Texas Department of Information Resources

Standard Operating Processes

Chief Procurement Office

CPO Process Guide

Version 1.2
Chief Procurement Office
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1 INTRODUCTION

1.1   Overview

The Department of Information Resources (DIR) Chief Procurement Office (CPO) supports DIR customers, including the administrative side of DIR (DIR-A), in procuring and managing statewide enterprise agreements for the Shared Technology Services (STS), Communications Technology Services, and Cooperative Contracts programs.

The office administers multiple programs that leverage the state's buying power, promote the use and expansion of a secure, shared technology infrastructure, and advance opportunities for certified minority-owned, women-owned, veteran-owned, and small disadvantaged businesses. Each of these programs allows eligible DIR customers to use the contracts based on the requirements of the program.

The CPO is committed to:

1. Planning procurements and conducting solicitations through defined and documented processes that engage stakeholders, encourage innovation and competition, and deliver value.
2. Establishing and administering statewide enterprise agreements and statewide contracts to ensure contractual obligations are met, risks are managed, and value is obtained.
3. Establishing and administering internal contracts to ensure contractual obligations are met, risks are managed, and value is obtained.
4. Adapting innovative and agile methods to maintain and expand a strategic contract portfolio and diverse customer base.
5. Adhering to state and federal procurement laws, rules and regulations and conducting all actions in a professional and ethical manner, according to DIR Code of Ethics.
6. Promoting equal business opportunities for economically disadvantaged persons or historically underutilized businesses (HUB) through contracts established for internal and statewide use.
7. Using data and information to drive strategy development and align with DIR and CPO business goals and objectives.

The Texas Comptroller of Public Accounts (CPA) Statewide Procurement Division (SPD) develops and publishes the State of Texas Procurement and Contract Management Guide (PCMG) for use by state agencies. In alignment with the framework described in the PCMG, the CPO has developed and implemented this guidance for agency staff who manage, perform, or support public procurement and contracting functions within DIR and on behalf of DIR customers. A list of common acronyms is available on the DIR SharePoint.

1.2 Purpose and Use

The purpose of this *CPO Process Guide* (Guide) is to outline processes, activities, roles, and responsibilities that support procurement and contract management practices within DIR.

Additionally, the Guide describes the CPO's operational support of internal and DIR program areas. CPO and DIR program staff who perform functions that require procurement or contracting resources or manage contracts should use the Guide to establish a framework for implementing consistent engagement processes.

The Guide describes standard procedures and sound business practices that implement statutory requirements and DIR policy for procuring and managing information technology products and services contracts as well as those contracts established for DIR Administrative's (DIR-A's) use.

The CPO's primary procurement and contract management resources and guidance include:

1. CPO Process Guide
2. *PCMG*
3. Procurement and contract tools and templates
4. Procurement and contract management training

Each section of the Guide provides links to tools and templates, including specific guidance outlined in procedures, desk aids, checklists, templates, and forms. Refer to these resources when implementing a specific process.

Alternatively, CPO staff can access Tools and Templates which provides a library of all mandatory and recommended procurement and contract management tools.

1.3   Applicability

The Guide describes processes that are applicable to all CPO staff and DIR stakeholders who participate in agency or enterprise procurement or contract management functions. Refer to the current version of DIR's Signature Authority Matrix for more information on procurement delegation and signature authority within DIR.

1.4   Updates

The CPO manages Guide revisions and updates in concert with changes to statute, administrative rules and policy and guidance issued through the CPA's Statewide Procurement Division. The Guide and the tools, templates and other resources are available on SharePoint at: Processes and Procedures.

1.5   Guide Organization

The Guide is organized by the teams that comprise the CPO and the functional areas of responsibilities within these teams. Touchpoints, where more than one team is responsible for a function or activity, are cross-referenced as links throughout the document. Where practical, these links provide a "round trip" to enable easy navigation across content areas. For easy unlinked access, click the resume bookmark icon or Shift + F5.

1. Introduction describes the purpose, applicability, use, and organization of the Guide.
2. CPO Organization provides an overview of the CPO organization, description of the programs, services, and customers supported through statewide and agency contracts.

3. Procurement Fundamentals describes the procurement cycle, methods, and processes related to simple and routine procurements, complex internal procurements, and procurement projects supporting statewide enterprise, cooperative, or telecommunications contracts.

4. Procurement This section outlines the groups that perform the procurement function in CPO, the key activities performed, and identifies the roles and responsibilities for performing the activities within each stage of the procurement cycle.

5. Contract Services describes the analysis, review, and compliance support to procurement and contracting functions, including market research, procurement and contract compliance with audit standards, vendor sales reporting and administrative fee payment management, and contract compliance management.

6. HUB, Outreach, and Training describes the CPO role managing the statewide and internal HUB programs and the integration of this function with procurement and contract management, including managing reporting requirements. Another key component of this team includes the development and management of customer and vendor outreach and training.

7. Contract Management Fundamentals describe the contract management cycle, and the integration of the work performed across the cycle with all CPO sections, including contract formation integration with Procurement, and contract management integration with Contract Services and HUB, Outreach, and Training.

8. Contract Management This section outlines the groups that perform the contract management function in CPO, the key activities performed, and identifies the roles and responsibilities for performing the key activities within contract management.

9. Cross-Cycle Procedures describes procedures that are performed at intervals across the procurement and contract management cycle and are referenced throughout the Guide.

2   CPO ORGANIZATION

2.1   Authority

The CPO conducts procurements on behalf of DIR. Additionally, the CPO must establish, administer, and oversee the use of information technology contracts by state agencies and other eligible entities.

DIR staff should coordinate closely and engage CPO staff early in the procurement planning process. Additionally, all changes initiated to a contract must be coordinated with CPO staff. All employees are responsible and accountable for resources under their control and must adhere to DIR policies, administrative procedures and processes described in the Guide. These are the formal guidelines and procedures for all employees involved in the contract process, and together with the DIR Signature Matrix, establish who may approve a contract for the agency, who is responsible for contract planning and solicitation, contract negotiations, contract management, and contract oversight.

The CPO conducts its activities according to provisions of Texas Government Code (Gov't Code) and Texas Administrative Code (TAC), among others, including:

2.1.1   CPO

Information Resources, [Gov't Code Chapter 2054](#)

2.1.2   Procurement

2.1.2.1   DIR A Procurements

1. General Rules and Procedures, [Gov't Code Chapter 2155](#)
2. Professional and Consulting Services, [Gov't Code Chapter 2254](#)
3. Purchases of Commodity Items, [1 TAC, Chapter 212](#)
4. Procurement of Information Resources, [1 TAC, Chapter 217](#)
5. Statewide Procurement and Support Services, [34 TAC, Chapter 20](#)

2.1.2.2   STS Commodities Procurements, [1 TAC 215.43](#)

2.1.2.3   Enterprise Procurements, [Gov't Code Chapter 2054.378](#), [1 TAC 215.1](#)

1. Procurement of Information Resources, [1 TAC, Chapter 217](#)
2. Statewide Procurement and Support Services, [34 TAC, Chapter 20](#)

2.1.2.4   Cooperative Contract Procurements – Purchase of Automated Information Systems [Gov't Code Chapter 2157](#)

2.1.2.5   Telecommunication Procurements, [Gov't Code Section 2170.051](#)

2.1.2.6   Training in Contract Negotiation for Purchases of Information Resources Technologies; [Gov't Code Chapter 656.050](#)

2.1.3   Contract Management

State Contracting Standards and Oversight, [Gov't Code Chapter 2261](#)

2.1.3.1   DIR-A Contracts

2.1.3.2   Enterprise Contracts

1. Statewide Contract Management, [Gov't Code Chapter 2262](#)

2. Interlocal Cooperation Contracts, [Gov't Code Chapter 791](#)

2.1.3.3   Cooperative Contracts, Statewide Contract Management, [Gov't Code Chapter 2262](#)

2.1.3.4   Telecommunication Contracts

2.1.4   HUB

1. Historically Underutilized Businesses, [Gov't Code Chapter 2161](#)
2. Historically Underutilized Businesses, [TAC, Title 34, Chapter 20, Subchapter D](#)
3. Training Program Development, [Gov't Code Section 656.052](#)

2.2   CPO Organization

The CPO consists of four (4) major functions that are supported by seven departments (7) that support procurement and administration of product or service contracts for DIR and on behalf of the state and other eligible customers.

2.3   Roles and Responsibilities

The roles and responsibilities of staff engaged in procurement, contract management, contract services and support programs, including HUB and training are generally described below and further delineated in process descriptions.

2.3.1   Procurement

The procurement function is divided across five (5) distinct teams with responsibilities for establishing contracts to support DIR's mission. These teams are responsible for procurement activities that support statewide and internal purchases. Additionally, in coordination with DIR's HUB, Outreach, and Training team, procurement is responsible for the development and delivery of training, including IT Negotiation.

The five (5) teams that comprise DIR procurement and their primary responsibilities are:

    2.3.1.1   DIR Administrative (DIR-A) Procurements

Solicitation development and contract management for internal customers.

    2.3.1.2   STS Commodity Procurements

STS Commodities provides oversight of IT commodities procured by Service Component Providers (SCPs) for installation in the STS environment by a DIR Customer.

    2.3.1.3   Enterprise Procurements

Solicitation development and management for statewide customers.

Template development for DIR and its customers.

    2.3.1.4   Cooperative Contracts Procurements

Solicitation development and management for statewide customers.

Template development for DIR and its customers.

2.3.1.5   Telecommunication Procurements.

Solicitation development, and management for statewide customers

Template development for DIR and its customers

2.3.2   Contract Services

The Contract Services team is responsible for reporting, analysis, compliance monitoring and systems support activities for DIR's program and contract portfolio, including:

    1.   Market research;

2. Analytics and reporting, including:;
   a. Vendor sales; and
   b. Administrative fee.
3. Vendor reporting compliance checks;
4. System administration for all CPO approved tools (i.e., Salesforce, DocuSign, BidStamp);
5. DIR procurement and contracting compliance;
6. Public Information Request (PIR) and Audit coordination;
7. Innovation and tools; and
8. Quality Assurance reviews of procurement materials (Evaluation/Review Plans, Evaluation tools, Pricing tools).

2.3.3 HUB, Outreach, and Training Team

The HUB, Outreach, and Training (HOT) team is responsible for DIR compliance with Gov't Code Chapter 2161 and 34 TAC 20 Subchapter D, and developing, organizing, and delivering customer and vendor training regarding DIR contracts, IT procurement and contracting, and other identified customer/vendor needs affecting DIR's ability to deliver services. For DIR procurements, HOT provides solicitation notifications to minority and trade organizations to increase prime and subcontracting DIR HUB utilization and participation.

Program responsibilities extend to agency and statewide procurement and contract management practices and include:

1. HUB Compliance;
2. HUB Program Outreach and Training;
3. IT Negotiations training in coordination with Procurement (refer to Gov't Code Sections 656.050-656.052); and
4. Certification Training (in coordination with Contract Management and Procurement).

2.3.4 Contract Management

The Contract Management team is responsible for administering all DIR contracts. Contract management is made up of the following teams:

2.3.4.1 Shared Technology Services (STS)

The STS program delivers managed services to eligible customers through multiple Service Component Providers (SCP) that provide:

1. Data Center Services (DCS), including, but not limited to:
   a. Technology Solution Services (TSS);
   b. Texas Private Cloud (TPC);
   c. Public Cloud Manager (PCM);
   d. Mainframe Services;
   e. Print, Mail, and Digitization;
   f. Security Operations; and
   g. Identity Access Management (IAM).

2. Managed Security Services (MSS);
3. Texas.gov, including, but not limited to:,

   a. Texas.gov Constituent Payment Portal and

   b. Texas.gov Services

4. TDIS IAMA[1]
5. Open Data Portal (ODP)
6. Other services

DIR Shared Technology Services Model
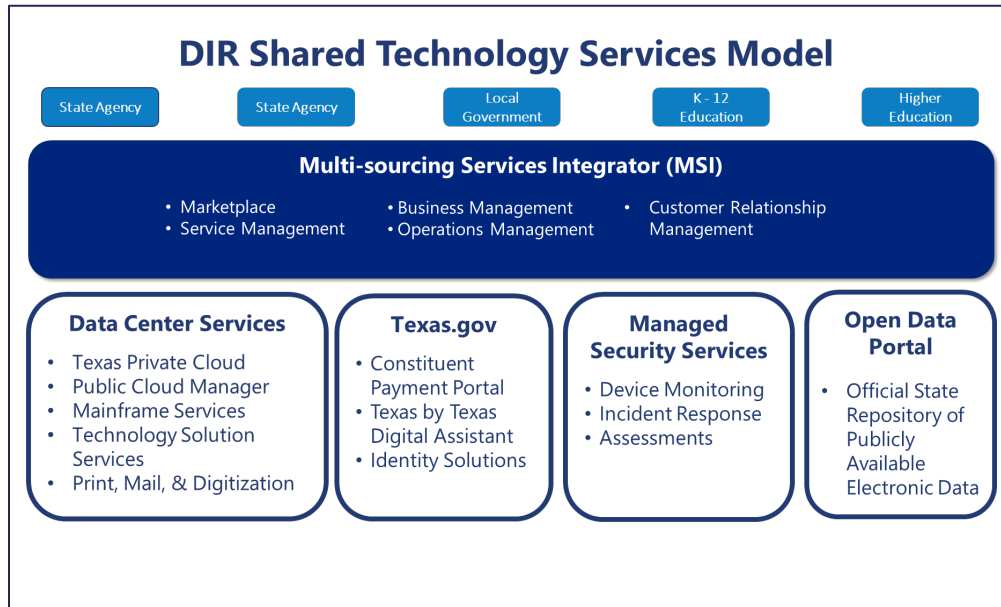
New services may be added or existing services many be combined as technology evolves.

2.3.4.2   Telecommunications Services

In coordination with the program's oversight authority, DIR's Communications Technology Services (CTS), these services provide:

1. Capitol Complex Telephone System, for agencies in the Capitol Complex
2. Texas Agency Network (TEX-AN), including voice and data offerings
3. Other services including wireless, conferencing, and managed services

2.3.4.3   Cooperative Contracts

Cooperative Contracts is comprised of Automated Information Systems (AI) procurements that, for the most part, are competitively bid and negotiated. Contracts established through this program are established for customer use as defined in Gov't Code 2157.068(j). These entities

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[1] New service procured in FY 23/24 and will be established in FY 25.

can negotiate further discounts to DIR's established cooperative contracts to fulfill their technology needs and streamline their acquisition process.

2.3.4.4 Bulk purchase initiatives for IT hardware, software, and technology services

Gov't Code Section 2157.068(e-3) provides that state agencies making purchases under DIR Bulk Purchase Agreements are not bound by competitive requirements or dollar thresholds otherwise required when making IT commodity purchases for hardware, software, and technology services. DIR may enter into a bulk purchase initiative if:

1. a customer identifies the bulk purchase on the annual survey sent out by DIR;
2. a customer requests the bulk purchase and DIR determines that there is sufficient demand for the bulk purchase; or,
3. a vendor offers a bulk purchase and DIR determines it is in the best interest of the state.

2.3.4.5 DIR-A Contracts

DIR-A Contracts are comprised of purchases made by DIR-A Procurement and Contracts division for DIR's internal consumption. These purchases may include products or services and can be made utilizing any procurement method.

2.3.4.6 SOW and Exemption Reviews

Customer procurement support through the SOW review, exemption request review, and customer consultations.

2.4 Professional Certification and Training

DIR staff involved in procurement and contracting activities maintain certifications in compliance with guidance provided in the CPA's PCMG. CPO maintains a list of certifications and duration of certifications on the CPO SharePoint site.

2.5 Onboarding and Off-boarding New Hires

CPO will follow the DIR General Employee Onboarding Standard Operating Procedure and the DIR General Employee Separation Standard Operating Procedure to onboard and perform employee separations. Special care will be taken when determining what system access is necessary. For New Regular Employees, the CPO director will follow the most current DIR General Employee Onboarding Procedure. For staff that are leaving DIR, the CPO director will follow the most current DIR General Employee Separation Procedure.

2.5.1 Requesting Access to CAPPS Financials

Certain CPO jobs require access into the CPA's CAPPS financial system. Generally, Contract Managers (CAM I and CAM II) require full access to the system and procurement leads require read-only access. This access is reviewed every six (6) months by the DIR Agency Security Coordinator(s) (ASCs). Director-level approval is required for this access as well as completion of the CPA's Comptroller's Public Information Summary Disclosure Manuel for Employees and Contractors and the Confidential Treatment of Information Acknowledgement. This is in addition

to the required training that all DIR employees must complete, including the cybersecurity training.

2.5.1.1   Onboarding a New Employee

The IT Move/Add/Change Request form should be completed by the hiring manager prior to the employee's start date. In the "COMPUTER Applications Needed" section, check the "Other" box and enter CAPPS Financial and specify the activity that needs to be performed (i.e., upload contract documents, review purchase orders, etc.). If known, the hiring manager should reference another staff with similar job functions that can be used for cloning the permission set.

2.5.1.2   Requesting Access for a Current Employee

For employees who need access to CAPPS, the Director must submit a request to the DIR Agency Security Coordinator (ASC), one of which is in Finance and the other in CPO. The employee must have completed the CPA's [Comptroller's Public Information Summary Disclosure Manuel for Employees and Contractors](#) and the [Confidential Treatment of Information Acknowledgement](#) forms, certifying that they have read and complied. This is in addition to the required training that all DIR employees must complete, including the cybersecurity training. The ASC will notify the Requestor of ticket completion and to confirm that access is in place. The ASC can adjust user roles/permissions and submit changes to the CPA.

2.5.1.3   Periodic Reviews

The CPO ASC reviews system access every six (6) months and makes any necessary adjustments. All directors in CPO should cooperate with this review in order to expedite the process.

2.6   Signature Authority (for approvals, contracts, and amendments)

The procurement lead or contract manager is responsible for checking the approved [DIR Signature Matrix](#) to ensure that procurement or contract-related documents are routed correctly, and that all required signatures are secured.

The procurement lead or contract manager is responsible for gaining the necessary approvals and routing a contract for DIR approval and signature according to the projected value over the life of the contract, including all allowable renewals and extensions. Further, the procurement lead or contract manager is responsible for working with the Office of the General Counsel to determine which contract actions must be presented and approved by the DIR Board.

Delegation of signature authority does not eliminate CPO review and approval prior to the execution of the contract, agreement, service, agreement, statement of work, or amendment.

2.7   Prohibited Technologies

DIR shall maintain a [Prohibited Technologies list](#) of products and services that have been deemed unacceptable for use by either federal or state authority. Procurement officials and contract managers will check the list periodically to ensure that DIR does not contract with any company on this list. Procurement leads will check this list at submission and prior to award to ensure that no vendor on the prohibited brand list is awarded a contract. Contract managers will

periodically review contract offerings, prior to renewals and as the prohibited technologies list is updated.

2.8   CPO Repository and Systems Management

Multiple systems and applications are used to maintain the procurement and contract files to comply with records management and retention policies. Each contract must have a structured filing system for the procurement and contract records. CPO staff are responsible for maintaining and updating procurement files, contract files, performing data entry, managing deliverables, documenting correspondence, running, and reviewing reports, invoicing, and other contracting artifacts.

1. **SharePoint** Procurement and Contract Management Library and Repository
This site allows the procurement leads to manage solicitation documents and data related to the procurement activities and allows for the contract managers to upload contract documents and maintain all contract related documentation. CPO staff use SharePoint for collaboration and document management.

2. **Salesforce**
This is the official database of record for all DIR procurement and contract management. It is a management tool used by CPO staff for documenting procurement-related activities and monitoring contracts. It may include documentation of solicitations (RFOs), vendor participants, vendor sites, cost avoidance, contract details, RFO information, sales, the path to a BidStamp SharePoint locations, documentation of vendor compliance checks, resellers, subcontractors, products, services, commodity items, dashboard reporting, contract roles, change orders, late sales reports, HSP documents, contract histories, amendments, contract expiration dates and notes.

3. **BidStamp**
Serves as DIR's eProcurement application on the Salesforce Platform that allows for digital procurement process, generating document templates, automating workflows, and streamlining solicitations and contracts throughout the procurement cycle. Some Cooperative Contracts documentation, such as vendor compliance checks, are stored in a BidStamp SharePoint location. BidStamp also serves as the Vendor Information System (VIS) Portal for setting up vendor accounts requests, management of information and portal for submitting vendor sales reports. Reference the VIS Portal Training Guide for additional information.

4. **Centralized Accounting and Payroll/Personnel System (CAPPS)**

CAPPS Is part of the Statewide Enterprise Resource Planning (ERP) system that provides financial software solutions for Texas state agencies. The Accounts Payable, Purchasing, Customer Contracts, Billing and Accounts Receivable are a few of the modules that allow contract managers visibility to financials and view purchase orders and payments to vendors. CAPPS is used by Contract Managers to load contract documents to include RFO and completed amendments.

5. **DocuSign**

This application allows CPO staff to obtain digital signatures regarding procurement and contracting related matters.

6. **Vendor Sales Report (VSR) Portal**

The application allows vendors to report all sales made under a DIR contract. Contract Services staff review the purchases and base administrative fees owed by each vendor on the results of those reviews.

7. **Business Objects**

Business Objects is a reporting and analytics tool for business intelligence that is used to query various databases, including the Data Warehouse that houses the Vendor Sales Report data. Business Objects consists of multiple layers, called Universes, that allow data to be normalized before being reported.

8. **T: Drive**

A secure network location used for back-ups for most program areas. For STS, this is the primary location of all contract files, with STS program documentation residing in ServiceNow.

9. **NetPlus**

For telecom contracts, pricing for contracts is stored and is used for quarterly reporting.

10. **FTP**

Receive reports for Telecom.

3   PROCUREMENT FUNDAMENTALS

3.1   Overview

DIR purchasers or procurement leads, collectively termed "procurement staff," follow a standard procurement cycle for both simple and complex procurements. Procurement staff make simple and routine purchases through set aside programs, small dollar purchases, informal bidding, or state term, Texas Multiple Award Schedule (TXMAS), or certain DIR cooperative contracts that do not require a SOW using the planning factor elements described under the applicable procedure provided in this section (refer to DIR A Procurement)

Alternatively, based on contract value, complexity, and user base, a procurement lead may be assigned to lead the planning, develop the solicitation, and conduct the procurement in coordination with project stakeholders.

The timeline for a complex procurement can range from several months to a year or more, depending on the need for market research, the complexity of the requirements, the number of stakeholders and coordinating entities involved in the project, and maturity of potential technology solutions in the market (refer to Statewide or Complex Solicitation Projects).

For internal purchases, the director identifies the approach for the solicitation, whether direct acquisition or project-based, and manages the procurement according to each of the procurement cycle stages. This process may encompass a variety of shared and independent activities, based on the procurement and contract type, solicitation method, value, and complexity, among other considerations. Both STS and Cooperative procurements follow a similar approach to the statewide or complex procurements described in Section 4 Statewide or Complex Solicitation Projects.
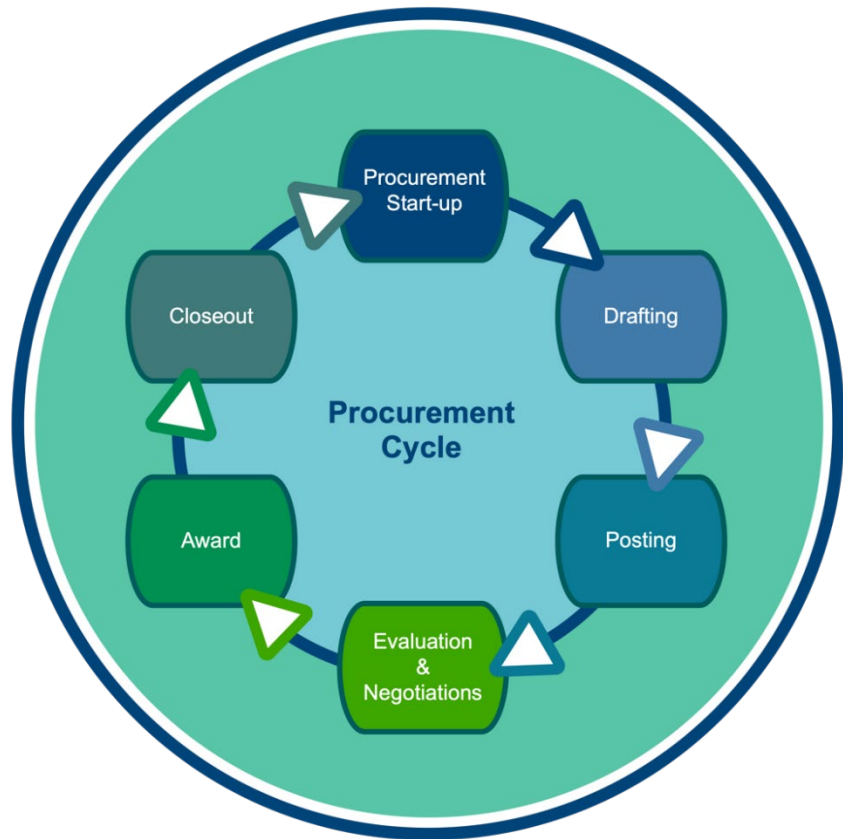
3.2   Law of Agency

The State Purchase and General Services Act, Subtitle D of Title 10 of Texas Gov't Code established the CPA as the central purchasing agent for the State of Texas.

Only those personnel authorized, in writing, to act as purchasing agents on behalf of DIR may obligate state funds by issuing and signing Purchase Orders (POs). Purchases shall be made following the State Purchase and General Services Act, CPA rules and procedures, and DIR rules, purchasing policies, and procedures.

3.3   Purchasing System

DIR uses the Centralized Accounting and Payroll/Personnel System (CAPPS) for purchasing.

Purchasing and procurement staff are responsible for reviewing all Purchase Requisitions (PRs) for compliance with applicable laws, regulations, codes, and with DIR policies, and procedures. The responsibility and authority for purchasing goods and services, and for determining the

proper methods of procurement, is vested in Procurement. No purchase of goods or services shall be binding on DIR until a written contract or PO is issued and administered by DIR.

3.4   Competitive Purchasing

DIR's policy is to use competitive purchasing whenever possible. Competitive purchasing requires advertisement, opportunity to bid, and use of competitive specifications to ensure all interested parties to be placed upon the same plane of equality; and respond to the same terms and conditions.

The purpose of competitive purchasing is to stimulate competition, prevent favoritism, and secure the best value for the State of Texas.

3.4.1   Tax Exemption

DIR is exempt from paying federal excise and state sales taxes on purchases. CPO can furnish a tax exemption certificate upon request.

3.4.2   Payment

Unless otherwise specified on the purchase document, payment will be made in thirty (30) calendar days by Accounts Payable upon receipt of an approved invoice, in accordance with the Prompt Payment Act ([Gov't Code Section 2251.021](#)).

3.4.3   Advanced Payments

Generally, DIR is not authorized to prepay for goods or services. However, DIR does allow advanced payment for some purchases such as magazine subscriptions, membership dues and registration fees. In consultation with the Office of General Counsel and the Chief Financial Officer, DIR may also prepay for services as part of a negotiation for a substantial discount.

3.5   Use of Electronic Approvals

DIR utilizes electronic workflow management and electronic approvals for all solicitations, contracts, and contract amendments. For reviews and approvals of contracts, the electronic approval will be re-routed if an error is found in any of the contract related documents. Minor changes that do not affect the contract and administrative changes may be corrected on the envelope or through comments if the procurement leads finds it appropriate to do so.

3.6   Identify Program Area Need

A DIR requester may trigger procurement start-up by identifying a procurement need. The requester is responsible for justifying and obtaining funding approval for the need. To fulfill a need, a program area should be positioned to achieve its goals, objectives, legislative mandates, funding requirements and approved Board plans. The requester should conduct a needs assessment to determine the necessity, nature and scope of the acquisition and its alignment with these factors. In the case of a Cooperative procurement, the need is evaluated by customer demand, existence of prior contracts, and other factors.

3.7 Granting Access Rights to Procurement Folders and Systems

Procurement leads and personnel will use the IT Help Desk ticketing system to initiate and terminate access right to specific procurement folders. Generally, procurement oversight (SEB/SSA or designated oversight for that project) will be granted non-restricted access to all procurement folders. For evaluators, access should be given to all materials necessary to perform assigned evaluations, including read-only access to responses (or copies), personalized evaluation sheets, and evaluation training materials. Immediately upon completing their duties, an additional IT Help Desk ticket should be entered to terminate access.

Cooperative Procurement staff grant access to the BidStamp system for evaluators to perform their function, and through means of an IT Help Desk ticket for DIR staff that have not previously been granted IT access to BidStamp. CPO staff all have access to the BidStamp system and are added as evaluators through the "Modify Permissions" feature in BidStamp. Once evaluations are completed and submitted in BidStamp, additional changes are not permitted by the system. Regular audits of access rights should be conducted by the procurement lead to ensure the integrity of the procurement process.

3.8 Supplementing the Centralized Master Bidders List (CMBL)

In order to increase the vendor pool, there may be a need to supplement the CMBL. The Chief Procurement Officer has been delegated the authority to review and approve all requests to supplement the CMBL, including requests to include more HUBs or to include more vendors in the potential bidding pool. This delegation will be reviewed each September of odd numbered years, beginning September of 2025 and is subject to any related statutory changes.

For each procurement, the procurement lead will seek CPO approval to supplement the CMBL, if applicable.

3.9 Documentation

DIR uses Salesforce to track and document agency solicitations. The procurement information is entered into Salesforce. Salesforce is used to generate a posting number for each RFO and to track the information about the procurement through contract award.

Procurement files for each solicitation, no matter the size, are maintained in a secure location.

Under no circumstances should procurement leads reveal confidential procurement information to anyone not on the procurement team. This includes scheduling meetings with the documents attached to the meeting notice. Additionally, there are specific memorandums to the procurement file documenting specific project related events.

3.9.1 Procurement File

The procurement lead must establish sound document management practices, for both paper- and electronic-based records related to the solicitation and contract. The procurement lead must establish a procurement file which contains all required information related to the solicitation.

State law requires an agency to retain each contract and all contract solicitation documents related to the contract for a period of seven years following the later of the completion or expiration of the contract or following the resolution of all issues that arise from any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the contract or documents are resolved (refer to Gov't Code Section 441.1855).

The procurement file provides an account of an agency's actions and decision-making in the procurement process. All acquisitions, regardless of complexity or dollar value, must be properly documented with a complete record of activities and decisions related to the development and award of a purchase and any resulting amendments, extensions, termination, and closeout.

The CPO maintains the agency's hard-copy and electronic-copy of procurement files. The contents of each of these files are official agency documents and are subject to the Public Information Act (PIA). It is essential that an accurate record be maintained for each solicitation. Whether a procurement event is conducted through BidStamp, email (SOW issuance), or advertised on the ESBD, the procurement file is assembled as the formal documentation.

A solicitation document that is an electronic document must be retained in the document's electronic form. An electronic form of a solicitation document may be printed and retained in paper form; however, the electronic form must be preserved, including any formatting or formulas that are part of the electronic format of the document (refer to Gov't Code Section 441.1855).

3.9.2   Non-Disclosure Agreement and Conflict of Interest Form

A Non-Disclosure Agreement (NDA) is a legally enforceable contracts that create a confidential relationship between a person who has sensitive information and a person who will gain access to that information. The DIR NDA prohibits the sharing of information regarding procurements with anyone not within the agency. The process is initiated upon hiring into DIR and is repeated on an annual basis. This process if overseen by the DIR's People and Culture Office.

A Conflict of Interest Form is required for all procurement team members who have a decision-making role in the procurement. A state agency employee or official is required to disclose any potential conflict of interest specified by state law or agency policy that is known by the employee or official at any time during (1) the procurement process, from the initial request for bids for the purchase of goods or services from a private vendor until the completed final delivery of the goods or services, or (2) the term of a contract with a private vendor.

3.9.3   Project Departure Memo

Memorandum detailing the departure of a project team member, including the effective date of the departure, the progress of the solicitation as of the effective date (expressed in either phase or percentage complete), and any other pertinent details. When a solicitation team member leaves a solicitation project prematurely, the procurement lead completes a Project Departure Memorandum and reviews with their Director and the assigned general counsel.

3.9.4   Approval to Move to Next Phase Memo

The Approval to Move to Next Phase Memo is a memorandum to file detailing the approval to move from one phase to another as the procurement progresses. For cooperative procurements, the memo may be combined with another memo, such as recommendation for negotiations memo.

3.9.5   Evaluator Qualifications Memo

Required for solicitations for contracts expected to exceed $20 million. Evaluator Qualification Memo details the specific qualifications of an evaluator to serve in that role on a particular solicitation.

3.10   Compliance Checks

All procurements are subject to vendor compliance checks prior to award. At a minimum, the following checks will be performed:

1. CPA Debarred Vendor List check;
2. SAM Vendor check: must be completed no more than seven (7) days prior to contract award;
3. Iran, Sudan, & Foreign Terrorist Organization checks;
4. Boycott Israel check;
5. Energy Company Boycott check;
6. Warrant Hold Status check: must be completed no more than seven (7) days prior to contract award in compliance with statute; and
7. Franchise Tax Status check.

If a vendor appears on a check for items 1-5, the contract will not be awarded and negotiations shall cease.

It a vendor appears on the Warrant Hold Status check, DIR will notify the vendor of the hold and will proceed with the award.

If a vendor appears on the Franchise Tax Status check, DIR may notify the vendor and give them a reasonable amount of time to cure the deficiency subject to approval of the CPO.

3.11   Vendor Protest

3.11.1   Purpose

The purpose of the Vendor Protest procedure is to provide step-by-step instructions for formal protest during solicitation, evaluation, or award of a contract by DIR. This should be read in conjunction with 1 TAC 201.1(a). This DIR rule and this Vendor Protest procedure are formulated to comply with Gov't Code Section 2155.076.

Any protesting party—actual or prospective bidder, offeror, or contractor, who believes it has been aggrieved in connection with the solicitation, evaluation, or award of a contract—may formally protest to the DIR'S Chief Procurement Officer (CPO). Formal protests must conform to the requirements of this Vendor Protest procedure. The Vendor Protest procedure addresses requirements for protest:

1. Specifications
2. Submission
3. Determination
4. Appeal
5. Referral
6. Documentation management
7. Associated references

3.11.2   Source Documents and Resources

The following sources were used in formulating this procedure:

1. 1 TAC 201.1 (a) – Establishes procedures for vendor protest within DIR.
2. Gov't Code Section 2155.076 – Requires each state agency by rule to develop and adopt protest procedures for resolving vendor protests relating to purchasing issues.

3.11.3   Overview

The Vendor Protest procedure provides instructions to specify, submit, determine, appeal, refer, and document formal protests. Additional operational activities, such as tracking and review of vendor protests, routinely occur and are outside the scope of this SOP.

3.11.4   Description

3.11.4.1   Specify

A formal protest must be in writing, sworn, and contain:

1. A specific identification of the statutory or regulatory provision(s) that the action complained of is alleged to have violated;
2. A specific description of each act alleged to have violated the statutory or regulatory provision(s) identified in subparagraph (A) of this paragraph;
3. A precise statement of the relevant facts;
4. An identification of the issue(s) to be resolved;
5. Argument and authorities in support of the protest; and
6. Proof that copies of the protest have been mailed or delivered to all respondents who have submitted bids, proposals or offers for the contract involved. A certification that copies were supplied to all interested parties with a list of the addresses the protest was sent to will be accepted as proof of delivery of copies.

3.11.4.2 Submit

A formal protest must be received in the Chief Procurement Officer within ten (10) working days after the protesting party knows, or should have known, of the occurrence of the action which is protested. Copies of the protest must be mailed or delivered by the protesting party to DIR and all respondents who have submitted bids, proposals or offers for the contract involved. Names and addresses of such respondents may be obtained by sending a written request for the information to the purchasing office within DIR.

3.11.4.3 Determine

In the event of a timely protest as described in the Submit subsection, and an award has not been made, DIR will not proceed further with the solicitation or award of the contract unless the DIR Executive Director, after consultation with the Chief Procurement Officer, makes a written determination that the award of contract without delay is necessary to protect substantial interests of the state.

The Chief Procurement Officer has the authority, prior to appeal to the DIR Executive Director, or his or her designee, to settle and resolve the protest concerning the solicitation or award of a contract.

The Chief Procurement Officer may consult with legal counsel concerning the protest.

The Chief Procurement Officer may solicit written responses to the protest from respondents who have submitted bids, proposals or offers for the contract involved and from other interested parties. Upon written request, the protesting party will be given notice of the request and any written responses received.

If the protest is not resolved by mutual agreement, the Chief Procurement Officer will issue a written determination on the protest.

If the Chief Procurement Officer determines no violation of rules or statutes occurred, he or she will inform the protesting party and each respondent who submitted a bid, proposal or offer for the contract involved by letter. The letter will set forth the reasons for the determination.

In instances in which the contract has not been awarded, if the Chief Procurement Officer determines that a violation of the rules or statutes has occurred, he or she will inform the protesting party and each respondent who submitted a bid, proposal or offer for the contract involved by letter. The letter will set forth the reasons for the determination and the appropriate remedial action.

In instances in which the contract has been awarded, if the Chief Procurement Officer determines that a violation of the rules or statutes has occurred, he or she will inform the protesting party and each respondent who submitted a bid, proposal or offer for the contract by letter. The letter will set forth the reasons for the determination and may conclude that the contract awarded is void.

3.11.4.4   Appeal

The determination of the Chief Procurement Officer on a protest may be appealed by the protesting party to the DIR Executive Director or his or her designee. An appeal of the determination of the Chief Procurement Officer must be written and received in the DIR Executive Director's office no later than ten (10) working days after the date of the determination. The appeal will be limited to review of the determination. A copy of the appeal must be mailed or delivered by the appealing party to DIR and each respondent who submitted a bid, proposal or offer for the contract and must contain a certified statement that such copies have been provided. Failure of the protesting party to appeal the determination of the Chief Procurement Officer, within ten (10) working days after the date of the determination renders the determination the final administrative action of DIR on the protest.

The DIR Executive Director, or his or her designee, may confer with the Office of General Counsel in reviewing the matter appealed.

The DIR Executive Director, or his or her designee, will review the appealed protest, any requests for and written responses to the appealed protest from any respondent who submitted a bid, proposal or offer for the contract or other interested parties, the determination and the appeal.

3.11.4.5   Refer

The DIR Executive Director, or his or her designee, may refer the matter to the board for consideration at a regularly scheduled open meeting or issue a written decision on the appealed protest. If the matter is not referred to the board by the DIR Executive Director, or his or her designee, the decision of the DIR Executive Director, or his or her designee, is final.

When a protest appealed as described in the Appeal subsection has been referred to the board:

1. Copies of the appealed protest will be mailed to the board.
2. All interested parties who wish to make an oral presentation at the open meeting at which the board is scheduled to consider the protest will notify the Office of General Counsel at least 48 hours in advance of the open meeting.
3. The board may consider oral presentations and written documents presented by staff and interested parties, including the protesting party and any respondent who submitted a bid, proposal or offer for the contract. The board chair will set the order and length of time allowed for presentations.
4. Board determination of the appeal will be by duly adopted resolution reflected in the minutes of the open meeting, and will be final.
5. Unless good cause for delay is shown or the board determines that a protest or appeal raises issues significant to procurement practices or procedures, a protest or appeal that is not filed timely will not be considered.

A decision issued by the board in open meeting, or in writing by the DIR Executive Director, or his or her designee, or in writing by the Chief Procurement Officer, that is not appealed in a timely manner, will be the final administrative action of the department.

3.11.4.6　Document

DIR will maintain all documentation on the purchasing process that is the subject of a protest or appeal in accordance with the retention schedule of DIR.

3.11.5　Records Management

Records related to or produced by executing this Vendor Protest procedure are stored, maintained, and pending approval, disposed of according to the requirements of the DIR Records Retention Schedule and State Records Management laws.

3.12　Transition to Contract Management

Contract management duties will commence upon transition of the awarded contract by the procurement lead to the assigned contract manager. This transition may be in the form of an email or meeting, depending on the level of involvement of the contract manager in the procurement process. If the contract manager needs additional information to perform contract management duties, the contract manager may request a meeting at any time.

4　PROCUREMENT

All groups follow the guidance in the most recent version of the PCMG. In the event of any discrepancies with this guide and the PCMG, the PCMG is followed. Under DIR's statewide procurement authority, DIR establishes and manages the following types of procurements for the establishment of contracts:

1. Shared Technology Services Commodities Procurement
2. DIR-A procurements for DIR's internal use (Gov't Code 2156)
3. Cooperative Contracts for IT commodity items (Gov't Code Section 2157.068).
4. Enterprise Procurements for Shared Technology Services, including Private Cloud, Public Cloud, Print/Mail/Digitization and supporting SOWs, as needed (refer to Gov't Code Sections 2054.375-2054.392).
5. Telecommunication services procurements (Gov't Code Section 2170.051).

Generally, all procurement teams are responsible for:

1. Serving as an agency representative on all matters pertaining to purchasing and procurement.
2. Complying with the State Use Program requirements.
3. Consolidating requisitions and purchases of like or common items, to obtain the maximum economic benefit and cost savings.
4. Determining the most appropriate procurement method and venue to obtain the required goods and services.
5. Working with DIR departments/divisions to establish standardization of goods and services within a competitive environment.
6. Encouraging full and open competition.
7. Posting to the Electronic State Business Daily (ESBD), acting as the central point of

contact, conducting evaluations, conducting negotiations, and awarding contracts.

