

**LEGISLATIVE BUDGET BOARD
CONTRACTS OVERSIGHT
AND TECHNOLOGY TEAM**



ID: 4126

AUGUST 2017

Dear Procurement Officer,

The Legislative Budget Board's (LBB) Contracts Oversight and Technology Team (COT2) sends out periodic emails to keep Contracts Database users apprised of new developments.

85th Legislative Session:

The 85th Regular Legislative Session adjourned on May 29, 2017, and reconvened for a special session on July 18, 2017. Several pieces of legislation relating to contracting and procurement recently passed, most of which are included in the attached list. We encourage procurement staff to read all legislation that relates to purchasing and/or your agency's operations. **Additionally, we wanted to draw your attention to two bills with new or significant provisions related to contract reporting and oversight:**

SB 1: 2018-19 General Appropriations Act (GAA)

- Article IX, Section 7.04: Contract Reporting
 - Changes the timeframe for reporting contracts over \$50,000 from the end of the fiscal year to 30 days after award or modification.
 - Continues existing requirements that all contracts entered into by state agencies and institutions of higher education (IHEs) that meet the criteria established in Section 7.04, including those funded solely through non-appropriated funds, must be reported to the Contracts Database.
 - Outlines circumstances under which the LBB may conduct reviews of contracts submitted under the section and valued at \$1,000,000 or more. Authorizes the Director of the LBB to make recommendations to the Comptroller, Governor and LBB to address risks identified in contracts reviewed including enhanced monitoring by LBB staff, auditing by the State Auditor's Office, required consultation with the Quality Assurance Team (QAT) or Contract Advisory Team (CAT), or contract cancellation.
 - Requires agencies and IHEs to notify the Governor, Lieutenant Governor, and the Speaker of the House of Representatives when the expected total value of a contract for services is amended to exceed the total value of the initial contract award by 10 percent or more.
- Article IX, Section 7.12: High Value Contract Reporting
 - Changes the timeframe for reporting all contracts over \$10 million and non-competitive and sole source contracts over \$1 million, from 10 days before the first payment is made to prior to the first payment being made, but no later than 30 days after award.

- Continues the requirement for heads of agencies and IHEs to certify that contracts subject to Section 7.12 comply with applicable statutory procurement procedures and requirements.
- Article IX, Section 9.01: Purchase of Information Resources Technologies
 - States that a contract for an IT project with a value expected to exceed \$10 million is not valid unless the contracting state agency: (1) provides a copy of the final version of the contract signed by the vendor but not the state agency, to the QAT; and (2) obtains prior written approval of the contract from QAT.
 - Requires agencies to notify the Governor, Lieutenant Governor, Speaker of the House of Representatives, Senate Finance Committee, House Appropriations Committee, and QAT before amending any contract for the development of a major information resources project, when the expected total value of the contract subsequent to the amendment exceeds the total value of the initial contract awarded by 10 percent or more.
 - Requires agencies to obtain written approval from QAT prior to amending major IT project contract larger than \$1 million when: (1) the expected total value of the contract subsequent to the amendment exceeds the total value of the initial contract awarded by 10 percent or more; or (2) the expected total value of an element in the contract subsequent to the amendment exceeds the total value of the same element in the initial contract awarded by 10 percent or more.
- Article IX, Section 17.10: Contract Cost Containment
 - Outlines reductions of General Revenue and General Revenue-Dedicated funds totaling approximately \$34 million, and directs affected agencies to identify savings and efficiencies in their use of contracted goods and services.
 - Provides 12 strategies to assist agencies in achieving these savings.
 - Requires that each affected agency provide a report to the LBB and the Governor detailing contract cost containment efforts. The content and format of this report is being developed by LBB staff, and will be shared with state agencies when final.

SB 533: Relating to governmental entity contracting and procurement.

- Makes changes to clarify and strengthen contract provisions enacted by SB 20, 84R. Given the broad range of changes, we recommend each agency review the bill to determine how the changes may impact your contract policies and procedures.
- Adds the Comptroller of Public Accounts (CPA) as a member of the QAT and creates several new responsibilities for that team.
- Lowers the solicitation and contract review value threshold for the CAT from \$10 million or more to \$5 million or more.
- Modifies requirements for posting contracts on agency websites to exempt contracts reported to the Contracts Database and IHE contracts valued less than \$15,000 and paid for with non-appropriated funds.

