



LEGISLATIVE BUDGET BOARD

LBB Contract Reporting & Oversight

Contracts Oversight and Technology Team

PRESENTED TO THE SENATE FINANCE COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

Sept 2016

Presentation Overview

1. Contract reporting requirements
2. LBB Contracts Database
3. Contract risk monitoring and contract reviews

Contract Reporting Requirements

Two new provisions adopted by the 84th Legislature to increase transparency in state procurements:

GAA Article IX, Section 7.04

- All contracts over \$50,000 to be reported regardless of funding source.
- “Contract” is widely construed to include grants, interagency agreements, and any purchase of goods or services.

GAA Article IX, Section 7.12

- All contracts over \$10 million are to be reported regardless of funding source, as well as emergency and sole-source contracts over \$1 million.
- **Attestation Letter:** A certification signed by the executive director of the agency must be provided that attests to the procurement’s compliance with the State of Texas Contract Management Guide, Procurement Manual, and all applicable statutes, policies, and rules related to 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	End of fiscal year	GAA Article IX, Sec 7.04
Non-Competitive/Sole Source	> \$1,000,000	10 days before payment	GAA Article IX, Sec 7.12
Emergency	> \$1,000,000	48 hours after payment	GAA Article IX, Sec 7.12
All	> \$10,000,000	10 days before payment	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.

Contract Reporting Requirements

Statute requires agencies provide copies of contracts and related solicitation documents to the LBB. Exemptions to this requirement include:

- Texas Department of Transportation
- Health and Human Service Agencies
- Institutions of Higher Education and System Offices
- Contracts paid for with non-appropriated funds

Note: Exemptions do not preclude the LBB from requesting contract documents and other supporting documents from state entities.

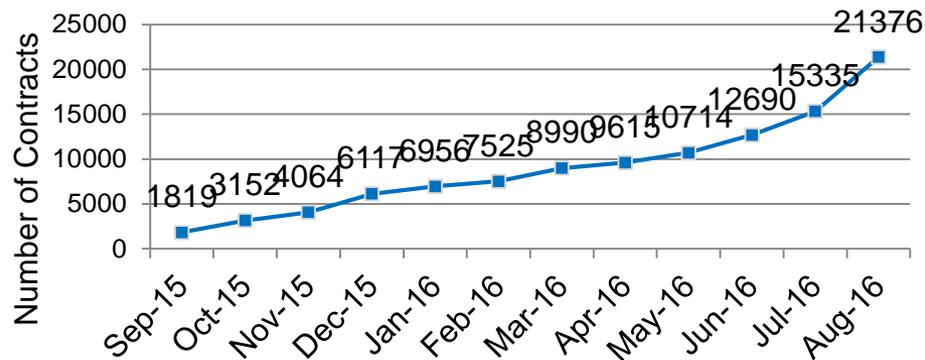
LBB Contracts Database

The LBB Contracts Database (effective 9/01/2015) provides richer data for oversight and improved accuracy for increased transparency.

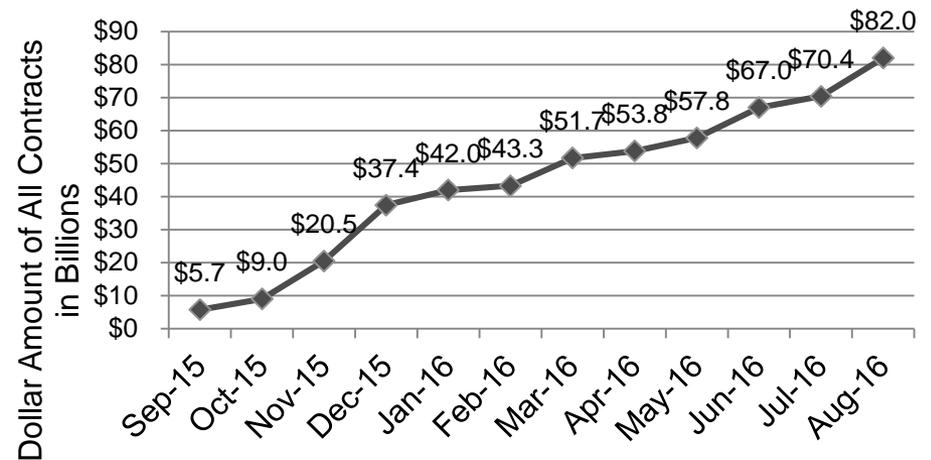
While some agencies and institutions reporting is incomplete, as of 8/24/2016:

- 151 reporting entities
- \$82 billion in contracts reported
- Over 21,000 contracts submitted