8.   Reporting HUB statistics to the HUB Coordinator regarding number of HUB offers received, number of awards made to HUBs and other data as requested.

9.   Maintaining the agency central procurement files.

10. Keeping informed of current developments in the field of purchasing and procurement, including but not limited to prices, market conditions, and new products.

11. Attending procurement-related training classes in order to maintain the certification requirements for the Certified Texas Contract Developer (CTCD) formerly known as Certified Texas Purchasing Manager (CTPM), and Certified Texas Contract Manager (CTCM) established by SPD.

12. Promoting good-will and public relations between DIR and the vendor community.

4.1   STS Commodities Procurement

The Shared Technology Services (STS) IT Commodities program procures software, Software as a Service (SaaS), and Platform as a Service (PaaS) products for use by DIR Customers in the STS environment. These purchases are a joint effort of the DIR Customer, the Service Component Providers (SCP) for public or private cloud; and mainframe and the STS IT Commodities program within DIR Enterprise procurement.

The purchases are made through DIR Cooperative contracts or the on open market if the requested product is not available through a Coop contract. These purchases include new software or SaaS and renewals of existing products.

Any procurement for this program starts with the DIR Customer. The **Customer** is responsible for:

1.   Determining its software needs;

2.   Providing justification, when needed, for the software request;

3.   Ensuring Customer funds are available;

4.   Providing Conflict of Interest Forms, Non-Disclosure Agreements (for procurements over $25K), and Nepotism Forms (for procurements over $1M) or certifying in the ServiceNow ticket that these items exist and are available upon request by DIR (within 24 hours);

5.   Submitting the procurement request in ServiceNow; and

6.   Responding to subsequent actions in ServiceNow to include providing documentation as requested and/or required.

The **SCP** coordinates these procurements and issues the PO. The SCP is responsible for:

1.   Determining if a DIR Cooperative Contract is in place;

2.   Processing STS Customer procurement request, either through a Cooperative contract or an open-market procurement (if no Cooperative contract exists),

3. Following procurement thresholds as appropriate;

4. Attaching required procurement documentation to the ServiceNow ticket;

5. Obtaining vendor quote(s) for Cooperative contract purchases;

6. Negotiating additional discounts for purchases from Cooperative contracts;

7. Drafting an Invitation for Bid (IFB) for open market procurements;

8. Creating the bid tab and documenting lowest price/best value determination;

9. Coordinating with the DIR Customer on the final decision on the procurement awardee; and

10. Issuing the PO for the purchase.

The **STS Commodities section** within DIR Enterprise Procurement has oversight of these procurements and is responsible for:

1. Approving bid tabs and confirming award recommendation when a competitive procurement is used;

2. Posting open market procurements to the ESBD as required by procurement statute to include notification of the procurement to appropriate CMBL vendors and supplemental vendors (as approved by DIR CPO);

3. Validating the required compliance checks,

4. Validating the completion of the Procurement File Checklist and all supporting documentation for cooperative and open market procurements; and

5. Providing procurement oversight by a Certified Texas Contract Developer (CTCD).

NOTE: For STS Commodity purchases, procurement functions are not performed by either CPO staff or the STS Vendors until the Customer Demand is approved in accordance with the most recent version of the DIR Signature Authority Matrix.

4.1.1   New Purchases from Cooperative Contracts:

Cooperative contracts are the first choice for purchases for this program. The SCP should search the DIR website, and, if the product is available on a Cooperative contract(s), should use it/them to make the purchase. The quote requirements by value thresholds are:

Cooperative Contract Purchases	
Estimated Contract Value	**Minimum Number of Vendors**
Not exceeding $50,000	One (1) Vendor
Over $50,000 but not exceeding$1 million	Three (3) Vendors (or all Vendors in the category if less than three (3))

Cooperative Contract Purchases	
Estimated Contract Value	**Minimum Number of Vendors**
Over $1,000,000 but not exceeding $5 million	Six (6) Vendors (or all Vendors in the category if less than six (6))
Over $5,000,001 but not exceeding $10 million	Six (6) Vendors (or all Vendors in the category if less than six (6)) Contract Advisory Team (CAT) review may be required
Over $10,000,000	Not eligible for cooperative purchases; must pursue open market

If there are less than the minimum number of vendors for the price point of a purchase, SCP should consider requesting quotes from cooperative contract re-sellers – with a focus given to HUB re-sellers – to increase competition, increase HUB participation and get the best value for the purchase.

Purchases over $10 million may not use Cooperative contracts. They must be made through the open market.

4.1.2   New Purchases through Open Market Procurement

If the requested item is not available on any Cooperative contract, the purchase must be made through the open market. The requirements for open market purchases by value thresholds are:

Open Market			
Estimated Contract Value	**Exemption Required**	**Additional Requirements**	**Minimum Number of Vendor**
$0 to $10,000	No[2]	None	One (1) Vendor

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[2] Purchases of $10,000 or less have a blanket exemption to use the open market. If choosing this method, the SCP should include a screen shot of this exemption from the DIR website as an attachment to the ServiceNow ticket.

Open Market			
Estimated Contract Value	**Exemption Required**	**Additional Requirements**	**Minimum Number of Vendor**
$10,001 to $25,000	Yes[3]	None	Three (3) Vendors
$25,001[4] to $100,000	Yes	Posting to ESBD	No minimum
$100,001 to $5 million	Yes	Historically Underutilized Business (HUB) Subcontracting Opportunities Form Hub Subcontracting Plan (HSP) Posting to ESBD (DIR)	No minimum
$5,000,001 to $10 million	Yes	HUB Subcontracting Opportunities Form HSP CAT Review (DIR) Posting to ESBD (DIR)	No minimum
$10,000,001 to $20 million	No	HUB Subcontracting Opportunities HSP CAT Review (DIR) Posting to ESBD (DIR)	No minimum

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[3] Open Market purchases greater than $10,000 require an exemption to allow the purchase to be made outside of the Cooperative program. Exemption requests are to be submitted through the Exemption Portal.

[4] Open Market purchases greater than $25,000 are posted to the ESBD by the STS Commodities section in accordance with procurement statute.

Open Market			
Estimated Contract Value	**Exemption Required**	**Additional Requirements**	**Minimum Number of Vendor**
$20,000,001+	No	Notice of Intent to Procure posted at least two (2) months in advance of the solicitation posting HUB Subcontracting Opportunities HSP CAT Review (DIR) Posting to ESBD (DIR)	No minimum

Note: Purchase of proprietary and/or sole source items greater than $10,000 through the open market requires a proprietary/sole source justification prior to posting to the ESBD.

4.1.3   Renewals

Renewals are the exercising of optional terms that were included in the original contract. In these cases, the renewals are entered into ServiceNow by the DIR Customer and the purchase of the renewal is completed by the SCP with oversight by DIR STS Commodities. Vendor checks must be completed before the PO for a renewal is issued.

4.1.4   Procurement File Documentation

Procurement file documentation for purchases made through the STS IT Commodities program will be kept in accordance with the requirements and checklist provided in the State of Texas Procurement and Contract Management Guide.

4.1.5   Template Management in ServiceNow

Procedures (SMMs), templates, working instructions and other reference materials for the STS IT Commodities program are maintained in ServiceNow. These documents are reviewed and updated as changes to processes and requirements dictate.

4.2   DIR A Procurement

DIR A Procurement is responsible for the acquisition of goods and services that meet the needs of the agency, while ensuring the goods and services acquired are of the best quality and at the lowest possible price for the specific identified need.

Procurement staff must ensure that appropriate planning factors are identified, documented, and considered when determining a procurement approach. These factors include an assessment of the procurement need, estimate of cost, determination of authority, risk assessment, and resources required to support activities across the procurement cycle. In

keeping with [Gov't Code Chapter 2054.161](), procurement staff must also ensure that data classification, data security, and data retention requirements are included in the project, as appropriate.

4.2.1   Apply Procurement Authorities

CPA SPD rules and procedures and other statutory provisions require state agencies to use procurement methods and sources established by the CPA and through statute.

These rules and procedures govern:

1. Emergency purchases
2. Purchase of non-IT products that do not exceed $50,000
3. Purchase of non-IT services that do not exceed $100,000
4. Direct publications
5. Purchases of perishable goods
6. Distributor purchases
7. Fuel, oil, and grease purchases
8. Internal repair purchases

Procurement authority delegated by statute and not through SPD includes:

1. Professional Services ([Gov't Code Chapter 2254 (A)]())
2. Consulting Services ([Gov't Code Chapter 2254 (B)]())
3. Outside Legal Services ([Gov't Code Chapter 2254 (D)]())
4. Interagency Contract ([Gov't Code Section 771.002(1)]())
5. Interlocal Contract ([Gov't Code Chapter 791]())

DIR statutory authority encompasses the acquisition of automated information systems (AIS), including IT products and services, collectively termed "IT purchases" (refer to [Gov't Code Section 2157.068]()). AIS products and services include:

1. Computers and computer devices on which an information system is automated.
2. Services related to the automation of an information system including computer software or computers.
3. Telecommunications apparatus or device that serves as a component of a voice, data, or video communications network for transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on the network.

As these programs are governed by separate government codes, they have unique exemption requirements. For example, agencies within the DCS program are required to have approved DCS exemptions in addition to any exemptions that may be needed or may have already been approved through the DIR Cooperative Contracts program.

State agencies are required to obtain IT products and services through DIR's Cooperative Contracts program unless the procurement is subject to an exclusion or exemption. DIR regularly evaluates and establishes blanket exemptions, as appropriate, due to a number of

factors, including availability through a set aside, urgency of the need, and certain time-based exemptions where DIR may not have an established contract for the period covered.

Additionally, a blanket exemption exists when the contract value of the term of the IT commodity product or service is less than or equal to $10,000 or when the contract value exceeds $10 million. Refer to Cooperative Contracts – Blanket Exemptions. While statute prohibits state agencies use of a Cooperative Contract if the product or service exceeds $10 million total contract value, they are afforded an opportunity to exceed this threshold through DIR's Bulk Purchase Program (refer to Gov't Code Section 2157.068(e)). A customer may request that DIR initiate a bulk purchase at any time. If sufficient customer demand exists, DIR may undertake that bulk purchase.

To determine the applicable monetary threshold for an IT commodity item procurement under a DIR contract, the dollar value of a contract does not include (refer to 1 TAC 212.1), 1) documents executed for purposes of encumbering funds but not constituting a binding transaction, or 2) any related document without an accompanying purchase order, including but not limited to statements of work, license agreements, maintenance agreements, or service agreements.

4.2.2   General

Goods and services are procured through the state purchasing delegated authority procedures using the small dollar, Invitation for Bids (IFB), or Request for Offer/Proposal (RFO/RFP) procurement methods. Whenever possible, templates will be utilized.

Note: For contracts that require extensive implementation or transition prior to the go-live date, issuance of a PO may be delayed until after the implementation/transition period has concluded. LBB reporting should be delayed until the PO is fully executed and uploaded into CAPPS. See Section 7.5 Posting Contracts to the Legislative Budget Board for more information.

The procurement lead, often in consultation with the CPO, Director, and a member of the Office of General Counsel, determines the procurement method and coordinates solicitation document drafting. This process includes determining the most effective method to acquire the products or services based on the specific details of the procurement and considering other factors that may drive a decision when alternate paths are available. As part of the process, the procurement lead will coordinate with the HUB, Outreach, and Training team to establish participation goals for minority- and women-owned and disadvantaged business enterprises.

The procurement method (and solicitation type) is determined in part by:

1.   The type of product or service being procured;
2.   The anticipated cost;
3.   The anticipated need to negotiate specific aspects of the product/service (beyond cost elements);
4.   The existence of a master contract awarded by DIR or other state entity; and
5.   Statutory requirements surrounding the product or service (i.e., hosting, security, etc.).

Other factors that may be considered include:

1. The immediate need for the products or service;
2. The remaining term of the master contract (where applicable);
3. DIR standard procurement methods;
4. Sensitivity of the product or service; and
5. Other open procurements and any potential impacts.

A complex internal solicitation may use an RFO or an SOW, based on existence of master contracts and contract value.

4.2.3   Minimum Requirements for SPD Delegated Purchases

DIR adheres to the guidance in the most recent version of the PCMG.

DIR has adopted a policy to utilize HUB vendors for all purchases whenever possible. For purchases over $5,000, a minimum of two (2) HUB vendors will be solicited whenever possible. Procurement leads must use the CMBL to establish vendor selection for all non-AIS procurements over $10,000. Requests to supplement the CMBL must be approved by the agency head or CPO.

If a Procurement Lead is unable to locate HUB vendors on the CMBL or any other available source, he or she must document in the procurement file indicating what sources were accessed and the result of the search efforts.

4.2.4   Methods of Procurement

Procurement staff shall work closely with the end user to determine the most appropriate and effective method of acquisition for each assigned request for purchase.

The PCMG outlines in order the process for determining the appropriate procurement method. The following steps are provided to assist in determining the procurement method.

4.2.4.1   Set-aside Purchases

The PCMG has established the following programs as set asides. Use of these programs does not require a competitive procurement.

1. Prison Made Goods governed by Gov't Code Chapter 497, and
2. the State Use Program authorized by Texas Human Resources Code Chapter 122.

Before contacting any other vendor, Procurement staff must ensure these two (2) set-aside program entities are checked first.

4.2.4.1.1   State Use Program Coordinator Position

A Purchaser will be selected to serve as the designated State Use Program Coordinator, to ensure that the agency complies with Exception Reports, as provided by the Texas Council for Purchasing from People with Disabilities (Texas Human Resources Code, Chapter 122.0095). Exception reports are due on the 15th of each month. All Exception reports shall be submitted to the Internal Procurement Manager to review for accuracy, and completeness. The Internal

Procurement Manager will approve the monthly report prior to release each month by the deadline of the 15th.

4.2.4.1.2 Waiver for Set-Aside Program Use

There may be instances when the product or services provided by WorkQuest, or TCI, do not meet therequirements or the needs of the end user. For example, delivery time may not meet the end users' needs or the quality of the product may not be the same as the preferred product. In these instances, it is permissible to obtain a waiver from the set-aside program releasing thePurchaser/Procurement Lead from the obligation to purchase the item from one (1) of the set-aside programs.

Quality, quantity, unit of measure (packaging), and delivery time are all factors that can justifyan exception to purchasing from these entities.

In order to obtain a waiver from purchasing through these set-aside programs, the respective waiver request form must be filled out and submitted to each entity for review and approval. Download the TCI Waiver Request Form (PDF) from the CPA State Purchasing website.

If delivery time frame is a concern or price is lower through another Vendor, then a Prison Made Goods Act Waiver will need to be submitted to TCI, and TCI can either approve or deny the waiver request. If the waiver is denied, then an order should be processed with TCI through the CPA TxSmartBuy ordering system. TCI items include furniture, ergonomic seating, desks, shelving, lateral files, awards, printing needs, desk name plates, name badges, etc. If the waiver is approved, then the order processing is conducted directly with the selected vendor.

1. If a custom quote is necessary, the order is processed directly to TCI without using TxSmartBuy.
2. Price cannot be a justification for requesting a waiver from WorkQuest.

4.2.5 State Contracts

DIR is required to utilize the State of Texas Contracts, such as Term Contracts, DIR contracts, and Texas Multiple Award Schedule (TXMAS) contracts unless they fail to meet DIR's needs. In such a case, the justification should be documented on the DIR PO and in the procurement file.

4.2.5.1 Term Contracts

DIR may purchase items from a Term Contract through the CPA. Information for term contracts may be found at the CPA State Purchasing website.

Authority:

1. Gov't Code Section 2155.062(a)(1)

2. 34 TAC 20.220

4.2.5.2   Statements of Work

As a state agency, DIR is required to follow the PCMG regarding the submission of SOWs to the DIR Portal for certain services that exceed $50,000.Texas Multiple Award Schedule (TXMAS) Contracts:

Texas state agencies may purchase items from a TXMAS contract, which can be found on the CPA Texas SmartBuy website. If using this method, at least three (3) vendors included on the schedule to which the purchase relates must be solicited. If there are less than three (3) vendors on the schedule, all vendors must be solicited. DIR may negotiate a lower price that listed on the schedule.

Authority:

1. Gov't Code Section 2155.062
2. Gov't Code Sections 2155.501-502
3. 34 TAC 20 Subchapter C

4.2.6   Small Dollar Purchase Procedure ("Spot Purchases")

Most of the Solicitations processed by the Purchaser will be small dollar (up to $10,000).

Authority:

1. Gov't Code Section 2155.132
2. 34 TAC 20.82

DIR purchasing policy is to utilize HUB vendors whenever possible and to award solely to HUBs (if available) for purchases below $10,000. Small dollar purchases can be awarded directly to a vendor without a procurement process. It is preferred that the DIR Procurement Card (P-Card) be utilized for individual purchases of less than $200.

4.2.7   Use of Best Value Standard[5]

Generally, DIR-A purchases are purchased on the basis of price alone. The CPO shall approve each contract for which the agency is required to purchase goods or services using the best value standard prior to the solicitation being issued. In such cases, DIR will document the best value standard used for the determining an awardee and acknowledge in writing at the conclusion of the solicitation that the agency complied with the DIR's process and the PCMG in making the purchase. Factors which DIR may consider are:

1. Installation costs;
2. Life cycle costs;
3. The quality and reliability if the goods and services;
4. The delivery terms;

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[5] TGC 2261.054

5. Indicators of probable vendor performance, including past performance, the vendor's financial resources and ability to perform, the vendor's experience or demonstrated capability and responsibility , and the vendor's ability to provide reliable maintenance agreements and support;

6. The cost of any employee training associated with a purchase;

7. The effect of a purchase on agency productivity;

8. The vendor's anticipated economic impact on the state or subdivision of the state, including potential tax revenue and employment; and

9. Other factors relevant to determining the best value for the state in the context of a particular purchase.

4.2.8   Informal Bid Procedure

For purchases above $10,000 but not exceeding $25,000, purchasers must utilize the CMBL/HUB Directory to identify vendors that can provide the required goods or services. If the purchase is an IT Commodity purchase and is available on Cooperative Contracts, the procurement lead may award directly to the selected vendor without a procurement process.

Note: For open market informal procurements, the Purchaser or procurement lead shall obtain a minimum of three (3) bids, at least two (2) of which shall be from HUB vendors who provide the required goods and services, if available.

4.2.9   Open Market Formal Bid Procedures and Buying off of Master Contracts

For purchases over $25,000, procurement leads and purchasers must solicit formal bids from all eligible vendors on the CMBL. For all awards over $25,000, VPTS reporting is required. See Section 7.15.3 Vendor Performance Reporting for more information.

All formal Bid Solicitations must be advertised on the [ESBD](#) or sent in writing to DIR vendors. It is the policy of DIR to advertise formal Bid Solicitations on ESBD for a minimum of fourteen (14) calendar days for non-IT commodities.

The formal procurement methods typically utilized by state purchasing staff to procure goods and services include the following: IFB, RFP, RFQ, and STS IT Commodities. The primary methods used by DIR Purchasing are detailed below.

For IT commodities, the use of Cooperative Contracts is required unless an exemption has been received. For purchases between $25,000 and $50,000, an award may be made directly to the Cooperative Contracts vendor without the use of a procurement process.

For all procurements greater than $25,000, a notice of contract award or non-award must be posted to the ESBD within two (2) business days. The procurement lead in coordination with the purchaser will post the ESBD Notice of Award including the following information:

1. Requisition Number;
2. NIGP Class/Item Code;
3. Agency Name;

4. Response Title;
5. Dollar Amount Awarded;
6. Response Status (e.g., full award, partial award, multiple award, canceled;
7. HUB Certification Status;
8. Vendor Name; and
9. Vendor Address.

4.2.9.1 Assess Risk

The procurement lead should identify, document, and evaluate solicitation project risk factors, beginning with procurement objectives, project organization and requirements development. By conducting an assessment of current or anticipated risk and determining the probability and the impact should a failure occur, the solicitation team can develop a risk response that frames the solicitation and contracting strategy. The risk management plan may be updated at any time if issues are experienced with a specific contract.

In addition to risks associated with procurement requirements, other factors that must be considered in evaluating and selecting a vendor for award include:

1. The vendor's previous experience with the type of work to be performed;
2. The vendor's past performance (and past performance of similar vendors);
3. The dollar value of the contract;
4. Acquisition involves (agency or vendor) confidential or propriety information;
5. Acquisition involves products or services that are relatively new in the marketplace;
6. Acquisition has an interdependency with other contracts; and
7. Acquisition has statewide impact.

4.2.9.2 [Invitation for Bid (IFB)](#)

An IFB is the procurement method used when the requirements are clearly defined, negotiations are not necessary, and price is the only determining factor for selection. The typical award mechanism for an IFB is a purchase order. IFBs must be posted for a minimum of fourteen (14) days. IFBs may not be negotiated unless only one (1) bid is received. This method is not ideal for services.

4.2.9.2.1 Receipt of Bids

Bids must be submitted in accordance with the written documentation in the IFB. The procurement lead completes the administrative review, passing through only those vendors who met the timeline and provided all required documentation.

4.2.9.2.2 Evaluation of Bids

When all responses have been reviewed for compliance, the procurement lead enters the pricing into a table (the [Bid Tab](#)) in order to determine which has the lowest possible price. The lowest bid is forwarded to the business area for authorization to proceed.

4.2.9.2.3   Award of PO/Service Agreement

Once the low bid award is confirmed by the business area and there are no remaining issues to resolve, the procurement lead prepares the solicitation award. A PO is the appropriate award document when there are no services being procured. In the rare circumstance where an IFB is issued for services, a Service Agreement may be included in the award documentation.

The procurement lead will notify the business area about creating and entering a Purchase Request (PR) for the procurement. Once routed and signed as a PO, the procurement lead will provide a copy to the business area and transition to contract management (if necessary) and complete any required reporting requirements.

Posting a notice of award/non-award to the ESBD is required for all procurements greater than $25,000. The procurement lead or purchaser will post a notice of award/notice of non-award to the ESBD.

4.2.9.3   Purchase of Services

Authority:

1. Gov't Code Section 2155.061–087
2. 34 TAC 20.206

Purchasing rules require solicitation of all eligible CMBL vendors including HUB vendors and posting on the ESBD for purchase of services over $25,000. Any vendor not on the CMBL may request, in writing, to be provided with a copy of the Bid Solicitation. Non-IT services $100,000 and greater per year require CPA approval prior to advertising. For IT services, DIR Cooperative Contracts must be used unless an exemption has been granted.

An RFO or RFP is the procurement method used for services requiring negotiations. An RFO is used for the purchase of IT related products/services, and RFP is used for generic, non-IT related services. A Request for Qualification (RFQ) is appropriate for specific professional services. A statement of work (SOW) is used when there are existing master contracts that DIR wishes to utilize.

The award mechanism is a contract. A purchase order for payment may be issued at the time of award or may be delayed until the completion of transition or implementation activities.

4.2.9.3.1   Request for Proposal

Authority:

1. Gov't Code Section 2156.121(a)
2. Gov't Code Section 2156.122
3. Gov't Code Section 2157.121(a)
4. 34 TAC 20.208
5. Gov't Code Section 2157.006(a)(2)
6. 34 TAC 20.222

A Request for Proposal (RFP) is used when factors other than price will be considered, negotiations are desired, requirements cannot be described by detailed specifications in a purchase order, or the vendors are expected to provide innovative solutions. DIR will follow SPD's Review and Delegation Process when using the RFP method for purchases of goods valued more than $50,000 and services greater than $100,000.

4.2.9.3.1.1 Procurement Planning

DIR-A procurements are planned on a yearly basis. Procurements are typically based on previous years' procurements and on customer demand. During the annual planning process, decisions are made regarding the needs identified in the previous year, the workload associated with each proposed procurement, and the high-level schedule of each procurement. RFOs are required to be posted for a minimum of twenty-one (21) calendar days.

4.2.9.3.1.2 Establishment of Procurement Oversight

DIR-A Procurement utilizes the following Procurement Oversight.

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┌─────────────────────┐
│ Chief Procurement   │
│ Officer or Delegate │
└─────────────────────┘
           │
┌─────────────────────────┐
│ Procurement Oversight   │
│ Coop Procurement Director│
│ Chief Technology Office │
│ Business Area Owner     │
│ General Counsel         │
└─────────────────────────┘
           │
┌─────────────────────┐
│ Procurement Lead    │
│                     │
└─────────────────────┘
           │
┌─────────────────────────┐
│ Procurement Team        │
│ Evaluators              │
│ Subject Matter Experts  │
│ Administrative Reviewers │
└─────────────────────────┘
```

During the Research and Pre-solicitation phase, the specific stakeholders are identified, and the names are roles are captured in the Procurement Project Management Plan (PPMP)

The roles and responsibilities of DIR-A procurement teams may include:

1. **Advisors:** Offer insight to specific areas (technical, financial, security, etc.); they may serve as the bridge between the SEB and evaluators, but function with SEB oversight when advising evaluators.

2. **Evaluators:** SMEs may also be called upon to serve as evaluators/reviewers to weigh a respondent's response against the requirements of the solicitation. When serving as evaluators, each response is scored against specific criteria, scores of evaluators on consolidated and an overall score is determined for each response. In role of a reviewer is largely the same, except that instead of scoring each response, the reviewer will read and rank each response and have a facilitated meeting with the rest of the project team to agree-upon the ranking before completing their duties.

3. **Executive Management**, made up of DIR's Executive Director and Deputy Executive Director, makes the final determination regarding items escalated from the SSA and is ultimately responsible for any award decisions made.

4. **Project Manager:** On some projects, a project manager may be assigned to help with scheduling of events and to generally manage the project. The procurement may be part of a larger agency initiative that the Project Management Office is tracking or may be requested by the procurement lead/CPO to assist on projects that have a tight turn-around or are particularly sensitive.

5. **Stakeholders:** Stakeholders represent sections that will be impacted by the solicitation project or resulting contracts. Stakeholders comment on project scope, review work products, participate in vendor demonstrations, provide information, and perform other activities that help ensure that the stakeholders' needs are known to the solicitation team.

6. **Subject Matter Experts:** Subject matter experts (SMEs) are designated resources who provide expert knowledge and a variety of skills, disciplines, or functional experiences applicable to the project. An outside entity to me be selected to serve as a SME in projects requiring specialized expertise not available within DIR. In addition to SME's participating as non-voting members on the review team, the procurement lead may assign project-related tasks to SMEs.

7. **Procurement Team:** All members involved in the purchase of good or services on behalf of DIR.

4.2.9.3.1.3   Research and Post Pre-Solicitation Notice
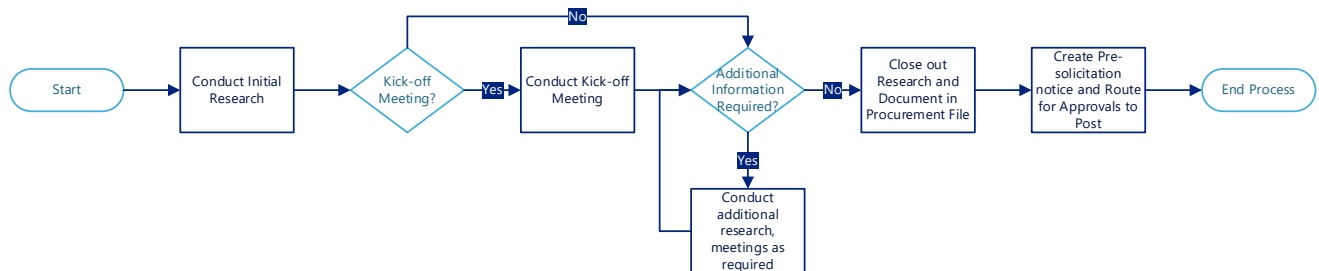
During the Research and Posting of the Pre-Solicitation Notice, the procurement lead works to gather and document the products/services being procured, noting anything of significance in the market, any changes or new technologies available, and any customer or vendor concerns regarding the products or services. This research may be accomplished through web searches,

customer or vendor surveys, request for information, or other means as determined by the procurement lead and procurement oversight. This includes issuance of a [Request for Information](#) (RFI) and conducting Art of the Possibles.

While this research is on-going, the procurement lead creates the [Pre-solicitation Notice](#) for posting to the DIR website and on the ESBD. The pre-solicitation notice contains the high-level detail regarding the type of products and/or services being procured, an estimate of when the RFO will be released, and the procurement lead's contract information.

4.2.9.3.1.4   Draft RFP and Conduct Pre-solicitation Conference
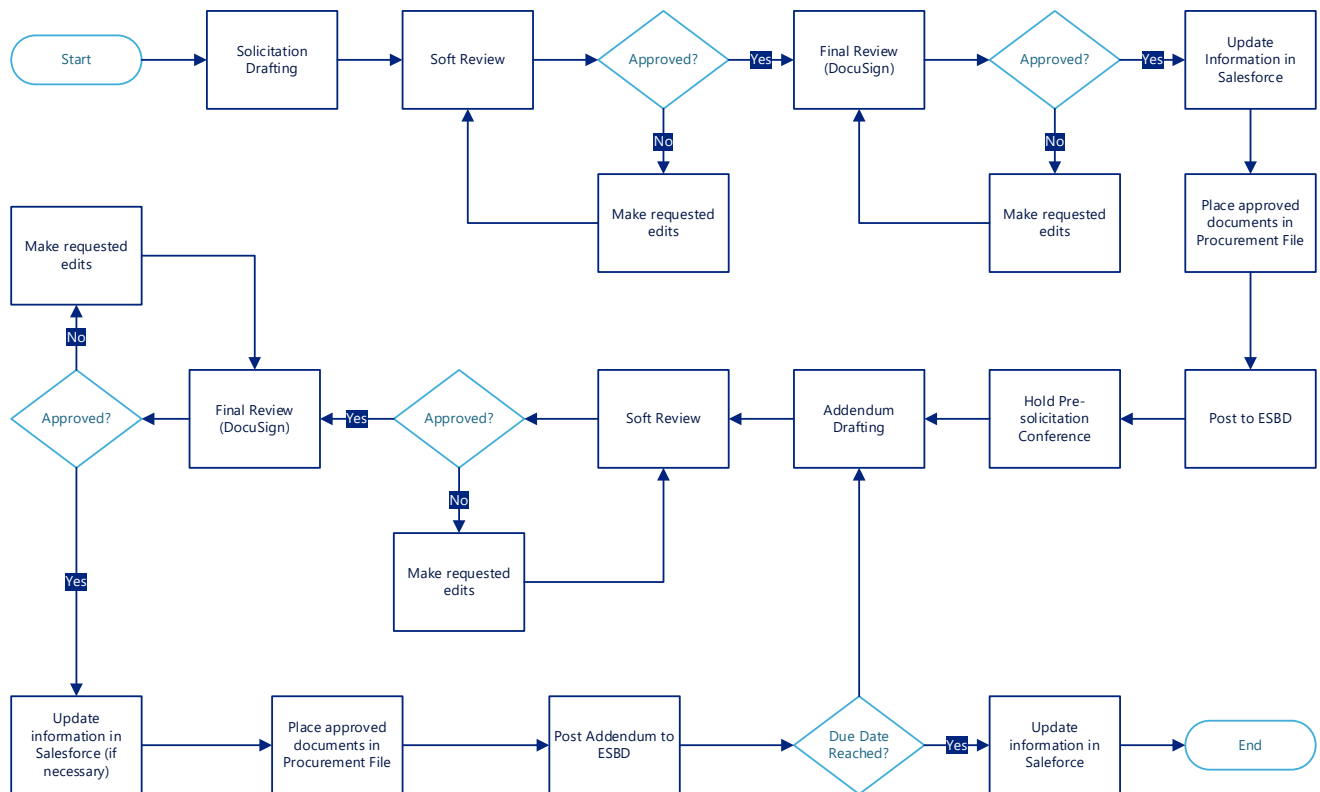
Using [Templates](#), the procurement lead creates the solicitation package and associated evaluation plan for the solicitation following the PPMP for the project.

4.2.9.3.1.4.1   Pre-solicitation Conference

Typically, a pre-solicitation conference is held after issuance of the opportunity on the ESBD and with enough time that the posted answers to questions will be of use to the vendor community. The procurement lead completes the [Pre-solicitation Conference Slide Deck](#) and ensures the speakers' availability for the date and time advertised. The speakers generally include the procurement lead, the HUB coordinator, general counsel, and the business area owner. Questions may be accepted and answered at the pre-solicitation conference; however, only written answers posted in the form of an addendum to the ESBD are considered to be official. Once the pre-solicitation conference is concluded, the procurement lead prepares an addendum

containing the Pre-solicitation Conference slide deck, the attendees, a cumulative [Question and Answer Addenda](#), and any changes or corrections to the RFP package. Once this package is assembled, the procurement lead routes them through Soft Review and Formal Approval and Posting.

4.2.9.3.1.4.2   Soft Review

Once all documents are completed, the package is routed for soft review to all interested parties. Those typically include:

1. Contract Management (CTCM review of materials);

2. General Counsel (Standard terms and conditions, verification that scope/RFO package is in compliance with state law.);

3. CTO or other business area owner (review of scope);

4. Accessibility Coordinator; and

5. HUB Coordinator/HUB, Outreach and Training (review of HSP/the time/date of the pre-solicitation conference).

If a necessary change is noted during soft review, the procurement lead is notified and makes any necessary adjustments to the affected document(s). Depending on the nature of the changes, the soft review will be re-routed for soft review approval until all parties agrees, or the change will be made and routed for formal approval to post.

4.2.9.3.1.4.3   Formal Approval and Posting

The procurement lead routes the final, complete RFO documents or addenda for sign-off, utilizing the most recent version of [DIR Signature Authority Matrix](#).

Once formal approval is received, the procurement lead posts the documents to the ESBD and then documented in the procurement file the proof of the posting.

NOTE: If a date has changed as a result of an amendment, the change must be reflected in the ESBD data as well as in the addendum itself. Failure to keep the ESBD data in line with the written documentation may cause the posting to close prematurely. If this happens, contact the SPD to assist in re-opening the solicitation.

4.2.9.3.1.5   Evaluation and Establishment of Competitive Breaks

```
Start → Receive RFO Responses → Conduct Administrative Review → Conduct Evaluator Training → Ensure Evaluators sign NDA/Conflict of Interest form → All Evaluators sign NDA? --Yes→ Release evaluation materials to Evaluators
                                                                                                                                                  --No→ (back to Ensure Evaluators sign NDA)

Consult with Legal and Director regarding approach → Meet with evaluator(s) to resolve Discrepancies → Re-score as necessary → Conduct Discrepancy Review

Prepare Recommendation for Negotiation memo ← Calculate competitive break(s) ← (No) Discrepancies found? ← Conduct Discrepancy Review ← (Yes) Evaluations complete? ← Monitor Evaluator progress and escalate any issues ← Conduct Evaluations ← Release evaluation materials to Evaluators
                                                                         (Yes → Consult with Legal and Director)
                                                                                                        (No → back to Monitor Evaluator progress)

Soft Review → Approved? --Yes→ Final Review (DocuSign) → Approved? --Yes→ Update Salesforce information → End
              --No→ Make requested edits (back to Soft Review)          --No→ Make requested edits (back to Final Review)
```

Proposals are received electronically through a designated email box as listed in the solicitation. Each proposal that is received by the due date and time is routed to Administrative Review, the HUB Coordinator, the Financial Reviewer, and the Accessibility Reviewer for the preliminary administrative reviews. This process can be concurrent or sequential, depending on the nature of the RFP and the specific requirement for the solicitation.

For offers not received timely, the procurement lead verifies with DIR IT that no technical issues occurred at the time of submission. This check may be prompted by a vendor or by the procurement lead. If it is believed that a technical issue did occur, the procurement lead notifies the DIR-A Procurement Director, the CPO, and the assigned general counsel of the issue, all affected or potentially affected vendors, and seeks guidance on next steps in order to rectify the situation and ensure vendor parity is maintained.

4.2.9.3.1.5.1   Conduct Evaluator Training

The procurement lead will schedule a meeting with the evaluators and any advisors to provide them with initial procurement training on specifically on what their duties are with regard to evaluation of the responses, emphasizing the need for confidentiality and the integrity of the evaluation process. At this point, the names of the respondents are disclosed to the evaluators and the assistant general counsel explains potential conflicts of interest and how any conflict could negatively impact evaluations and the procurement process in general. Once they have

been fully informed of their duties, evaluators are asked to sign an [NDA/Conflict of Interest Form](#) signifying their readiness to being the evaluation process. Any evaluator who chooses not to sign the form is dismissed and an alternate may be chosen to fill that role if an insufficient number of evaluators remain.

For evaluators who have signed the [NDA/Conflict of Interest Form](#), the procurement lead grants them access to:

1. The entire solicitation, including all issued addenda and Q&A documents;

2. A list of responses submitted; and

3. A copy of each response that passed or is in clarifications following Administrative Review.

4.2.9.3.1.5.2   Administrative Reviews and Evaluation of Responses

Responses that pass the administrative review, or those that are in clarifications pending a final determination from HUB, Accessibility, or Finance reviews, move to evaluation. During the evaluation process, the evaluation team of at least three (3) evaluators read all written responses and assess how well the response meets the stated requirements. Using a quantitative scale established concurrently with the solicitation and documented in the evaluation plan, each response is scored.

4.2.9.3.1.5.3   Discrepancy Review

When all evaluators have scored all responses, the procurement lead compiles the scores and conducts a discrepancy review, identifying any outliers (scores that deviate from the median score by a specified amount). If outliers are identified, the procurement lead consults with the assigned assistant general counsel and/or the division director. A meeting is held with the evaluators to review the outliers. Each evaluator is provided an opportunity to update their scoring prior to finalizing the scores. Once the scores are finalized, the procurement lead factors in the pricing component to generate the evaluation total score for each respondent. These scores serve as the basis for the establishment of the competitive breaks.

4.2.9.3.1.5.4   Establishment of Competitive Breaks

The procurement lead ranks each response in numerical order according to the finalized evaluation scores. A competitive break is the natural break point between respondents' overall scores. Where more than two (2) responses are being considered, the break point(s) is where the variance exceeds the average variance between two (2) adjacent scores, for all responses scored.

The competitive range represents the respondent(s) who may receive a contract award based on the natural break point(s). Depending on the products or services being awarded, it may be appropriate to expand the competitive range to one (1) or more subsequent logical breakpoints – to ensure sufficient availability and competition for offerings within the relevant category.

The procurement lead presents the competitive breaks to the Procurement Oversight. The Procurement Lead recommends the competitive range of respondents to be advanced to negotiation. To determine the competitive break, all responses must be scored and the discrepancy review must be completed.

The Procurement Lead must:

1. Combine individual scores to calculate the total response score for each response;

2. Rank the total score of each response from the highest to lowest;

3. Calculate the score variance between adjacent scores; and

4. Determine the Competitive Break(s) as described above. The overall break point is determined as the best value to the State and must be approved by Procurement Oversight.

The procurement lead meets with the DIR-A Procurement Director, the CPO, and the assigned general counsel to review the break points and determine the number of vendors that will be invited to negotiations. Once an agreement is reached on the competitive breaks and the vendors who will be invited to attend negotiations, the procurement lead documents the results in a memo and routes to Procurement Oversight for [approval to move to the next phase](#) (the negotiations phase). This approval is then saved to the procurement file.

4.2.9.3.1.6   Negotiation and Award
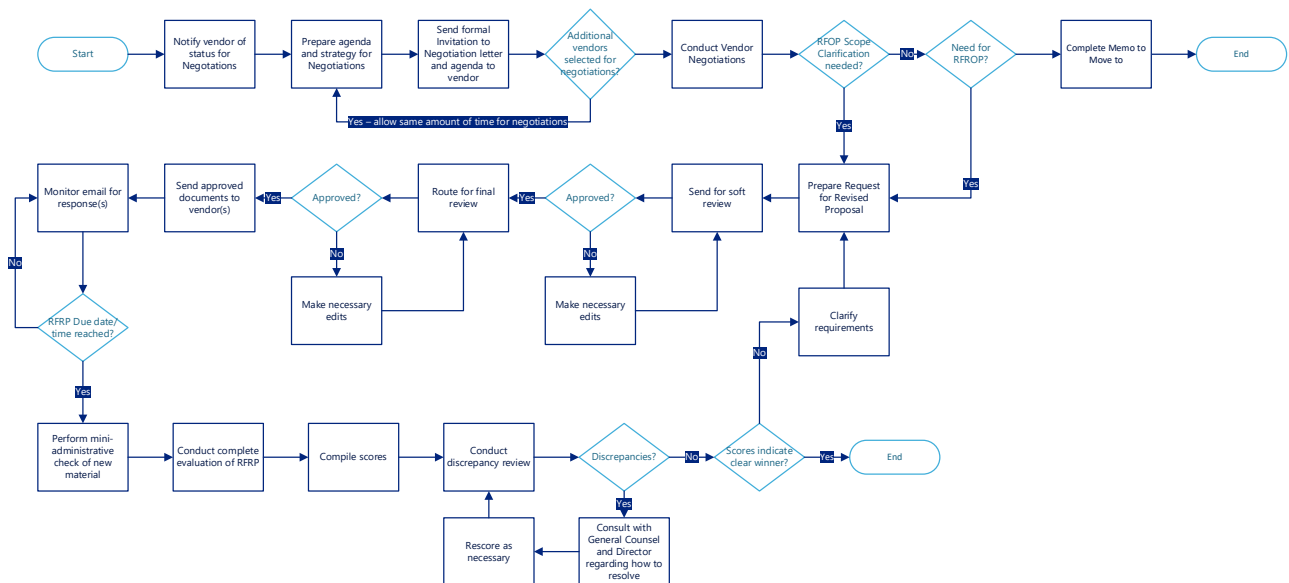
The procurement lead works to negotiate a contract with each vendor in the established competitive range. This continues until all advertised awards are concluded or DIR determines that an award will not be reached.

4.2.9.3.1.6.1   Cease to Negotiate

If DIR is unable to reach an agreement with a vendor in the established competitive range, the procurement lead seeks to cease negotiations. In consultation in the DIR-A Director, the assigned Assistant General Counsel, and the CPO, the procurement lead presents the justification for the termination of contract negotiations. If the justification is sufficient, the procurement lead routes a memo for approval to cease negotiations and saves it to the procurement file. The procurement lead then contacts the vendor and informs them of the decision. The procurement lead then makes a decision to either begin negotiations with the next highest scoring vendor or to close the procurement out and re-issue the solicitation with revised requirements.

4.2.9.3.1.6.2   Procurement Close-out and Transition to Contract Management

The procurement lead transitions the resulting contract to the assigned contract manager, who will verify the information entered into Salesforce and change the contract from draft to active once the information has been validated. Any remaining correspondence is copied to the procurement file, the fully executed contract is downloaded from DocuSign, and access to the procurement file is validated and locked down to procurement officials only. The procurement lead schedules vendor debriefs with all vendors who responded to the solicitation. If necessary, the procurement lead will conduct a lessons learned and save the results into the procurement file. The procurement lead will complete the [Procurement File Checklist](#) and the [Respondent Selection Report](#).

4.2.9.3.2   *Request for Qualification*

A Request for Qualification (RFQ) is used there is need for professional services wherein respondents are evaluated solely on their qualifications and skills. Price is negotiated after vendor selection has occurred, resulting in a two-step process.

4.2.9.3.2.1   *Procurement Planning*

The RFQ planning process follows the same process established for an RFP in Section [4.2.9.2.1](#). RFQs must be posted a minimum of thirty (30) calendar days.

4.2.9.3.2.2   *Establishment of Procurement Oversight*

DIR-A Procurement utilizes the following Procurement Oversight.

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┌─────────────────────┐
│ Chief Procurement   │
│ Officer or Delegate │
└─────────────────────┘
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┌─────────────────────┐
│ Procurement Oversight │
│ Coop Procurement Director │
│ Chief Technology Office │
│ Business Area Owner │
│ General Counsel     │
└─────────────────────┘
           │
┌─────────────────────┐
│                     │
│  Procurement Lead   │
│                     │
└─────────────────────┘
           │
┌─────────────────────┐
│  Procurement Team   │
│     Evaluators      │
│ Subject Matter Experts │
│ Administrative Reviewers │
└─────────────────────┘
```

During the Research and Pre-solicitation phase, the specific stakeholders are identified, and the names are roles are captured in the [Procurement Project Management Plan](#) (PPMP)

The roles and responsibilities of DIR-A procurement teams may include:

1. **Advisors:** Offer insight to specific areas (technical, financial, security, etc.); they may serve as the bridge between the SEB and evaluators, but function with SEB oversight when advising evaluators.