Contracts Database Reporting:

As of August 3, 2017, over 49,000 contracts totaling \$232.3 billion have been reported to the Contracts Database by 168 state agencies and institutions of higher education (IHEs). Your efforts to report accurate and timely contracting information are appreciated and help ensure availability of quality information in this resource.

While for the 2016-17 biennium Article IX, Section 7.04 requires contracts to be reported within 30 days after the close of the fiscal year, as noted above the timeframe for reporting contracts over \$50,000 will change from within 30 days after end of the fiscal year to 30 days after award beginning in fiscal year 2018. We continue to encourage agencies to report all required contracts on an ongoing basis to manage reporting workloads and meet the reporting consistent with the 2018-19 GAA.

To aid taxpayers in having a complete picture of all contracts entered into by state agencies and IHEs, LBB encourages entities to include a link to the Contracts Database on their own individual websites where contracts are posted. This will allow for contacts that are required to be posted directly to entities' websites to be easily assessable along with those that are required to be reported to the Contracts Database. The direct link to the Contracts Database is <http://contracts.lbb.state.tx.us/Introduction.aspx>.

The Contracts Database is currently the primary source of information used by taxpayers, members of the Legislature, other state agencies, and legislative and executive branch staff to inform deliberations regarding contracting. Having up-to-date information presents the most accurate picture of contracting activity to the Legislature. As part of our ongoing efforts to assist the Legislature in their deliberations and work to minimize budgetary risks, LBB staff may be reaching out to your state entity in the coming months with requests for specific contract documents.

LBB staff are implementing an enhancement to the Contracts Database to help make contract document requests more formalized and consistent across state entities. This new feature will allow states agencies and IHEs to directly upload requested contract documents. We hope to have the enhancement available for agency use in the coming few months and will let you know when it becomes available. As always, LBB staff will be happy to provide training on this new system to your agency's staff.

Redaction of Contract Information:

Recently, issues have arisen regarding individuals initiating fraudulent purchase orders on behalf of state agencies. In response to this, COT2 has updated our Contract Database FAQs to address what information agencies and IHEs may redact from contract submitted to the Contracts Database. The complete version of the LBB Contract Reporting and Oversight Frequently Asked Questions may be found [here](#).

Agencies and IHEs should only redact contract information that is exempt from disclosure under Texas statutes pertaining to public information (Chapter 552, Government Code) or other laws. COT2 can provide guidance in response to questions of a general nature pertaining to contract reporting requirements. If an agency or institution needs clarification with regard to the redaction

of specific contract information, the LBB suggests that it consult its general counsel or the Texas Attorney General's Open Government Hotline (877-673-6839).

NIGP Search Feature Now Available:

In response to user feedback, the Contracts Database has been updated to include a search by commodity class or code. This will allow agencies and members of the public to search contracts by National Institute of Governmental Purchasing (NIGP) codes, which provide uniform class-item codes for goods and services purchased by state entities. Please note that the NIGP codes associated with each contract entry are displayed as they were reported by state entities, and that contract records may contain more than one NIGP code per record.

On-Site Training:

LBB continues to work with agencies and institutions of higher education on interpreting the reporting requirements and using the Contracts Database. While we strive to provide robust support through documentation and customer service, the COT2 understands that a site visit can often make a big difference in supporting contract reporting compliance. At your request, the COT2 is happy to perform on-site training for procurement and contracting staff. This service is available to all database users, and can vary from general overviews of database use to specific issues with reporting. Please contact us through email in order to arrange an on-site training session with COT2 staff.

Please feel free to contact the COT2 at Contract.Manager@lbb.state.tx.us with any questions you may have.

