance.

Requires agencies to provide to QAT, within 10 days of a request, any verification and validation report, or any required quality assurance report.

Requires agencies to submit draft and final negotiated copies of MIRP contracts valued over \$10.0 million to QAT for review and comments.

QAT may conduct a preliminary review of the draft contract prior to vendor negotiation and based on this review and QAT’s determination that an agency developed a risk mitigation strategy sufficient to protect the state’s interest, may waive further review and the approval requirement of Art. IX, Sec. 9.01.

Prior to amending a contract associated with any phase of the development of a MIRP, agencies must notify the Governor, Lieutenant Governor, Speaker, Senate Finance Committee, House Appropriations Committee, and QAT.

2020–21 GAA, Article IX, Section 9.01 (continued)

Purchases of Information Resources Technologies

Amendments to an MIRP or contract associated with any phase of the project with a total initial project or contract value that exceeds \$5 million must be reported to QAT prior to execution when:

- Amendment or renewal increases the expected contract value by 10 percent or more;
- Expected total value of the project or contract exceeds the total value of the same in the initial project or contract awarded by 10 percent or more; or
- Amendment requires the vendor to provide consultative services, technical expertise, or other assistance in defining project scope or deliverables.

If an agency cancels a contract that, if amended, would be subject to these requirements, the agency is subject to these reporting requirements.

Note: Agencies are required to provide QAT a copy of the final version of the amendment, including all appendices and attachments. QAT may also waive the requirements related to these amendments.

2020–21 GAA, Article IX, Section 9.02

Quality Assurance Reviews of MIRP

Removes requirement that QAT approve a MIRP before the CPA may authorize payment;

Provides for QAT recommendations based on risk of the MIRP;

Removes QAT annual report on the status of MIRP under review;

Adds project management policies and practices to the list of items that QAT may request the SAO to audit or review;

Authorizes the Department of Information Resources (DIR) to issue guidelines for software development, quality assurance, and the review of major information resources projects; and

Removes authority of the LBB to waive certain QAT requirements.

2020–21 GAA, Article IX, Section 9.12

Assignment of Contract Responsibility

Agencies and IHE are prohibited from making payments on a contract that has been assigned from the original vendor to a subsequent vendor, unless:

- Assignment has been approved by the executive director, institution administrator or designee;
- Written notice has been provided to the LBB and QAT; and
- Notice includes a draft copy of the contract signed by the assigning party but not yet signed by the state agency or IHE.

Contract subject to this requirement include/involve:

- Contracts for a MIRP;
- Proposals for the transfer by assignment of the responsibility for fulfillment of any duties, rights, or obligations due to a state agency or IHE under the contract;
- Contracts with a total value that exceeds \$10 million;
- Contracts related to the storing, receiving, processing, transmitting, disposing of, or accessing sensitive personal information in a foreign country; and
- Contracts for services.

2020–21 GAA, Article IX, Section 9.13

Report on Monitoring Assessments by State Auditor

Requires the state auditor, before July 1 of each year, to assign one of the following ratings to each of the 25 largest state agencies as determined by the LBB:

- Additional monitoring warranted;
- No additional monitoring warranted; or
- Reduced monitoring warranted.

Requires the state auditor, on or before September 1 of each year, to submit a report to the CPA that:

- Lists each state agency that was assigned a rating; and
- For a state agency that was assigned a rating, specifies that additional or reduced monitoring, as applicable, is required during one or more of the following periods:
 - Contract solicitation development;
 - Contract formation and award; or
 - Contract management and termination.

2020–21 GAA, Article IX, Section 9.13 (continued)

Report on Monitoring Assessments by State Auditor

Requires the Comptroller, in consultation with CAT, to develop guidelines for the additional or reduced monitoring of a contract subject to CAT review.

Requires the DIR, in consultation with QAT to develop guidelines for the additional or reduced monitoring of a project subject to QAT review.