2. **Evaluators:** SMEs may also be called upon to serve as evaluators/reviewers to weigh a respondent's response against the requirements of the solicitation. When serving as evaluators, each response is scored against specific criteria, scores of evaluators on consolidated and an overall score is determined for each response. In role of a reviewer is largely the same, except that instead of scoring each response, the reviewer will read and rank each response and have a facilitated meeting with the rest of the project team to agree-upon the ranking before completing their duties.

3. **Executive Management**, made up of DIR's Executive Director and Deputy Executive Director, makes the final determination regarding items escalated from the SSA and is ultimately responsible for any award decisions made.

4. **Project Manager:** On some projects, a project manager may be assigned to help with scheduling of events and to generally manage the project. The procurement may be part of a larger agency initiative that the Project Management Office is tracking or may be requested by the procurement lead/CPO to assist on projects that have a tight turn-around or are particularly sensitive.

5. **Stakeholders:** Stakeholders represent sections that will be impacted by the solicitation project or resulting contracts. Stakeholders comment on project scope, review work

products, participate in vendor demonstrations, provide information, and perform other activities that help ensure that the stakeholders' needs are known to the solicitation team.

6. **Subject Matter Experts:** Subject matter experts (SMEs) are designated resources who provide expert knowledge and a variety of skills, disciplines, or functional experiences applicable to the project. An outside entity to me be selected to serve as a SME in projects requiring specialized expertise not available within DIR. In addition to SME's participating as non-voting members on the review team, the procurement lead may assign project-related tasks to SMEs.

7. **Procurement Team:** All members involved in the purchase of good or services on behalf of DIR.

4.2.9.3.2.3   Research and Post Pre-Solicitation Notice (Optional)
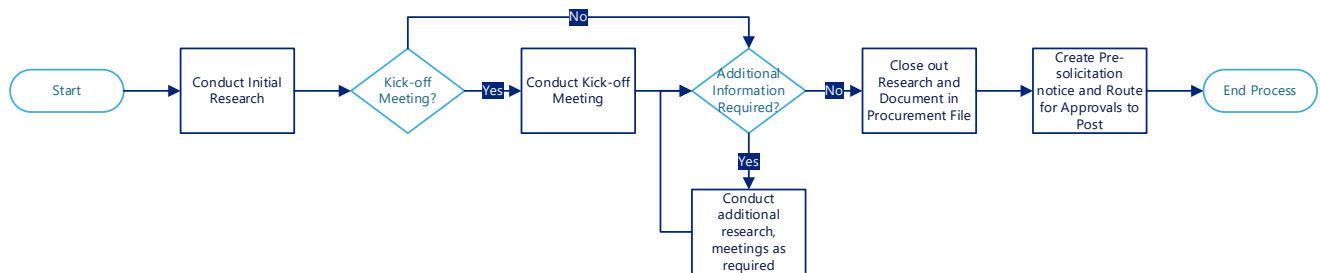
During the Research and Post of the Pre-Solicitation Notice phase, the procurement lead works to gather and document the professional services being procured, noting anything of significance in the market, any changes, and any customer or vendor concerns regarding the services. This research may be accomplished through web searches, customer or vendor surveys, request for information, or other means as determined by the procurement lead and procurement oversight. This includes issuance of a Request for Information and conducting Art of the Possibles.

While this research is on-going, the procurement lead creates the Pre-solicitation Notice for posting to the DIR website and on the ESBD. The pre-solicitation notice contains the high-level detail regarding the professional services being procured, an estimate of when the RFQ will be released, and the procurement lead's contract information.

4.2.9.3.2.4 Draft RFQ and Conduct Pre-solicitation Conference
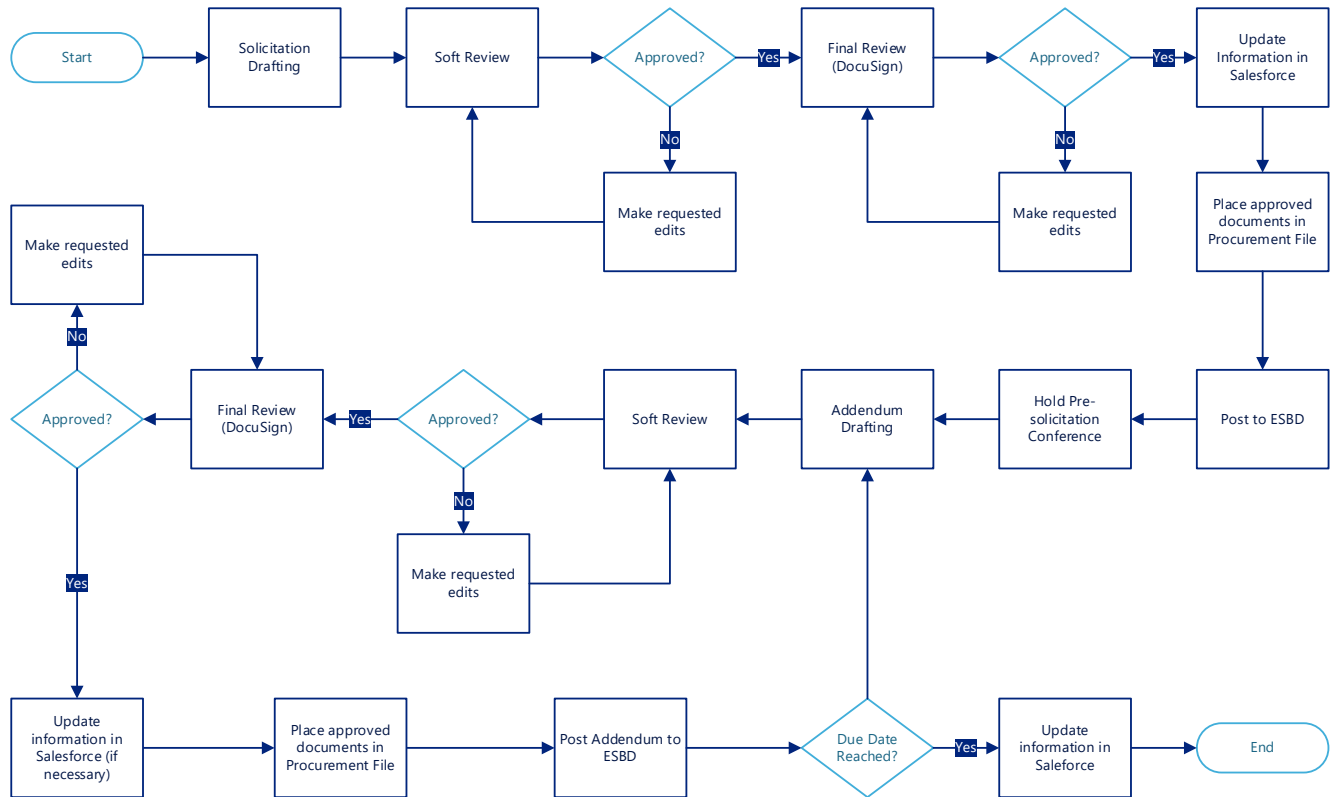
Using [Templates](), the procurement lead creates the solicitation package and associated evaluation plan for the solicitation.

4.2.9.3.2.4.1 Pre-solicitation Conference

Typically, a pre-solicitation conference is held after issuance of the opportunity on the ESBD and with enough time that the posted answers to questions will be of use to the vendor community. The procurement lead completes the pre-solicitation conference slide deck and ensures the speakers' availability for the date and time advertised. The speakers generally include the procurement lead, the HUB coordinator, general counsel, and the business area owner. Questions may be accepted and answered at the pre-solicitation conference; however, only written answers posted in the form of an addendum to the ESBD are considered to be official. Once the pre-solicitation conference is concluded, the procurement lead prepares an addendum containing the Pre-solicitation Conference slide deck, the attendees, a cumulative [Question and Answer Addenda]() answer document, and any changes or corrections to the RFQ package. Once this package is assembled, the procurement lead routes them through Soft Review and Formal Approval and Posting.

4.2.9.3.2.4.2 Soft Review

Once all documents are completed, the package is routed for soft review to all interested parties. Those typically include:

1. Contract Management (CTCM review of materials)

2. General Counsel (Standard terms and conditions, verification that scope/RFQ package is in compliance with state law.)

3. Business area owner (review of scope)

4. Accessibility Coordinator

5. HUB Coordinator/HUB, Outreach and Training (review of HSP/the time/date of the pre-solicitation conference)

If a necessary change is noted during soft review, the procurement lead is notified and makes any necessary adjustments to the affected document(s). Depending on the nature of the changes, the soft review will be re-routed for approval until all parties agree, or the change will be made and routed for formal approval to post.

4.2.9.3.2.4.3   Formal Approval and Posting

The procurement lead routes the final, complete solicitation documents or addenda for sign-off, utilizing the most recent version of [DIR Signature Authority Matrix](#).

Once formal approval is received, the procurement lead posts the documents to the ESBD and then documented in the procurement file the proof of the posting.

NOTE: If a date has changed as a result of an amendment, the change must be reflected in the ESBD data as well as in the addendum itself. Failure to keep the ESBD data aligned with the written documentation may cause the posting to close prematurely. If this happens, contact the SPD to assist in re-opening the solicitation.

4.2.9.3.2.5 Evaluation and Establishment of Competitive Breaks
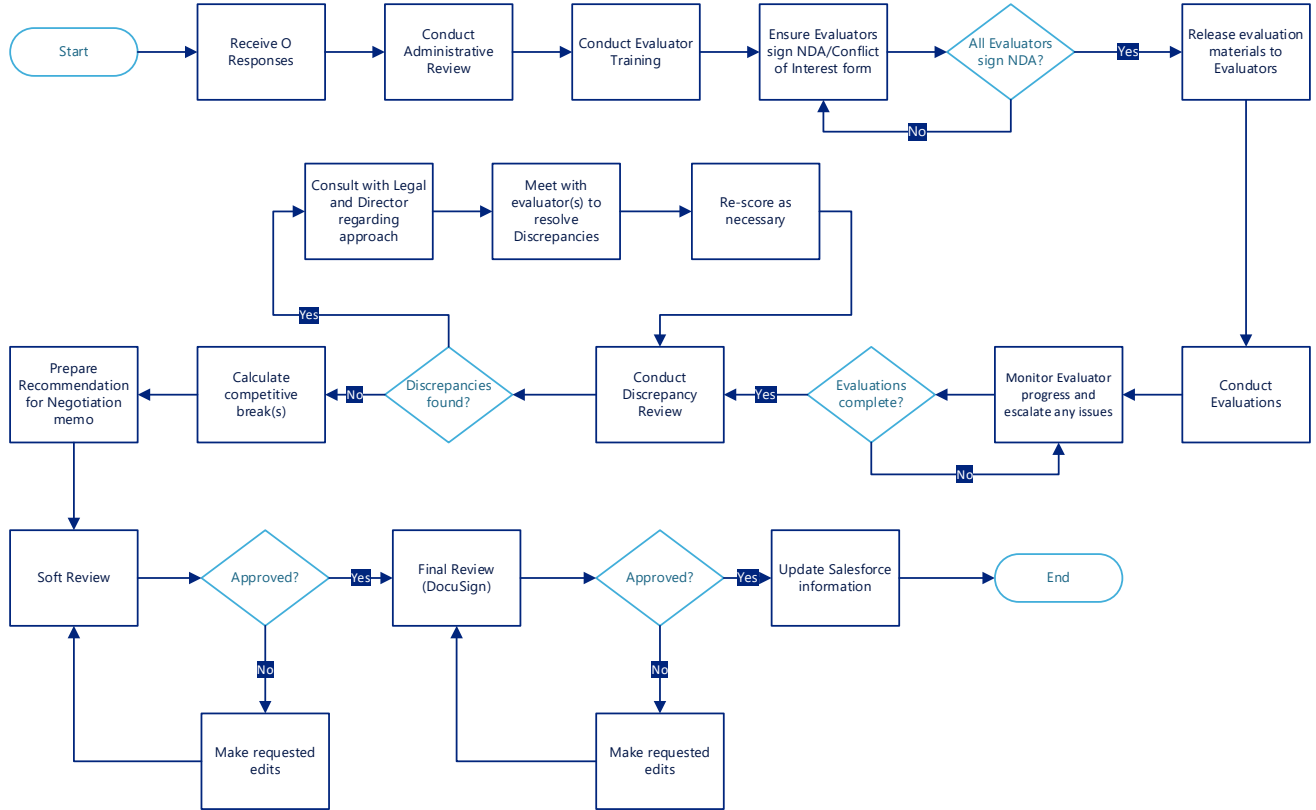
Proposals are received electronically through a designated email box as listed in the solicitation. Each proposal that is received by the due date and time is routed to Administrative Review, the HUB Coordinator, the Financial Reviewer, and the Accessibility Reviewer for the preliminary administrative reviews. This process can be concurrent or sequential, depending on the nature of the RFQ and the specific requirements for the solicitation.

For proposals not received timely, the procurement lead verifies with DIR IT that no technical issues occurred at the time of submission. This check may be prompted by a vendor or by the procurement lead. If it is believed that a technical issue did occur, the procurement lead notifies the DIR-A Procurement Director, the CPO, and the assigned general counsel, providing the nature of the issue and all affected or potentially affected respondents, and seeks guidance on next steps in order to rectify the situation and ensure vendor parity is maintained.

4.2.9.3.2.5.1 Conduct Evaluator Training

The procurement lead will schedule a meeting with the evaluators and any advisors to provide them with initial procurement training on their duties with respect to evaluation of the responses, emphasizing the need for confidentiality and the integrity of the evaluation process. At this point, the names of the respondents are disclosed to the evaluators and the assistant general counsel explains potential conflicts of interest and how any conflict could negatively impact evaluations and the procurement process in general. Once they have been fully informed

of their duties, evaluators are asked to sign an [NDA/Conflict of Interest Form](#) signifying their readiness to being the evaluation process. Any evaluator who chooses not to sign the form is dismissed and an alternate may be chosen to fill that role if an insufficient number of evaluators remain. At a minimum, three (3) evaluators are required.

For evaluators who have signed the [NDA/Conflict of Interest Form](#), the procurement lead grants them access to:

1. The entire solicitation, including all issued addenda and Q&A documents;

2. A list of responses submitted; and

3. A copy of each response that passed or is in clarifications following Administrative Review.

4.2.9.3.2.5.2   Administrative Reviews and Evaluation of Responses

Responses that pass the administrative review, or those that are in clarifications pending a final determination from HUB, Accessibility, or Finance reviews, move to evaluation. During the evaluation process, the evaluation team reads all written responses and assesses how well the response meets the stated requirements. Using a quantitative scale established concurrently with the solicitation and documented in the evaluation plan, each response is scored.

4.2.9.3.2.5.3   Discrepancy Review

When all evaluators have scored all responses, the procurement lead compiles the scores and conducts a discrepancy review, identifying any outliers (scores that deviate from the median score by a specified amount). If outliers are identified, the procurement lead consults with the assigned assistant general counsel and/or the division director. A meeting is held with the evaluators to review the outliers. Each evaluator is provided an opportunity to update their scoring prior to finalizing the scores.

4.2.9.3.2.5.4   Establishment of Competitive Breaks

The procurement lead ranks each response in numerical order according to the finalized evaluation scores. A competitive break is the natural break point between respondents' overall scores. Where more than two (2) responses are being considered, the break point(s) is where the variance exceeds the average variance between two (2) adjacent scores, for all responses scored.

The competitive range represents the respondent(s) who may receive a contract award based on the natural break point(s). Depending on the products or services being awarded, it may be appropriate to expand the competitive range to one (1) or more subsequent logical breakpoints – to ensure sufficient availability and competition for offerings within the relevant category.

The procurement lead presents the competitive breaks to the Procurement Oversight. The Procurement Lead recommends the competitive range of respondents to be advanced to negotiation. To determine the competitive break, all responses must be scored and the discrepancy review must be completed.

The Procurement Lead must:

1. Combine individual scores to calculate the total response score for each response;

2. Rank the total score of each response from the highest to lowest;

3. Calculate the score variance between adjacent scores; and

4. Determine the Competitive Break(s) as described above. The overall break point is determined as the best value to the State and must be approved by Procurement Oversight.

The procurement lead meets with the DIR-A Procurement Director, the CPO, and the assigned general counsel to review the break points and determine the number of vendors that will be invited to negotiations. Once an agreement is reached on the competitive breaks and the vendors who will be invited to attend negotiations, the procurement lead documents the results in a memo and routes to Procurement Oversight for approval to move to the next phase (the negotiations phase). This approval is then saved to the procurement file.

4.2.9.3.2.6   Negotiation and Award
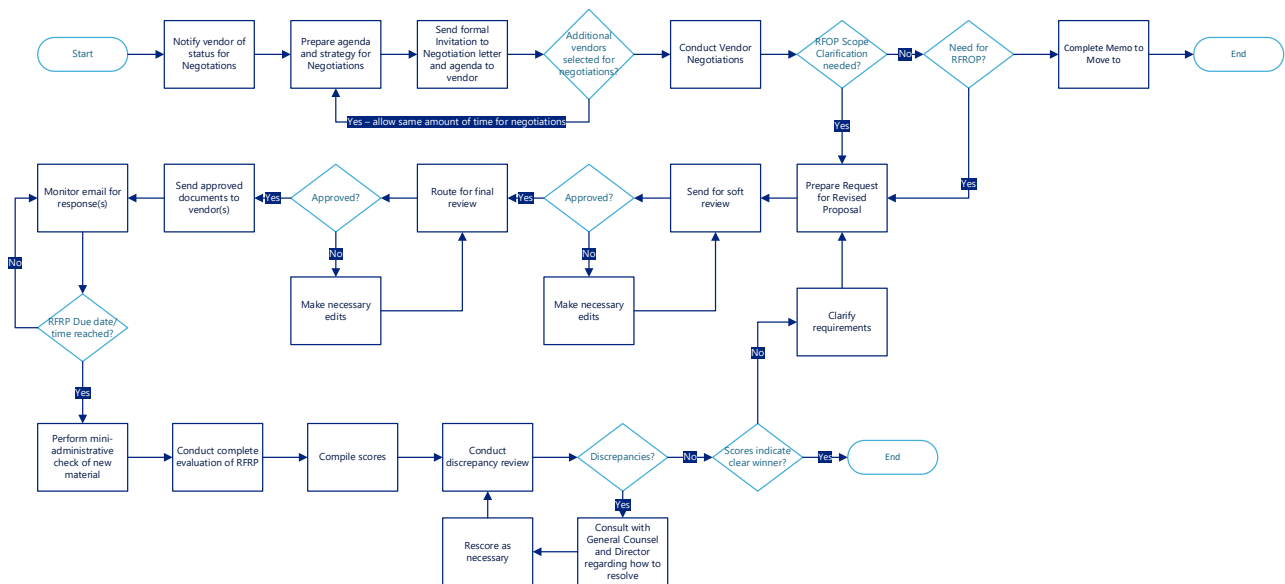
The procurement lead works to negotiate a contract with each vendor in the established competitive range. This continues until all advertised awards are concluded or DIR determines that an award will not be reached.

4.2.9.3.2.6.1   Cease to Negotiate

If DIR is unable to reach an agreement with a vendor in the established competitive range, the procurement lead seeks to cease negotiations. In consultation in the Cooperative Procurement Director, the assigned Assistant General Counsel, and the CPO, the procurement lead presents the justification for the termination of contract negotiations. If the justification is sufficient, the procurement lead routes a memo for approval to cease negotiations and saves it to the

procurement file. The procurement lead then contacts the vendor and informs them of the decision. The procurement lead then makes a decision to either begin negotiations with the next highest scoring vendor or to close the procurement out and re-issue the solicitation with revised requirements.

4.2.9.3.2.6.2   Procurement Close-out and Transition to Contract Management

The procurement lead transitions the resulting contract to the assigned contract manager, who will verify the information entered into Salesforce and change the contract from draft to active once the information has been validated. Any remaining correspondence is copied to the procurement file, the fully executed contract is downloaded from DocuSign, and access to the procurement file is validated and locked down to procurement officials only. The procurement lead schedules vendor debriefs with all vendors who responded to the solicitation. If necessary, the procurement lead will conduct a lessons learned and save the results into the procurement file. The procurement lead will complete the Procurement File Checklist and the Respondent Selection Report.

4.2.9.3.3   Statement of Work

Authority

Gov't Code 2157.0685

2170

1 TAC 212.41

A Statement of Work (SOW) can be used for the procurement of good or services when a master contract is in place. For IT Services, if the total contract value is between $50,000 and $5,000,000[6], there is an existing Cooperative Contract for the service, and if an SOW is required by the contract, an SOW is called for. DIR contracts that require DIR SOWs include, but are not limited to, the following:

1. Deliverables-Based Information Technology Services (DBITS);
2. Managed Services for IT;
3. IT Security Services;
4. Web Development;
5. Cloud Services; and
6. IT staffing services (when a SOW is issued).

4.2.9.3.3.1   Procurement Planning

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[6] For an expected total contract value greater than $5 million but not exceeding $10 million, DIR may choose to use DIR contracts or may issue a solicitation on the ESBD.

DIR-A procurements are planned on a yearly basis. Because SOWs procurements usually take less time than RFOs and RFPs, these may added to the plan at mid-year and still have a reasonable chance of achieving an award within the same fiscal year. There is no minimum timeframe for advertising SOWs. It is DIR's policy that at a minimum, vendors are given two (2) weekends to prepare a response. However, circumstances may require only a single weekend before responses are due.

4.2.9.3.3.2   Establishment of Procurement Oversight

DIR-A Procurement utilizes the following Procurement Oversight for SOWs.
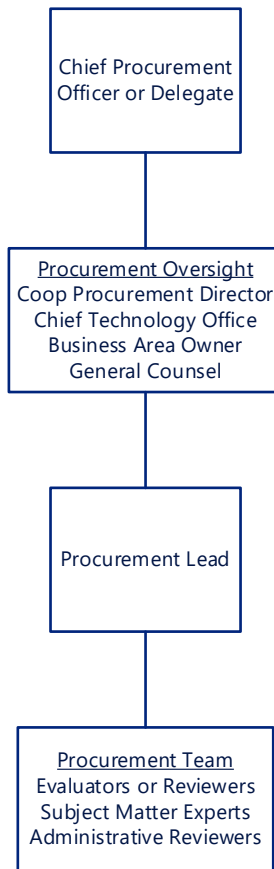
During the Research and Pre-solicitation phase, the specific stakeholders are identified, and the names are roles are captured in the [Procurement Project Management Plan](#) (PPMP)

The roles and responsibilities of DIR-A procurement teams may include:

1. **Advisors:** Offer insight to specific areas (technical, financial, security, etc.); they may serve as the bridge between the SEB and evaluators, but function with SEB oversight when advising evaluators.
2. **Evaluators or Reviewers:** SMEs may also be called upon to serve as evaluators/reviewers to weigh a respondent's response against the requirements of the solicitation. When serving as evaluators, each response is scored against specific

criteria, scores of evaluators on consolidated and an overall score is determined for each response. The role of a reviewer is largely the same, except that instead of scoring each response, the reviewer will read and rank each response and determine the appropriate ranking independently of a group. Once all reviewers have completed the review independently, the procurement lead will hold a facilitated meeting all reviewers to agree-upon the official ranking of responses.

3. **Executive Management**, made up of DIR's Executive Director and Deputy Executive Director, makes the final determination regarding items escalated from the SSA and is ultimately responsible for any award decisions made.

4. **Project Manager:** On some projects, a project manager may be assigned to help with scheduling of events and to generally manage the project. The procurement may be part of a larger agency initiative that the Project Management Office is tracking or may be requested by the procurement lead/CPO to assist on projects that have a tight turn-around or are particularly sensitive.

5. **Stakeholders:** Stakeholders represent sections that will be impacted by the solicitation project or resulting contracts. Stakeholders comment on project scope, review work products, participate in vendor demonstrations, provide information, and perform other activities that help ensure that the stakeholders' needs are known to the solicitation team.

6. **Subject Matter Experts:** Subject matter experts (SMEs) are designated resources who provide expert knowledge and a variety of skills, disciplines, or functional experiences applicable to the project. An outside entity to me be selected to serve as a SME in projects requiring specialized expertise not available within DIR. In addition to SME's participating as non-voting members on the review team, the procurement lead may assign project-related tasks to SMEs.

7. **Procurement Team:** All members involved in the purchase of good or services on behalf of DIR.

4.2.9.3.3.3   Research and Post Pre-Solicitation Notice

This step may be truncated or skipped when issuing an SOW. During the Research and Posting of the Pre-Solicitation Notice phase, the procurement lead works to gather and document the products/services being procured, noting anything of significance in the market, any changes or new technologies available, and any customer or vendor concerns regarding the products or services. This research may be accomplished through web searches, customer or vendor surveys,

request for information, or other means as determined by the procurement lead and procurement oversight. This includes issuance of a [Request for Information](#) (RFI) and conducting Art of the Possibles.

While this research is on-going, the procurement lead creates the [Pre-solicitation Notice](#) in the form of an email for distribution to the list of DIR vendors or a subset thereof. The pre-solicitation notice contains the high-level detail regarding the services being procured, an estimate of when the SOW will be released, and the procurement lead's contract information.

4.2.9.3.3.4   Draft SOW and Conduct Pre-solicitation Conference
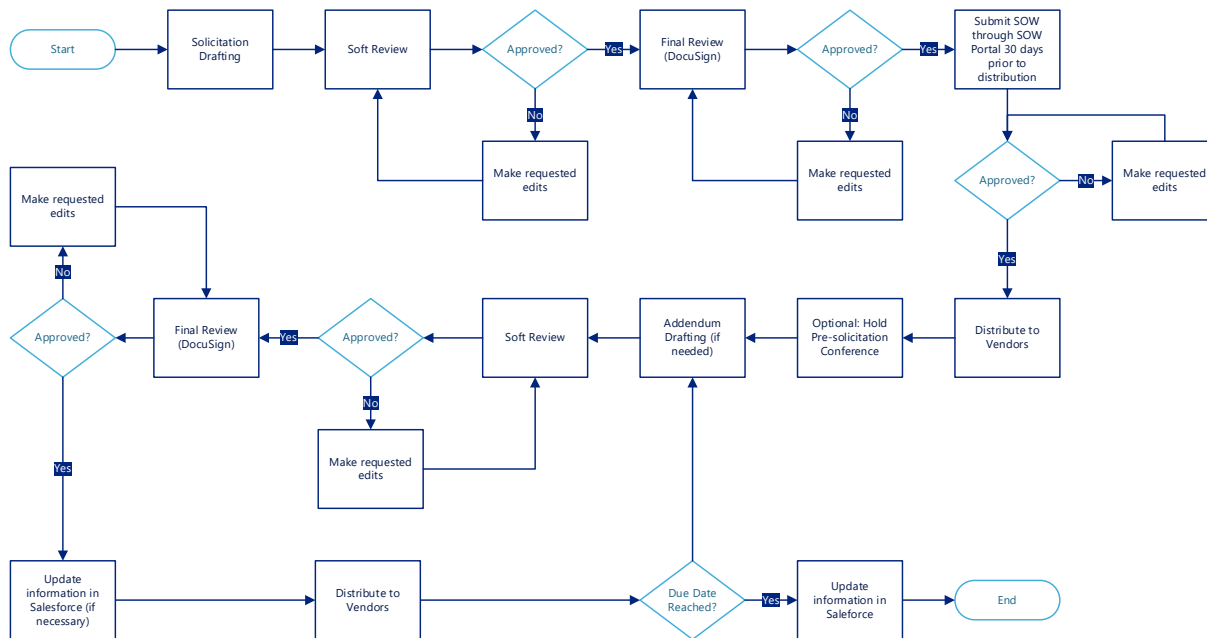
Using templates, the procurement lead creates the solicitation package and associated evaluation or review plan for the solicitation following the PPMP for the project. Templates are available at: [Templates](#). An [SOW Template](#) is also available on the [DIR Website](#).

4.2.9.3.3.4.1   Pre-solicitation Conference

Typically, a pre-solicitation conference is held after issuance of the opportunity on the ESBD and with enough time that the posted answers to questions will be of use to the vendor community. The procurement lead completes the [Pre-solicitation Conference Slide Deck](#) and ensures the speakers' availability for the date and time advertised. The speakers generally include the procurement lead, the HUB coordinator, general counsel, and the business area owner. Questions may be accepted and answered at the pre-solicitation conference; however, only written answers posted in the form of an addendum to the ESBD are considered to be official. Once the pre-solicitation conference is concluded, the procurement lead prepares an addendum containing the Pre-solicitation Conference slide deck, the attendees, a cumulative [Question and Answer Addenda](#), and any changes or corrections to the RFP package. Once this package is

assembled, the procurement lead routes them through Soft Review and Formal Approval and Posting.

4.2.9.3.3.4.2 Soft Review

Once all documents are completed, the package is routed for soft review to all interested parties. Those typically include:

1. Contract Management (CTCM review of materials)

2. General Counsel (Standard terms and conditions, verification that scope/RFO package is in compliance with state law.)

3. CTO or other business area owner (review of scope)

4. Accessibility Coordinator

5. HUB Coordinator/HUB, Outreach and Training (review of HSP/the time/date of the pre-solicitation conference)

If a necessary change is noted during soft review, the procurement lead is notified and makes any necessary adjustments to the affected document(s). Depending on the nature of the changes, the soft review will be re-routed for soft review approval until all parties agrees, or the change will be made and routed for formal approval to post.

4.2.9.3.3.4.3 Formal Approval and Posting

The procurement lead routes the final, complete RFO documents or addenda for sign-off, utilizing the most recent version of [DIR Signature Authority Matrix](#).

Once formal approval is received, the procurement lead posts the documents to the ESBD and then documented in the procurement file the proof of the posting.

NOTE: If a date has changed as a result of an amendment, the change must be reflected in the ESBD data as well as in the addendum itself. Failure to keep the ESBD data in line with the written documentation may cause the posting to close prematurely. If this happens, contact the SPD to assist in re-opening the solicitation.

4.2.9.3.3.5 Review of a Statement of Work

Start → Receive Responses → Conduct Administrative Review → Conduct Reviewer Training → Ensure Reviewers sign NDA/Conflict of Interest form → All Reviewers sign NDA? (No → back to Ensure Reviewers sign NDA; Yes →) Release evaluation materials to Reviewers → Conduct Independent Reviews → Monitor Reviewers' progress and escalate any issues → Reviews complete? (No → back; Yes →) Hold Review Team meeting → Rankings Determined? (No → back; Yes →) Prepare Recommendation for Negotiation memo/Approval to Move to Next Phase memo → Soft Review → Approved? (No → Make requested edits → back to Soft Review; Yes →) Final Review (DocuSign) → Approved? (No → Make requested edits → back to Final Review; Yes →) Update Salesforce information → End

4.2.9.3.3.5.1 Conduct Reviewer Training

This is one (1) of two (2) options for determining which responses will be taken to negotiations. If elected, it should be documented in a review plan prior to issuance of the SOW to vendors and Section 4.2.9.4.6 Evaluation and Establishment of Competitive Breaks can be skipped.

The procurement lead will schedule a meeting with the reviewers and any advisors to provide them with initial procurement training on specifically on what their duties are with regard to review of the responses, emphasizing the need for confidentiality and the integrity of the review process. At this point, the names of the respondents are disclosed to the reviewers and the assistant general counsel explains potential conflicts of interest and how any conflict could negatively impact reviews and the procurement process in general. Once they have been fully informed of their duties, reviewers are asked to sign an NDA/Conflict of Interest Form signifying their readiness to being the review process. Any reviewer who chooses not to sign the form is dismissed and an alternate may be chosen to fill that role if an insufficient number of reviewers remain.

For reviewers who have signed the NDA/Conflict of Interest Form, the procurement lead grants them access to:

1. The entire solicitation, including all issued addenda and Q&A documents;

2. A list of responses submitted; and

3. A copy of each response that passed or is in clarifications following Administrative Review.

4.2.9.3.3.5.2   Administrative Reviews and Review of Responses

Responses that pass the administrative review, or those that are in clarifications pending a final determination from HUB, Accessibility, or Finance reviews, move to review. During the evaluation process, the evaluation team of at least three (3) reviewers read all written responses and assess how well the response meets the stated requirements. Each reviewer ranks the responses and prepares for the consensus scoring meeting, noting each response's strengths, weaknesses, areas of concern, and any potential questions to be resolved during clarifications or negotiations.

When all reviewers have completed this individual ranking of responses, the procurement lead conducts a consensus meeting with all reviewers and advisors. The goal of this meeting it to achieve a single consensus ranking for each response. The procurement lead has each reviewer discuss each response, giving the reasons for the ranking. If there are any reviewers who disagree, the procurement lead facilitates a discussion of the response before moving on the next respondent. This continues until all responses have been discussed. Next, the procurement lead asks that the reviewers re-rank the responses as a group. If there are any discrepancies between reviewers, the procurement lead will work to resolving the discrepancies. Multiple meetings may be required.

Once agreement is reached on the ranking for each response, the procurement lead documents the results in the Ranks and Findings memo, listing the strengths and weaknesses identified for each. This memo is subject to approval by the procurement oversight established for the project. It may be paired with the memo for Approval to Move to Next Phase. Both memos are required to move to the Negotiations and Award step.

4.2.9.3.3.6   *Evaluation and Establishment of Competitive Breaks*

Proposals are received electronically through a designated email box as listed in the solicitation. Each proposal that is received by the due date and time is routed to Administrative Review, the HUB Coordinator, the Financial Reviewer, and the Accessibility Reviewer for the preliminary administrative reviews. This process can be concurrent or sequential, depending on the nature of the RFP and the specific requirement for the solicitation.

For offers not received timely, the procurement lead verifies with DIR IT that no technical issues occurred at the time of submission. This check may be prompted by a vendor or by the procurement lead. If it is believed that a technical issue did occur, the procurement lead notifies the DIR-A Procurement Director, the CPO, and the assigned general counsel of the issue, all affected or potentially affected vendors, and seeks guidance on next steps in order to rectify the situation and ensure vendor parity is maintained.

4.2.9.3.3.6.1 Conduct Evaluator Training

The procurement lead will schedule a meeting with the evaluators and any advisors to provide them with initial procurement training on specifically on what their duties are with regard to evaluation of the responses, emphasizing the need for confidentiality and the integrity of the evaluation process. At this point, the names of the respondents are disclosed to the evaluators and the assistant general counsel explains potential conflicts of interest and how any conflict could negatively impact evaluations and the procurement process in general. Once they have been fully informed of their duties, evaluators are asked to sign an NDA/Conflict of Interest Form signifying their readiness to being the evaluation process. Any evaluator who chooses not

to sign the form is dismissed and an alternate may be chosen to fill that role if an insufficient number of evaluators remain.

For evaluators who have signed the [NDA/Conflict of Interest Form](), the procurement lead grants them access to:

1. The entire solicitation, including all issued addenda and Q&A documents;

2. A list of responses submitted; and

3. A copy of each response that passed or is in clarifications following Administrative Review.
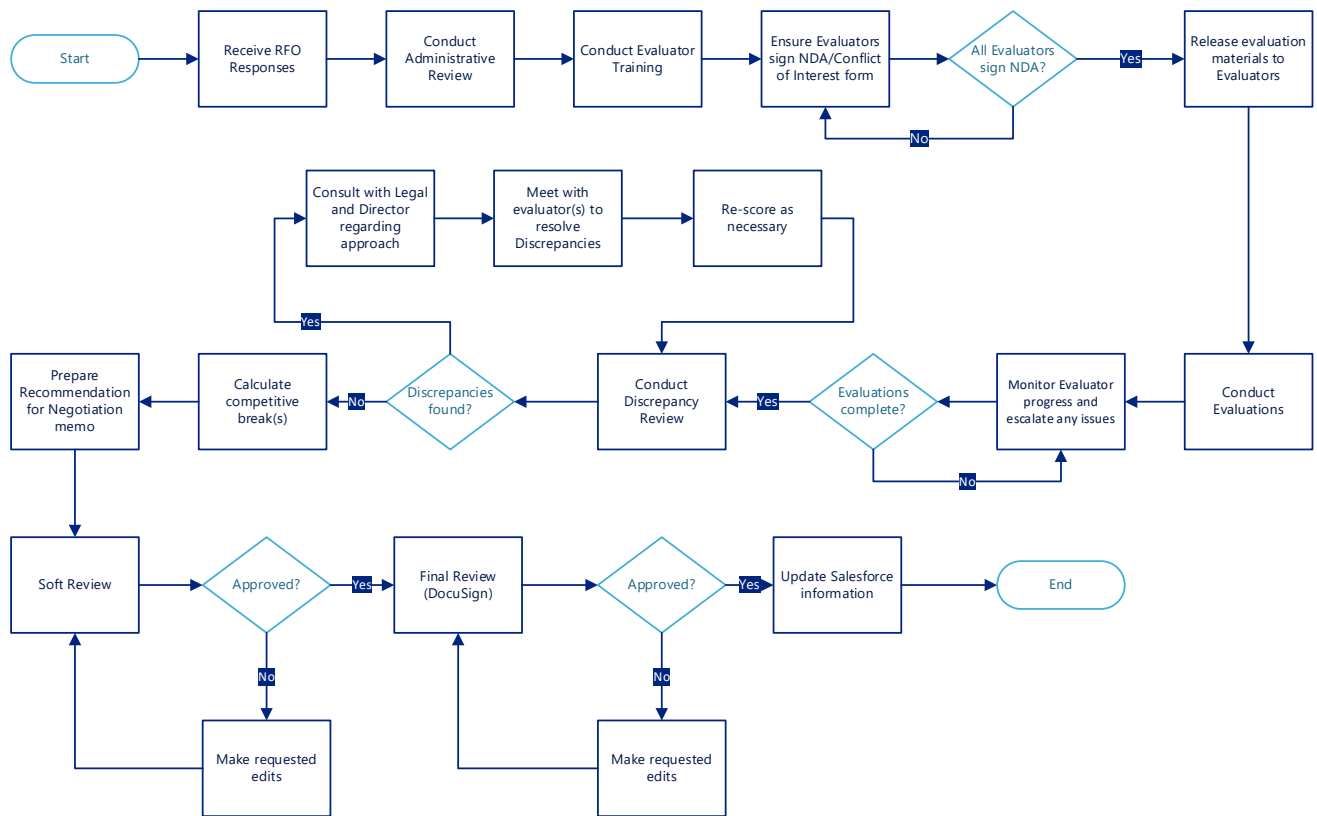
4.2.9.3.3.6.2   Administrative Reviews and Evaluation of Responses

Responses that pass the administrative review, or those that are in clarifications pending a final determination from HUB, Accessibility, or Finance reviews, move to evaluation. During the evaluation process, the evaluation team of at least three (3) evaluators read all written responses and assess how well the response meets the stated requirements. Using a quantitative scale established concurrently with the solicitation and documented in the evaluation plan, each response is scored.