Number of Contracts Reported to LBB Database

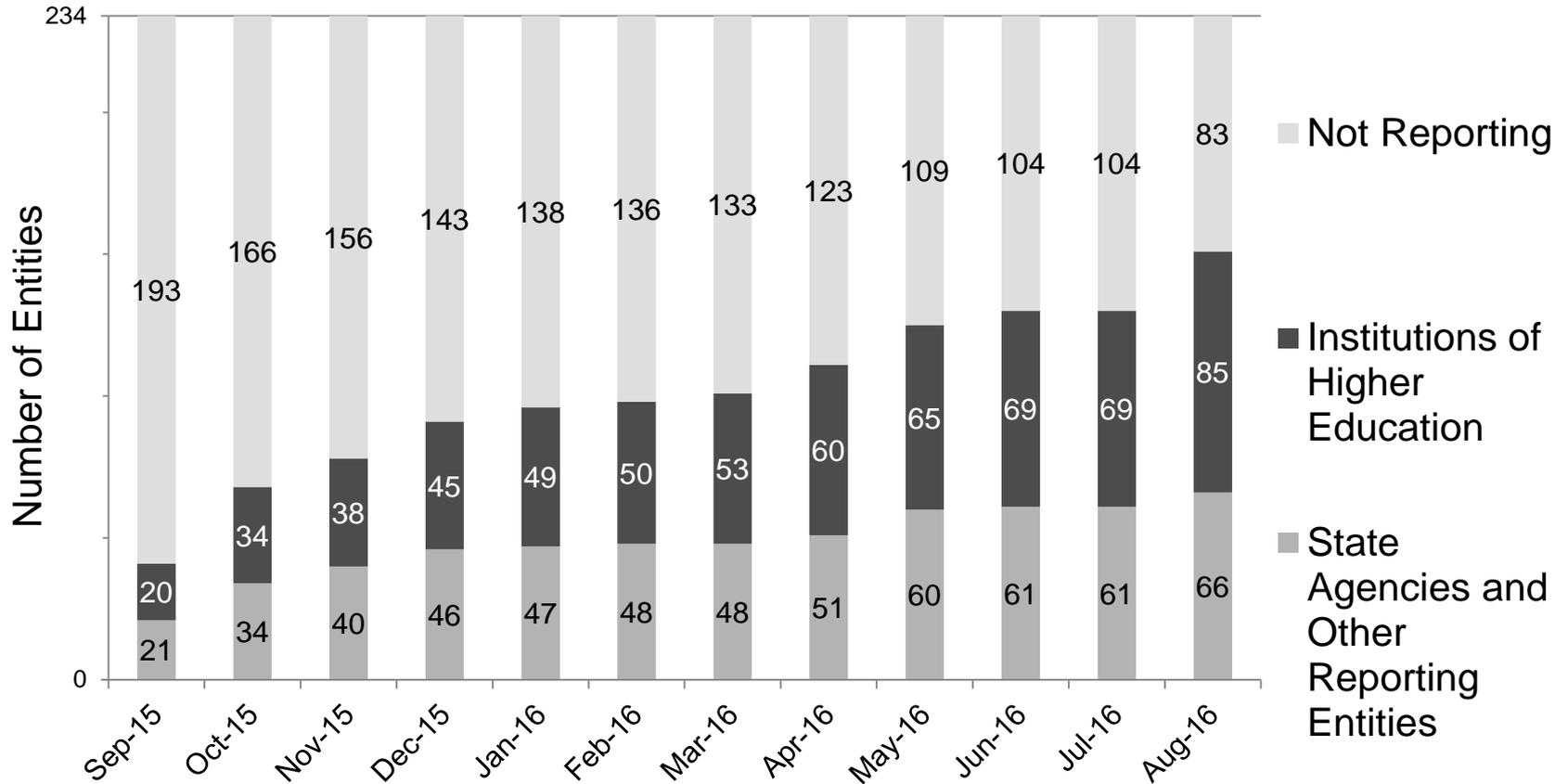


Value of Contracts Reported to LBB Database



LBB Contracts Database

Overall LBB Contract Reporting Compliance



LBB Contract Oversight

In addition to maintaining the Contracts Database, COT2 monitors state contracting to identify and mitigate risks:

- Establish protocols for assessing risk across all procurements submitted to the LBB Contracts Database.
- Conduct in-depth reviews of certain contracts with a goal of working with state entities to help mitigate or remediate risk.
- Make budget and/or policy recommendations to improve the framework and requirements related to procurement or to individual agency's processes for administration and oversight.

LBB Contracts Oversight

Preliminary COT2 observations following initial contract reviews and interaction with agencies:

- Agencies and institutions of higher education sometimes conflate the contract posting requirements of SB 20 with other statutory and GAA contract reporting requirements.
- Risk to the state is often introduced during the solicitation and contract formulation phases of procurement.
- Negotiation with vendors over a contract's terms and conditions can weaken protections for the state.
- Outsourcing a function or system development can limit an agency's flexibility in reallocating resources when priorities shift.



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Contact the LBB

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