Requires state agencies, CAT, or QAT to provide any request for information made by the state auditor to comply with the requirements of any statutory provisions relating to monitoring assessments by the state auditor.

2020–21 GAA, Article IX, Section 17.10

Contract Management and Oversight (formerly Contract Cost Containment)

Provides legislative intent for agencies and IHE to establish effective processes and controls to manage contracts.

Encourages agencies to manage contracts consistent with statute, the GAA, the State of Texas Procurement and Contract Management Guide.

Requires agencies to make a good faith effort to identify and execute savings and efficiencies in use of contracted goods and services.

Requires agencies to conduct a cost-benefit analysis to compare canceling or continuing a MIRP.

Allows agencies to request an exemption from the LBB from this provision.

Exempts managed care contracts in the Medicaid and CHIP program from this provision.

Agencies' progress reports on compliance with provision are due to the Legislature and the Governor by:

- September 30, 2020 for fiscal year 2020; and
- August 31, 2021 for the 2020-21 biennium.

Senate Bill 65, 86th Legislature, 2019

State Contracting and Procurement Highlights

Requires the SAO to rate the 25 largest agencies, as determined by the LBB, annually for additional, reduced, or no monitoring.

Requires the CPA, in consultation with CAT, to create CAT guidelines for additional or reduced monitoring of agencies.

Requires DIR, in consultation with QAT, to create QAT guidelines for additional or reduced monitoring of agencies.

Modifies certain vendor performance reporting requirements, by agencies, to require agencies to report on vendor performance at each key milestone identified in the contract and at least yearly.

Modifies QAT monitoring thresholds, from \$1.0 million to \$5.0 million for project review, and certain QAT authority for contract review and approval.

Senate Bill 65, 86th Legislature, 2019 (continued)

State Contracting and Procurement Highlights

Requires agencies to include a contracts checklist in the contract file for each of its contracts;

Requires the CPA to develop and update a model contract file checklist that addresses each stage of the procurement process and make it available to state agencies;

Allows agencies to develop and use their own contracts checklist provided it meets certain standards;

Requires an agency's contract manager or procurement director to review the contents of the contract file, including the checklist to ensure all documents required by state law or applicable agency rules are complete and present, prior to when the agency awards a contract.

Oversight During the Contract Lifecycle

Planning

Solicitation

Contract Award

Monitoring

Comptroller of Public Accounts (CPA)

- Agency Procurement Plan submitted to CPA
- Planning Guidelines from the Procurement and Contract Management Guide

Department of Information Recourses (DIR)

- DIR reviews information technology statements of work (\$50k+)

Agency or Institution

- Agency's published contract management handbook
- Procurement Staff
- Executive Management (major procurements)

Oversight During the Contract Lifecycle

Planning

Solicitation

Contract Award

Monitoring

Contract Advisory Team (CAT)

- Includes member from CPA, DIR, Health and Human Services Commission, Office of the Governor, Texas Facilities Commission, and Department of Public Safety
- Reviews solicitations over \$5 million and provides recommendations

Quality Assurance Team (QAT)

- Comprised of representatives from CPA, DIR, LBB, and SAO (advisory role).
- Reviews business case for Major Information Resource Projects (MIRP) with a value of \$10 million and over.

Oversight During the Contract Lifecycle

Planning

Solicitation

Contract Award

Monitoring

Office of the Attorney General (OAG)

- Assists in contract negotiations for health care contracts over \$250 million

There is limited additional outside State-level oversight of the vendor selection, contract negotiation, and award.

Oversight During the Contract Lifecycle

Planning

Solicitation

Contract Award

Monitoring

LBB Contract Oversight Team

- Contract reviews
- Contracts Database

CPA

- Post payment audits
- Vendor Performance Tracking System

State Auditor's Office (SAO)

- Audits

QAT

- Monitors projects schedule, budget, and scope.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

www.lbb.state.tx.us

512.463.1200