4.2.9.3.3.6.3   Discrepancy Review

When all evaluators have scored all responses, the procurement lead compiles the scores and conducts a discrepancy review, identifying any outliers (scores that deviate from the median score by a specified amount). If outliers are identified, the procurement lead consults with the assigned assistant general counsel and/or the division director. A meeting is held with the evaluators to review the outliers. Each evaluator is provided an opportunity to update their scoring prior to finalizing the scores. Once the scores are finalized, the procurement lead factors in the pricing component to generate the evaluation total score for each respondent. These scores serve as the basis for the establishment of the competitive breaks.

4.2.9.3.3.6.4   Establishment of Competitive Breaks

The procurement lead ranks each response in numerical order according to the finalized evaluation scores. A competitive break is the natural break point between respondents' overall scores. Where more than two (2) responses are being considered, the break point(s) is where the variance exceeds the average variance between two (2) adjacent scores, for all responses scored.

The competitive range represents the respondent(s) who may receive a contract award based on the natural break point(s). Depending on the products or services being awarded, it may be appropriate to expand the competitive range to one (1) or more subsequent logical breakpoints – to ensure sufficient availability and competition for offerings within the relevant category.

The procurement lead presents the competitive breaks to the Procurement Oversight. The Procurement Lead recommends the competitive range of respondents to be advanced to

negotiation. To determine the competitive break, all responses must be scored and the discrepancy review must be completed.

The Procurement Lead must:

1. Combine individual scores to calculate the total response score for each response;

2. Rank the total score of each response from the highest to lowest;

3. Calculate the score variance between adjacent scores; and

4. Determine the Competitive Break(s) as described above. The overall break point is determined as the best value to the State and must be approved by Procurement Oversight.

The procurement lead meets with the DIR-A Procurement Director, the CPO, and the assigned general counsel to review the break points and determine the number of vendors that will be invited to negotiations. Once an agreement is reached on the competitive breaks and the vendors who will be invited to attend negotiations, the procurement lead documents the results in a memo and routes to Procurement Oversight for approval to move to the next phase (the negotiations phase). This approval is then saved to the procurement file.

4.2.9.3.3.7   Negotiation and Award
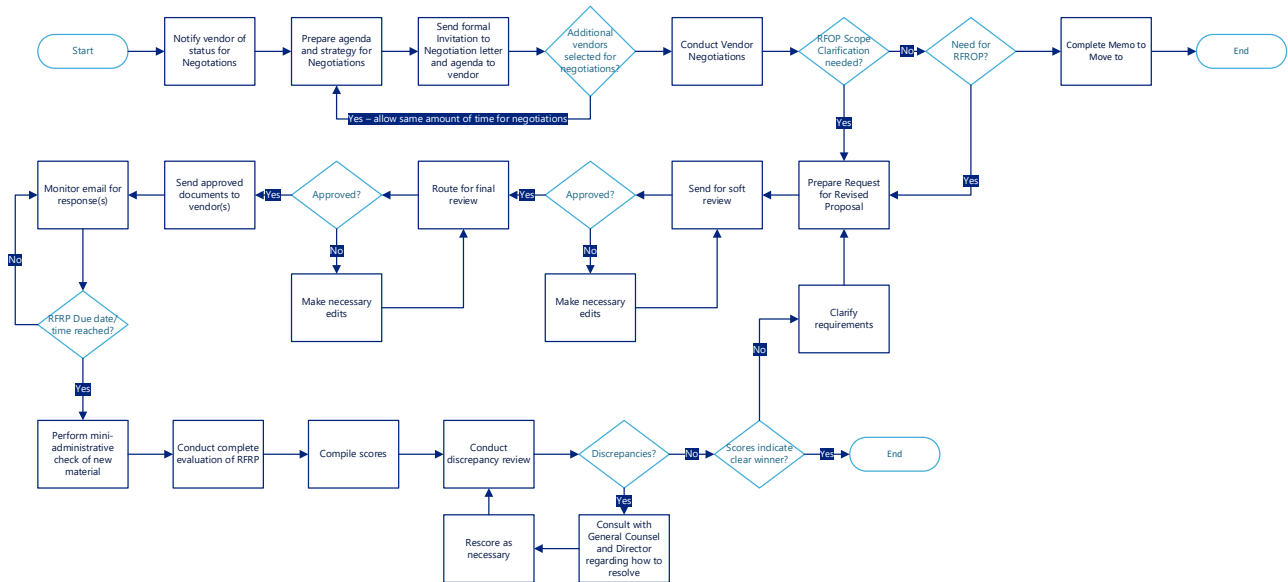
The procurement lead works to negotiate a contract with each vendor in order of ranking. If DIR is unable to reach contract award with the highest rank vendor, if it is in the best interest of the state, it may proceed to the next highest ranked respondent until a contract has been achieved or DIR decides to cease negotiations.

For evaluated responses, the procurement lead enters into contract negotiations for those respondents in the established competitive range. This continues until all advertised awards are concluded or DIR determines that an award will not be reached.

4.2.9.3.3.7.1   Cease to Negotiate

If DIR is unable to reach an agreement with a vendor, the procurement lead seeks to cease negotiations. In consultation in the DIR-A Procurement Director, the assigned Assistant General Counsel, and the CPO, the procurement lead presents the justification for the termination of contract negotiations. If the justification is sufficient, the procurement lead routes a memo for approval to cease negotiations and saves it to the procurement file. The procurement lead then contacts the vendor and informs them of the decision. The procurement lead then makes a decision to either begin negotiations with the next highest scoring vendor or to close the procurement out and re-issue the solicitation with revised requirements.

4.2.9.3.3.7.2   Procurement Close-out and Transition to Contract Management

The procurement lead transitions the resulting contract to the assigned contract manager, who will verify the information entered into Salesforce and change the contract from draft to active once the information has been validated. Any remaining correspondence is copied to the procurement file, the fully executed contract is downloaded from DocuSign, and access to the procurement file is validated and locked down to procurement officials only. The procurement lead schedules vendor debriefs with all vendors who responded to the solicitation. If necessary, the procurement lead will conduct a lessons learned and save the results into the procurement file. The procurement lead will complete the [Procurement File Checklist](#) and the [Respondent Selection Report](#).

4.2.9.3.4   *STS Software, Software as a Service, and Platform as a Service*

For software, SaaS, and PaaS that will be hosted through the DCS program, DIR follows the customer responsibilities outlined in Section 4.1 STS Commodities Procurement. The DIR procurement lead is responsible for:

1. Determining the software needs;

2. Providing a justification for the software purchase;

3. Ensuring that funds are available for the purchase;

4. Securing and maintain the Conflict of Interest Forms. Non-Disclosure Agreements, and Nepotism forms, as applicable and certifying in the ServiceNow ticket that the forms exist;

5. Submitting the procurement request in ServiceNow; and

6. Responding to subsequent actions in ServiceNow when requested.

4.2.9.3.5   *Infrastructure as a Service*

Infrastructure (compute and storage) is acquired through the IRM and through the DCS program.

4.2.10   Sole Source/Proprietary Purchases

Authority:

1. [Gov't Code Section 2155.067](#)
2. [34 TAC 20.209](#)

4.2.10.1 General

A Proprietary purchase is the acquisition of a product or service which limits competition to one manufacturer or vendor and does not allow an equivalent product to be supplied. An item may be considered Proprietary if the Solicitation requirements limit bidding to only one (1) vendor or product.

DIR may purchase goods or services which are available from only one (1) source. Prior to requesting or making a purchase of a sole source item, written justification of the need to make the sole source purchase must be completed by the requesting department and submitted to the Purchasing Department for approval.

4.2.10.2 Proprietary Purchase Solicitations

The following table serves as guidance regarding the need for a proprietary memo:

4.2.10.2.1 Cooperative Purchases

Scenario	Purchase Value	Proprietary Justification Required?	Post on ESBD?	CAT Review?
Proprietary sole source	$0 ≤ $50K	N	N	N
Proprietary sole source	$50K ≤ $10M	Y	N	N
Proprietary competitive	$0 ≤ $10M	N	N	N

4.2.10.2.2 Open Market Purchases

Scenario	Purchase Value	Proprietary Justification Required?	Post on ESBD?	CAT Review?
Proprietary sole source	$0 ≤ $10K	N	N	N
Proprietary sole source	$10K ≤ $25K	Y	N	N
Proprietary sole source	$25K ≤ $5M	Y	Y	N
Proprietary sole source	> $5M	Y	Y	Y
Proprietary competitive	$0 ≤ $10K	N	N	N
Proprietary competitive	$10K ≤ $25K	Y	N	N
Proprietary competitive	$25K ≤ $5M	Y	Y	N
Proprietary competitive	> $5M	Y	Y	Y

4.2.10.3 Justifying Proprietary Purchases

Under the provisions of [Gov't Code Section 2155.067](#), the Executive Director or designee must provide a written justification containing an explanation of the need for the product or service, and the reasons why competing products or services cannot meet the stated need. This applies to all purchases of goods and services exceeding the no Bid limit.

The procurement lead processes all Proprietary justifications for DIR. To assist the procurement lead in preparing the justification memo for the Executive Director, or their designee's signature, the Division/Department requesting the Proprietary product or service must provide the following information in the Proprietary justification memo:

1. Full description(s) of the item or service, including the trade name or brand name and model number;
2. The estimated procurement cost;
3. A clear explanation of the need for the proprietary product or service; and
4. The reason(s) why another product or vendor cannot meet the need

The Proprietary or Sole Source Memo must be routed for approval through the Division/Department management before being forwarded to the procurement lead for processing. The procurement lead will review the Proprietary/Sole Source memo to ensure that all required information is in the memo before forwarding for final DIR approval. If the procurement lead feels that the Proprietary/Sole Source memo needs additional documentation, the procurement lead will contact the Division/Department to request the additional information needed.

4.2.10.3.1 Proprietary Purchase Required Language

Proprietary Solicitations must contain the following statements:

4.2.10.3.1.1 For Goods

"These specifications are being advertised under Gov't Code Section 2155.067. Only responses to solicitations for items conforming exactly to these specifications will be considered in determining an Award. Conforming exactly to these specifications includes bidding only the brand name(s), make and model number(s) specified in this solicitation."

4.2.10.3.1.2 For Services

"The issuing office believes that the requested items in this request for offers may be proprietary to one (1) vendor under Gov't Code Section 2155.067; however, the issuing office strongly encourages offers from all qualified respondents that may be able to provide the requested items."

4.2.10.3.2 Steps for Processing Proprietary Requests

4.2.10.3.2.1 For Goods and Services greater than $25,000

The procurement lead is responsible for obtaining approval from the Chief Procurement Officer (CPO). The approved justification memo and all other supporting documentation shall be retained in the procurement file. The procurement lead posts the entire Solicitation for a minimum of fourteen (14) calendar days to the ESBD. Following award, the procurement lead will post the award notice to the ESBD.

4.2.10.4   Sole Source

When writing the [Sole Source Justification Memo](), the following questions must be addressed:

1. Is there absolutely no other equipment that can perform the same function?
2. What unique design/performance feature(s) does this equipment have which is essential to your requirements?
3. Why is this feature essential?
4. What other suppliers/users were contacted? Was their product/service considered to have similar capabilities?
5. Is this product an integral repair part or accessory that must be compatible with existing equipment?
6. Why is it the only part that can be used?

Additionally, the Procurement Lead must obtain a letter from the vendor stating that they are the only source for the product or service. This assertion must be verifiable by the Procurement Department.

Examples of Sole Source Purchases:

1. An item for which competition is precluded because of the existence of a patent, copyright, secret process, or monopoly for which the holder of such states that it is the sole source;
2. Films, manuscripts, or books available from only one (1) source;
3. Utility services; or
4. A captive replacement part or component for equipment, which is already owned or leased by DIR.

4.2.11   Direct Publications

Direct publications are publications only available from a single source (the publisher) and include books, subscriptions, and software. Any publication that could be purchased using a competitive process is not considered a direct publication. For example, publications that are available through subscription services are not direct publications. There is no dollar limit on direct publications.

4.2.11.1   Direct Publication Purchases

When purchasing a direct publication with a PO, the PO must contain the following statement:

"Direct Publication – Not available from any other source"

Purchasing rules require that the Bid be taken from the publisher ([34 TAC 20.82]()). Use of the CMBL is not required. Non-direct publication purchases shall be handled as a small purchase. Purchases estimated to be in excess of $10,000 require one (1) formal Bid. If the purchase exceeds $25,000, the Solicitation and Award must be posted on the ESBD.

Direct publications include, but are not limited to:

1. Books available only from the publisher;
2. Subscriptions available only from the publisher;
3. Electronic data service directly from the provider, such as OPIS, real estate sites;
4. Foreign publications;
5. Back issues of magazines, journals, and newspapers;
6. Publications produced by professional societies;
7. Prepared videos, films, audio tapes, DVDs and CDs that are only available from the publisher;
8. Computer software which is not available on a DIR contract, and which is only available from the publisher (see section 3.6.9, regarding Request for Offer);
9. Microfilm or microfiche copies of original documents held by an organization;
10. Library of Congress cards;
11. Theses, dissertations, research findings and academic publications, from colleges and universities; or
12. Collections or any of the above items.

Direct publications are not:

1. Publications that can be purchased competitively;
2. Publications available at bookstores;
3. Subscription services that manage subscriptions for various publishers; or
4. Internet Service Providers (ISP).

4.2.11.2   CPA Term Contracts

There is an automated term contract for general reference books, dictionaries, secretarial handbooks, etc., and a non-automated term contract for books, legal publications, and audiovisual materials. The procurement lead should utilize these contracts if the contract meets user needs.

4.2.11.3   Prepayment of Governmental Publications

To obtain publications from government entities that require prepayment, the Purchaser shall use the P-Card.

4.2.11.4   Requesting Publications and Subscriptions

The user request must contain the following:

1. Title/version;
2. Author/publisher;
3. Source
4. Quantity
5. Estimated unit price; and
6. Subscription period, renewal date, or extension period

Special pricing may be offered on advertisements, renewal notices or invoices. If special pricing is not identified at the time the order is placed, the special pricing may not apply.

4.2.12 Emergency Purchases

Authority:

1. [Gov't Code Section 2155.137](#)
2. [34 TAC 20.210](#)

4.2.12.1 Definition

An emergency purchase is defined as "a purchase of goods or services so badly needed that an agency will suffer financial or operational damage unless they are secured immediately" ([Gov't Code Section 2157.137](#), [34 TAC 20.210](#)).

An emergency purchase is a restricted method of procurement used when time does not permit normal methods to be used. It is the procurement of goods or services that are needed immediately to prevent the agency from suffering operational or financial damage or to ensure the safety of the general public.

4.2.12.2 Determination of Emergency

An emergency is an unexpected and pressing situation requiring swift purchasing action apart from regular procedures. Emergency purchases occur as the result of unforeseeable circumstances and may require an immediate response to advert an actual or potential public threat. If a situation arises in which compliance with normal procurement practice is impracticable or contrary to the public interest, an emergency purchase may be warranted to prevent a hazard to life, health, safety, welfare, property or to avoid undue additional cost to the state. The decision to declare an "emergency" is the sole responsibility of the ordering division.

An explanation of the need is fundamental to justifying an emergency purchase. The justification must include a detailed explanation of the emergency circumstances. It is essential that the use of emergency purchases be held to an absolute minimum.

Emergencies may be **caused** by:

1. Breakdown of essential equipment;
2. Damage from storms;
3. Inclement weather; or
4. Accidents

Emergency purchases are **not allowed** for:

1. Preventing funds from reverting at the end of a fiscal year;
2. Replenishing inventory stock;
3. Circumventing regular procurement methods; or
4. Satisfying preferences or convenience.

The justification must be included in the Request for Approval memo. A request without sufficient justification may be rejected.

4.2.12.3 Obtaining Bids for an Emergency

CPA has delegated to all state agencies the authority to make emergency purchases. DIR is encouraged to use standard informal Bid procedures including obtaining the required number of Bids.

Select a source to ensure that the required goods or services are procured in time to meet the emergency need. Given this constraint, obtain such competitive bidding as is feasible.

Emergency purchases over $25,000 must be posted on the Electronic State Business Daily (ESBD); however, the minimum posting requirements do not apply. An award should be made based on best value, considering the type of emergency.

4.2.12.4 Emergency Purchases that Include Materials and Labor

If it is necessary to issue an emergency PO for labor and materials, the amount for materials and labor must be itemized and shown as separate line items on the order.

4.2.12.5 Required Audit Documentation

Emergency purchases require a letter of justification documenting the emergency which must be signed by the Chief Procurement Officer or an authorized representative. Following is a list of the documentation required to be included in the procurement file:

1. Copy of signed PO;
2. Copy of signed bid or quote from awarded vendor;
3. Beginning and ending date of service (if applicable);
4. [Bid tabulation sheet](#) (if applicable);
5. Emergency justification documenting:
   a. the reason for the emergency by explaining what unforeseeable circumstances forced the agency into an emergency procurement situation,
   b. the financial or operational damage that will occur if needs are not satisfied immediately,
   c. why needs were not or could not be anticipated, and regular procurement procedures followed; and
   d. verification of ESBD posting (for purchases greater than $25,000).
   e. [Attestation letter](#) filed within five (5) days of contract award

Note: CPA audits emergency purchase of goods and services over $25,000 prior to payment.

4.3 Statewide and Complex Solicitation Projects

Projects that establish statewide enterprise or cooperative contracts or contracts that support complex internal projects are formal procurements that include major (a total contract value of $10 million) contracts, statewide solicitations with zero-dollar contract value, and complex solicitations, regardless of dollar value.

Formal procurements require increased expertise and often involve a group effort such as a solicitation team and evaluation team. Depending on the complexity, value, novelty and impact of a technology, certain SOW projects and master cooperative contracts projects may also use this framework.

Telecommunications services contracts that are established for statewide use (refer to Gov't Code Section 2170.051).

Procurement Oversight is dependent on the stakeholders involved and will be established for each planned procurement; Enterprise procurement oversight utilized the established Source Evaluation Board (SEB) and Source Selection Authority (SSA).

4.3.1   Cooperative Procurements

Cooperative contracts are for IT products and services that have zero-dollar value, that are established for use by in-state and out-of-state government and public education entities and other eligible customers (refer to Gov't Code Section 2157.068).

Cooperative Procurements follow a more streamlined process because they are $0 and represent less risk generally. Templates are subject to periodic review by the Contract Advisory Team to determine compliance with the PCMG and all applicable state laws and rules.

For cooperative procurements, the procurement lead is responsible for updating Salesforce with RFO-specific information including, but not limited to the RFO description, posting date, pre-solicitation conference information, response due date, reference form due date, and applicable NIPG codes. In addition, each procurement lead is responsible for setting up all new contracts awarded from the RFO in Salesforce and the initial contract information, including, but not limited to the contract overview description, contract execution date, initial contract term, renewal terms, new cost avoidance, administrative fee, awarded brands, awarded NIGP codes, subcontractor and reseller information, vendor contact information, and product and service types.

4.3.1.1   Procurement Planning

Cooperative Procurement utilizes the RFO methodology and Cooperative procurements are planned on a yearly basis. Procurements are typically based on previous years' procurements and on customer demand. During the annual planning process, decisions are made regarding the needs identified in the previous year, the workload associated with each proposed procurement, and the high-level schedule of each procurement.

4.3.1.2   Assess Risk

The procurement lead should identify, document, and evaluate solicitation project risk factors, beginning with procurement objectives, project organization and requirements development. By conducting an assessment of current or anticipated risk and determining the probability and the impact should a failure occur, the solicitation team can develop a risk response that frames the solicitation and contracting strategy.

For cooperative contracts, the risk management plan may be standardized for all contracts awarded through the same solicitation as a whole rather than for each individual contract. The risk management plan may be updated at any time if issues are experienced with a specific contract.

In addition to risks associated with procurement requirements, other factors that must be considered in evaluating and selecting a vendor for award include:

1. The vendor's previous experience with the type of work to be performed;
2. The vendor's past performance (and past performance of similar vendors);
3. The dollar value of the contract;
4. Acquisition involves (agency or vendor) confidential or propriety information;
5. Acquisition involves products or services that are relatively new in the marketplace;
6. Acquisition has an interdependency with other contracts; and
7. Acquisition has statewide impact.

4.3.1.3   Establishment of Procurement Oversight

Cooperative Procurements utilizes the following Procurement Oversight. During the Research and Pre-solicitation phase, the specific stakeholders are identified, and the names are roles are captured in the Procurement Project Management Plan (PPMP).

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┌─────────────────────────┐
│   Chief Procurement      │
│   Officer or Delegate    │
└─────────────────────────┘
             │
┌─────────────────────────┐
│  Procurement Oversight   │
│ Coop Procurement Director│
│  Chief Technology Office │
│   Business Area Owner    │
│     General Counsel      │
└─────────────────────────┘
             │
┌─────────────────────────┐
│                          │
│    Procurement Lead      │
│                          │
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             │
┌─────────────────────────┐
│   Procurement Team       │
│      Evaluators          │
│  Subject Matter Experts  │
│    Administrative        │
│      Reviewers           │
└─────────────────────────┘
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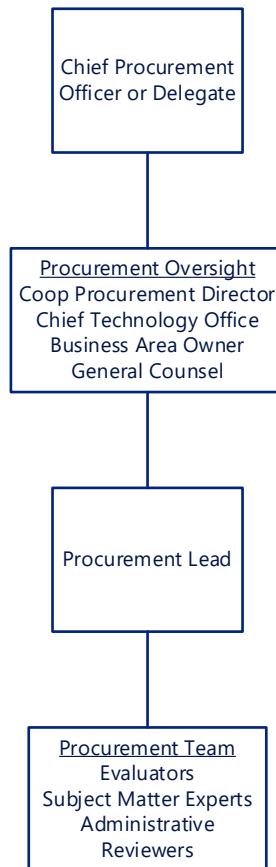
The roles and responsibilities of Cooperative Procurement teams may include:

1. **Advisors:** Offer insight to specific areas (technical, financial, security, etc.); they may serve as the bridge between the SEB and evaluators, but function with SEB oversight when advising evaluators.

2. **Evaluators:** SMEs may also be called upon to serve as evaluators/reviewers to weigh a respondent's response against the requirements of the solicitation. When serving as evaluators, each response is scored against specific criteria, scores of evaluators on consolidated and an overall score is determined for each response. In role of a reviewer is largely the same, except that instead of scoring each response, the reviewer will read and rank each response and have a facilitated meeting with the rest of the project team to agree-upon the ranking before completing their duties.

3. **Executive Management**, made up of DIR's Executive Director and Deputy Executive Director, makes the final determination regarding items escalated from the SSA and is ultimately responsible for any award decisions made.

4. **Project Manager:** On some projects, a project manager may be assigned to help with scheduling of events and to generally manage the project. The procurement may be part of a larger agency initiative that the Project Management Office is tracking or may be requested by the procurement lead/CPO to assist on projects that have a tight turn-around or are particularly sensitive.

5. **Stakeholders:** Stakeholders represent sections that will be impacted by the solicitation project or resulting contracts. Stakeholders comment on project scope, review work products, participate in vendor demonstrations, provide information, and perform other activities that help ensure that the stakeholders' needs are known to the solicitation team.

6. **Subject Matter Experts:** Subject matter experts (SMEs) are designated resources who provide expert knowledge and a variety of skills, disciplines, or functional experiences applicable to the project. SMEs for Coop Procurement may be a part of the evaluation team. An outside entity to be selected to serve as a SME in projects requiring specialized expertise not available within DIR.

4.3.1.4   Research and Post Pre-Solicitation Notice
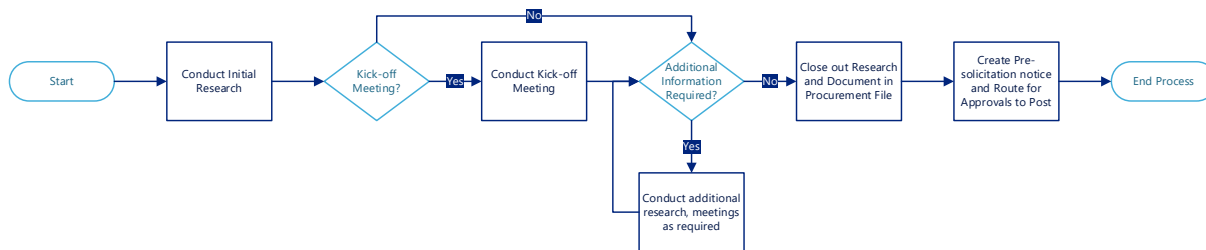
During the Research and Post of the Pre-Solicitation Notice phase, the procurement lead works to gather and document the products/services being procured, noting anything of significance in the market, any changes or new technologies available, and any customer or vendor concerns regarding the products or services. This research may be accomplished through web searches, customer or vendor surveys, request for information, or other means as determined by the

procurement lead and procurement oversight. This may include issuance of a [Request for Information](#) and/or vendor showcases.

While this research is on-going, the procurement lead creates the [Pre-solicitation Notice](#) for posting to the DIR website and on the ESBD. The pre-solicitation notice contains the high-level detail regarding the type of products and/or services being procured, an estimate of when the RFO will be released, and the procurement lead's contact information.

4.3.1.5   Draft RFO and Conduct Pre-solicitation Conference
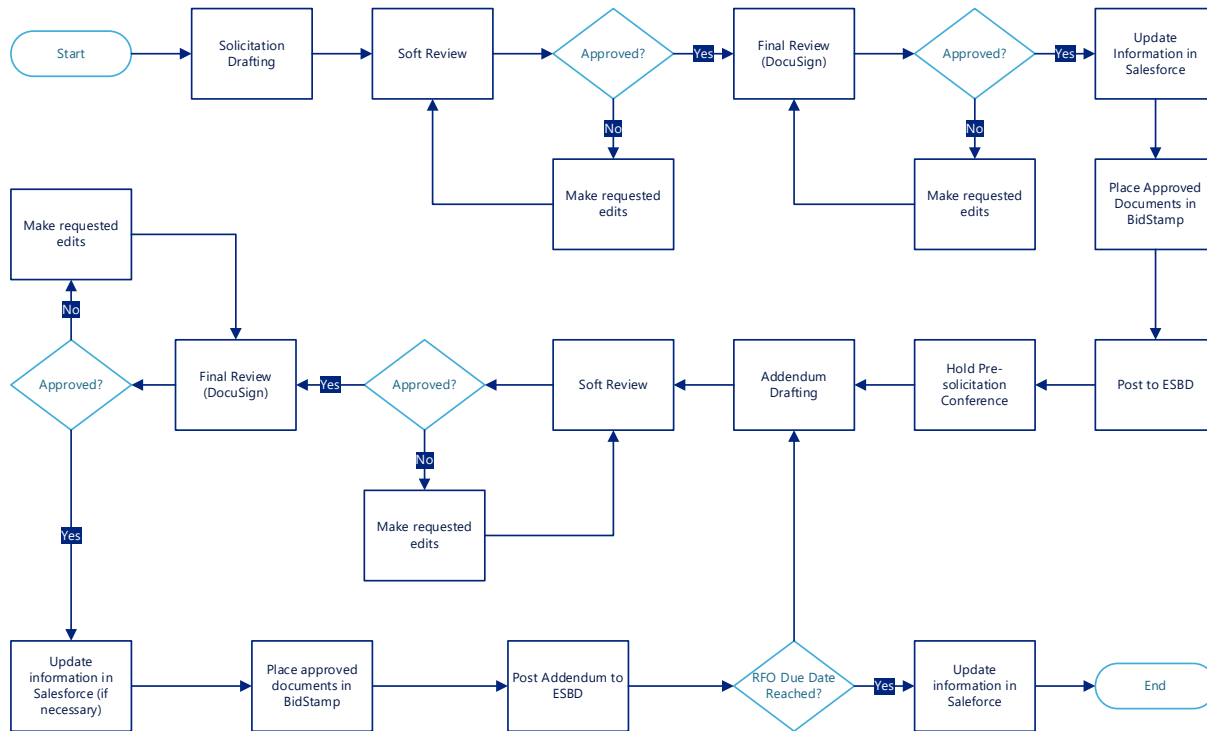
Using the templates available in BidStamp, the following documents are created during the solicitation drafting phase, as applicable:

1. [Cooperative Procurement Management Plan](#);
2. The HUB Opportunities Form;
3. RFO Scope Statement Memo;
4. [RFO](#);
5. [Contract Sample](#);
6. Standard Terms and Conditions;
7. HSP Sample Form;
8. [Sample SOW](#);
9. Sample SLAs (if applicable);
10. [Sample Service Agreement](#) (if applicable);
11. [Respondent Information](#);
12. [Respondent Experience](#);
13. [Contract Marketing and Customer Support Plan](#);

14. Reference Form;
15. Respondent Release of Liability;
16. VADSIR (if applicable);
17. PDAA (if applicable); and
18. VPAT (if applicable).

4.3.1.5.1 Soft Review

Once all documents are completed, the complete package is routed for soft review to all interested parties. Those typically include:

1. Contract Management (CTCM review of materials);
2. CFO (financial review/validate the administrative fee);
3. General Counsel (Standard terms and conditions, verification that scope/RFO package is in compliance with state law.);
4. CTO(if applicable) (review of scope);
5. Accessibility Coordinator; and
6. HUB Coordinator/HUB, Outreach and Training (review of HSP/ the time/date of the pre-solicitation conference).

If a necessary change is noted during soft review, the procurement lead is notified and makes any adjustments to the affected document(s). Depending on the nature of the changes, the soft review will be re-routed for soft review approval or the document set will be routed for formal approval to post.

4.3.1.5.2 Formal Approval and Posting

The procurement lead routes the final, complete RFO documents for sign-off, utilizing the most recent version of DIR Signature Authority Matrix. Once the approval is received, the document set is updated in BidStamp and posted on the ESBD.

NOTE: Sections 4.3.1.5.1 and 4.3.1.5.2 are used for each subsequent addendum.

4.3.1.6   Evaluation and Establishment of Competitive Breaks
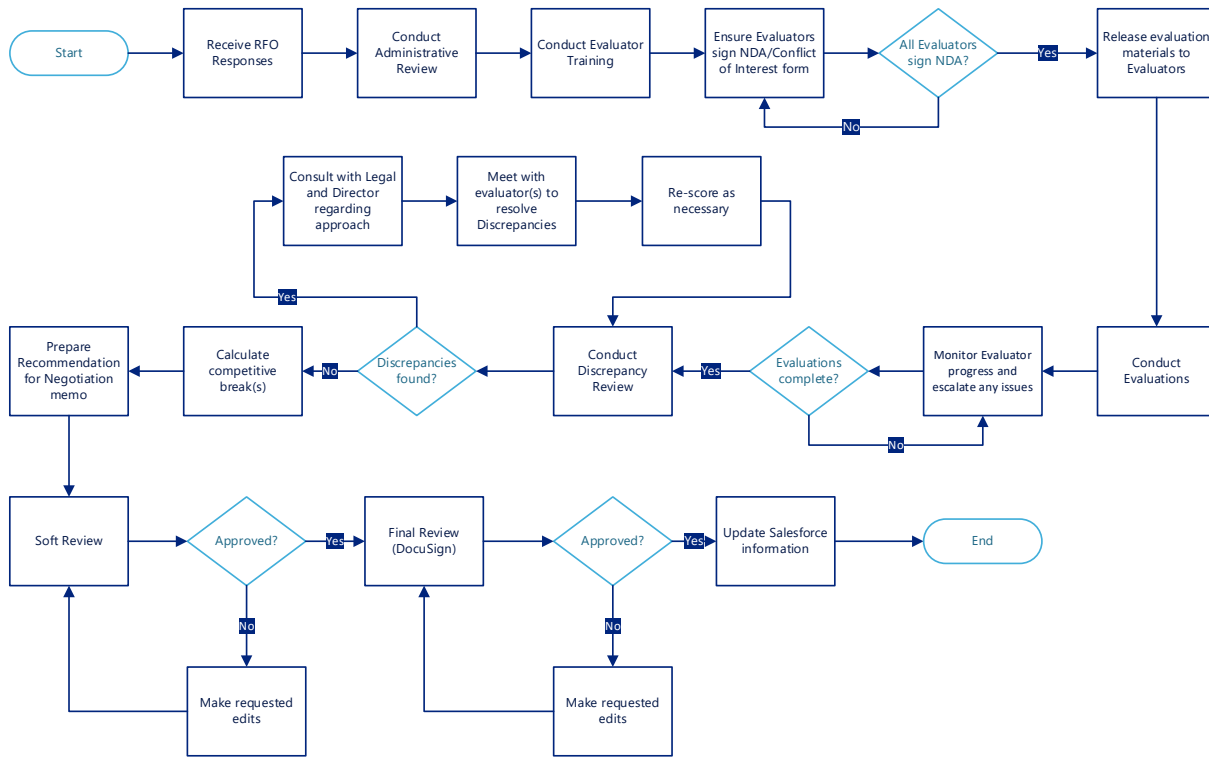
Offers are received through the BidStamp system unless approved alternate arrangements have been made with the RFO point of contact. Each offer that is received by the due date and time is routed to Administrative Review, the HUB Coordinator, and the Financial Reviewer for the preliminary administrative reviews. This process can be concurrent or sequential, depending on the nature of the RFO and the specific requirement for the solicitation.

For offers not received timely, the procurement lead verifies with DIR IT that no technical issues occurred at the time of submission. If it is believed that a technical issue did occur, the procurement lead notifies the DIR Cooperative Procurement Director, the CPO, and the assigned general counsel of the issue, and seeks guidance on next steps in order to rectify the situation and ensure vendor parity is maintained.

4.3.1.6.1   Receipt through Procurement System

BidStamp provides a date/time stamp indicating when the response was received. This stamp must be maintained with the response in the procurement file.

Upon submission, the responding vendor receives a confirmation email that contains the response record ID. BidStamp also provides a responder the ability to withdraw a previously submitted response (refer to BidStamp Training Guide)

4.3.1.6.2   Administrative Reviews and Evaluation of Responses

Responses that pass the administrative review, or those that are in clarifications pending a final determination from HUB, or Finance reviews, move to evaluation. During the evaluation process,

the evaluation team of at least three (3) evaluators read all written responses and assess how well the response meets the stated requirements. Using a quantitative scale established concurrently with the solicitation and documented in the evaluation plan, each response is scored.

4.3.1.6.3   Discrepancy Review

When all evaluators have scored all responses, the procurement lead compiles the scores and conducts a discrepancy review, identifying any outliers (scores that deviate from the median score by a specified amount). If outliers are identified, the procurement lead consults with the assigned general counsel and/or the division director. A meeting is held with the evaluators to review the outliers. Each evaluator is provided an opportunity to update their scoring prior to finalizing the scores. Once the scores are finalized, the procurement lead generates the final scoring document from BidStamp which includes the calculated scoring for the pricing component.

4.3.1.6.4   Establishment of Competitive Breaks

The procurement lead ranks each response in numerical order according to the finalized evaluation scores. A competitive break is the natural break point between respondents' overall scores. Where more than two (2) responses are being considered, the break point(s) is where the variance exceeds the average variance between two (2) adjacent scores, for all responses scored.

The competitive range represents the respondent(s) who may receive a contract award based on the natural break point(s). Depending on the products or services being awarded, it may be appropriate to expand the competitive range to one (1) or more subsequent logical breakpoints – to ensure sufficient availability and competition for offerings within the relevant category.

The procurement lead presents the competitive breaks to the Procurement Oversight. The Procurement Lead recommends the competitive range of respondents to be advanced to negotiation. To determine the competitive break, all responses must be scored and the discrepancy review must be completed.

The Procurement Lead must:

1. Combine individual scores to calculate the total response score for each response;

2. Rank the total score of each response from the highest to lowest;;

3. Calculate the score variance between adjacent scores; and

4. Determine the Competitive Break(s) as described above. The overall break point is determined as the best value to the State and must be approved by Procurement Oversight.

The procurement lead meets with the DIR-A Procurement Director, the CPO, and the assigned general counsel to review the break points and determine the number of vendors that will be invited to negotiations. Once an agreement is reached on the competitive breaks and the vendors who will be invited to attend negotiations, the procurement lead documents the results

in a memo and routes to Procurement Oversight for <u>approval to move to the next phase</u> (the negotiations phase). This approval is then saved to the procurement file.

4.3.1.7   Negotiation and Award
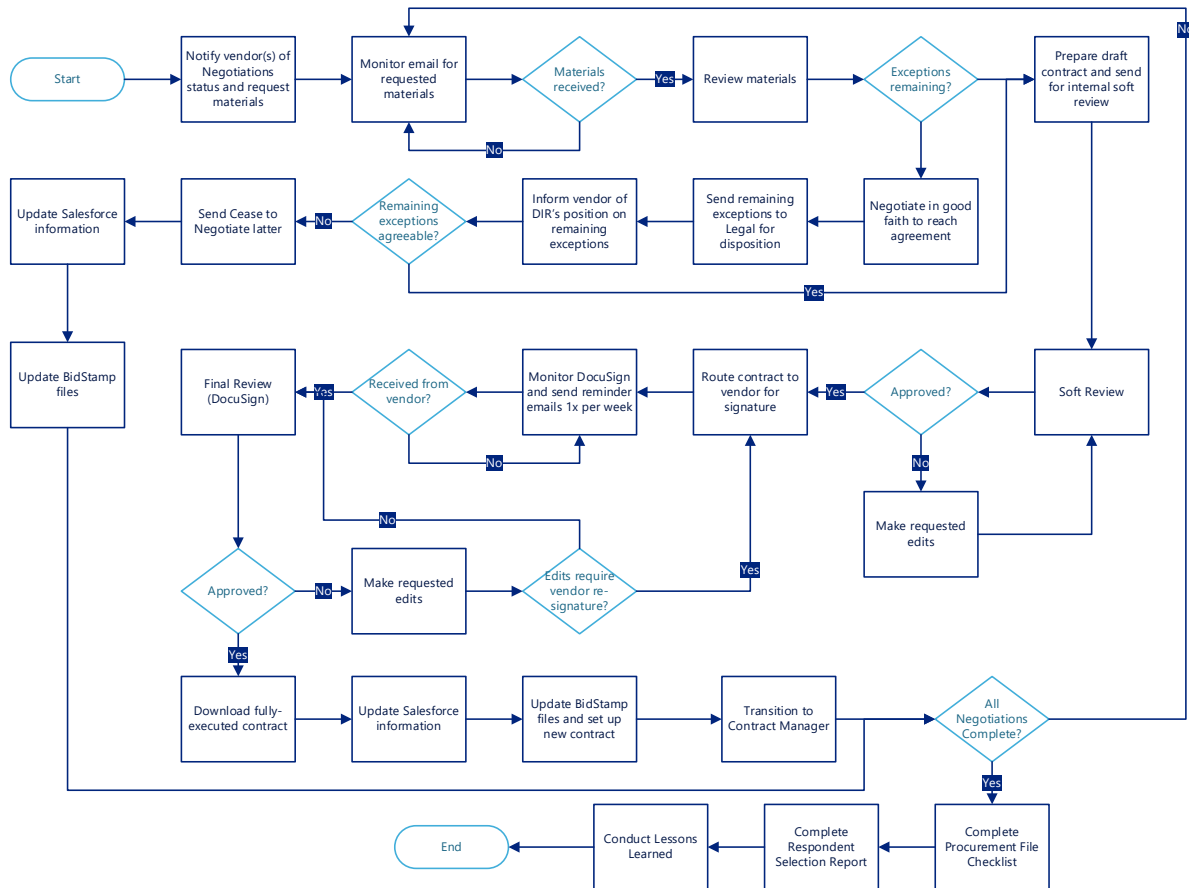
Upon approval of the <u>Recommendation for Negotiation Memo</u>, the procurement lead sends the list of respondents that advanced to negotiations to the Accessibility Reviewer to complete the accessibility documentation reviews. Any HUB Subcontracting Plans that are still "in clarification" are addressed during the initial negotiation phase.

All respondents to the RFO receive emailed notification of their status.

Respondents that have been approved to move to negotiations will receive a Negotiation Kick-Off Packet with a deadline for responding to the negotiation notification and provide all requested documentation needed during the negotiations. Failure to respond to the Negotiation Kick-Off notification by the due date may result in a Cease to Negotiate with no additional consideration of the respondent's proposal.