Sincerely,

Jacob Pugh
Manager, Contracts Oversight and Technology Team
Texas Legislative Budget Board
jacob.pugh@lbb.state.tx.us

Texas Legislature Online - Bill Search Results

Date report generated: Wednesday, June 28, 2017 1:37 PM

Legislature: 85th Legislature

Number of bills: 21

85(R) HB 89	Author: King, Phil et al.	Sponsor: Creighton et al.
Last Action	05/02/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to state contracts with and investments in companies that boycott Israel.	
85(R) HB 1116	Author: Kacal	Sponsor: Buckingham
Last Action	05/26/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to the repeal of certain state procurement advisory and approval procedures.	
85(R) HB 1606	Author: Huberty	Sponsor: Lucio
Last Action	05/26/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to the authority of the Texas Military Department to purchase food and beverages.	
85(R) HB 1701	Author: Parker	Sponsor: Hancock
Last Action	05/26/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to the presentation of the investment policy of certain governmental entities to a business organization that conducts investment transactions for the entity.	
85(R) HB 1829	Author: Geren	Sponsor: Kolkhorst
Last Action	05/23/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to the preservation, maintenance, and improvement of the Capitol and the Capitol grounds.	
85(R) HB 2121	Author: Cyrier et al.	Sponsor: Hughes
Last Action	06/15/2017 E Effective immediately	
Caption Version:	Enrolled	
Caption:	Relating to damages in certain contract claims against the state.	
85(R) HB 3021	Author: Phelan et al.	Sponsor: Hughes
Last Action	06/15/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to indemnification and duties of engineers and architects under certain governmental contracts.	
85(R) HB 3270	Author: Bohac et al.	Sponsor: Taylor, Larry
Last Action	06/15/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to criminal background checks for persons employed by certain public school contractors.	
85(R) HB 3275	Author: Capriglione	Sponsor: Campbell
Last Action	06/15/2017 E Effective on 1/1/18	
Caption Version:	Enrolled	
Caption:	Relating to the monitoring of major information resources projects by the Department of Information Resources.	

85(R) SB 82	Author: Nelson et al.	Sponsor: Capriglione
Last Action	06/15/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to prohibiting the temporary closure of segments of the state highway system on days that certain scheduled events are being held in certain municipalities.	
85(R) SB 252	Author: Taylor, Van	Sponsor: Davis, Sarah et al.
Last Action	05/27/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to prohibiting governmental contracts with a company doing business with Iran, Sudan, or a foreign terrorist organization.	
85(R) SB 255	Author: Zaffirini	Sponsor: Simmons
Last Action	06/09/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to contracts with and training for governmental entities and vendors, including purchasing and contract management training; authorizing fees.	
85(R) SB 261	Author: Zaffirini	Sponsor: Guillen
Last Action	05/29/2017 E Effective immediately	
Caption Version:	Enrolled	
Caption:	Relating to the bulk purchase of information technology commodity items by the Department of Information Resources.	
85(R) SB 262	Author: Zaffirini	Sponsor: Guillen
Last Action	06/12/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to certain purchasing by state agencies and local governments.	
85(R) SB 533	Author: Nelson	Sponsor: Geren
Last Action	06/09/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to governmental entity contracting and procurement.	
85(R) SB 706	Author: Birdwell	Sponsor: Kacal
Last Action	05/18/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to the abolishment of the State Council on Competitive Government and the transfer of its functions to the comptroller.	
85(R) SB 1289	Author: Creighton et al.	Sponsor: Paddie et al.
Last Action	06/09/2017 E Effective on 9/1/17	
Caption Version:	Enrolled	
Caption:	Relating to the purchase of iron and steel products made in the United States for certain governmental entity projects.	
85(R) SB 1349	Author: Watson	Sponsor: Pickett
Last Action	05/28/2017 E Effective immediately	
Caption Version:	Enrolled	
Caption:	Relating to the authority of the Texas Department of Motor Vehicles over real property and to the transfer of specific property from the Texas Department of Transportation.	

85(R) SB 1395	Author: Creighton et al.	Sponsor: Perez
Last Action	06/01/2017 E Effective immediately	
Caption Version:	Enrolled	
Caption:	Relating to the powers and duties of navigation districts and port authorities.	
85(R) SB 1523	Author: Nichols	Sponsor: Davis, Yvonne
Last Action	06/01/2017 E Effective immediately	
Caption Version:	Enrolled	
Caption:	Relating to the creation of the state safety oversight program for rail fixed guideway public transportation systems.	
85(R) SB 1877	Author: Perry	Sponsor: Wray
Last Action	06/15/2017 E Effective immediately	
Caption Version:	Enrolled	
Caption:	Relating to sending notice of proposed contracts for highway projects by e-mail.	