Respondents that did not advance to the negotiation round will receive a notification that either:

1. The response was not selected to move to negotiations as the response did not make the competitive break, or

2. The was not selected to move to negotiations as the response was disqualified from the process and the reason for the disqualification.

The procurement lead works through the list of vendors in the established competitive range in order, unless other factors cause one vendor to be prioritized ahead of another. Reasons may include:

1. Timeliness of vendor's response to the negotiation kick-off packet;
2. Criticality of services for DIR customers;
3. Number and nature of exceptions to DIR's standard terms and conditions; and
4. For incumbent vendors where a lapse of offerings would cause a disruption to existing customers, the expiration date of the current contract.

As each contract is awarded, the procurement lead updates the information in Salesforce and notifies the assigned contract manager of the contract award, either through inclusion on the DocuSign or an email. This continues until all vendors in the competitive range have received an award or had negotiations ceased.

4.3.1.7.1   Cease to Negotiate

If DIR is unable to reach an agreement with any of the vendors in the established competitive range, the procurement lead seeks to cease negotiations. In consultation in the Cooperative Procurement Director, the assigned Assistant General Counsel, and the CPO, the procurement lead presents the justification for the termination of contract negotiations. If the justification is sufficient, the procurement lead routes for review and approval a documented timeline of the negotiation efforts, which may include any communication attempts with the respondent and a Cease to Negotiate letter. These are saved to the procurement file. A signed copy of the Cease to Negotiate letter is emailed to the vendor. The Salesforce Response Record for the associated vendor is updated to "Cease to Negotiate" and the date the letter was sent is entered into the Response Record.

4.3.1.7.2   Conduct Vendor Debrief

For Cooperative contracts, once all awards have been made, the procurement lead will host a group debriefing for all respondents to that solicitation. Using the Debrief Webinar Template, the procurement lead prepares for the webinar and notifies all respondents of the time and date of the webinar. After the conclusion of the webinar, the procurement lead is responsible for answering any questions submitted by vendors. The procurement lead will escalate any vendor expressing a grievance about the procurement process or scoring to the Director and the CPO.

4.3.1.7.3   Procurement Close-out and Transition to Contract Management

Throughout the negotiation and award process, the procurement lead will transition each awarded contract to the assigned contract manager, who will verify the information entered into Salesforce and change the contract from draft to active once the information has been validated.

Once all eligible contracts are awarded, the procurement lead will close out the procurement file. Any remaining correspondence is copied the procurement file, all signed contracts are downloaded from DocuSign, and each procurement file is reviewed for completeness. The procurement lead schedules and documents any requested vendor debriefs and Salesforce initial data entry is completed by the procurement lead.

The procurement lead will post a notice of award to the ESBD, complete the [Procurement File Checklist](#), [Respondent Selection Report](#), and, if time permits, oversee gathering Lessons Learned so that the process can be improved for the next procurement.

4.3.1.7.4   Close-out Procurement File and Initiate Data Check

The contract manager, in coordination with the compliance analyst, conducts a review of the contents of the procurement file to ensure that all data is correctly entered into Salesforce and the procurement file is complete.

4.3.2   Enterprise Procurements

Enterprise Procurements focuses on high-dollar, multi-stakeholder procurements. The procurement vehicles used are primarily RFOs and SOWs, although other procurement types may be used as required. Contract Advisory Team (CAT) and Major Information Resource Project (MIRP) reviews may be required.

For enterprise procurements, the procurement lead is responsible for setting up and maintaining the procurement file, setting the project schedule (in coordination with the Project Management Office if a project manager is assigned), and managing access to the procurement documentation. The procurement lead is also responsible for updating Salesforce with RFO-specific information including, but not limited to the RFO description, posting date, pre-solicitation conference information, response due date, reference form due date, and applicable NIPG codes.

4.3.2.1   Procurement Planning

Enterprise Procurement are planned on a yearly basis, looking out multiple years to existing Shared Technology Services contract end dates. Since these are highly complex projects, the procurement process can take up to two (2) years or more to achieve contract award. During the annual planning process, decisions are made regarding the needs identified in the previous year, the workload associated with each proposed procurement, and the high-level schedule of each procurement.

4.3.2.2   Assess Risk

The procurement lead should identify, document, and evaluate solicitation project risk factors, beginning with procurement objectives, project organization and requirements development. By conducting an assessment of current or anticipated risk and determining the probability and the impact should a failure occur, the solicitation team can develop a risk response that frames the solicitation and contracting strategy.

In addition to risks associated with procurement requirements, other factors that must be considered in evaluating and selecting a vendor for award include:

1. The vendor's previous experience with the type of work to be performed;
2. The vendor's past performance (and past performance of similar vendors);
3. The dollar value of the contract;
4. The existence of confidential or propriety information, either with DIR or vendors;
5. The relative newness of products or services in the marketplace;
6. Interdependency with other contracts; and
7. The statewide impact.

4.3.2.3 Procurement Start-up
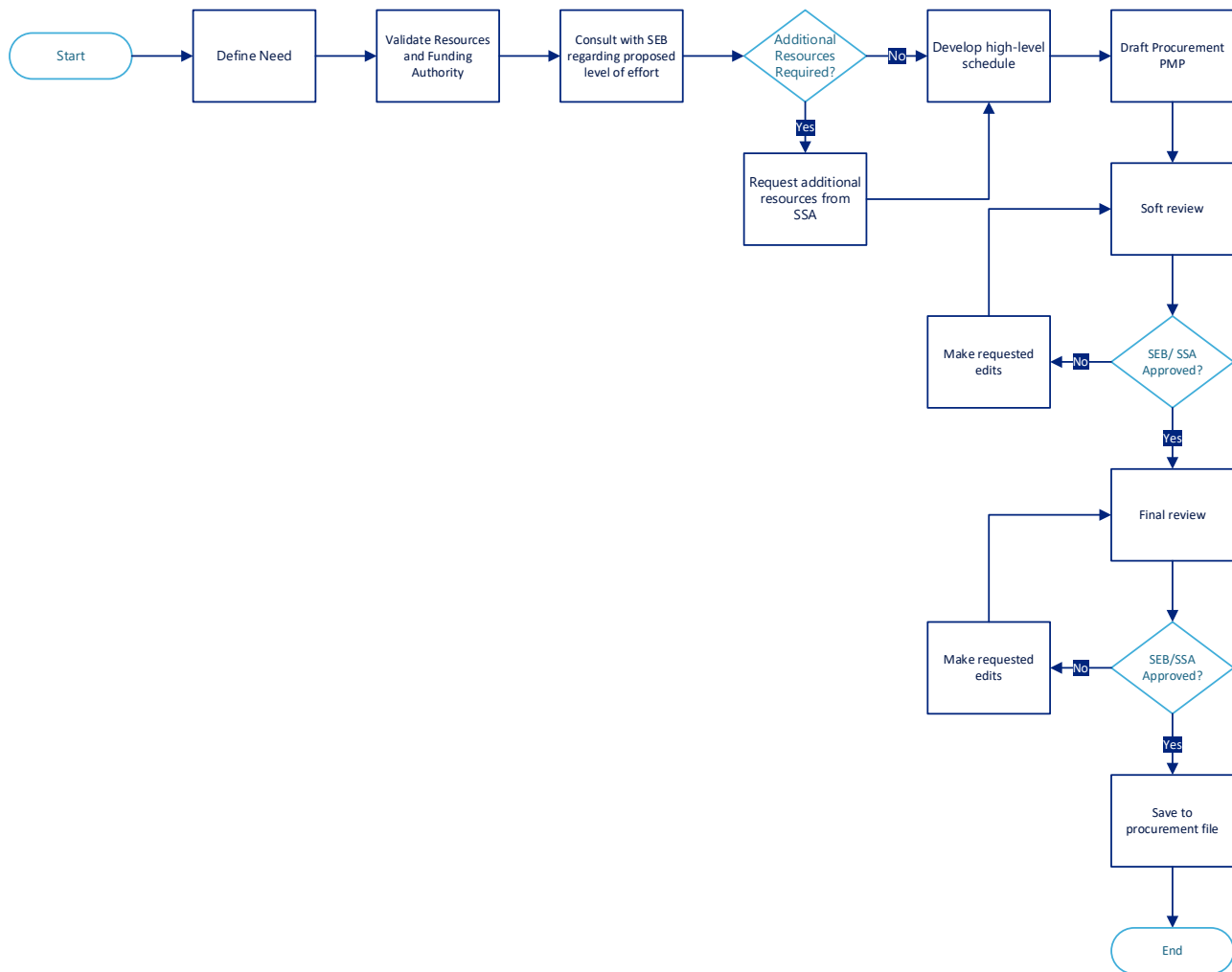
4.3.2.3.1 Validate Funding, Authority and Resources

Once assigned, the procurement lead reviews any state oversight requirements to determine which, if any, are applicable to the solicitation project. As the procurement lead develops the project schedule, the tasks and timelines related to oversight requirements must be factored into the schedule.

State oversight entities may include:

1. Contract Advisory Team (CAT);
2. Quality Assurance Team (QAT); and
3. Texas Office of the Governor (if using consulting services).

The procurement lead validates oversight requirements in the planning stage and throughout the solicitation project with the Enterprise Procurement Director and general counsel.

In some cases, DIR may elect to use outside consultants or staff to augment Enterprise procurement projects. State law requires DIR to develop clear criteria for the appropriate use of consultants and outside staff to temporarily augment existing staff. In conjunction with its budget process, the agency's program areas must annually assess staffing needs and the need for and cost-effectiveness of contracting for consultants and outside staff. This analysis is provided to the DIR Board for approval and a program area may not hire or train any consultants or outside staff unless approved during this budget process (refer to Gov't Code Section 2054.061).

4.3.2.3.2   Determine Procurement Method

The Enterprise Procurement Director, in conjunction with the CPO and Office of General Counsel or SEB, reviews the information gathered through the statement of need, requirements development, and market research, and validates the procurement method. In most cases, an RFO or SOW will be utilized.

4.3.2.3.3   CAT Submission Procedure

No authority exists to issue a solicitation over an anticipated $5 million total contract value until CAT review has concluded. The procurement lead is responsible for submitting any solicitation to CAT that exceeds the $5 million threshold and for coordinating the with the business owner or solicitation team to ensure that all recommended changes stemming from the CAT review are considered, accepted changes are incorporated, and formal response to CAT is issued.

To obtain the estimated contract value required for CAT submittal, contact finance for assistance.

Publishing a solicitation without receiving a letter from CAT may result in an audit finding. Requests for expedited CAT reviews must be sent to spd.oversight@cpa.texas.gov.

At the time of posting, the official "black out" period regarding the procurement begins. At this time, only the official point of contact should have any direct communications with a vendor regarding the procurement.

4.3.2.4   Establishment of Procurement Oversight and Team Structure

The procurement lead has primary responsibility for the functions described in this section and may work in coordination with a DIR business unit or program area project manager to develop and implement a Procurement Project Management Plan to direct the work.

For high dollar procurements, or those procurements that executive management deems are strategically important, the procurement lead serves as a liaison between the Enterprise Procurements Director and the solicitation team, and is accountable to the project owner, project sponsor, Source Evaluation Board (SEB), Source Selection Authority (SSA), and Executive Management for the successful award of a contract. Below is an example of the organization chart when the SEB/SSA is used.[7]
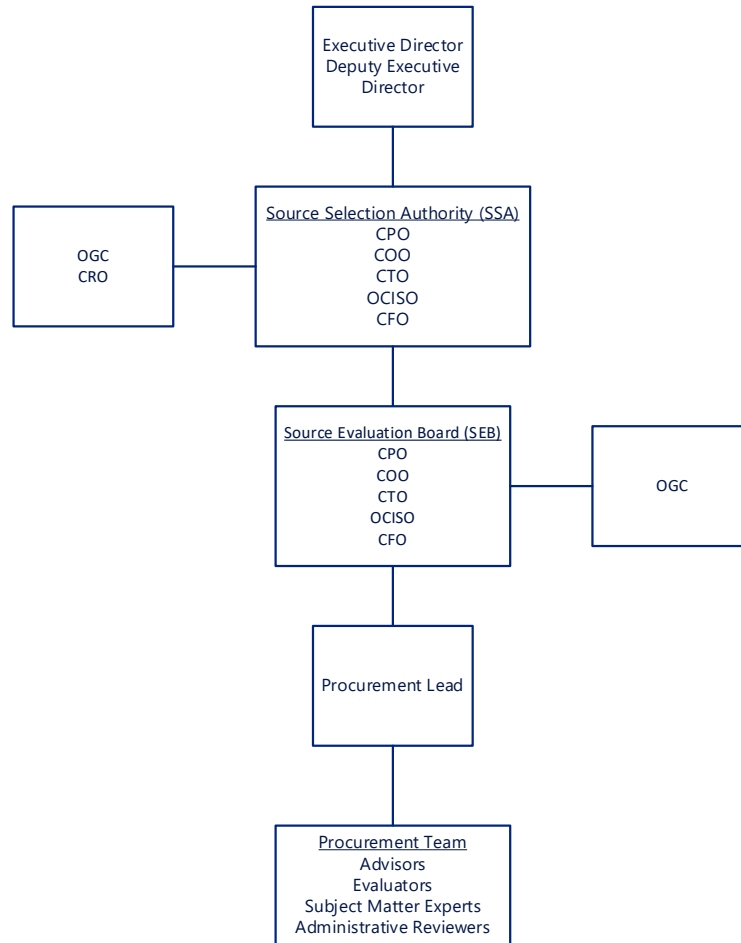
For projects that include both a procurement lead and project manager, the role of the project manager is to work with the procurement lead to manage the procurement effort and coordinate the efforts of the solicitation team.

4.3.2.4.1   Implement Procurement Project Management Plan

After the kickoff meeting the procurement lead develops a schedule that considers meeting outcomes, development of relevant procurement documents and deliverables, the need for a solicitation conference, and applicable review and approval cycles.

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[7] Gov't Section 2261.202

The procurement lead completes the [PPMP](#), which should include the results of an analysis conducted on a procurement, including the procurement authority, anticipated cost, procurement method, market research and requirements of the product or service.

The procurement lead confers with the Director and the established procurement oversight to finalize the [PPMP](#) and baseline the project schedule. After finalizing, the procurement lead sends the [PPMP](#) to the Enterprise Procurement Director and procurement oversight for review and approval.

When the procurement is advanced to the Procure stage, the plan should be updated with this information and included in the procurement file.

4.3.2.4.2   Assign Team Roles and Responsibilities

The role of the procurement lead is to work with the requesting DIR program area or business unit to establish a project, form a solicitation team, develop, and implement a planning, communication, and reporting structure, and proceed to develop requirements and solicitation documents.

The procurement lead monitors and oversees the work of the procurement team members, including generating project and solicitation requirements, development of pricing structures, evaluation strategies, contract award, and transition to the program area and to contract management. If the price criterion is to be evaluated using a mathematical formula, such as for an RFO with an approved pricing evaluation tool, then it may be scored using such tool. Unless expressly prohibited in the solicitation evaluation strategy, the evaluation team may review the entire response, including the price component, to ensure that the proposed pricing aligns with the proposed products and services. The evaluation plan should always be followed.

The procurement lead coordinates with the procurement oversight, other procurement leads, and the Enterprise Procurements Director to recommend and assemble a matrixed solicitation team.

The procurement lead, in coordination with other project team members, identifies and recommends additional project stakeholders that either participate on the solicitation team or as resources to the solicitation. Stakeholders should be selected based on their knowledge and experience and their ability to assist in identifying critical business requirements within a procurement. Solicitation team members generally consist of an assigned member of the Office of General Counsel, the proposed or assigned contract manager, a business area subject matter expert, and may also include the accessibility coordinator, and a member of the CFO.

Stakeholders are familiar with the specific needs of a program and have a clear understanding of how to ensure that procurement activities support a program. They may be heavily involved in developing policies and procedures, or implementing changes, to facilitate the project and may also provide the subject matter expertise required on a project. The roles and responsibilities of procurement teams include:

1. **Advisors:** Offer insight to specific areas (technical, financial, security, etc.); they may serve as the bridge between the SEB and evaluators, but function with SEB oversight when advising evaluators.

2. **Evaluator/Reviewers:** SMEs may also be called upon to serve as evaluators/reviewers to weigh a respondent's response against the requirements of the solicitation. When serving as evaluators, each response is scored against specific criteria, scores of evaluators on consolidated and an overall score is determined for each response. In role of a reviewer is largely the same, except that instead of scoring each response, the reviewer will read and rank each response and have a facilitated meeting with the rest of the project team to agree-upon the ranking before completing their duties.

3. **Executive Management:** made up of DIR's Executive Director and Deputy Executive Director, makes the final determination regarding items escalated from the SSA and is ultimately responsible for any award decisions made.

4. **Project Manager:** On some projects, a project manager may be assigned to help with scheduling of events and to generally manage the project. The procurement may be part of a larger agency initiative that the Project Management Office is tracking or may be requested by the procurement lead/CPO to assist on projects that have a tight turn-around or are particularly sensitive.

5. **Source Evaluation Board:** made up of director-level staff from DIR's major business areas and provides strategic direction and oversight to the procurement process. This is a permanent group and is made up of a representative from the Chief Procurement Office as the chair, the Chief Operations Office, the Chief Technology Office, with advisor from the Chief Financial Office, the Transition Director, the CPO Contract Manager and the Office of Chief Information Security Officer. They serve as procurement oversight for STS and related projects and are responsible for reviewing and approving solicitation materials at all phases in the project. The SEB is accountable to the Source Selection Authority.

6. **Source Selection Authority:** made up of senior-level staff from DIR's major business areas. They serve as a point of escalation for the SEB. They are responsible for approving solicitation materials for external review, posting, and signing off on evaluation and award decisions.

7. **Stakeholders:** Stakeholders represent sections that will be impacted by the solicitation project or resulting contracts. Stakeholders comment on project scope, review work products, participate in vendor demonstrations, provide information, and perform other activities that help ensure that the stakeholders' needs are known to the solicitation team.

8. **Subject Matter Experts:** Subject matter experts (SMEs) are designated resources who provide expert knowledge and a variety of skills, disciplines, or functional experiences applicable to the project. An outside entity to me be selected to serve as a SME in projects requiring specialized expertise not available within DIR. In addition to SME's participating as non-voting members on the review team, the procurement lead may assign project-related tasks to SMEs.

9. **Administrative Reviewer(s)**: Personnel whose primary procurement responsibilities are a review of the pass/fail components related to the requirements of the solicitation. They include, but are not limited to, the HUB Coordinator(s), Accessibility Coordinator, Financial Reviewer. And the purchaser.

Throughout this process, the procurement team develops the work and performance requirements, technical specifications, written procedures, executive summaries, background statements and infrastructure details that support the solicitation. Additionally, the procurement team assists in developing evaluation criteria, scoring methodologies, contract terms and conditions and the contractor's insurance requirements.

Tools and metrics used for contract administration are also developed or identified by the solicitation team, which may include performance management, service level management and quality management, among others.

4.3.2.4.3   Establish Project Management Structure

The procurement lead, or project manager in coordination with the procurement lead, as applicable:

1. Develops and manages the Procurement Project Management Plan (PPMP) using the [PPMP Template](#)
2. Selects the appropriate tools and templates and performs initial analysis and planning to manage the project, including a project schedule, a communications plan, an action item log, a risk register, and an issue log.

The PPMP describes:

1. Project scope;
2. Project deliverables (for the procurement, not the resulting project);
3. Critical business requirements;
4. Method of procurement;
5. Contract type;
6. Estimated schedule;
7. Estimated cost, budget, and administrative fees, if any;
8. Performance measures (if applicable);
9. Constraints and risks including the risk assessment matrix; and
10. Team assignments and procurement deadlines.

The procurement lead must document the information that supports a procurement and the decisions that are made during the planning stage that will frame the procurement strategy. This information should be included or referenced in the PPMP.

For less complex SOW projects, the procurement lead may tailor the PPMP to define, manage and track key activities and milestones associated with the project, which should include a statement of scope, project deliverables, solicitation project schedule, a description of the project's roles and responsibilities and other relevant planning factors.

4.3.2.4.4   Conduct Kick-off Meeting (optional)

The procurement lead facilitates the project kickoff meeting and communicates the procurement goals and objectives to the procurement team. The procurement lead provides a high-level overview of the project schedule, including the estimated amount of time required of the SMEs.

The assistant general counsel advises procurement team members of their ethical responsibilities throughout the solicitation project and provides examples of changes in circumstance to avoid a conflict of interest, including:

1.   A new financial interest in a vendor; and
2.   A spouse or family member taking a management position with a vendor.

Other kick-off meeting topics include a discussion of the project's organizational structure, roles and responsibilities, background information related to the solicitation, initial planning for the solicitation type, and external services and resources that may be acquired to support the solicitation project.

4.3.2.5   Research and Post Notice of Intent to Procure/Pre-Solicitation Notice
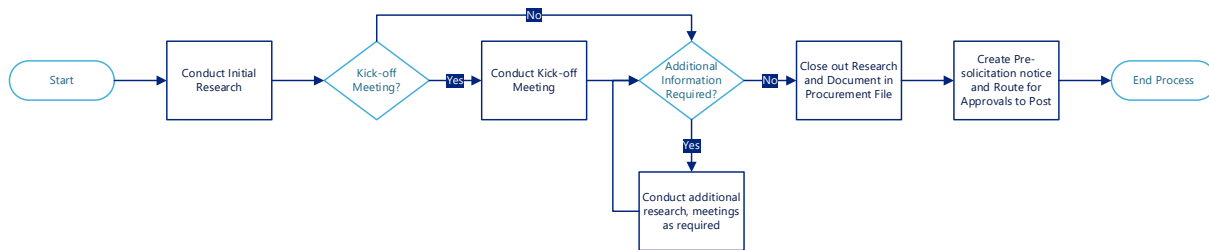
4.3.2.5.1   Market Research

During this phase, the procurement lead works to gather and document the products/services being procured, noting anything of significance in the market, any changes or new technologies available, and any customer or vendor concerns regarding the products or services. This research may be accomplished through web searches, customer or vendor surveys, request for information, or other means as determined by the procurement lead and procurement oversight. This may include issuance of a [Request for Information](#) and/or vendor showcases.

Based on capabilities available in the market, the results of market research and analysis may initiate a procurement project. Market research projects may result in a limited pilot and may or may not result in a procurement event. Further, the market research approach may include vendor outreach and engagement and/or customer outreach and engagement. Typically, market engagement lasts three (3) months. Market research lasts six (6) months. Schedules may vary based on procurement priority/urgency, need to better understand market capabilities, budget, staffing, or other factors.

For major procurements, CPO leadership will work with CTO leadership, other divisions, and agency executive management to develop a market research strategy, budget, schedule, and

assignments. For other procurements, less formal market research may be conducted. Decisions regarding market research direction will be made as part of the procurement planning phase of any procurement. Through its market research, the market analysis team provides results to inform the procurement strategy and high-level requirements (refer to Market Research and Analysis).

In consultation with the business areas, the CPO, and/or executive leadership, the procurement lead will determine the market research approach which may include vendor outreach and engagement and/or customer outreach and engagement. Typically, market engagements last three (3) months. Market research can last up to six (6) months or beyond. Schedules may vary based on the depth of the research and availability of staff.

4.3.2.5.2   Post Notice of Intent to Procure

If the estimated total contract value will exceed $20 million, the procurement lead is responsible for posting a Notice of Intent to Procure at least two (2) calendar months prior to the solicitation. This notice must include a description of the goods or services to be procured and the applicable NIGP class and item codes. This notice is subject to review and approval of the SEB and SSA prior to posting. This serves as the pre-solicitation notice for the procurement.

A Pre-solicitation Notice is posted in advance of the solicitation to put all interested vendors on notice that a solicitation is forthcoming. This is a voluntary step for solicitations less than $20 million dollars and is done in advance of the solicitation.

4.3.2.6   Draft Solicitation Scope of Work and Specifications
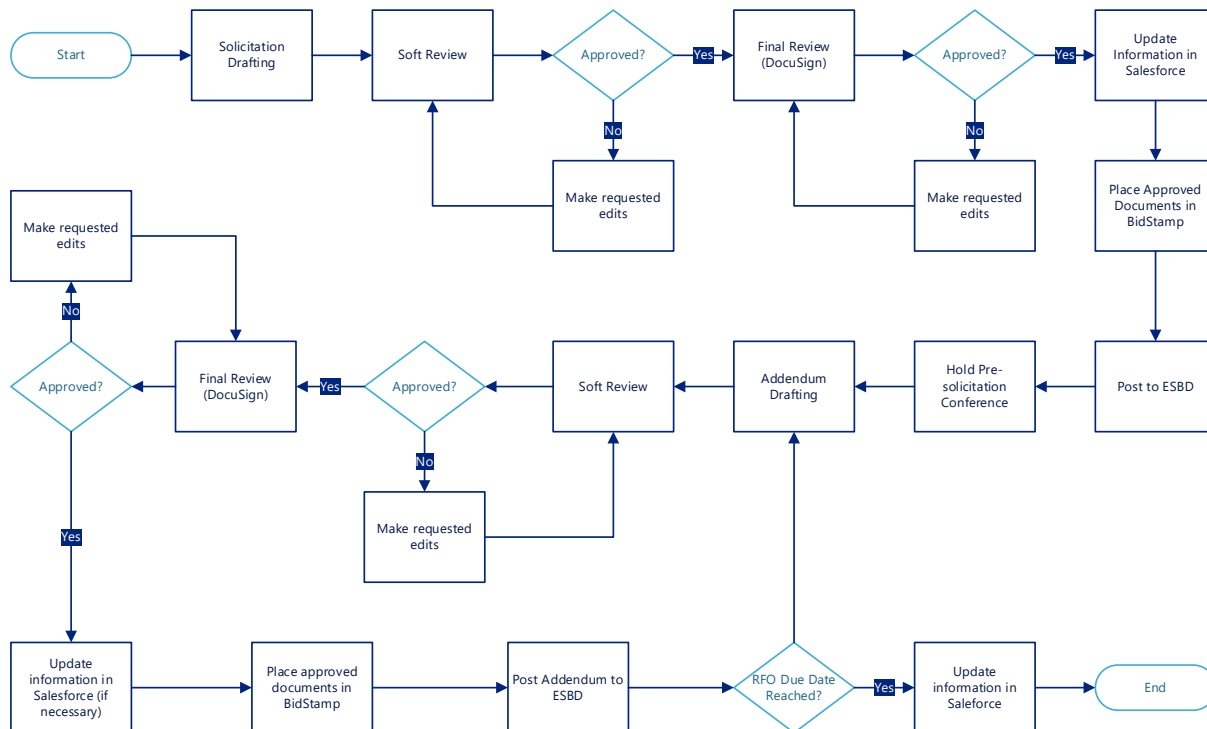
4.3.2.6.1 Draft Solicitation Scope of Work and Specifications

The procurement lead, in coordination with the procurement team, develops the scope of work and creates initial drafts of the solicitation documents. The procurement lead should structure the requirements in a manner that allows respondents to present innovative solutions to stated business problems. The scope of work or specifications should address the following elements:

1. Performance expectations;
2. Deliverables;
3. Response Instructions and Submission Requirements;
4. Evaluation Approach;
5. Attachments, Forms, and Exhibits;
6. Pricing Structure;
7. HUB Opportunities; and
8. Contract Terms and Conditions.

Additionally, the procurement lead and procurement team should determine a duration for the contract, taking into account such factors as length of time to procure, length of time to transition to a new provider, and infrastructure or sunk costs that may need to be defrayed during the life of the contract, etc. The term must be reasonable and in determining the duration, an effort should be made to keep the maximum length of a contract to four (4) years without reissuing a competitive solicitation, including contract renewals and extensions. This duration must be included in the solicitation. Under no circumstances may DIR enter into a contract with an indefinite term.

4.3.2.6.1.1 Performance Expectations

The procurement lead facilitates a review of the requirements to consider and establish:

1. A method to incorporate technology and innovative solutions or industry best practices (market research).
2. The minimum requirements that must be met by a contract holder to demonstrate the capacity and experience required to successfully perform the work. These requirements must be met for a respondent to be eligible to continue in the evaluation process.
3. Information required from the respondent for evaluators to make informed decisions (response instructions).
4. The best way to price the goods or services requested (pricing form).
5. A method to differentiate "needs" versus "wants" or "would like to haves" (cost drivers).
6. Measures of performance and methods of monitoring progress (performance measures).
7. The possible consequences of the contract holder not meeting requirements (remedies).

Throughout the development of the requirements, the solicitation team identifies vendor work performance requirements and/or acceptance criteria that are critical to the overall objective of

the contract. The main goal of this effort is to ensure that the non-performance remedies align with the specified business goals and objectives. The procurement lead ensures that all relevant parties, including general counsel and the contract manager, are involved in the developing these requirements.

4.3.2.6.1.2   Deliverables

When deliverables are defined, each deliverable described in a solicitation should include the following elements, as applicable:

1. A description of the work, expectations, or desired outcomes as applicable;
1. Performance standards;
2. Test conditions, methods, or procedures to verify that the deliverable meets performance standards;
3. A method or process to monitor or ensure quality in the deliverable;
4. An acceptance process;
5. A compensation structure that is consistent with the types and value of work performed; and
6. A contractual remedy, where appropriate.

The solicitation may specify that one or more deliverables require the development of a Deliverable Expectation Document (DED) which provides a blueprint for the development of a deliverable to ensure that agreed-upon expectations are clearly defined before the deliverable is developed. A DED is typically a short document that identifies the scope, content, method for receiving, acceptance criteria, and development schedule for each deliverable. A DED provides a valuable framework to manage the review and acceptance process for the contract owner and contract manager.

Additionally, the procurement lead guides the solicitation team to assess which of the requirements warrant specific explanation by respondents for how they plan to implement the requirements. For these requirements, the solicitation team should determine what information the respondents should provide to allow the review team to fully analyze the proposed approach and determine its effectiveness in meeting DIR's needs. The submittal of the draft transition plan is a common practice.

4.3.2.6.1.3   Response Instructions and Submission Requirements

The procurement lead develops response instructions that provide potential respondents with clear directions for content, organization, and submittal of responses. Additionally, the procurement lead drafts review or evaluation guidance for responses and obtains input and feedback from the solicitation team. Response instructions may be included in a single section of the solicitation document or may be in-line within the statement of work document.

4.3.2.6.1.3.1   Response Instructions

Response Instructions are contained in a section of the solicitation document that provides guidance to potential respondents on preparing their responses. This section contains administrative information about the procurement process such as how and where to submit a response and a schedule of events including the deadline for submitting a response. Response instructions may instruct respondents to respond "in-line" within the statement of work document.

Response instructions are necessary for every requirement that the procurement team wishes to consider in making an award decision. These typically include key staff resumes/work history, facilities (description/photographs/diagrams/ schematics), and potential training provided by respondent.

4.3.2.6.1.3.2 Submission Requirements

The section of the solicitation document that includes the minimum qualifications a vendor must meet to have their response considered, the required structure and elements of the response and the information to be provided for evaluation purposes is the submission requirements section.

To facilitate evaluation and negotiation, solicitation documents should include a response template that requires all respondents to submit exceptions in an excel table format to facilitate evaluation and negotiation.

4.3.2.6.1.4   Evaluation Approach

This section of the RFO/SOW explains the evaluation/review approach including:

1. Minimum qualifications in order for a response to be considered compliant;
2. Major evaluation criteria relevant to the procurement such as approach, on-going support, respondent team experience, price, etc.;
3. The specific evaluation criteria within each major criterion and how they will be scored; and
4. Relative importance (in percentages) of each major criterion identified, which should align with the posted solicitation document.

4.3.2.6.1.5   Attachments, Forms, and Exhibits

The procurement lead develops and compiles all appropriate attachments, forms, and exhibits for the solicitation. Attachments, forms, and exhibits should be limited to those providing information required by potential respondents to submit a comprehensive response. DIR has created a set of templates of standard attachments, forms, and exhibits. Standard attached documents include anything requiring vendor signatures, any processes or procedures impacting vendor staffing or schedule, and any restrictive policies or procedures requiring vendor compliance outside of the normal mode of doing business for that industry.

4.3.2.6.1.6   Pricing Structure

The procurement lead develops an initial draft of the pricing structure with the solicitation team. For transaction-based pricing, a key component is developing projections and anticipated quantities to be used for pricing evaluation and a description of all assumptions used when developing the pricing structure. The procurement lead documents all assumptions in the project file. If the solicitation establishes a statewide enterprise contract, the procurement lead sends the pricing structure to the Enterprise Procurement Director and SEB for review and approval.

4.3.2.6.1.7 HUB Opportunities

Once the requirement gathering are mostly complete, the procurement lead reviews the required products or services to be received to determine the applicability [NIGP codes.](#) The procurement lead works with the HUB coordinator and completes the [HUB Subcontracting Determination Form](#) to determine if subcontracting opportunities exist within the procurement. This information is included in the final solicitation document and the completed form is saved in the procurement file (refer to [Determine HUB Subcontracting Opportunities](#)).

4.3.2.6.1.8 Contract Terms and Conditions

The office of general counsel develops the sample contract and legal terms and conditions (T&Cs) specific to the solicitation as requirements are being developed and they are finalized concurrently with the solicitation documents. The assigned assistant general counsel may elect to include the T&Cs in a Master Services Agreement (MSA) or attach the T&Cs to the contract as an Appendix. The contract package is included as part of the procurement package to inform a potential respondent's understanding of the intended final agreement.

An SOW solicitation issued against a DIR cooperative contract requires a reconciliation of any additional terms and conditions with those used in the master contract. The SOW solicitation T&Cs may enhance, but not lessen, the terms and conditions of the master contract.

The procurement lead incorporates the appropriate documents into the solicitation package and includes any relevant appendices, exhibits or attachments. The solicitation team, in coordination with the assigned contract manager, should read and understand the contract terms and all associated documents to identify any areas that may be enhanced by previous experience or lessons learned and to assess their appropriateness for the scope of work.

The procurement lead should ensure that considerations and logistics for conducting the solicitation are addressed during solicitation drafting and confirm that resource requirements to support the solicitation schedule of events are available, reserved, and links to access, as applicable, are included and active in the solicitation documents.

4.3.2.6.1.9 Initiate Contract Monitoring Approach Development

The procurement lead engages the contract manager to initiate the development of a monitoring approach and plan, based on the complexity, value, and risk. The contract manager

will use and adjust this plan, as needed, to track the status and monitor vendor performance over the life of the contract (refer to [Establish Contract Monitoring](#)). As necessary, the procurement lead will make adjustments to the applicable areas of the solicitation package to facilitate any monitoring duties identified by the contract manager.

Depending on the level of contract complexity, value, and risk, the contract manager should coordinate with the business owner (or assigned contract owner), general counsel and Director of Contract Management to develop a formal contract management plan to implement after award.

4.3.2.6.2   Plan and Develop Evaluation/Review Guidance

Complex solicitation projects use either the evaluation team or review team process to determine best value based on the criteria described in the solicitation. The procurement lead coordinates with the solicitation team to consider and document the strategy and process for evaluating or reviewing solicitation responses, including:

1. Team members and roles;
2. Details regarding pre-qualification of potential respondents, as applicable;
3. Approval process, as applicable;
4. Planned question and answer process;
5. Areas to be scored and assigned weights for each, as applicable;
6. Factors to consider when reviewing; and
7. Tools that will be used to calculate technical and pricing evaluation scores, as applicable.

The evaluation plan and review guidance are internal project documents that provide information and consideration items the evaluators should assess in the selection process.

1. An evaluation plan is used for RFO solicitations where methods to assess, score, and select vendors that are advanced to negotiation are described. The plan describes the approach to individual and group scoring. The evaluation plan identifies members that will participate in negotiation. Other tools provided to evaluators include training slides, workbook, and an evaluator guide.
2. Response review is only used when the scoring methodology is a consensus score. methodology, such as the proposed approach, proposed project schedule, pricing assumptions, price versus budget, exceptions taken by the vendor, etc. The review team uses the guidance to determine which respondents will participate in any subsequent discussion, negotiation, or other process.

The evaluation plan/review team guidance may include the following attachments:

1. Vendor initial responsiveness screening checklist;
2. [Evaluation tool](#);
3. Pricing evaluation tool;
4. Vendor reference check – past performance, experience, and responsibility questionnaire;

5. Vendor reference check – contract cancellation questionnaire; and
6. [Respondent selection report](#).

The procurement lead, in coordination with the solicitation team, follows these steps to develop an evaluation plan and identify potential members of the review team, based on their roles, which may include members of the solicitation team.

The procurement lead should develop the evaluation plan or review team guidance documents and seek to finalize the plan in the procure stage. The plan must be finalized and approved (with clear documentation regarding the date of approval) prior to the opening of any responses.

The procurement lead must finalize the intended evaluation/review plan for any procurement that will be evaluated on best value factors other than price meeting stated specifications.

The procurement lead must route the final evaluation/review plan for review and approval according to the established procurement oversight, which may include the SEB and SSA or the area business owner and Executive Leadership, as appropriate. The approved [DIR Signature Authority Matrix](#) must be followed.

Changes to this plan are allowed until the opening of solicitation responses. However, any changes must be approved by the established procurement oversight.

4.3.2.6.3   Conduct Internal Review of Solicitation Package

The procurement lead facilitates a solicitation team meeting to obtain feedback on the complete procurement package, including:

1. Scope of work and specifications;
2. Response instructions;
3. Attachments, forms, and exhibits;
4. Pricing structure;
5. Performance measures and remedies;
6. HUB opportunities; and
7. Contract terms and conditions.

4.3.2.6.3.1   Solicitation Quality Control Review

When the solicitation document is complete, a member of the CPO conducts a quality control review of the solicitation document and all attachments and related documents. The QC reviewer notifies the procurement lead of any issues to be resolved. The procurement lead responds to the findings. The procurement lead confirms with the SEB the status (e.g., no issues, issues resolved).

The solicitation document and its attachments can only be finalized after the QC review is complete and identified issues have been addressed to the satisfaction of the SEB.

4.3.2.6.3.2   Evaluation Plan Quality Control Review

When the evaluation or review plan is complete, the QC reviewer conducts a quality control review of the plan. The QC reviewer notifies the procurement lead of any issues to be resolved. The procurement lead confirms with the SEB the status (e.g., no issues, issues resolved).

The evaluation plan can only be finalized after the QC review is complete and issues identified have been addressed to the satisfaction of the SEB.

After QC review is complete, the procurement lead can use the information to create individual evaluator worksheets (refer to the [Evaluation Plan Template](#)) or the Review Plan documents that will be used to determine the best value for the state.

4.3.2.6.3.3   SEB Solicitation Document Review

The solicitation document is ready for complete review by the SEB when the draft solicitation and evaluation plan quality control reviews are complete. The procurement lead provides the solicitation document (and attachments) and the evaluation plan to the SEB for review and approval. The procurement lead revises the solicitation document with recommended changes from the SEB. Additional reviews may be required before SEB approval is granted.

The procurement lead reviews any past performance and canceled contract questions with the SEB to ensure they are appropriate to the services being requested.

4.3.2.6.3.4   SSA Solicitation Document Review

The procurement lead routes the final, complete solicitation documents for sign-off, utilizing the most recent version of [DIR Signature Authority Matrix](#). Once sign-off is achieved, the solicitation is either sent to CAT for approval to post or, in the case of SOWs, uploaded on the SOW portal. CAT review can take up to 30 calendar days, however DIR cannot post until the review is complete and feedback has been resolved. For SOW reviews, DIR can take up to 30 business days to complete the review. DIR may accept or reject the submitted DIR SOW. An agency shall not submit the DIR SOW to vendors until DIR has issued written approval. If rejected, the agency may resubmit with required modifications.

4.3.2.7   Manage Solicitation

4.3.2.7.1   Overview

After a solicitation is publicly posted or sent to vendors, any information regarding the procurement must be conveyed through the point of contact (POC) designated on the solicitation. Posting the solicitation is the start of "black-out" period of the solicitation which continues until the contract has been formally awarded.

The sole exception to the black-out period is the ability for the HUB office to advise vendors on completing their HSPs. The HUB office may communicate directly with a vendor but may only discuss the requirements of completing the HSP, reviewing a completed HSP, or handling a subsequent Progress Assessment Report (PAR).

A solicited vendor may continue to communicate with agency personnel regarding an existing contract held with DIR, however, agency staff must not discuss or exchange information regarding the solicitation. If the procurement lead or a member of the solicitation team, or other DIR personnel except for the HUB office, is approached regarding the solicitation or the process, they should refer all inquiries to the designated procurement lead and notify the procurement lead of any attempted contact. Repeated attempts could be grounds to disqualify a vendor from responding to the solicitation.

The procurement lead receives any questions, comments, or potential issues from the vendor community. If a response is required, the procurement lead will coordinate any response with the solicitation team, SEB, or legal as appropriate. Any response will be provided to the vendor or vendor community via the procurement lead.

To ensure that all vendors are treated equally and fairly, all information – from issuing a solicitation, responding to questions, issuing addenda, to conveying information regarding discussions and clarification sessions – must be shared equally with all vendors.

Any response that provides clarification to the intent or requirements of a section of the solicitation must be shared with all vendors. For a solicitation posted to the ESBD, the solicitation team issues an addendum with the information and the procurement lead instructs the requesting vendor to view the publicly posted addendum for a response. For an SOW where all potential respondents are known, an addendum may be issued. For a clarification that does not alter any requirements in the solicitation, an email notification to each vendor may be appropriate.

The procurement lead should advise the Enterprise Procurement Director or, if necessary, the contract attorney immediately, if issues arise after posting or distribution of the solicitation. This will ensure the integrity of the procurement and hopefully allow it to proceed to completion.

The procurement lead, in coordination with the solicitation team, manages the respondent conference, formal question and answer (Q&A) period, and addenda issuance.

4.3.2.7.2   Conduct Solicitation Conference

A solicitation conference provides a forum for DIR to clarify the procurement process and requirements, the intent of the solicitation, and highlight key requirements to potential vendors. A solicitation conference provides an information forum, an opportunity for vendors to develop subcontracting relationships, and reinforces information gathered through market research regarding industry interest in the procurement.

A solicitation conference allows potential respondents the opportunity to pose questions directly to the agency. Information presented, and responses to any questions raised, during the conference must not modify the requirements of the solicitation unless the modification is stated in a resulting addendum.

If a solicitation conference is conducted, it must be included in the schedule of events stated in the solicitation and must indicate the date, time, and location of the conference. The solicitation

must state whether in person attendance is allowed, and if so, where, and how to access the conference electronically such as a webinar.

Enabling online participation allows all vendors to participate equally regardless of their location. All attendees, whether in person or remote, their presence must be documented on a hard-copy, electronic sign-in sheet, or proof of attendance from webinar event report. These will be DIR's official record to verify vendor attendance.

A solicitation conference may be designated as either mandatory or non-mandatory for prospective respondents. The requirement for a mandatory conference must be clearly stated in the solicitation. If the conference is mandatory, the following statement must be included in the solicitation: "Failure to attend the solicitation conference will result in disqualification of the response."

The procurement lead and solicitation team should carefully consider the use of a mandatory conference and confer with legal counsel as this may limit competition. Should a vendor who is expected to submit a highly competitive response miss a mandatory solicitation conference, any response submitted by that vendor to DIR must not be considered. Likewise, if the vendor attends the conference but fails to sign in at the conference, the vendor's attendance has not been documented and the solicitation team may not consider a response from the vendor.

A leading practice is to limit a mandatory conference to circumstances that warrant a prospective respondent's presence, such as a required site visit to have a full understanding of the operating environment or when attendance at the conference is critical to fully understand the needs and requirements of a highly complex procurement.

If possible, a solicitation conference should be held no earlier than 10 days after the solicitation is issued to allow sufficient time for vendors to receive and review the solicitation prior to the conference.

Additionally, the conference should be held at least one week prior to the deadline for submission of questions to allow vendors the opportunity to ask follow-up questions. If a mandatory conference is required, the solicitation team should consider if multiple conference dates should be provided to allow sufficient opportunity for all potential respondents to attend.

4.3.2.7.3   Manage Question and Answer Period

The procurement lead and solicitation team must coordinate to answer all questions received prior to the deadline for submitting questions, if possible, including those received during the conference. If a question is unclear, the procurement lead may request a clarification if the requester and contact information are known.

At the discretion of the Enterprise Procurement Director, the procurement lead may provide response to a question received after the deadline, particularly if it is determined to have a critical impact on the solicitation.

The procurement lead may issue responses to questions as one addendum at the end of the Q&A period; however, for highly complex solicitations or solicitations resulting in a large number of questions, the procurement lead may periodically release answers to questions in a series of addenda. In this scenario, the procurement lead consolidates a batch of questions after answers have been finalized and issues each as a part of the addendum.

The procurement lead consecutively numbers the questions and answers so that the numbering in the second batch continues from the last number in the first batch, avoiding the reuse or skipping of numbers. This batch approach continues until the deadline for submitting questions occurs.

The procurement lead coordinated with the solicitation team, SEB, contract attorney, or other responsible individual to respond to questions regarding a solicitation.

4.3.2.7.4   Issue Addenda

A solicitation addendum must be in writing and must clearly identify the changes being made to the solicitation or the additional information being provided. An addendum officially changes or modifies the solicitation requirements, including:

1. Clarifying an ambiguous provision
2. Correcting an error, omission, or oversight
3. Extending the response due date
4. Revising a public opening date
5. Providing additional information such as questions and answers or information stemming from a respondent conference

A solicitation that includes a solicitation conference requires at least one addendum. This addendum includes a list of all vendors and vendor representatives who attended the conference, the respondent conference agenda, the respondent conference slide deck, and any handouts presented at the conference.

Each addendum must be sequentially numbered and must be issued in the same manner as the original solicitation. The procurement lead should encourage potential respondents to provide specific acknowledgement of each addendum made to the solicitation.

All changes to solicitation documents must clearly identify the document, the particular section and item reference, if possible, and the specific change to the requirement. The procurement lead may include a revised redlined document with the addendum for a complex solicitation involving multiple documents. The redlined document must exactly match the changes stated in the addendum.

In addition to changing or clarifying solicitation requirements, an addendum may provide additional documents to the solicited vendors. The procurement lead must identify each additional document and the intent behind including the document in the addendum.

The procurement lead prepares the addendum for posting, including all necessary exhibits, attachments, etc. The addendum is then routed for approval for posting to either the SEB/SSA or to the appropriate procurement oversight.

A procurement lead must allow reasonable time to respond to a solicitation addendum and must consider the amount of time remaining until the response due date. Depending on the content of the addendum, and the impact to the solicitation, the procurement lead may extend the due date for responses.

If a vendor response has already been submitted when an addendum is issued, the respondent may submit a written request to the procurement lead to revise and replace the response.

4.3.2.7.5   Receive Responses

For a solicitation response to be considered for award, the response must be received, and its receipt documented, on or before the due date and time stated in the solicitation or subsequent addendum. While a solicitation may be physically received, this is an exception to the process as DIR manages solicitation and contract documents in native electronic form or transmitted through electronic means (refer to Gov't Code Section 441.1855).

4.3.2.7.5.1   Withdrawal of Response

A vendor may withdraw its response at any time prior to the due date and time for the solicitation. A vendor's request to withdraw its response must be submitted in writing on company letterhead, signed by the authorized contact person listed in the response.

If the vendor's request to withdraw the response is submitted by mail, email, or other electronic mean, the purchaser must determine whether additional documentation is required before complying with the request.

4.3.2.7.5.2   Late Responses

A late response is any response received after the due date and time stated in the solicitation or subsequent addendum. Failure to provide a response by the due date and time lies solely with the vendor. Late responses, unless excepted by policy, may not be considered, and will not be opened, except to determine contact information for the submitting vendor.

The only exception to the prohibition against accepting a late response is determined by a written internal policy permitting the acceptance. For example, a policy exception for a late response due to stated extenuating circumstances, such as an unpreventable event caused exclusively by forces of nature, or processes for electronic bid submissions are delayed due to a DIR system interruption or failure may provide an exception. In this case, the procurement lead, in consultation with legal and the Enterprise Procurement Director, can investigate the cause for the late response and determine whether the response should be accepted. They will present their reasons to the CPO and ask for a ruling. The CPO is responsible for the ultimate determination.

For a late response, the procurement lead should notify the vendor that the response was not timely received and has been rejected. On request by the vendor, the procurement lead either returns the unopened response to the vendor or disposes of the response according to agency policy or other arrangements if specified in the solicitation.

4.3.2.8   Conduct Administrative, Financial, and HUB Reviews

For any major solicitation project, once all timely responses to a solicitation have been recorded, they must go through additional reviews before being forwarded for evaluation by the evaluation team. Each response undergoes an Administrative, Financial, and HUB review. Unless exception is granted by the Enterprise Procurement Director or the CPO in the interest of increasing competition, a response must pass or be deemed to be in prior to being forwarded for evaluation. In some situations, a vendor may be allowed to cure the issue.

4.3.2.8.1   Conduct Administrative Review

The administrative review is used to determine if each submitted response has been signed as required and the required contents have been provided including the HUB HSP. The purchaser identifies issues with the submission items provided and refers those instances to the procurement lead. The procurement lead investigates the issues and makes a recommendation to the Enterprise Director, contract attorney, or the CPO as appropriate.

The administrative review is generally completed prior to the financial or HUB reviews as responses failing administrative review might not be considered for financial or HUB review.

Upon completion of the administrative review, the purchaser provides the screened responses to the procurement lead who is responsible for securing the responses and ensuring they are properly controlled.

4.3.2.8.2   Conduct Financial and HUB Reviews

Response to a major solicitation project must undergo both a financial review and HUB review, if a determination was made prior to issuing the solicitation that subcontracting was possible on the contract. The financial and HUB reviews may be conducted concurrently. A response must pass the administrative, financial and HUB reviews prior to being provided to the evaluation team.

The HUB review is used to ensure that the respondent has successfully met all of the requirements of the HUB program as required in the solicitation and fulfilled its obligation to make a good faith effort towards subcontracting with HUBs.

The financial and HUB teams forward the results of their reviews to the procurement lead. For any reported failure, the procurement lead documents the situation and provides a recommendation to the Enterprise Director and informs the CPO.

4.3.2.8.2.1   Financial Review Procedure

The financial reviewer conducts a screening or review of each respondent's financial viability, as documented in the evaluation plan. The determination of whether a financial assurance evaluation should be conducted is based on the following factors:

1. Anticipated total implementation costs and commencement of the income stream.
2. Business continuity risk of the solicitation to the agency (for example, risk would be determined as low if the DIR already had multiple contracts in existence for the products or services being procured).
3. Financial viability of the company, determined by the Dun and Bradstreet number. Imminent risk of bankruptcy will result in a fail.
4. Products or services being contracted.

The evaluation plan outlines the financial assurance evaluation requirements and process, including any need for additional financial evaluations throughout the process, to conduct a financial assurance evaluation.

The financial reviewer completes the financial assurance review using the financial information (such as a Dun and Bradstreet report) provided by the respondent. A financial screening is on-going through contract award and is generally pass/fail. Respondents may be allowed to submit additional information for clarification purposes.

If the respondents' financials are determined to be inadequate to perform the required services, the respondent may be disqualified from further consideration. The financial reviewer identifies concerns regarding the respondents' financial viability and compiles specific questions for discussions and provides the information to the procurement lead. The financial reviewer also reviews the CPA's tax status of the vendor(s).

4.3.2.8.2.2 HUB Review Procedure

Procurement staff and the HUB coordinator conduct a HUB review of responses to a solicitation where subcontract opportunities are found to likely exist.

Each respondent to a solicitation must successfully meet all of the requirements of the HUB program specified in the solicitation and must fulfill its obligation to make a good faith effort towards subcontracting with HUBs.

4.3.2.8.3 Minimum Qualification Review and Determination

Responses passing administrative, financial and HUB review must be reviewed to ensure they are responsive to the minimum qualification requirements described in the solicitation. The procurement lead must review the section containing the information on how the respondent meets each minimum qualification.

The procurement lead must confirm that each respondent clearly meets each qualification, document any failure to meet a requirement, confer with the Enterprise Procurement Director to see if additional information is warranted from the respondent or if the respondent should be

eliminated from further consideration. These decisions may require concurrence from the CPO, SEB, or contract attorney.

4.3.2.8.4   Documentation to Move to Next Phase

When all responses have passed through the administrative review and those vendors who have been identified as receiving a "fail" on any of the administrative reviews, the procurement lead will seek authorization to move to the next phase, listing those who failed, those in clarifications, and those who passed. This will be in the form of an email or a formal memo to file.

The procurement lead will notify disqualified vendors of their status in the procurement.

4.3.2.9   Evaluation and Establishment of Competitive Breaks
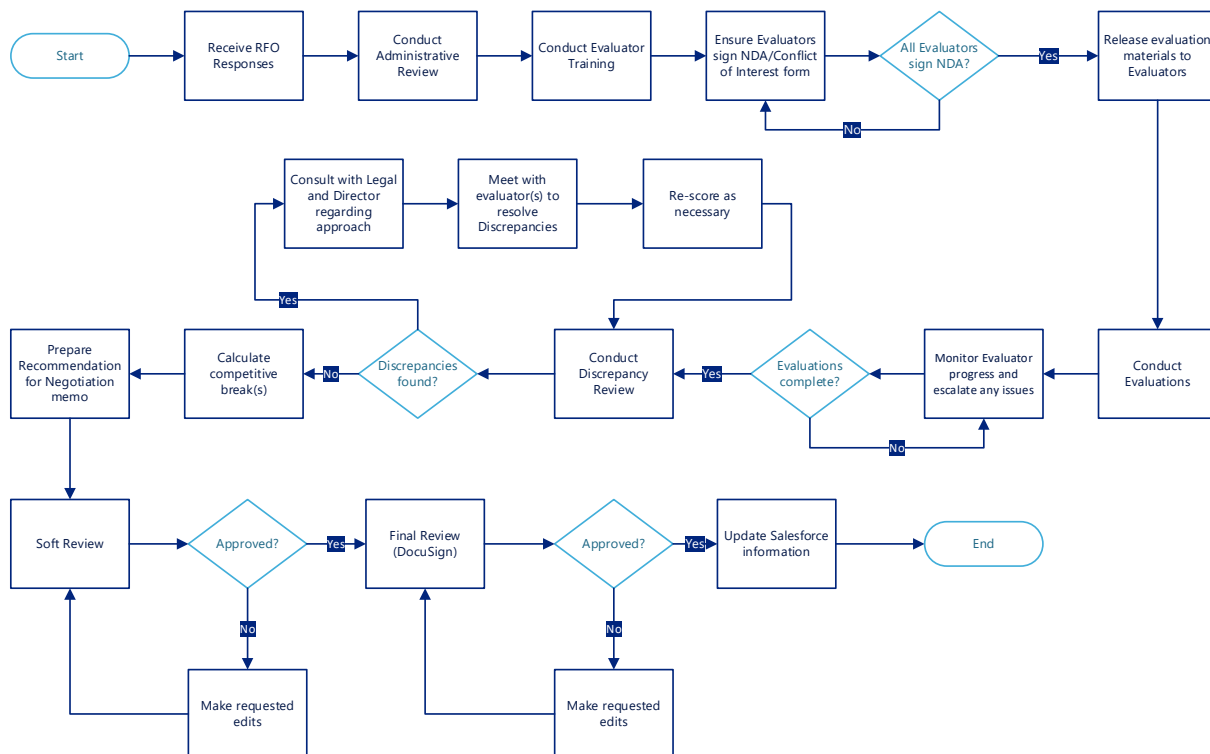
During the evaluation process, the evaluation team of at least three (3) evaluators read all written responses and assess how well the response meets the stated requirements. Using a quantitative scale established concurrently with the solicitation and documented in the evaluation plan, each response is scored.

4.3.2.9.1   RFO Evaluation

Evaluations are conducted as described in the evaluation plan and according to the evaluation guide. The procurement lead should periodically check-in with each evaluator to answer any questions, determine if issues are being encountered, and ensure that the evaluations remain on schedule. If issues are encountered that cannot be resolved or that may impact the evaluation process, confer with the appropriate procurement oversight. The procurement lead is also responsible for coordinating with Contract Services regarding the quality control of the

evaluation tool; both the blank tool and the completed tool must be checked to confirm that the formulas are correct and that data entry into the tool was error-free. This process takes about three (3) days and time should be built into the schedule to allow for both reviews.

NOTE: For procurements greater than $20 million, the procurement lead must document the reasons for each evaluator selection and the relevant qualifications of each evaluator as determined by the agency per Gov't Code Section 2262.2051(i)(3).

4.3.2.9.2   Statement of Work Review

The review team reviews the responses, including pricing and reference check information, against the Review Team Guidance document, the SOW and SOW response instructions. Once the Review Team reaches a consensus, it completes the Review Team Results Memo listing the Respondents in order of recommendation to proceed to discussion and award.

The identified procurement oversight reviews the memo, including the price data entry and reviewer questions/issues (where applicable). After this review, the SEB and procurement lead confirm the respondent selected as the first candidate for discussions or award(s) and presents the matter to the SSA for consideration.

Based upon the results of the review and direction provided by the SSA, and assuming that it is in the best interest of the state to continue the process, the review team may proceed to discussions with the highest recommended respondent to work toward the desired end result of issuing a purchase order/contract. If discussions are not successful with the highest ranked respondent, the solicitation may begin the negotiation process with the next highest ranked respondent and so on, until a PO or contract may be issued or there are no remaining viable respondents to consider.

4.3.2.9.3   Evaluator/Reviewer Kick-Off Briefing

An evaluation/review kick-off briefing is held prior to distributing any responses to the evaluators/reviewers. The briefing is required for all evaluators/reviewers and is scheduled to occur prior to releasing any responses for evaluation.

To prepare for this briefing the procurement lead creates the required Disclosure of Conflicts of Interest/NDA for each member of the evaluation team and updates the RFO Evaluation Guide (for RFOs) or the Review Team Guidance document (for SOWs) with information specific to the responses to be evaluated.

For a major solicitation project, evaluators are provided with the evaluation guide includes the basic information to be presented during the briefing and may be distributed to the evaluation team as a resource. This includes:

1.   Information on confidentiality and control of responses;
2.   The evaluation objectives;
3.   Schedule;
4.   Team organization;
5.   Evaluation process;

6. Responsibilities of evaluators; and
7. Instructions on scoring responses and providing comments.

For SOWs, the review team is provided with the Review Team Guidance document which will be used in conjunction with the SOW and SOW response instructions to review each response, including pricing and reference check information.

The procurement lead begins the briefing by distributing the Disclosure of Conflict of Interest/NDA for signature by each member of the evaluation/review team. No team member may be given access to any responses until the form has been signed and submitted to the procurement lead. The meeting may be conducted by reviewing the information contained in the evaluation or review guide. The lead should also address when and how responses and materials will be distributed, how workbooks should be returned when complete, and timeframes to complete the evaluations.

4.3.2.9.4   Score Responses

The procurement lead compiles evaluator's scores and pricing assessments (where appropriate) into a master evaluation tool. The evaluation tool performs calculations and produce final scores and ranks, which may or may not include pricing information. In some cases, price is assessed and converted to numeric scores or points. In other cases, price might be given consideration and a relative ranking may be determined with no direct scoring or assessing of points for pricing. It is imperative that each evaluator provides justification for each score. The procurement lead will check for compliance and ask any evaluator missing this justification to supply it.

The procurement lead compiles the scores and evaluator issues (as applicable) into a summary for briefings with the SEB and SSA or with procurement oversight.

4.3.2.9.4.1   Company Experience and Qualifications

The procurement lead should take care to ensure that the vendor qualifications are consistent with what was advertised in the solicitation document before evaluations commence.

Company qualifications evaluators use vendor reference checks, the vendor's company qualifications, and other documented history of known vendor performance to conduct their evaluation. The final criteria for this portion of the evaluation are outlined in the award language for each solicitation.

The procurement lead provides the results of any research and all reference checks to the company qualification evaluators. Evaluators review one response at a time. This promotes evaluator awareness that responses must be evaluated against the requirements outlined in the solicitation document and not based on a vendor-to-vendor or response-against-response comparison.

4.3.2.9.4.2   Discrepancy Review and Evaluation Discussion

When all evaluators have scored all responses, the procurement lead compiles the scores and conducts a discrepancy review, identifying any outliers (scores that deviate from the median score by a specified amount). If one (1) or more evaluation team members' evaluations differ significantly from the majority, the procurement lead may schedule a discussion with the evaluation team and the contract attorney.

The evaluation team discusses the fact that there were anomalies without discussing actual scores. The team discusses the situation to ensure evaluation criteria were clear and that response information was not overlooked or misunderstood. Under no circumstances should any evaluation team member attempt to pressure other members to change evaluation scores.

Following the discussion, team members may, at their own discretion, revise their score(s) and notify the procurement lead that scoring has been revised. The procurement lead updates combined score sheet according to evaluation team members' revisions.

4.3.2.9.4.3   Perform Price Data Entry

After the evaluations are complete and have undergone QC check, the pricing submission information from the respondent(s) is made available to the procurement lead, at which time pricing will be assessed, and if applicable, entered into the pricing evaluation tool. The procurement lead obtains copies of pricing assumptions and exceptions (which are sent to the contract attorney for review) and the pricing evaluation tool (if used) and provides copies to the SEB as soon as possible after the completion of the evaluation. If applicable, once the price data entry is complete, the QC Reviewer conducts a quality control review of the price data entry and the respondents' pricing forms.

4.3.2.9.4.4   Conduct Quality Control Review

The QC Reviewer performs a quality check of the evaluation documents including data entry, accuracy, and compliance with the evaluation plan. the procurement lead and the SEB review the scores to identify discrepancies in scoring between evaluators and justify any discrepancies.

4.3.2.9.5   Determination of Next Steps

Based on the responses received, a determination must be made as to the next appropriate steps to be taken. If additional information is required to fully under the responses received, clarifications may be requested from all or selected respondents. If clarifications are not required, a decision may be made to invite one or more respondents to discussions.

The evaluation team may be asked to recommend the next step and may be asked for opinions on any respondent to be carried forward. Respondents are selected according to the process set forth in the evaluation plan. The SEB, in consultation with the SSA, determines the next step and identifies the respondent(s) to be invited to continue in the process.

Any such determination will be documented for the procurement file. This applies to decisions regarding clarifications, negotiations, down-selecting respondents, identifying apparent awardee(s), or other such action that may be taken by the procurement team.

A determination may be made to notify respondents that were disqualified at any point in the procurement process. Further, a determination may be made to notify or to not notify respondents that are not invited to the next phase of the process.

4.3.2.9.6 Obtain Clarifications

Clarification meetings are often necessary for respondents to clarify portions of their responses to fully understand their proposed solutions and how they fulfill the solicitation requirements.

For each respondent selected to participate in clarifications, the evaluation team in consultation with the SMEs and SEB determines the questions to be asked or the information required from each respondent. The SMEs may inform the language in the clarification document. The SEB and contract attorney must approve the final language prior to sending a clarification to any respondent.

In order to ensure all respondents are treated equally, a request for clarifications must be sent to each selected vendor at the same time. The request must be sent by the procurement lead and all respondents must be provided the same amount of time to provide a response. The agency should ensure that an appropriate amount of time is provided in which to respond.

Responses should be held until the deadline for submitting a response. A respondent who submitted a response early will still have until the stated deadline to submit a revised response or additional information. Withholding distribution of responses until after the deadline ensures all information to be considered from a respondent is considered as a total package.

All responses are provided to the evaluation team, SMEs, and SEB for review. Sufficient time should be allowed to complete the reviews. Upon completion of the reviews, a meeting is scheduled with the team, SMEs, and SEB to discuss the responses.

Discussion should focus on whether the information provided enhances or detracts from the quality of the original response and its suitability to satisfy the solicitation requirements. The team may be asked for opinions on any respondent to be carried forward. Respondents are selected in accordance with the process described in the evaluation plan. The SEB, in consultation with the SSA, identifies the respondent(s) to be invited to continue in the process. No communication is provided at this time to any respondent not selected to move forward.

4.3.2.9.7 Establishment of Competitive Breaks

The procurement lead ranks each response in numerical order according to the finalized evaluation scores. A competitive break is the natural break point between respondents' overall scores. Where more than two (2) responses are being considered, the break point(s) is where the variance exceeds the average variance between two (2) adjacent scores, for all responses scored.

The competitive range represents the respondent(s) who may receive a contract award based on the natural break point(s). Depending on the products or services being awarded, it may be appropriate to expand the competitive range to one (1) or more subsequent logical breakpoints – to ensure sufficient availability and competition for offerings within the relevant category.

The procurement lead presents the competitive breaks to the SEB. The Procurement Lead recommends the competitive range of respondents to be advanced to negotiation and the SEB makes the determination. Once the SEB confirms the procurements leads recommendation, the results are presented the SSA with a recommendation to [move to the next phase](#) in the procurement.

4.3.2.10   Review Evaluation Results

The procurement lead facilitates a meeting with the SEB to review the evaluation results, including:

1. Tabulation results;
2. Financial assurance summary;
3. Evaluation detail by category; and
4. Evaluator issues (where applicable).

After this review, the SEB and procurement lead may identify one or more respondents for discussions or award(s). In such case, the findings will be presented to the SSA for consideration in a similar meeting.

As each round of scoring is finalized, the procurement lead will document the decision in a memo to the procurement file.

4.3.2.11   Documentation to Move to Next Phase

When all responses have been evaluated and clarifications have concluded, the Procurement Lead will seek authorization to [move to the next phase](#), listing those vendors who will move forward and documenting those vendors who will not move forward. This will be in the form of an email or a formal memo to file.

4.3.2.12   Conduct Discussions

Discussions are conducted to enhance the respondent's understanding of the solicitation requirements from the agency's perspective and to enhance the agency's understanding of the submitted response. The procurement lead prepares a [Save the Date](#) letter for each selected respondent. The letter is used to set a date, time, and location for discussions between the agency and the respondent. Preferably, discussions will be held at an off-site location. This helps to preserve the anonymity of respondents invited to discussions. Discussions are held individually with each selected respondent. To the greatest extent possible, the letters should be identical.

The SEB, in consultation with the SSA, decides the order of meetings with the selected respondents and the procurement lead is responsible for determining the meeting schedule for the discussion sessions.

Each letter is reviewed by the SEB and contract attorney. When approved, the procurement lead emails the letters to each selected respondent.

4.3.2.12.1 Prepare for Discussions

At least one (1) discussion meeting must be held with each respondent in the competitive range. Each respondent must be afforded the same amount of time for conducting discussions. If the discussions conclude before the allotted time elapses, the respondent may cede the remaining time. Discussions, whether completed or not, must conclude when the allotted time has been met. However, if discussions with the first respondent require additional time, additional time may be granted by the agency if the same amount of additional time is provided to each respondent selected for discussions.

The procurement lead, with assistance from the SEB, prepares the Discussion Plan using the [Discussion Plan Template](). The discussion plan contains the talking points for each item to be addressed with each respondent. Any additional information provided to one respondent must also be shared with all other invited respondents. The plan also includes any questions that need to be asked of each respondent. For each question, a determination should be made whether to include the question with the discussion materials sent to the respondent in advance of the meeting or if the question is better addressed in person without vendor preparation.

Questions to be asked in advance of the meeting should be compiled in a shared document. It is often useful to require the respondents to provide written responses to the questions in advance of the discussion meeting. Each respondent should be given the same amount of time from their receipt of the questions to provide a response.

Based on the plan, the procurement lead prepares an agenda for how the discussions will be conducted. To the greatest degree possible, the agenda for each respondent should be the same except as necessary to cover all items in the plan.

After completion of the agenda, the procurement lead prepares the [Discussion Letter]() that will be used to convey discussion information, the questions, and the agenda to each respondent. To the greatest degree possible, the letter for each respondent should be the identical. The SEB and contract attorney reviews each discussion letter, discussion questions, and discussion agenda. After SEB and contract attorney approval of all documents, the procurement lead sends the documents to the purchaser for email distribution to each respondent.

Respondents are typically given at least a week to prepare for discussions following receipt of the material listed above. Distribution of the discussion documents to the respondents must be timed so that each respondent is afforded comparable time from the receipt of the documents to prepare for their discussion meeting.

4.3.2.12.2 Discussions Briefing

The procurement lead should plan time with the discussion team and SEB prior to conducting discussions in order to adequately prepare the group for the discussions in general and each respondent's agenda uniquely. In addition, discussion participants should be briefed about their roles in conducting the discussions.

The CPO or designee, or SEB chair or designee, leads the discussion meetings. The participants in the discussions may include:

1. SEB;
2. Evaluators;
3. SMEs;
4. Implementation team;
5. SSA; and
6. Members of DIR's executive leadership team (ELT) (for high-risk projects).

The executive sponsor(s) or other stakeholders may also be invited to attend discussions.

Each participant should be provided with the discussion information that was sent to each respondent. If ELT member participation is required, the procurement lead should schedule the briefing well in advance to ensure their participation.

4.3.2.12.3 Discussions

The procurement lead must ensure the meeting space includes a main room large enough to hold the expected number of attendees, as well as a separate caucus room to be used if needed. Both rooms should have conference phones. Caucus rooms should ensure privacy of conversation. It is also recommended that the meeting space include a projector and screen so that any document being discussed may be viewed.

Evaluators, other than those involved in evaluating pricing, should not be present for any discussions that focus on pricing. This topic, along with exceptions and assumptions, is typically reserved for the afternoon to allow the evaluators to leave during the lunch break.

Discussions should be conducted as stated on the issued agenda unless a circumstance arises that necessitates addressing agenda items out of order. This could occur if a required agency or respondent discussion participant will not be available at the required time. To the greatest extent possible, the discussion lead should follow the talking points in the discussion plan.

The procurement lead or designated scribe captures the main ideas and concepts covered during the discussions, particularly any assertions made by the respondents. Discussions are summarized in the notes and confirmed with the respondent throughout the discussion(s) or after the discussion(s) conclude to ensure that from both DIR's and the respondent's perspectives, the notes accurately reflect promised performance agreements and specific items that are to be reflected in a Request for Revised Offer (RFRO) response submitted by the respondent.

Next steps should be clearly stated and documented during the closing remarks made by the agency. The discussion notes are distributed by the procurement lead to the agency discussion team and the appropriate respondent at the conclusion of the discussion process.

4.3.2.12.4 Documentation to Move to Next Phase

When discussions have concluded, the procurement lead consults with the evaluators and gives them the opportunity to re-score. Once it is verified that the scores are finalized, the Procurement Lead will seek authorization to move to the next phase, listing those vendors who will be moving forward and documenting the reasons for those vendors who will not. This will be in the form of an email or a formal memo to file.

4.3.2.13 Obtain Revised Offers

Often during discussions, a respondent may offer revisions to, or assurances around, its submitted response. Likewise, members of the discussion team may determine that subtle changes to the requirements may be in the agency's best interest. An efficient method to incorporate these changes is through the issuance of a RFRO

After all discussions have been completed, the procurement lead with the assistance of the SEB and possibly the SMEs or SSA, assesses the original solicitation requirements to see if any necessary changes or new requirements were identified during the course of discussions. If any changes are required to the solicitation documents or the respondents' responses (including pricing), the procurement lead prepares an RFRO. The RFRO package consists of a RFRO Letter along with any revised solicitation documents showing tracked changes for any changes made.

The RFRO package consists of a RFRO letter along with any revised solicitation documents showing tracked changes for any changes made. Any changes must be in line with the original intent of the solicitation.

The revised documents are labeled as "RFRO" and an RFRO pricing form, with any required revisions, is included. Each respondent's response will be evaluated as a superseding response to their original response. The agency may instruct vendors to only revise specified portions of their original response which may be enhanced with their increased understanding of the agency's intent and the requirements, or which may require updates based on any revised or new requirements. For example, the respondents may be instructed to not make changes to References or Experience if nothing brought up in discussions requires any changes to those areas.

The procurement lead assembles the RFRO package, and the solicitation team, if appropriate, SMEs, contract attorney, SEB and possibly the SSA review the documents. When the contract attorney, SEB, contract attorney, and SSA if involved have approved the package, the procurement lead sends the final RFRO package to only those respondents that were invited to discussions and are still considered a viable candidate for award.

To facilitate review and evaluation, respondents should be instructed to show any revisions from their initial response using tracked changes so that any changes can be easily identified. Also,

respondents should be instructed to resubmit or incorporate any previously submitted forms as part of their revised/final response. All respondents should be provided sufficient and comparable time to complete and submit their revisions. For a revised response to be considered, it must be received prior to the date and time specified in the RFRO letter.

Responses should be reviewed for compliance, such as verifying an authorizing signature.

The procurement lead confers with the contract attorney to determine whether an additional evaluator briefing is required and conducts one if necessary. The revised responses are evaluated and scored using the same process as the original evaluation. However as stated above, components of the responses that were identified as not to be revised will not require re-evaluation or re-scoring. The original evaluation or scoring will remain.

Upon verification and approval of the re-evaluation results, including any price/solution tradeoff analysis by the SEB or SSA, the SSA determines which respondent to invite to negotiations or if additional discussions are warranted. Additional discussions follow the processes identified above.

If proceeding to negotiations, only the respondent selected for negotiations is notified. If negotiations fail with the first selected respondent, the SSA may decide to enter into negotiations with the respondent receiving the next highest score or rating.

For each respondent in the competitive range, the contract attorney reviews any exceptions taken to the terms of the contract. The contract attorney, with assistance from the procurement lead, attempts to resolve any issues that would prevent award of a contract.

4.3.2.13.1 Documentation to Move to Next Phase

When all responses have been evaluated and clarifications have concluded, the procurement lead will seek authorization to move to the next phase, listing those who vendors who will move forward and documenting those vendors who will not move forward. This will be in the form of an email or a formal memo to file.

4.3.2.14   Plan and Conduct Negotiations

The negotiation process provides a means for each party to a contract to come to agreement on contract terms and conditions, in a manner that balances risk and benefit and enable both parties to achieve their goals in the context of the contractual relationship.

The outcome of contract negotiation is guided by obtaining the best value for the state and depends on the procurement method and the items being negotiated. Negotiation must not materially alter a published solicitation's requirements, scope of services, or specifications.

The negotiation team must not change the advertised procurement objectives; however, negotiations may involve certain trade-offs, such as price, schedule, technical aspects of delivery, methodology, innovation, among others. Examples include:

1.   Mandatory versus desirable requirements;
2.   Exceptions to requirements;

3. Tradeoff of schedule;
4. Vendor proposed funding/payment alternatives;
5. Service level agreements;
6. Acceptance criteria and deliverable expectations;
7. Final project/implementation plans; and
8. Staff acceptance/subcontractor acceptance.

A single agency employee is not allowed to negotiate a major contract (greater than $1 million). At a minimum, the negotiation team should include the procurement lead and legal counsel. All members of the negotiation team are required

4.3.2.14.1 Assemble the Team

The first step in planning for negotiations is to assemble the negotiation team. The procurement lead should select the right mix of resources, from within and outside of the solicitation team.

These resources should provide:

1. Negotiation skills;
2. Contract management expertise;
3. Legal expertise;
4. Subject matter expertise;
5. Program expertise;
6. Technical expertise;
7. Financial expertise; and
8. Communications expertise.

All agency staff involved in IT negotiations must take negotiations training provided by DIR. Refer to Gov't Code Section 656.050-656.052.

The negotiation team should also include agency personnel who have decision-making authority. The procurement lead should designate a lead negotiator to plan for and establish an organized and controlled negotiating environment that supports an efficient, coordinated, and unified team effort. The procurement lead should also designate a scribe to document negotiation proceedings and mutually agreed changes to the contract.

The lead negotiator is responsible for:

1. Coordinating discussions and negotiations with all selected respondents
2. Outlining criteria and negotiation points for each respondent for negotiation activities
3. Ensuring that all negotiation results are documented for the selection of potential awardees
4. Coordinating best and final offers with identified respondents to finalize all negotiations
5. Routing all best and final offers to program area or business unit and legal for review and concurrence

4.3.2.14.2 Develop a Negotiation Plan

The negotiation team should plan and document the strategy it intends to use to prepare for negotiations. To this end, the negotiation team must be familiar with both the solicitation documents and the documentation submitted by the respondent.

The contract attorney must review all respondent issues with the stated terms and conditions and any issues with any terms proposed by the respondent. The financial analyst should confirm with program staff that the best and most appropriate pricing methodology is being used and determine what would be an acceptable cost.

The negotiation team must be well-versed in the program area's business requirements, constraints, and any applicable overarching agency objectives.

Planning activities include:

1. Identifying contract terms which are crucial to the agreement (i.e., terms upon which the negotiation team is either unable or unwilling to compromise, as well as contract terms that the negotiation team is willing to compromise or relinquish).
2. Understanding and prioritizing the acceptable trade-offs between the various negotiation goals.
3. Establishing the negotiation team's settlement range on the items to be negotiated. and
4. Anticipating the positions that will be taken by the respondent during negotiations.

The plan is a confidential document and is not shared with respondents or made available for public review until after award.

Plan elements include:

1. The acceptable range of price, the desired "best" price and the highest acceptable price;
2. Adjustments to the scheduled delivery of services that may have an impact on price;
3. Acceptable modifications in the overall scope of work;
4. A prioritized list of acceptable changes in services that may result in price reduction;
5. Option to terminate negotiations with a respondent and enter into negotiations with the next highest-ranking respondent, as applicable; and
6. Timetable for completion of negotiation.

The negotiation strategy documented in the plan should be tailored to suit the particular facts and circumstances of each negotiation. The contract manager, contract attorney, and program area or business unit staff should determine any required or desired changes or enhancements. Refer to Section 4.3.2.14.4 Conduct Negotiations.

4.3.2.14.3 Prepare for Negotiation

Preparation is the key to successful contract negotiation. The negotiation lead should convene the team to review and refine the plan, as needed to ensure procurement goals and objectives,

and their relative priorities, are reflected in the strategy. Additionally, individual team member's roles and responsibilities during the upcoming formal negotiating session should be clarified.

The team should develop an agenda, which includes:

1. An issues list for discussion in priority order
2. Designated time to spend on each issue
3. A crosswalk of the team's negotiation positions to the agenda

Environment plays a role in the negotiation. Generally, physical presence is ideal, and negotiation should be scheduled at an off-site neutral location, with a main conference room and dedicated rooms for each team to caucus, or privately assemble, its team members during the course of negotiation.

Whether physical or virtual, the meeting space should allow private breakout capabilities to caucus. A physical space should include a main room large enough to hold the expected number of attendees, as well as a separate caucus room to be used if needed. Both rooms should have conference phones. For virtual negotiation, break-out rooms should be created.

The negotiation team should request that the respondent's team include the presence, either in person or online, of a person with decision making authority. In person attendance is preferred for the decision maker.

4.3.2.14.4 Conduct Negotiations

A key objective in contract negotiation is to arrive at an agreement that meets the agency's needs and is a beneficial to both sides. The contract should be viewed as a partnership by both sides where the highest degree of success is attained when both sides succeed.

The negotiation team may terminate negotiations with a respondent and enter into negotiations with the next highest-ranking respondent. The negotiation team may take this action after a time period established in the RFO or SOW if it believes the respondent is not negotiating in good faith or if the negotiation team has determined that further negotiations will not result in the parties agreeing to the terms and conditions of a contract in a timely manner.

For multiple award contracts, the negotiation team should seek to keep the terms and conditions as uniform as possible. Any modification to standard terms and conditions should be thoughtfully considered and approved by the SEB/SSA. Any deviation of terms and conditions must be within the scope of the solicitation and must not materially conflict with the applicable contractual terms and conditions.

Points to consider when scheduling negotiation sessions:

1. Not all team members need to attend all negotiation sessions. For example, negotiation of contract terms and conditions may occur within a subset of the team or could occur between general counsel staff and respondent attorneys.
2. Discussion and negotiation regarding contract performance should include all team members, and specifically the contract manager assigned to monitor performance.

3. The presence of respondent business personnel to help explain the requirements or nuances of the contract to their attorney can help overcome the respondent attorney's reluctance to accept or cede on terms.

Negotiations, even those conducted by the most skilled teams, are challenging and can be highly stressful. The negotiation team must remain professional and cordial at all times. Through patience, effective listening, and empathy, the team can establish goodwill and leverage bargaining from a position of strength.

Caucusing is important in negotiation as it allows both sides to examine their position and their options in reaching an agreement. Caucusing may also be effective when negotiations become stressful or take an unexpected turn. This allows both sides the opportunity to rethink their positions, evaluate a counter proposal, interrupt the other party's momentum, or interrupt disruptive behavior. When a caucus has been requested, either DIR or the respondent's team should be directed to the caucus room and a preliminary time limit set for the caucus. Either side may request additional time if required.

When both sides have seemingly reached agreement on all matters, the negotiation teams, or an appropriate subcomponent, including the assigned contract manager and contract attorney, should conduct a joint walk through, with a shared visual image of the final proposed contract documents, to verify mutual agreement.

4.3.2.14.5 Cease to Negotiate

If, in the course of the negotiation process, the procurement lead determines that a potential awardee cannot be brought into alignment with DIR priorities or is otherwise unresponsive to DIR, they may recommend that contract negotiations be terminated. In order to proceed with a cease to negotiate, the procurement lead must demonstrate one (1) or more of the following:

1. A continuing pattern of non-responsive behavior; this can include emails sent to multiple vendor agents and a record of phone calls to the vendor's designated point of contact with little or no response from the vendor
2. A refusal to comply with or negotiate on terms and conditions validated by legal counsel;
3. A failure to satisfy DIR on the company's financial viability; and/or
4. Failure to register as an entity permitted to do business in the state of Texas by the time of contract award.

Once the procurement lead compiles the necessary documentation, they must create a Cease to Negotiate Letter detailing the circumstances for the cessation.

This letter is routed to the Enterprise Procurement Director, general counsel, and the CPO for signature.

Once the Cease to Negotiate Letter is approved by all parties, the procurement lead sends a copy of the letter to the vendor and retains all documentation in the procurement file.

4.3.2.14.6 Documentation to Move to Next Phase

When all negotiations have concluded and an award determination has been made, the procurement lead will seek authorization to [move to the next phase]. This will be in the form of an email or a formal memo to file.

4.3.2.15 Develop Award Recommendation

After negotiations conclude, the solicitation team documents its award recommendation of one or more responsible vendors with offers that provide the best value to the state. The documentation of an award recommendation should include:

1. The complete evaluation of the proposals;
2. Written justification for any rejection of higher scoring proposals;
3. Written documentation of any discussions, clarification, negotiations or RFRO; and
4. Written documentation of any other procedures used to select the anticipated awardee(s).

The procurement lead summarizes the process, documenting the date RFO issued, number of responses received, number of discussions held, RFRO information (if conducted), and final scores and pricing of each respondent.

The SEB notifies the SSA, if not already aware, that negotiations were successfully concluded. The SSA, CPO, or designee coordinates a briefing with the ELT and a member of the DIR governing board, as applicable, to provide the results of the solicitation project. The procurement lead (or a member of the ELT) may provide a briefing on what is being acquired and how it will be used in daily operations. The contract attorney may provide a briefing on contents of the contract. If the contract value exceeds $1 million, the DIR Board must approve award in an open meeting.

The procurement lead prepares final contract documents to distribute for review and approval. Each document must correctly reference the vendor's name and contract number and the contents must be in accordance with the negotiated document. Additionally, all documents must be made fully accessible according to the [Accessibility and Contract Naming Conventions]. If applicable, the procurement lead notifies the CFO, and the finance representative prepares an encumbrance for the contract award amount.

4.3.2.16 Execute Contract

After award determinations have been made, the procurement lead:

1. Customizes the contract template for each awarded respondent and includes any mutually accepted exceptions to the stated terms and conditions.
2. Initiates contract execution, according to the contract type and value.

Each DIR contract will include the following essential contract provisions unless otherwise documented in a memorandum to the file:

1. Legal authority;

2. Statement of work or requirements;
3. Indemnification or damage clause;
4. Consideration;
5. Specifications;
6. Funding out clause;
7. Antitrust;
8. Payment;
9. Dispute resolution;
10. Term of contract;
11. Confidential information;
12. Abandonment or default;
13. Right to audit;
14. Force majeure;
15. Independent contractor; and
16. Termination.

4.3.2.16.1 Review, Approve and Sign Contract

Once all agreed-to language is incorporated into a contract, the procurement lead routes the contract for review, approval, and signature.

Prior to contract award, Gov't Code Section 2261.0525 requires an procurement director or designee to review the process and all documents used by the agency to assess each vendor who responded to the solicitation. The reviewer must provide written certification, stored in the procurement file, that 1) each vendor's response to the solicitation was evaluated using the criteria published in the solicitation or, if applicable, the written evaluation criteria established by the agency; 2) the final calculation of scoring of responses was accurate; and 3) written justification for any change in the scoring of a vendor that occurs following the initial assessment and scoring of responses is present in the file. If the contract value is greater than $5 million, the CPO or designee must verify in writing that the solicitation and purchasing methods and the contractor selection process comply with state law and agency policy and make the DIR board aware of any potential issues that may arise in the solicitation, purchasing, or contractor selection process.

For contracts not competitively awarded greater than $1 million and all contracts greater than $10 million, an Attestation letter must be included in the contract routing and signed by the executive director or his/her designee.

4.3.2.16.2 Contract Package Assembly and Routing

The procurement lead follows these steps to assemble and route a contract and supporting documents for draft review and final approval, by the assigned contract manager, contract attorney, and other reviewers and approvers, as identified in the procurement project management plan.

Once internal reviews and approvals are obtained, the procurement lead routes the final contract package for signature by vendor, contract attorney, and executive director (or designee), based on contract dollar value. Refer to [Review, Approve and Sign Contract](#).

4.3.2.17   Set Up Contract

After a contract is fully executed, the procurement lead transfers all applicable documents from the DocuSign envelope to the contract file according to the documentation setup structure established by Contract Management:

4.3.2.18   Closeout Procurement

The procurement lead is responsible for closing out the procurement file and process for each awarded contract and continued coordination with the assigned contract manager, project manager, and compliance analyst to facilitate a smooth contract transition.

4.3.2.18.1 Transition to Contract Management

The procurement lead, in coordination with the contract manager and project manager, if applicable, facilitates the formal transition of documents and transfer of knowledge following contract setup and no more than five (5) days after contract execution.

4.3.2.18.2 Post Contract Award to ESBD

The procurement lead posts a notice of contract award, or non-award, on the ESBD. The procurement lead is responsible for saving such documentation to the procurement file.

4.3.2.18.3 Conduct Vendor Debrief

Debriefing meetings are limited to a discussion of the vendor's response. The procurement lead must not disclose confidential information regarding another respondent. When providing scores, use the final weighted scores if applicable. For STS contracts, complete the [Vendor Debrief Template](#). The procurement lead is responsible for offering a debrief to each vendor who submitted a response to the solicitation. When preparing for the debrief, if any weighting is applied to the scores, the procurement lead should present both the raw and the weighted scores to the vendor involved in the debrief.

4.3.2.18.4 Conduct Lessons Learned

The Contract Manager and any key SMEs should be invited to provide their input on what worked and didn't work regarding the start-up, posting, question and answer period, evaluation, and contract award. The procurement lead documents the results of the lessons learned and saves it in the procurement file as well as the designated folder.

4.3.3   Telecommunications Procurement

DIR telecommunications procurements are conducted collaboratively between DIR-A and Enterprise Procurements. The teams conduct market research, and established procurement governance through the Communications Technology Services (CTS) Oversight Governance Board (OGB), in conjunction with the SEB, and the SSA. These procurements are made through

the RFO procurement method. The purpose of the collaborative procurement process is to ensure the outsourced telecom services, managed by DIR, are administered in a similar fashion to the outsourced STS services.

4.3.3.1   Governance Oversight

The CTS OGB meets weekly as needed to review telecom projects, telecom business operations, and related contract management and compliance. Services provided by the CTS program are provisioned through the telecom contracts. These services include, but are not limited to, the State's communication network for all state agencies, the Capitol Complex Telephone System (CCTS), and various Telecom Managed Services statements of work (SOW) to support the state's network. The OGB reviews and provides guidance as necessary on these topics as well as any other topics of importance related to Telecom.

4.3.3.2   Contract Terms and Conditions

TEX-AN contracts use a variation of the MSA referred to as the Communication Technology Service Agreement (CTSA). The contract package is included as part of the procurement package to inform a potential respondent's understanding of the intended final agreement.

5   CONTRACT SERVICES

5.1   Overview

The Contract Services team coordinates with CPO teams and DIR program areas to conduct market research and analysis; analyze and report on customer usage, demand, and spend; and manage systems and confer with contract managers to track, report on, and manage vendor and contract performance and compliance. The work of the team encompasses procurement cycle and contract management cycle support.

The primary functions of the Contract Services team include:

1. Assists with market research and analysis;
2. Administer vendor sales reporting, portal, and audit vendor sales reports;
3. Manage vendor administrative fees and review outstanding account balances;
4. Produce standard and ad hoc reporting;
5. Coordinate with CPO teams to capture systematic issues and develop projects;
6. Conduct Quality Control (QC) Reviews of Procurement process, including QC of Evaluation Plans and Evaluation Tools for, at a minimum, Statewide or Complex solicitation projects;
7. Coordinate with CPO teams regarding Public Information Requests; and
8. Responsible for reviewing changes to the NIGP Commodity Codes regarding the application of the AIS marker on the CPA's website. Changes may come in from Customers, Vendors, or DIR staff.

5.2   Market Research and Analysis

As appropriate, the Contract Services team coordinates with Chief Technology Office and other DIR staff (collectively, market analysis team) to conduct market research and analysis (refer to Conduct Market Research).

Through its research, the market analysis team provides results of its research to inform procurement strategy and high-level requirements.

5.3   Vendor Sales Reporting

Contract services staff are responsible for collecting vendor sales reports, ensuring proper administrative fee calculation, verifying contract compliance, performing contract monitoring, reporting, conducting performance analytics, coordinating with ITS to resolve issues with the portal, and corresponding with vendors. The contract services team coordinates with the contract management team throughout the contract management cycle to report and monitor vendor performance and compliance.

The team coordinates routine administration and oversight activities that are described throughout this section. Additionally, contract performance compliance monitoring activities are conducted on a periodic basis, such as at contract renewal or amendment and contract closeout.

A contract vendor must submit a Vendor Sales Report (VSR) to DIR each month, by the contract-specified date, whether or not any contract sales occurred during that reporting period. The Administrative Fee is calculated based on eligible contract sales reported by a vendor each month. The vendor is required to submit fee payment to DIR by the 25th of the month following submission of the report.

Cooperative contracts administrative fees vary by contract according to sales volume. The fee is capped at 2.0% of the invoiced amount (refer to GAA, Article I, 87th Legislature (2021)), and currently averages approximately 0.69%.

A vendor sales report is not considered received until it is accepted in the portal and is not accepted until all errors are corrected. A vendor with more than three (3) late reports in a rolling three-month period may be subject to a late fee for all future late reports.

5.3.1   Maintain the VSR Mailbox

A contract vendor must submit a VSR on a monthly basis by the date specified in the contract (15th or 30th).

The sourcing analytics specialist receives and archives communications through the vendor sales reporting mailbox.

5.3.2   Conduct Pre-Closing Activities

Each month, cooperative contract vendors begin loading their monthly VSR beginning the 1st day following the invoice month. Salesforce generates and sends a Late Notice VSR email to

those DIR cooperative contract vendors whose report is not "Accepted," or have not submitted their monthly sales reports on time (refer to VSR User Guide).

Vendors are responsible for downloading the appropriate template (Coop, ITSAC, or Telecom) from the website, completing the template with prior month sales data, and uploading it to the VSR Portal by the applicable due date specified in the contract. For example, on February 16, a vendor receives a notice that their monthly sales report is late and to provide sales data for the January 1st-31st period.

The VSR portal indicates an "Accepted" status upon successful submission of a VSR. A vendor must correct any errors and resubmit a VSR that is rejected. Salesforce generates and sends a late notice, beginning on the first business day after the reporting due date is missed for all VSRs that are not submitted and accepted.

The sourcing analytics specialist manages the process to collect, review and correct vendor sales reports each month.

Vendors are allowed three (3) business days to correct errors in their VSR, per the Appendix A Standard Terms and Conditions for Cooperative Contracts (in accordance with Gov't Code Section 2157.068 as amended). In cases where incorrect discounts were applied to customer sales, corrective action may include a refund or charge back to the customer. In those cases, vendors must provide a corrective action plan to the contract manager. The corrective action plan must include a target date when refunds or charge backs will be issued to customers.

5.3.3   Conduct Closing and Post-Closing Activities

Contract Services begins conducting closing-related activities starting the 3rd week of the month. The VSR portal is locked on the last day of the month so that reports for the next report period (that start loading on the 1st of the following month) are held in the warehouse until the previous month is officially closed (refer to Running Close).

During this period, the sourcing analytics specialist reviews the list of new customers and verifies eligibility. After initial review, the sourcing analytics specialist sends the list to the data analytics administrator to verify before the updates are loaded into the Data Management Console.

The sourcing analytics specialist and the data analytics administrator review the ineligible and other eligible sales during the month's closing process. If changes are required, the sourcing analytics specialist submits a help desk ticket for IT to make the necessary changes to the data warehouse. Reports will also fail due to "oops" errors that arise from data mismatch issues with the Data Warehouse. The sourcing analytics specialist will submit Help Desk tickets and work with ITS Database Administrators.

The sourcing analytics specialist works with the data analytics administrator to close monthly sales reporting and create related post-closing reports and documentation.

5.4   Monthly Admin Fee Management

Administrative fee rates are unique to each vendor contract. The amount of fees owed are based on approved sales of eligible products or services to eligible customers. The Contract Services team must assess reported sales to determine sales that are ineligible for reporting. Sales attributed to ineligible products or services or sales to an ineligible customer are removed from the report prior to calculating the administrative fee due from each vendor.

Additionally, the Contract Services team determines contracts subject to late fee assessments and calculates late fee payments that require follow-up actions based on late or missing VSR submissions. A mechanism exists for vendors to report sales from a prior reporting period; however, DIR reserves the right to implement a corrective plan of action or additional measures for repeated reporting of past sales.

VSRs provide data for analytics including the total contract spend, types of products and services purchased, primary customers, cost recovery for DIR, cost savings through the contracts, and more. This information is used to create reports useful to the contract managers, DIR management, Legislative Budget Board, and state government.

5.4.1   Conduct Admin Fee Billing

After cleansing, identifying, and adjusting ineligible data contained in vendor sales reports, Contract Services produces a final Total Sales and Administrative Fee Report to initiate the administrative fee billing process.

The data analytics administrator works with CPO accounts receivable staff, the contract manager, and other Contract Services staff to ensure that administrative fees due from vendors are reported to CFO in a timely manner to support invoicing and payment processing.

5.4.2   Conduct Late Fee Reconciliation

Contract Services identifies contracts subject to late fee assessments and late fee payments that require follow-up actions based on late or missing VSR submissions. Late fee reconciliation processes begin on the first business day after the VSR due date each month.

The sourcing analytics specialist works with the contract manager and other Contract Services staff to ensure that late fees for contract non-compliance are tracked and collected in a timely manner.

5.4.3   Determine Monthly Admin Fees

The data analytics administrator creates a report on admin fee amounts for entry into CAPPS by CFO division for the purpose of monthly billing.

The data analytics administrator follows these steps to determine monthly admin fees. Refer to Conduct Closing and Post-Closing Activities for more information on closing processes.

5.4.4   Determine Late Fees

The data analytics administrator reports on late admin fee amounts for entry into CAPPS for the purpose of monthly billing.

5.4.5   Create Total Sales and Admin Fee Report

The data analytics administrator compiles a report on total sales and admin fee amounts for approval by the Director of Contract Services and entry into CAPPS by CFO.

5.5   Reporting and Payment Compliance

Contract Services tracks, monitors, and conducts follow-up actions, in coordination with the contract manager and other CPO and CFO staff, where contracts are determined to be out of compliance and late fees are assessed.

5.5.1   Manage Reporting Compliance

The sourcing analytics specialist must take specific actions to ensure vendor compliance with the requirements for timely submission of VSRs.

5.5.2   Perform Admin Fee Payment Compliance

The vendor compliance analyst, in conjunction with the contract manager, and with support of the process compliance analyst, follows these steps to perform the account status review, including the Admin Fee Compliance Check. Refer to Contract Monitoring Tool and Admin Fee Payment Monitoring and Review.

The vendor compliance analyst identifies vendors that have submitted payments earlier than when the month close email has been sent and sends email notifications to these vendors (Vendor Contract Manager and contact that submitted the month's report).

5.5.3   Escalate Non-Compliant Reporting

The vendor compliance analyst, in conjunction with the contract manager, monitor non-compliant reporting. Contract managers are responsible for resolving late reporting compliance issues.

5.6   Reporting Schedules and Standards

Contract services reports on and manages contract performance through information stored in the data warehouse and the operational systems and applications that feed the data warehouse.

5.6.1   Update Reporting Schedule

The sourcing analytics specialist manages periodic updates to reports as required to ensure scheduled standard reports are run and distributed.

5.7   Set Up New Contracts in CAPPS

When the Contract Manager changes contract status in Salesforce from "Draft" to "Active," Salesforce sends an email alert to the vendor compliance analyst to set up the contract in CAPPS

for the purpose of billing monthly admin fees and receiving payments from the vendor. Contract setup in CAPPS ensures that sales reporting and the most current contract-related information are uniformly updated in CAPPS and the Business Objects data warehouse.

The vendor compliance analyst will:

1. Verify the CAPPS ID entered by the contract manager;

2. If the CAPPS ID exists, attach the new contract number to the account; and

3. Add contract lines in order for funds to be charged to the account, either as administrative fees or late fees.

In cases where the CAPPS ID is not entered by the contract manager prior to activation, the vendor compliance analyst will contact the Chief Finance Office to provide a CAPPS ID.

Once these steps are complete, the vendor compliance analyst will notify the contract manager that the record is ready to activate and contract documents can be uploaded.

5.8   Public Information Requests

Contract Services is the central consolidation point for CPO's Public Information Requests (PIRs). The public information officer will coordinate development of the response, consult general counsel and coordinate with Contract Services to provide appropriate response to the requester. Requestors may come from anywhere in CPO. As these are time-sensitive, statutorily required timelines apply.

5.9   Manage Standard and Ad Hoc Reporting Requests

Contract services manages requests for information or reports from within the CPO or other DIR program areas.

The Contract Services team receives periodic requests for ad hoc reports or information relevant to an open records request. To ensure that requests are documented and fulfilled in a timely manner, they are managed through DIR's Public Information Management and Tracking System.

5.10   Process and Statute Compliance Review

Contract Services reviews procurement and contracts for compliance with processes, best practices, and statutes.

5.11   Conduct Quality Control (QC) Review

At various stages of the procurement process, the Procurement lead will contact Contract Services to conduct quality control checks. These checks include reviewing evaluation sheets to ensure that scores were transcribed and calculated correctly.

5.12   Manage and Coordinate System Updates

Contract Services will independently and in conjunction with ITS develop changes to applications (such as Business Objects Contract Monitoring Tool, Salesforce, BidStamp, VSR, Website, SharePoint). These changes may be done based on feedback from CPO staff or from

known audit challenges. CS will create desk top aids, conduct trainings, and coordinate deployments for systems or tools used by CPO staff.

6 HUB, OUTREACH, AND TRAINING

6.1 HUB Program

AUTHORITY

1. [Gov't Code Chapter 2161](#)
2. [34 TAC 20, Subchapter D](#)

6.1.1 Overview

DIR is committed to promoting contracting opportunities for historically underutilized businesses. DIR strongly encourages Historically Underutilized Business (HUB) vendors, including Minority and Women Business Enterprises (MWBE), to compete for all DIR procurement opportunities. To this end, the HUB program has a dual role designed to increase HUB participation through both DIR internal procurement and cooperative contracts.

The CPO's HUB, Outreach, and Training (HOT) team makes a good faith effort to ensure HUB vendors are included in all opportunities for competitively bid procurements and whenever possible on non-competitive procurements. The HUB coordinator documents and reports the agency's efforts to include HUBs in procurements as well as the usage of HUB vendors for both prime and subcontractor and reseller opportunities. The HUB team provides education, communication, training, awareness, and outreach to HUBs to promote and encourage full and equal state contracting opportunities for small and minority businesses.

DIR policy is to achieve annual HUB Program goals by contracting with HUBs directly and indirectly through subcontracting opportunities. The agency requires a HUB Subcontracting Plan (HSP) on all procurements with an expected value of $100,000 or more when HUB subcontracting opportunities are probable. An HSP is also included when feasible for procurements with a total value less than $100,000.

The HUB team is responsible for:

1. Administering DIR's HUB Program initiatives, including contract and purchase order reviews for HUB compliance, and to ensure that HUB subcontracting requirements are met both pre and post award;
2. Developing policies, procedures, schedules, priorities, and standards for achieving the HUB goals and coordinating and evaluating HUB Program activities;
3. Performing assessments and evaluating good faith efforts of vendors doing business with the DIR to ensure subcontracting opportunities for HUBs;
4. Monitoring and reporting DIR's HUB utilization;
5. Implementing a HUB Mentor Protégé Program to foster relationships between vendors with proven success and HUB vendors;

6. Complying with internal and external reporting requirements;
7. Encouraging vendors that are HUB eligible to become certified by the Statewide HUB Program;
8. Providing internal and external training regarding HUB Program initiatives and requirements as well as coordinating Program activities with internal divisions, external governmental agencies, community organizations, and the general public; and
9. Participating in HUB and Economic Opportunity Forums and other events that benefit the HUB Program.

6.1.2   Manage HUB Utilization

Texas administrative rule (34 TAC 20.284) describes statewide HUB goals established in six procurement categories relating to heavy and all building construction, special trade services, professional services, all other services, and commodities purchases. Not all of these categories are applicable to DIR. Current goals for procurement categories that apply to DIR are:

1. Special Trades – 32.9%
2. Professional Services – 23.7%
3. Other Services – 26.0%
4. Commodities – 21.1%

No later than the 60th calendar day of each fiscal year, DIR establishes goals for its HUB Program in each relevant procurement category. These goals are based on clearly documented fiscal year expenditures, availability of HUB vendors in each procurement category, and other relevant factors.

The Director of HUB, Outreach, and Training determines the proposed goals with information from the CPO, Texas Comptroller's HUB office, the most current HUB Disparity Study and the agency's previously submitted annual HUB report.

The Director makes a recommendation to the Executive Director or designee for approval of the proposed goals. Once approved, DIR publishes the agency's goals in the Legislative Appropriation Request (LAR) and Agency Strategic Plan, as applicable.

6.1.2.1   Determine HUB Subcontracting Opportunities

The HUB team makes a formal determination of probable subcontracting opportunities for all procurements with an expected value of $100,000 or more over the lifetime of the contract. Subcontracting determinations are also made whenever feasible on contracts with a total value of less than $100,000.

Statewide cooperative and telecommunications contracts are awarded with no quantity guarantees. Each solicitation for a product or service master contract established through these programs includes a determination of probable HUB subcontracting opportunities through subcontractor or order fulfillment (reseller).

6.1.3　Review HUB Subcontracting Plans

For any procurement that includes an HSP, the plan will remain a living document throughout the life of the procurement. HSP reviews may be required throughout the procurement cycle including prior to the solicitation response due date, submitted with a solicitation response, and during the life of the resulting contract if any changes are made to a vendor's subcontractors.

6.1.3.1　Review Pre-Solicitation Response HSP

To ensure maximum competition, and as a courtesy to vendors, DIR allows vendors to contact the HUB office with questions regarding the HSP and to submit their HSP for review prior to formally submitting their HSP as part of their response to a solicitation. Prior to the solicitation response due date, the HUB team may communicate directly with a vendor, but only for the purpose of answering HSP related questions or providing a courtesy review of the HSP and respond to the vendor with any clarification requests or confirmation the HSP has been completed correctly.

6.1.3.2　Review Solicitation Response HSP

HSP review occurs following the administrative review of all responses that successfully pass review. An HSP review documents whether the solicitation response has successfully met all of the requirements of the HSP and whether the response is eligible for evaluation and award consideration.

The amount of time required to review all HSPs depends on the number of responses received. Once complete, the HUB team emails the results of the HSP review to the procurement lead, identifying the number of responses that have passed, number of responses that need clarification, and number of responses that have failed.

Responses that have failed HSP review do not move forward in the evaluation and negotiation process.

After the evaluation process is completed, the procurement lead must provide the list of vendors that successfully passed evaluation and are identified for negotiation to the HUB team. The HUB coordinator will review to see if any of those vendors' HSPs need clarification, and will seek clarification, as applicable. Once approved, the HUB coordinator will forward the HSP to procurement lead to be used with award.

6.1.3.3　Review Post Award HSP Updates

A vendor's HSP is a living document that extends the entire life of an awarded contract. Over time, a vendor may need to revise its HSP to reflect changes in subcontracting partnerships or changes to the vendor's need to subcontract. If changes to an HSP are required, the vendor emails the updated HSP to the HUB mailbox for review.

6.1.4　Assess HSP Progress

As a condition of payment for an internally awarded contract, a vendor must submit a Progress Assessment Report (PAR) each month, whether payment is issued to HSP subcontractors or not.

The PAR must include subcontracting payments the prime vendor paid to each subcontractor for the reporting (month) period. The PAR:

1. Reports the identity of the subcontractors on a project
2. Reports the amount being paid to the subcontractors on a monthly basis

The PAR is required to monitor the vendor's HSP to ensure the vendor is using only the subcontractors stated on the approved plan, and that new subcontractors are not being used without prior approval from the HUB coordinator and in compliance with the good faith effort requirements for subcontracting.

All vendors are required to submit a PAR on a monthly basis, regardless of whether they are subcontracting or have no sales to report. When tracking changes on an HSP, the HUB and contract management team use the PAR as a reporting tool throughout the life of the contract.

For contracts awarded for statewide use, DIR uses the Vendor Sales Reporting (VSR) process, consistent with SPD approval, to capture PAR data as part of the monthly sales reporting information submitted to DIR from cooperative and telecommunications contract vendors. VSR reporting instruments identify subcontractor and reseller sales by product or service and customer, which enables a roll-up of statewide reporting of HUB vendors and subcontractors participating in statewide cooperative and telecommunications contracts.

6.1.4.1 Manage Progress Assessment Reporting

HUB staff must ensure that each vendor required to submit a monthly PAR is complying with this requirement. This includes a PAR required by a new contract award or an update to a vendor's HSP, resulting in a new requirement or removal of a requirement for reporting.

6.1.4.1.1   Internal or Statewide Enterprise Contract HSP Reporting

The HUB coordinator, in conjunction with the contract manager, receives and reviews monthly progress assessment reporting submitted for DIR internal contracts.

6.1.4.1.2   Cooperative or Telecommunications Contract HSP Reporting

The HUB coordinator, in conjunction with the contract manager, receives and reviews monthly progress assessment reporting through the VSR process.

6.1.5   Review and Report on HUB Program

The HOT team seeks to strengthen and improve agency and statewide HUB utilization and performance through data and analytics, reporting, and an extensive outreach program, among other initiatives.

Program requirements are continuously reviewed and acted on by the Texas Legislature. Administrative rule changes are promulgated by the CPA, resulting from legislative actions, commission of a new disparity study by the CPA, as applicable, or other data source or study.

The Director of HUB, Outreach, and Training must review the impact all potential HUB program changes to assess the impact to the agency. The director reports to the CPO any impact and any

recommended changes to DIR rules or processes to address the impact. With CPO concurrence, the Director of HUB, Outreach, and Training coordinates any rule changes with DIR's legal counsel. After adoption, the HOT team updates the CPO Guide or DIR's HUB Strategic Plan, as applicable.

HUB Program reporting covers internal and external reporting.

6.1.5.1   Manage Internal Reporting

The Director of HUB, Outreach, and Training, or designee, prepares and submits the following reports for internal review.

1. Weekly Status Report
2. Monthly HUB Outreach and Training Report
3. Quarterly HUB Outreach and Training Report

6.1.5.2   Manage External Reporting

The Director of HUB, Outreach, and Training, or designee, prepares and submits the following reports for external review.

1. Annual and Semi-Annual Reports
2. HUB Progress Report
3. HUB Performance Report
4. HUB Assessment Report
5. HUB Compliance Report
6. HUB Plan

6.1.6   Mentor Protégé Program

Authority

1. [Gov't Code Chapter 2161](#)
2. [34 TAC 20.298](#)

Texas state government initiated a Mentor Protégé Program designed to foster relationships between prime contractors and HUBs. Each state agency with a biennial appropriation that exceeds $10 million, must implement a Mentor Protégé Program. Agencies serve as sponsors of the mentor-protégé agreements and may elect to implement a Mentor Protégé Program individually or cooperatively and are encouraged to address the needs of protégé businesses in critical areas of state procurement.

The DIR Mentor Protégé Program seeks to provide professional guidance and support to the protégé to facilitate their development and growth and increase HUB contracts and subcontracts with DIR and the State of Texas. This is achieved by building effective working relationships and joint ventures between leaders of mature established companies and HUBs, in an effort to help HUBs benefit from the knowledge and experience of the established firms. DIR is dedicated to assisting HUBs and has developed and adopted this program to promote mentoring opportunities for HUBs.

The mentor-protégé relationship is mutually beneficial since mentors can use their protégés to fulfill HUB subcontracting requirements when bidding on state contracts with expected values of $100,000 or more. It is advantageous to build a partnership prior to a solicitation or contract award to establish confidence in performance.

Vendor participation in the mentor protégé program is completely voluntary and is neither a guarantee of any contract opportunity nor a promise of business. Participation requires the protégé be State of Texas HUB certified and the Mentor Protégé Agreement must be sponsored by a state agency.

6.1.6.1   Program Objectives

Program objectives include:

1. Fostering long-term relationships between prime contractors and HUBs
2. Increasing the ability of HUBs to contract with DIR or other agencies as prime contractors or receive subcontracts under a contract
3. Increase the overall participation of HUBs in state procurements

6.1.6.2   Program Benefits

Program benefits include:

1. Vendor may use their protégé as a subcontractor without having to complete an HSP search for those services that will be provided by the protégé
2. DIR considers participation in the program when evaluating a vendor's good-faith efforts related to HSPs
3. Protégé may find additional subcontracting opportunities through the mentor
4. Protégé cultivates knowledge and skills to grow their business and enhance their contracting capabilities

6.1.7   Roles and Responsibilities

6.1.7.1   Mentor Roles and Responsibilities

The mentor is an established business organization meeting eligibility criterion and selected to participate in the program as a mentor. The mentor should have extensive work experience and be able to provide developmental guidance in areas that meet the needs of the protégé, including business, financial, and personnel management, technical matters such as production, inventory control and quality assurance, marketing, insurance, equipment and facilities, or other related resources. Mentor responsibilities include:

1. Apply to participate in the program
2. Disclose information requested in the application process
3. Maintain good standing with the State of Texas and not be in violation of any state statutes, rules, or governing policies
4. Name a contact to meet with the other participants
5. Choose a protégé from the applications forwarded by DIR

6. Execute a written agreement with the protégé and DIR
7. Provide professional guidance and support in areas that meet the needs of the protégé
8. Report progress of the relationship to the DIR
9. Notify the other participants if the mentor intends to withdraw from the agreement
10. Maintain confidentiality of protégé information

6.1.7.2 Protégé Roles and Responsibilities

The protégé must be eligible and willing to become certified as a HUB and is selected to participate in the program as a protégé. Protégé responsibilities include:

1. Apply to participate in the program
2. Obtain HUB certification and maintain HUB certification for the duration of the agreement
3. Disclose information requested in the application process
4. Maintain good standing with the State of Texas and not be in violation of any state statutes, rules, or governing policies
5. Name a contact to meet with the other participants
6. Execute a written agreement with the mentor and DIR
7. Identify areas in which the protégé needs guidance
8. Report progress of the relationship to the DIR
9. Notify the other participants if the protégé intends to withdraw from the agreement
10. Maintain confidentiality of mentor information

6.1.7.3 DIR HUB coordinator Roles and Responsibilities

DIR serves as the sponsor for a mentor protégé agreement. The HUB coordinator's role is to facilitate the pairing of the mentor and protégé, monitor the progress of the relationship, and ensure compliance with the program requirements. HUB coordinator's responsibilities include:

1. Evaluate mentor and protégé applications and verify eligibility
2. Refer suitable protégé candidates to mentor candidates for consideration
3. Notify applicants of selection status
4. Inform applicants that participation is voluntary and is neither a guarantee for a contract opportunity nor a promise of business
5. Maintain confidentiality of information
6. Name a contact to meet with the other participants
7. Facilitate the execution of a written Mentor-Protégé Agreement between the mentor and the protégé
8. Report Mentor-Protégé Agreement to the CPA
9. Conduct orientation meeting and periodic monitoring meetings with the mentor and protégé
10. Compile information provided through the mentor and protégé progress reporting
11. Monitor compliance with the Agreement and report program performance to the CPA

12. Notify the other participants if the mentor or protégé intends to withdraw from the Agreement

6.1.8 Recruit, Evaluate, and Pair Applicants

In order to achieve a successful mentor-protégé relationship, it is important that there be a suitable pairing between the mentor and the protégé. The mentor should be able to provide guidance and skills relevant to the areas of need of the protégé. Likewise, the protégé should be able to provide services in areas of need beneficial to the mentor. The greater the number of mentor and protégé applicants, the higher the likelihood of finding a suitable and successful match. Therefore, recruiting participants for the program should be an on-going process. DIR promotes the program and recruits program applicants by:

1. Coordinating an annual HUB forum and DIR Connect
2. Participating in economic opportunity forums conducted by other government entities, minority organizations, etc.
3. Routinely corresponding with vendors in the IT industry
4. Posting the program instructions and forms on the DIR website

6.1.8.1 Evaluate Applicants

Vendors wishing to participate in the program must complete and submit to DIR a Mentor-Protégé Application available on the CPA website and through the DIR website HUB page. The application collects relevant information regarding the vendor including their interest in participating as a mentor or protégé, vendor's areas of expertise, skills that can be brought to or are desired from the relationship, and the vendor's goals in participating.

6.1.8.2 Pair Applicants

When a mentor-protégé application has been accepted, it must be reviewed against, as appropriate, the existing pool of mentor or protégé applications to determine if a suitable match exists.

6.1.8.3 Establish Mentor Protégé Relationships

It is important to ensure that all parties in the relationship have a clear and full understanding of the intent of the relationship and their responsibilities and reporting requirements.

6.1.8.4 Maintain and Report on Mentor Protégé Relationships

To ensure a successful mentor protégé relationship, it is important to mentor the progress of the relationship and ensure that issues are brought forward and resolved. Performance reporting and monitoring meetings are tools in monitoring performance.

6.1.8.5 Terminate the Agreement

If either party intends to withdraw from the agreement, notify the other participants immediately.

Termination of the agreement may have effects outside of the immediate mentor protégé relationship. Approved Mentor Protégé Agreements are valid for all state agencies in determining good faith effort for the particular area of subcontracting to be performed by the protégé as identified in the HUB Subcontracting Plan.

In the event that the Mentor Protégé Agreement is terminated by either party or the Protégé's HUB certification expires, the mentor no longer has a valid HSP regarding the awarded contract. In this instance, the mentor will need to enter into a new Agreement with a certified HUB Protégé and have the new protégé provide the subcontracted services or the mentor must comply with the requirements to develop and submit a revised HSP.

6.1.8.6   Report on Mentor Protégé Participation

Participation in the program, the number and progress of the relationships should be included in the Semi-Annual HUB Supplemental Report and as part of DIR's request for legislative appropriations.

6.1.9   Support Procurement and Contract Management Functions

HOT team staff regularly participate in some activities in direct support of Procurement and Contract Management. These are addressed below.

6.1.9.1   Pre-solicitation Conference

A pre-solicitation conference is conducted by Procurement as part of most competitive procurements. This affords procurement staff the opportunity to familiarize potential vendors and subcontractors with the requirements of the procurement and required elements of any submitted response.

Outreach and Training staff may provide the following services:

1.   Schedule the conference including obtaining the necessary webinar link;
2.   Assist Procurement Manager with designing/compiling the slide deck;
3.   Schedule and facilitate practice sessions with key speakers or panelists;
4.   Send notice of the procurement posting and pre-solicitation conference to minority trade organizations and HUBs to advertise the procurement opportunity;
5.   Conduct the necessary online activities in support of the conference;
6.   Document online attendees of the conference using the feature provided by the webinar provider;
7.   Record the webinar if required. If recorded, the recording is provided to the Procurement Manager following the conference for inclusion in the procurement file; and
8.   Run the slide deck during the conference.

For procurements in which subcontracting opportunities have been determined to exist, the HUB Coordinator will participate in the conference to present information applicable to the HUB requirements. The HUB Coordinator will:

1. Prepare and submit the applicable HUB slides to the procurement lead for inclusion in the conference slide deck; and
2. Discuss the intent and requirements of the HUB program including:

    a. Successfully completing and submitting the HSP;
    b. Courtesy review of a vendor's HSP prior to response submission;
    c. Requirements related to the Progress Assessment Report (PAR); and
    d. Participate in the question-and-answer portion of the conference.

6.1.9.2 Vendor Debriefs

Vendors who did not receive a contract award from their submitted solicitation response may request a debriefing to determine the reasons they did not receive an award and how a future response might be improved. These debriefs are often conducted directly with a sole vendor. However, when a number of vendors request a debriefing on the same solicitation, Procurement may determine that a group debriefing is required. In these instances, Procurement will request the assistance of Outreach and Training staff to assist in conducting an online debriefing.

The procurement lead will be responsible for developing the debriefing materials including the slide deck. Outreach and Training staff may be required to provide the following services:

1. Schedule the conference including obtaining the necessary webinar link;
2. Conduct the necessary online activities in support of the conference;
3. Document online attendees of the conference using the feature provided by the webinar provider;
4. Record the webinar if required. If recorded, the recording is provided to the Procurement Manager following the conference for inclusion in the procurement file; and
5. Run the slide deck during the debriefing.

6.1.9.3 Conduct Vendor Orientation/Contract Initiation

When award determinations have been made, the procurement lead provides to HOT a list of contacts for the vendors receiving contract awards. As required, the HOT team, in collaboration with the contract manager or contract owner, schedules a contract initiation meeting with the vendor and related DIR stakeholders. The meeting is an orientation for the vendor to ensure a clear and mutual understanding of all contract terms and conditions and the respective responsibilities of the parties.

Not every contract requires a formal post award conference. In general, the more critical the products or services being provided or the more complex the requirements, the greater the need for a formal contract initiation meeting. The contract manager will determine the need for a formal initiation meeting.

When required, the contract initiation meeting should be conducted as soon as possible, but no more than fifteen (15) business days after contract execution. The initiation meeting may be

conducted with a single vendor or a group of vendors who are subject to the same initiation requirements.

While the vendor and DIR personnel should already be fully aware of the contract requirements, the contract initiation meeting ensures that everyone involved directly in the contract administration process understands all contract performance requirements. During the meeting, DIR should review with the vendor(s) the major points of the contract such as any start up responsibilities that must be completed before products or services can be provided, major performance milestones, deliverables, reports, meetings, etc. All instructions given to a vendor at the meeting must be within the scope of the contract.

Vendors should be encouraged to record the orientation webinar for their future viewing. This may require the use of a third-party software or other means if the platform used by DIR does not allow recording by participants. This will allow the vendor to retain the information for reference or for new employees assisting with the DIR contract.

6.2   Outreach

The HOT team's Outreach and Training programs are closely aligned. Their initiatives and activities complement and support each other, other CPO teams, and the agency as a whole. A focus of the Outreach program is to identify and connect with existing, new, or potential customers, vendors, HUBs, and agencies. The role of outreach is to identify these groups, understand their current and future needs and determine how DIR may be able to assist in meeting those needs.

1. The outreach team works with DIR's customer base to enrich their knowledge or skill sets to advance successful contracting efforts. DIR is directed by statute to provide this assistance to the CPA and state agencies, the HOT team extends this assistance to other eligible customers.
2. The outreach team connects with eligible customers who may be unaware of their ability to use DIR contracts for their IT needs. For customers already using DIR contracts, the outreach team seeks to keep them informed of new and enhanced contracts for their use and processes to obtain needed products or services, whether a state agency, local government, education, or eligible out of state entity.
3. The outreach team engages vendors and HUBs to ensure they are aware of contracting and business opportunities available through DIR as both a prime vendor and reseller or subcontractor. Through strengthened awareness of the statewide HUB program, enhanced knowledge of the business processes that must be followed to qualify for contracting opportunities, and an understanding of the tools and resources available to these businesses, the outreach team works to expand program participation and vendor capabilities to earn business opportunities with DIR, and all eligible customers.

Outreach is an on-going process to build relationships and increase awareness of DIR and state technology procurement and contract. The HOT team uses a number of methods and platforms to reach customer and vendor communities.

Effective outreach is an on-going process of supporting existing communities, identifying new communities, and adopting effective means of communicating within the ecosystem. All outreach activities undertaken by DIR should be documented.

6.2.1   Outreach Events

Through outreach events, the HOT team creates opportunities to present and market DIR's contracts, both as contracting opportunities for the vendor community and as a contracting vehicle for state, local, education, and other eligible customers including use of the contracts by eligible out of state entities. These events also allow DIR to promote:

1. Statewide HUB program and DIR's participation in it;
2. Mentor protégé program;
3. Vendor opportunities with DIR as both prime vendors and subcontractors;
4. Opportunities for customers to use DIR contracts and increase their HUB usage;
5. Training opportunities available to vendors, HUBS, and customers; and
6. Partnering with other entities and resources to assist DIR in providing outreach to vendors, HUBs, and customers.

6.2.1.1   Manage Participation at Outreach Forums

HUB forums and economic opportunity forums (EOF) are outreach events for HUB vendors and other small businesses that may be eligible to become a HUB through the statewide program. These events, most often sponsored by one or more state agencies or by a member of the Texas legislature, are held throughout the state. Additionally, these forums may be hosted by educational entities, local governments, or minority and trade organizations.

The CPA maintains an [Economic Opportunity Forums (EOF) Calendar](#) that provides a schedule of various vendor fairs, spot bid fairs, conventions, conferences, workshops, seminars, among others, held throughout the state. A number of these events may be targeted to industry-specific procurement and contracting categories, such as a building and construction forum. More general forums or IT-specific forums, at which DIR may participate in discussion groups or make a presentation, allows DIR to connect with vendors more capable of obtaining a DIR contract.

Both HUB forums and EOFs seek to educate vendors and increase contracting opportunities for them. However, EOFs additionally seek to incentivize vendor attendance by including bidding and contracting opportunities that may be awarded on site.

6.2.1.1.1   Participate in Economic Opportunity Forums

Outreach staff are tasked with identify an upcoming purchasing or contracting opportunity that may be suitable to include at the EOF.

6.2.1.1.2   Present at Economic Opportunity Forums

Outreach staff, in coordination with the Program Development Office (PDO) attend EOFs to identify an upcoming purchasing or contracting opportunity that may be suitable to include at the EOF.

6.2.1.2   Manage DIR-Hosted Forums

6.2.1.2.1   DIR HUB Forum

DIR hosts its own HUB forum annually. This may be conducted in coordination with another agency. Planning activities, conducted in coordination with the PDO, includes:

1. Event space;
2. Booth space and table for each registered exhibitor;
3. Speaking area and seating, if including speakers;
4. Any refreshments to be provided to attendees;
5. Soliciting speakers;
6. Soliciting and registering exhibitors;
7. Soliciting and registering vendor and HUB participants;
8. Facilitating the event;
9. Managing a DIR booth;
10. Soliciting feedback from attendees; and
11. Cleaning up after the event.

6.2.1.2.2   DIR Connect

DIR hosts the Texas DIR Connect Technology Expo (DIR Connect). DIR Connect brings DIR contracted technology vendors together with IT and purchasing staff from state agencies, local and county government, hospitals, emergency response entities, K-12 and higher education to raise awareness about DIR statewide enterprise and cooperative contract programs. Only vendors (both HUB certified and non-HUB) who hold a DIR contract may exhibit at DIR Connect.

Vendors may not attend without a booth unless they are a certified HUB vendor. Certified HUB vendors who are non-exhibitors may only attend the HUB Roundtable.

HOT staff may be tasked to:

1. Coordinate with event planner if one has been retained;
2. Assist with exhibitor and agency registration;
3. Assign exhibitor booths;
4. Arrange speakers and breakout sessions and developing agendas;
5. Identify moderators for sessions;
6. Facilitate breakout sessions, including HUB roundtable, or providing logistical support;
7. Create and produce handout materials;
8. Solicit and compile post-event feedback; and
9. Other activities to assist in conducting the event.

6.2.1.2.3 Cross-Agency Events

Cross-agency events are typically put on by one or more state or local agencies. These events may be intended to inform the customer and vendor communities. At the agency level, these are opportunities to educate attendees on the types of contracts available for use and the processes to access these contracts. At the vendor level, these are opportunities to discuss contracting and subcontracting opportunities for vendors and HUBs as well as the HUB program, its goals, and processes. The host of the event instructs participants on the type of information to share.

6.2.1.3 Participate in Local, Regional, and National Conferences

6.2.1.3.1 Minority Trade Organizations and Development Centers

Minority trade organizations, including women business trade organizations, and development centers circulate information related to contracting opportunities to participating vendors. These organizations present the opportunity to provide information regarding DIR contracts and contracting opportunities, subcontracting opportunities, DIR contracting processes, state HUB certification, and resources that the DIR HUB program maintains.

These organizations are often organized at the city or county level or may be directed at a particular segment of the population. The CPA maintains a list of [Small, Minority and Women Business Trade Organizations and Development Centers](#) that have worked with and expressed interest in working with the Statewide HUB program. Additionally, many public Texas entities also maintain online lists of these organizations and contact information that can be readily found through web searches.

6.2.1.3.2 National and Regional Technology and Procurement Events

National and regional technology and procurement conferences may present the opportunity to educate a potential new base of customers and vendors on the opportunities available through DIR contracts. These conferences may include government customers and vendors outside of the state of Texas who are not familiar with DIR contract opportunities and the ability for public agencies outside of Texas to use them.

For Texas vendors, this may include information on how to become HUB certified. But for all vendors, information on opportunities as prime- and sub-contractors may be addressed as well as contracting requirements particularly as they relate to the state HUB program. For public entities, this may include information on the goods and services available through DIR contracts and the contracting processes applicable to the entities including the execution of inter-state agreements for public entities outside of Texas.

These conference opportunities can be difficult to identify. They may be found by visiting event aggregation websites and procurement association and related websites. The following organizations and associations are active in providing resources, best practices, and research on innovative procurement strategies, collaboration opportunities, and public sector technology and procurement advances:

1. Consumer Technology Group;
2. Gartner, Inc.;
3. National Association of State Chief Information Officers;
4. National Association of State Procurement Officials; and
5. National Institute of Governmental Purchasers.

6.2.2   Additional Outreach Activities

Effective marketing is key to driving attendance of a webinar and to its success.

Marketing must be targeted to the desired audience and should be multi-faceted to incorporate as many of the outreach tools as possible and appropriate. Marketing may include the following:

1. Posting notice on the HUB, Outreach and Training, or another DIR web page;
2. Posting on the [DIR Calendar;](#)
3. Posting on [DIR News;](#)
4. Email to vendor contacts and email Minority Trade Organizations and Development Centers as appropriate;
5. Inclusion in the DIR Vendor Newsletter for vendor-centered webinars; and
6. Notification on DIR social media platforms to include the original announcement and a reminder the day before.

6.2.2.1   Manage Webinars

The HOT team creates informational webinars to reach a large audience with less cost and effort than hosting an in-person event. These webinars may be intended for internal purposes like a pre-bid conference, vendor orientation, or a group procurement debriefing. They may also be intended as part of an awareness campaign for potential external customers.

Webinars may be one-time events such as a procurement-specific event, or they may be ongoing, such as the HUB Talk series, or instruction-focused, such as how to complete an HSP. To the extent possible, webinars not intended for a one-time event should be recorded for future viewing either directly through HUB or Outreach and Training web pages or through the DIR YouTube channels. If recording a webinar, all participants should be advised at the start of the webinar that it is being recorded. Refer to DIR-Led Training for information on producing a webinar. The HOT team may also partner with another agency or DIR team in producing a webinar on its behalf.

6.2.2.2   Manage HUB, Outreach, and Training Website Content

To inform the vendor and customer communities, the HOT team maintains both HUB and Outreach and Training web pages. These web pages present information to their targeted audiences. Information posted on these websites must approved by the Director of HUB and Outreach and Training and submitted to the PDO for publishing.

6.2.2.3   Manage HOT Mailbox

Both the HUB and Outreach and Training web pages include team-specific email addresses to submit inquiries or other feedback. On a daily basis or more often, the teams must monitor their mailboxes for requests for information, participation in educational activities and notification of outreach opportunities.

6.2.2.4   Manage Other Communication Channels

The HOT team, in coordination with the PDO, as applicable, uses multiple platforms (or channels) to communicate across customer and vendor communities.

6.2.2.5   Participate in Community Collaboration Forums

Professional development organizations work to strengthen the knowledge and skills of members to employ current and emerging practices that lead to success in their fields. Other coordinating bodies exist to share best practices across state agencies and administration and procurement professionals.

1.   State Agency Coordinating Committee (SACC);
2.   HUB Discussion Work Group (HDWG); and
3.   Professional development organizations.

6.2.2.6   Receive and Respond to Outreach Requests

Outreach and Training staff may be requested to provide outreach assistance to other CPO teams or other DIR divisions. Requests for assistance should be made to cpo@dir.texas.gov or dir.hub@dir.texas.gov. However, staff outside of CPO may also request assistance via email or other means.

6.2.3   Provide ADA Accommodations

Outreach and Training staff must ensure in-person or online events, and materials available on a public facing website, comply with requirements of the Americans with Disabilities Act (ADA). Staff must determine a need and plan for ADA accommodations when scheduling an event. This determination must be made no less than five days prior to the event so that any required resources may be obtained.

6.3   Training

The HOT team participates in training development and delivery in conjunction with other CPO teams and DIR staff and in response to statutory requirements and customer needs. The Outreach and Training team coordinates with internal DIR programs to develop outreach and training materials to integrate with agency outreach programs. In coordination with the PDO, the team develops a training schedule to offer a variety of in-person and virtual courses, based on staff needs and training program resources. The team also develops and updates training materials for internal distribution, as needed.

Additionally under Gov't Code Sections 656.050-656.052, DIR is required to assist CPA and other agencies in providing training in specified areas to state agencies, institutions of higher

education and other eligible customers. Through this training, the CPO seeks to expand and promote the proper use of its contracts and provide guidance on the negotiation of AIS contracts.

6.3.1 Instructional Videos

Instructional videos are an effective means to provide both overview and process specific information to customers and vendors on demand. By posting these videos to the appropriate YouTube page, the videos can be the first stop for customers and vendors to learn about DIR and DIR processes. The videos serve as self-help resources for customers and vendors, provide basic information, address common issues, and answer common questions, thus reducing the volume of inquiries received by staff. Instructional videos must be ADA compliant, with closed captioning provided whenever possible (refer to Provide ADA Accommodations) and provide a DIR contact as a resource.

DIR customer videos cover topics for instate and out of state users, including:

1. What are DIR contracts and who can use them?
2. How to search and use DIR coop contracts
3. The SOW process and state agency requirements
4. How to use DIR STS contracts
5. The interstate agreement process for out of state customers
6. Understanding the exemption process for state agencies

DIR vendor videos cover topics such as:

1. Overview of DIR contracts, how they're advertised, and who can use them
2. How to respond to a DIR solicitation
3. How to complete a HUB Subcontracting Plan
4. How customers issue orders against DIR coop contracts
5. How to complete and submit Vendor Sales Reports
6. How to complete and submit Progress Assessment Reports

6.3.1.1   Post Instructional Videos

Unless a specific need dictates otherwise, instructional videos should be posted to the appropriate YouTube page for either customers or vendors with a link added as appropriate to either the HUB or Outreach and Training web page.

6.3.2 Participate in CPA Led Training

SPD has primary responsibility for state of Texas procurements. This includes policies and processes to which state agencies must adhere. This includes requirements for training and certification of procurement and contract management staff as well as managing the statewide HUB Program. DIR provides direct support to SPD for these efforts.

Authority

1. Gov't Code Section 656.051 (procurement)

2. [Gov't Code Section 656.052](#) (contract managers)

Texas statute directs DIR to assist the CPA in providing training to state procurement and contract management personnel as part of the CPA's [Statewide Procurement Training Program](#). The CPA hosts and facilitates the training with DIR participating in the role of a guest speaker. The Director of HUB, Outreach, and Training approves the training content and the related slide deck.

Currently, DIR assists with three (3) CPA training areas:

1. Basic Texas Purchaser (BTP) Course;
2. Certified Texas Contract Developer (CTCD) Course; and
3. Certified Texas Contract Manager (CTCM) Course.

Content for each of the courses is customized for the target audiences. Both the basic purchaser and contract developer courses focus primarily on procurement information such as types of DIR contracts, the intent, and the processes associated with each. The contract manager course primarily focuses on topics related to managing contracts rather than procurement requirements.

DIR's training content areas include:

1. Navigating the DIR website;
2. Searching for products and services;
3. Using DIR contracts;
4. SOW development and review process for state agencies;
5. Exemption submission and review process for state agencies;
6. Requesting addition of new contracts and items;
7. Bulk purchase process;
8. HSP evaluation;
9. HSP compliance, including Progress Assessment Reports (PARs);
10. Contract reporting;
11. Contract monitoring; and
12. Required cyber-security training for vendors and contractors.

6.3.3 Participate in CPA Led HUB Talk Series

Authority

1. [Gov't Code Chapter 2161](#)
2. [34 TAC 20, Subchapter D, Division 1](#)

The [HUB Talk Series](#) is an on-going webinar series produced by the CPA statewide HUB coordinator in coordination with DIR. The series is intended to strengthen small business awareness and participation in statewide procurement opportunities, and share topics and resources such as:

1. Planning and procurement;

2. Small business resources; and
3. Business development and marketing tips.

The CPA arranges the speakers and topics. DIR facilitates producing the webinar including scheduling the event and webinar link, working with speakers to develop the slide deck, and conducting the event and running the slides. Recordings of each webinar and the associated slide deck are posted to the HUB web page in coordination with the PDO.

6.3.4   Host Vendor and HUB Training Webinars

In addition to presentations at HUB forums and EOFs, the HUB Talk series, DIR Vendor Newsletter and emails, and instructional videos, DIR supports the vendor and HUB communities by hosting vendor and HUB training webinars as the need is determined. This may be to address changes in the HUB program or processes or as a refresher to ensure compliance with program requirements. This may also include educating vendors on new procurement processes being instituted by DIR.

6.3.5   DIR Led Training and Webinars

DIR led training includes training to DIR staff, staff of other agencies, customers, and vendors including HUBs. This includes training provided directly by Outreach and Training staff and training provided by staff outside of the CPO for which Outreach and Training staff provide assistance in delivering the training. This assistance includes registering attendees and documenting those in attendance.

Recipients of DIR led training may be eligible to receive Continuing Education Hours (CEH) from the SPD. Refer to Section 6.3.5.7 Submit Eligibility Determination for Continuing Education.

While in person training may be preferred by some, webinars present a convenient, effective and cost-efficient means to provide training. This eliminates the need for travel, facilities for conducting the training, and, in many instances, printed materials. While in person training may be held as appropriate or upon request, webinars are now the primary means of providing training. The Outreach and Training team is a valuable DIR resource in conducting training and producing webinars.

6.3.5.1   Webinar Training Development or Production

Outreach and training staff may host an event or may receive a request from another DIR program area or another agency to co-host an event and to provide assistance with training or producing a webinar. Examples of such events include:

1. DIR All Hands Meetings;
2. CPO All Hands Meetings;
3. HUB Talk Series;
4. HUB Discussion Workgroup; and
5. DIR CTO Technology Series.

The group putting on the training is responsible for developing the content, any materials and the slide deck. This may be members of the HOT team, Procurement, another division within DIR, or the CPA. Regardless of who is providing the training, Outreach and Training staff may provide the skills necessary to administrate and run the training particularly in the instances of webinars.

Outreach and Training staff may be called upon to:

1. Scheduling the training including providing a webinar link if applicable;
2. Attendee registration and documentation of attendance;
3. Running the slide deck;
4. Assisting with ADA compliance such as closed captioning (Refer to Section 6.2.3 Provide ADA Accommodations)
5. Or any other function required in producing the training event

6.3.5.2   Internal DIR Training

The HOT team may directly provide or assist in providing training to CPO or other DIR staff as requested. This may be in support of CPO or another DIR division and include responsibilities as discussed in Assistance in Training and Producing Webinars. Internal training includes:

1. Annual Procurement and HUB training
2. CPO All Hands Meetings
3. DIR All Hands Meetings

6.3.5.3   Customer Training and Webinars

Customer training may be scheduled and provided periodically and intended for all DIR customers in general or a targeted sub-group such as local government or education customers. Customer training may also be provided to one or more specific customers upon request. Training provided to state agency staff may be eligible for Continuing Education Hours from the SPD. Refer to Section 6.3.5.7 Submit Eligibility Determination for Continuing Education.

6.3.5.4   Schedule, Develop and Conduct a Webinar

Scheduled training and webinars should be used when new information or a new process needs to be disseminated to DIR customers or a specific subgroup. It may also be used if a determination is made that one or more customer groups are experiencing a particular issue or question with DIR contracts or processes. This need may be determined by questions received by or issues directed to the contract managers or the HOT team, AskDIR, or by similar means. Training could include either external or internal DIR customers.

Based on the perceived need, a determination should be made as to the best way to address the issue. For topics for which it is anticipated that the attendees are likely to have questions requiring a response, one or more live webinars should be scheduled. Multiple webinars will allow customers to attend a webinar that meets their schedule. Topics that are more straight-forward, for which few if any questions are anticipated, may be best addressed with an instructional video posted to the customer YouTube channel. See HOT Webinar Checklist.

6.3.5.5 Support Customer Requested Training

The outreach and training team should identify opportunities to provide customer requested training. For this reason, instructions for a customer to request training are provided on the Outreach and Training web page. The outreach and training team monitors the Outreach and Training mailbox for such inquiries. Additionally, staff contact eligible customers directly via email or telephone to make these opportunities known.

Topics of training may include:

1. Use of DIR contracts and required processes;
2. Use of SOWs;
3. Exemption process for state agencies;
4. Effective contract monitoring;
5. Evaluating HSPs; and
6. Reviewing PARs including the reporting of subcontracting dollars and HSP compliance issues.

When training has been requested by a customer, training and outreach staff assesses the need and determine the feasibility in providing the training according using the Customer Training Request Checklist.

6.3.5.6 Train on IT Negotiation Methods

As required under Gov't Code Section 656.050, DIR has developed a program to train state agency personnel in effectively negotiating contracts for the purchase of information resources technologies. This training is made available to state agency personnel who are directly or indirectly involved in contract negotiations, such as senior or operational management, purchasers, users of the purchased technologies, and personnel with relevant technical, legal, or financial knowledge. Training is required for agency personnel directly involved in contract negotiations for the purchase of information resources technologies.

The HOT team staff may assist in support activities such as:

1. Providing expertise to produce a webinar for the training. Refer to Section 6.2.2.1 Manage Webinars.
2. Coordinating with CPA to obtain continuing education credits for procurement and contracting staff who receive the training; and
3. Assisting Procurement with designing/compiling slide deck.

6.3.5.7 Submit Eligibility Determination for Continuing Education

Training provided to procurement or contract management staff of DIR or other state of Texas agencies may be eligible for Continuing Education Hours (CEH) from the SPD. This includes staff holding Certified Texas Contract Developer (CTCD) and Certified Texas Contract Manager (CTCM) certifications. Training must be specific to procurement or contract management activities including use of DIR contracts, negotiations, and requirements of the HUB program.

After reviewing the training outline and prior to the training being conducted, the Director of HUB, Outreach, and Training determines if the training is likely to qualify for CEH. If so, the director emails the SPD Director of Training requesting a determination. The director includes:

1. A description of the training to be provided including the course outline;
2. The number of hours of training to be provided including the dates and time;
3. The intended audience; and
4. Any other information required by the SPD.

The director documents the SPD determination in the SharePoint folder for the training being provided. If eligible for CEH, the outreach and training team prepare a certificate to be signed by the director and issued to all staff who have successfully completed the training. After training has been completed, the director emails to the SPD Director of Training a list of all personnel who successfully completed the training.

6.3.6　　Outreach and Training Material Development

The HOT team is primarily responsible for creating and maintaining written materials and brochures on DIR contracts, their use, and required processes. This includes outreach materials to customers and vendors and training materials developed by the team. The team may also be requested to provide assistance to other DIR divisions.

6.3.6.1　　Create and Approve Materials

Materials created by the Outreach and Training staff must be approved by the Director of the HOT prior to use. Additionally, if materials are created on behalf of another internal or external entity, the materials must also be submitted to the requester for approval prior to use or distribution.

Outreach and Training staff should determine:

1. Topics to be covered;
2. Intended audience;
3. How the information is to be presented;
4. One time or on-going use; and
5. Criteria used to determine if the materials meet the stated needs.

Materials intended for external posting and distribution, such as to social media or DIR website, must be submitted to the PDO for review and processing.

6.3.6.2　　Maintain Materials

All materials created for outreach and training are maintained on the HOT team SharePoint site with drafts saved to the Draft folder in an event specific sub-folder and the final, approved version saved in the Final folder. All materials intended for o-going use should be reviewed on an annual basis to ensure all information provided is correct and up to date. Materials should also be reviewed and updated on an as needed basis when program or legislative changes dictate the need for immediate changes or enhancements.

6.3.6.3   Retain Materials According to Retention Schedule

Under Gov't Code Chapter 441, information in any format, including materials in a physical or an electronic format, that is produced by the authority of or at the total or partial expense of a state agency and is publicly distributed outside the agency by or for the agency may require submission to the Texas State Library and Archives Commission (Archives Commission). This requirement does not apply to information created for:

1.   Contractors with or grantees of the agency
2.   Persons within the agency or within other government agencies

Publications subject to this statute must submitted to the agency's publications liaison who must maintain a record of the agency's state publications and must furnish to the Archives Commission a list of the agency's new state publications as they become available as well as copies of the publication.

Publications that exist in a physical format must be provided to the Archives Commission in the number specified by commission rules. On the release of a publication in an electronic format and for the purpose of further distribution of the publication, an agency must provide the Archives Commission either one of the following:

1.   online access to the publication
2.   copies of the publication on an electronic external storage device in the number of copies prescribed by the Texas State Library

Additionally, each publication must clearly reflect the date that the state publication was produced or initially distributed by a state agency in a conspicuous location at or near the beginning of the publication. For any publications available on the internet, identifying and descriptive information about the publication as specified by the Archives Commission and Department of Information Resources rules.

6.3.7   Produce Educational Outreach and Training Report

On an on-going basis, HOT team staff must document in SharePoint their participation in any outreach or training activity whether as host, participant, or support. This includes:

1.   Meetings with HUBs
2.   Participation in HUB and Economic Opportunity Forum events
3.   Presentations to customers, vendors, or related groups
4.   Training provided to customers, vendors, or related groups

Documentation must include:

1.   Name and type of event
2.   Sponsoring organization
3.   Date, time, and location of event
4.   Intended audience and number of participants
5.   Type of participation by HOT Team staff

At the start of each month, all outreach and training activities for the preceding month must be documented in the monthly Educational Outreach and Training Report.

7 CONTRACT MANAGEMENT FUNDAMENTALS

7.1 Overview

The Contract Management team administers contracts established for DIR and use by state agencies and other eligible entities. The Contract Management team is charged to ensure the responsibilities of the contractor are properly discharged. Made up of Cooperative Contract Management, STS Contract Management, Telecommunication Contract Management, and DIR-A Contract Management, DIR contract management staff adhere to the guidelines set forth in the PCMG while focusing on the particular nature of their contracts.

An assigned contract manager participates in procurement cycle activities to guide contract formation. After contract execution and transition, the contract manager establishes and implements methods to ensure contract requirements are satisfied, products and services are delivered according to the contract, and financial interests of the agency and the state are protected.

The contract manager is the designated contact and lead for any DIR contract and is responsible for the timely initiation and execution of an assigned contract. For each DIR contract established, the contract manager confers and coordinates with the contract owner within the DIR program area or business unit, general counsel staff, CFO staff, executive management team, and others to administer the contract. This assignment of roles is documented and maintain the contract file.

The contract manager formally initiates administration and contract management functions. These include the implementation of contract plans to monitor contract performance, risk, communication, and procedures to receive, review and accept deliverables; manage contract changes, extensions, renewals, and
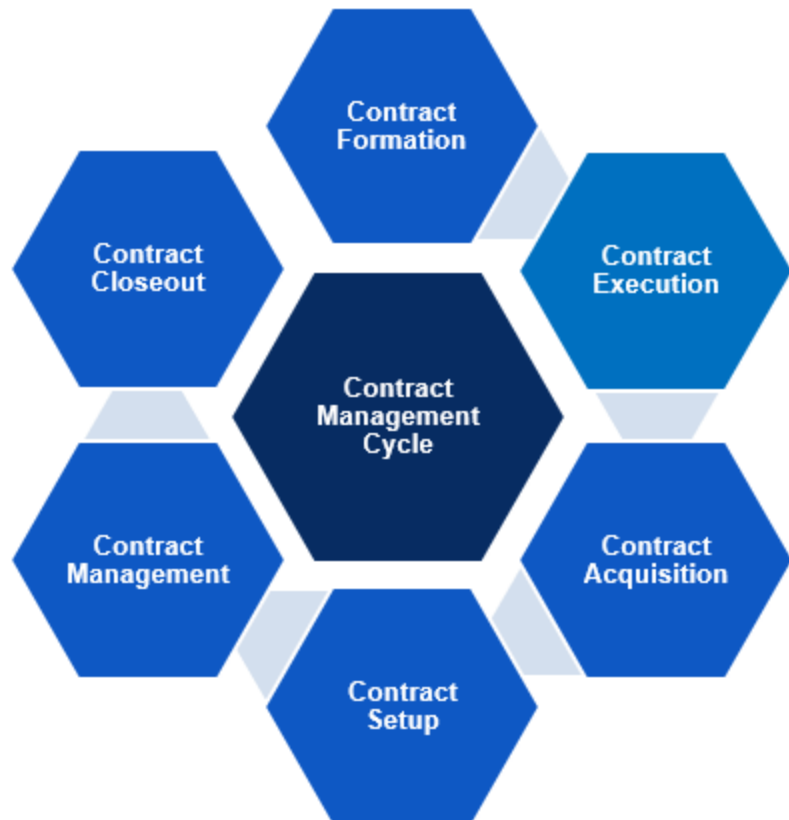
amendments; and manage issues and disputes, among other activities.

The Contract Manager is responsible for ensuring that the contract requirements are satisfied, that the products and services are delivered in a timely manner, and that the financial interests of the agency are protected. The contract manager works in conjunction with each CPO team, DIR program areas and business units and operations, and Office of General Counsel, to ensure successful management of DIR contracts.

The Contract Manager must have a thorough understanding of all components of the solicitation and contract. The Contract Manager should also be experienced with the type and size of the purchase. The extent of contract administration will not be the same for all contracts.

The level of contract administration should be consistent with the complexity and level of risk of the contract, the contract term, and dollar value. All guidance provided to a contractor must be within the scope of the contract. DIR must be careful to not impose additional requirements upon the contractor or manage the vendor's operations to the extent that the contractor is relieved of its responsibility to perform.

Contract management leverages the resources of Contract Services and HOT Teams to support the contract management activities. The CMO is supported by the Contract Services team through reports on information stored in the data warehouse and the operational systems and applications that feed the data warehouse. The HOT team assists with vendor trainings and ensuring compliance with HUB requirements.

7.2   Partnership with Procurement

The contract manager may participate in procurement phases through a collaborative process to provide relevant information from a contract management perspective and assurances for quality control. The roles contract managers conduct may include scope reviews, CTCM reviews, ensuring appropriate terms and conditions are addressed, serving as an evaluator, and assisting in the formation of contract documents.

In addition to participating in procurement phases, contract manager responsibilities may include the development of contract monitoring plans, contract performance plans, risk management plans, communication plans, deliverable acceptance, and vendor onboarding, as applicable.

7.2.1   Transition from Procurement to Contracts

In coordination with Procurement, the Contract Manager will take ownership of the electronic files of the contract. The procurement lead works with the contract manager to establish the timeline for transition and ensures all required documentation is received.

The Contract Manager will review the entire contract to examine and review the contract, terms and conditions, appendices, cost avoidance, deliverables, contractor compliance requirements and any other terms that may need to be monitored and tracked on as part of contract monitoring.

During the transition process and for each subsequent contract amendment (as appropriate), a risk assessment is required in conformance with Gov't Code Section 2261.256. A contract manager should perform a risk assessment utilizing the Risk Assessment Matrix, which identifies the contract risk of low, medium, or high rating for determining routine and enhanced monitoring requirements. **Refer to the Contract Management Handbook and Risk Analysis for detailed steps for this process.**

The contract manager in coordination with the procurement lead and business or contract owner, as applicable, follows these steps, to initiate and formalize an approach to monitoring contract, based on contract risk.

7.2.2   Contract Setup and Procurement Closeout

During this phase, the contract manager works with the procurement lead to gather and organize the required documentation for the contract file and review the contract record in Salesforce. The contract manager also coordinates finalization of the contract file setup with Contract Services for verification.

As part of the contract setup, the contract manager will utilize the Contract Fie Checklist to set up or assume new contracts and verify to complete the contract setup. Additional Contract Setup details are available in Contract Document Set Folder Structure and Accessibility and Contract Naming Conventions.

7.3   Setup New Contract in Salesforce and CAPPS

When the Cooperative Contract Manager changes contract status in Salesforce from "Draft" to "Active," Salesforce sends an email alert to the vendor compliance analyst to set up the contract in CAPPS for the purpose of billing monthly admin fees and receiving payments from the vendor. Contract setup in CAPPS ensures that sales reporting and the most current contract-related information are uniformly updated in CAPPS and the Business Objects data warehouse. When this is completed Contract Services will notify the contract manager, the contract manager can then load the solicitation documents, the evaluation criteria, and an explanation of why the vendor was selected by the department, as well as the contract documents into CAPPS.[8] If the contract was awarded based on best value to the state, a list of the factors considered in determining best value with the weight given each factor and a statement regarding how the vendor awarded the contract provides the best value to the state in relation to other vendors who bid or otherwise responded to the contract solicitation should also be included. This reporting requirement may be satisfied by the solicitation evaluation plan. Other reporting requirements include statements of work and work orders prepared for or under the contract, the proposed budget for the contract, and conflicts of interest documents signed by state agency purchasing personnel participating in the planning, soliciting, or monitoring of the

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[8] TGC 2054.067, TGC 2101.041

contract, criteria used or to be used by the state agency in monitoring the contract and vendor performance under the contract, a justification for each change order, contract amendment, contract renewal or extension, or other proposed action that would result in an increase in the monetary value of a contract with an initial value exceeding $10 million and additional supporting documentation and justification for a change order, contract amendment, contract renewal or extension or other proposed action of a contract described by that would result in an increase in the contract's monetary value by more than twenty percent (20%).

7.4   Posting Contracts to the Legislative Budget Board

Per statute, all contract types greater than $50,000 must be reported to the Legislative Budget Board (LBB) within five (5) to thirty (30) days of award depending on the nature and dollar value of the contract. The image below details the procurement types and thresholds required for LBB reporting.

CONTRACT REPORTING REQUIREMENTS BY THRESHOLD				
VALUE	>$50,000	>$1 MILLION	>$1 MILLION	>$10 MILLION
Type	All Contract Types	Non-competitive/ Sole Source	Emergency	All Contract Types
Due date	Within 30 days of award or amendment	Within 15 days of award	Within 5 days of award	Within 15 days of award
Reporting provision	GAA, Article IX §7.04, Texas Government Code §322.020	GAA, Article IX §7.11	GAA, Article IX §7.11	GAA, Article IX §7.11
Documentation requirement	Requires solicitation and contract documents*	Requires attestation letter, solicitation and contract documents	Requires attestation letter, solicitation and contract documents	Requires attestation letter, solicitation and contract documents

7.5   Attestation Letters

Attestation letters must be completed for contracts greater than $10M or greater than $1M if not competitively awarded. The Attestation Letter Template will be completed as part of the contract award process and may be routed by the procurement lead or the contract manager for approval.

7.6   Posting Contracts to the DIR website

On its website, DIR posts each contract into which the agency enters, including contracts entered into without requiring competition, until the contract expires or is completed; the statutory or other authority under which the contract was awarded, and the solicitation related

to a competitively bid contract until the contract expires or is completed.[9] The Contract Manager will prepare the contract documents for upload to DIR Contract Repository in SharePoint for posting on the DIR website. For more detail regarding the posting of contract information, see DIR CPO Document Approval-Upload User Guide.

This includes verifying all documents are fully accessible. **Refer to the Accessibility and Contract Naming Conventions for information for these requirements.** All content posted to DIR's website must be accessible and comply with state law and administrative rule (refer to Gov't Code Section 2054.451 and 1 TAC 206).

7.7   Contract Kickoff Meetings

Multiple CPO teams participate in contract kick-off or vendor orientation activities. The contract manager in collaboration with the contract owner (s) and HOT team schedules a contract kick-off meeting with the vendor and related DIR stakeholders.

The meeting is an orientation for the vendor to ensure a clear and mutual understanding of all contract terms and conditions and the respective responsibilities of the parties. All instructions given to a vendor at the meeting must be within the scope of the contract.

The contract kick-off meeting should be conducted as soon as possible, and as a best practice, most are held within six (6) weeks of contract award. The contract kick-off meeting underscores responsibilities for everyone who is directly involved in contract administration and performance requirements.

The contract manager determines the appropriate format for the meeting. The vendor may be invited to attend a regularly scheduled vendor orientation, which offers a detailed presentation of all vendor responsibilities and expectations. For less complex, low risk, low-dollar value contracts, a telephone call with the vendor may be sufficient. More complex, higher risk contracts may require specific and direct meetings with additional participants from vendor, DIR, or other associated parties or contractors.

7.8   Roles & Responsibilities

The contract manager, contract owner, and general counsel all have roles and responsibilities within the area of contract management. For example, a program area or business unit may operationally manage an outsourced service and is responsible for the contracted service operations, but the CPO's contract management team is responsible for contract management.

The contract manager serves as the primary point of contact between a DIR contract owner, if established outside of the CPO, and the contract vendors who provide products and services for use by the agency and all agency customers. The contract manager is responsible for:

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[9] TGC 2261.253

1. Engaging with responsible staff across each stage of the procurement and contract management cycle;
2. Conducting risk assessments and determining methodology and frequency of monitoring activities;
3. Understanding and advising on contract terms, including, scope, requirements, specifications, deliverables, and milestones;
4. Establishing specific, time-bound performance measures and requirements to ensure vendor is performing within the terms and conditions of the contract and is held accountable for performance;
5. Hosting a post award vendor conference, in conjunction with HUB Coordinator to ensure all parties are aware of the performance requirements and administrative procedures agreed in the contract;
6. Formulating a contract monitoring approach and developing a contract management plan for each applicable contract assigned;
7. Ensuring roles and responsibilities are designated for evaluation, testing, and review of deliverables, when applicable;
8. Facilitating the review of deliverables, products or services and obtaining written approval from the end users responsible for receipt, inspection, and approvals, when applicable;
9. Managing the coordination of, and documenting contract changes, such as renewals, amendments or other changes authorized by the terms of the contract;
10. Assisting contract owners to identify and resolve contract compliance issues, disputes, and escalations with the vendor, including follow-up actions to ensure resolution, if applicable;
11. Providing corrective action recommendations and managing activities until resolved;
12. Exercising contract remedies, as appropriate, when a vendor's performance is deficient;
13. Elevating to management, and consulting with general counsel in a timely manner, to address any unresolved disputes or deficiencies with the vendor's performance;
14. Coordinating with contract owners or customers for the collection of vendor performance information for reporting into the [Vendor Performance Tracking System (VPTS);](#)
15. Maintaining contract documents and filing within the contract repository and keeping timely records of any findings;
16. Managing, approving, and documenting changes to the contract through the amendment process authorized by the terms of the contract;
17. Identifying and resolving disputes with the vendor in a timely manner;
18. Exercising remedies, as appropriate, when a vendor's performance is deficient;
19. Confirming services and deliverables are complete prior to the expiration date of the contract or in accordance with the terms;
20. Monitoring HUB Subcontracting Plan, if applicable;
21. Completing contract closeout processes to include, as applicable, submission of a vendor performance report;

22. Complying with record retention requirements, including maintaining in a central location all contracts for DIR;
23. Maintaining a comprehensive list of all DIR contracts.

7.9   Contract Administration

7.9.1   Management of Contract Records

All contract records and documents are subject to examination and audit by the Comptroller of Public Accounts, the State Auditor's Office, and DIR Internal Audit.

7.9.1.1   Contract Records Disclosure

DIR contract documents are public and must be released upon request unless disclosure is expressly prohibited or confidential under law. All requests for public information must be handled in a timely fashion, and specific, formal protocols apply to public information requests (refer to Gov't Code Chapter 552 and the Attorney General's Open Records Division).

DIR's public information officer coordinates the agency's response to a public information request. CPO staff should direct any request received to DIR's Public Information Act Request website. The public information officer will coordinate development of the response, consult general counsel, and release the response to the requester. It is CPO's staff responsibility to timely provide responsive documentation to all PIRs.

7.9.1.2   Contract Records Retention

The contract manager must maintain and document contract records and must ensure that:

1. All contracts and supporting contract documents are entered or uploaded into the contract management system and any physical files are stored and retained according to statutory requirements.
2. Any protected information, if applicable, is redacted.
3. The vendor has access to, and will retain, all its related contract documents according to the terms of the contract.

7.9.1.3   Vendor Contract Records

Vendors must also adhere to the seven-year contract retention requirement and should notify the contract manager should a record be determined missing before the retention period has been met. A missing contract record can be due to loss, destruction by fire, natural disaster, or other cause, damaged beyond access or use, or no longer in the vendor's possession for any other reason (e.g., stolen).

A contract manager, if notified of this situation, must obtain the following from the vendor:

1. A summary of the circumstances causing the missing records.
2. If applicable, copies of relevant photographs or other documentation that support the claim (e.g., claim filed with vendor's insurance carrier).

3. A complete listing of the missing records to include a description of the records' contents and the time-period covered by the missing records.

4. A statement by an individual with authority to act on behalf of the vendor certifying that the report of missing information is true, complete, and correct.

5. Confirmation from the vendor that it followed all contract requirements and generally accepted practices for safeguarding and storage of the records.

6. Acknowledgement from the vendor that, if it determines that records previously reported as destroyed were instead lost, stolen, or otherwise misplaced and still exist, it will provide notification to DIR within forty-eight (48) hours of discovery and disclose if vendor subsequently obtains copies of the missing records.

7.9.2   Management of Formal Communications

A Contract Notification (CN) is a form of formal communications used to clarify the intent of an existing requirement or provide formal contract communications such as a directive or identifying a contract or performance issue. A CN is intended to provide notice to the vendor of a developing issue or lack of compliance with a contract requirement. **For STS Contracts, refer to How to Process a New CN for detailed steps on receiving or sending CNs**.

7.9.3   Contract Monitoring Plan

The contract manager must develop an approach and plan for monitoring the contract based on the overall risk rating. The extent of contract monitoring is not the same for all contracts. The level of contract monitoring should be consistent with the complexity and level of risk of the contract, its term, and dollar value. During the pre-solicitation process, the contract manager coordinates with the procurement lead to review and assess risk and begins developing a monitoring approach commensurate with initial risk identified in the procurement.

The monitoring approach should be assessed and updated as needed, any time a contract risk assessment indicates a significant change in risk or if issues are experienced with a specific contract.

At a minimum (when applicable) the routine contract monitoring plan should include details for:

1. Determining the sequence of activities, dependencies, required outcomes, and acceptable performance levels;

2. Developing a plan, including start and end dates for each performance component, including milestones with accompanying timeframes, monitoring, and reporting requirements;

3. Establishing clear lines of communication, reporting specific individuals who may interact directly with the vendor;

4. Providing access to state facilities, equipment, data, staff, materials, and information

5. Monitoring vendor activity on a specified frequency to identify problem areas;

6. Communicating with the vendor and contract owner on a regular basis to review progress, discuss problems and necessary changes;

7. Addressing actual problems and resolutions;

8. Maintaining documentation of monitoring activities and resolution of identified defaults;
9. Verifying receipt of specified services, artifacts, and reports; and
10. Verifying all performance measures and reports are completed in a satisfactory manner in accordance with the contract.

For contracts with a value greater than $1 million, DIR will develop and implement contract reporting requirements that provide the following information:

1. How the contract complies with the financial provisions and delivery schedule established in the contract;
2. Any corrective action plans required under the contract and their status; and
3. Any liquidated damages assessed under the contract.

Additionally, DIR will verify the accuracy of contractor-provided information and the delivery time of the good/services scheduled for delivery under the contract. [10]

7.9.4   Enhanced Contract Monitoring

Enhanced contract monitoring is established at contract award and entails an increased level of monitoring for high dollar and high-risk contracts required by state law (refer to Gov't Code Section 2261.253). Additionally, state law requires agencies to:

1. Establish by rule a procedure to identify each contract that requires enhanced contract or performance monitoring and submit information on each for governing board or governing official approval and reporting.
2. Immediately notify the agency's governing body or governing official, as appropriate, of any serious issue or risk that is identified with respect to a contract monitored under this process.

DIR has identified the following contract types that require enhanced contract monitoring (refer to 1 TAC 201.6):

1. Major outsourced contracts of any value, to include MIRPs; a major outsourced contract is one that involves more than one business area, is deemed to require heightened security by the OCISO, or is otherwise designated by the CPO. MIRPs may also include customer projects under an STS contract
2. State electronic internet portal project (refer to Gov't Code Chapter 2054, Subchapter I)
3. Statewide technology centers (refer to Gov't Code Chapter 2054, Subchapter L)
4. Telecommunications services (refer to Gov't Code Chapter 2170)

Information about contracts subject to enhanced contract monitoring must be regularly presented to the DIR Board and the executive director.

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[10] TGC 2261.254

If any serious issue or risk is identified with respect to a contract monitored under this process, the Director or Chief Procurement Officer must immediately notify the DIR Board.

A contract manager may select from various methods to monitor vendor performance including desk reviews, site visits, and third-party monitoring which are discussed in more detail in this section. Written documentation of these reviews must be recorded and maintained as part of the contract file. Documentation of meetings or correspondence with the vendor should include the date and time, the individuals who were party to any discussion, the topics discussed, any decisions made and any pending action items.

7.9.4.1   Monitoring Contract Performance

A contract manager must consistently monitor contract performance to ensure requirements by both the vendor and the agency are met. Contract monitoring is an on-going process to identify existing or potential contract issues. Through the established contract monitoring method, a contract manager tracks progress on each of the key performance measures defined in the contract to determine the impact on scope, schedule, and budget if a performance measure is not met.

Performance monitoring must provide visibility into vendor performance in real-time for analysis and appropriate action. It must also ensure that the agency is fulfilling its obligations regarding the contract. This approach enables a contract manager to proactively identify and address issues with the goal of mitigating the potential for claims and disputes. More complex contracts and contracts for services that present a higher degree of risk may require additional resources, such as a contract management plan.

As a part of monitoring, a contract manager should conduct a contract compliance review at specified intervals to determine adherence to all contract terms and conditions. A compliance review ensures that all required deliverables or documentation have been provided according to the contract and ensures full performance of the contracted requirements by both parties.

Depending on the contract type, a contract manager may work with the contract owner within a DIR program area to ensure the selected monitoring methods provide a record that demonstrates adequate management practices are followed. For some contracts, monitoring tasks may take place in different program areas and a contract manager may work with the contract owner within a DIR program area to ensure the selected monitoring method provides a record that demonstrates adequate management practices are followed. For STS contracts, DIR Finance, the Multi-Sourcing Integrator (MSI), and the Chief Operations Office (COO) all have a role in monitoring activities.

Throughout the course of the contract, the contract manager shall ensure that the contractor's performance is periodically reviewed. The contract manager is responsible for coordinating the ongoing communication between executive management staff, contract managements staff, and program staff regarding periodic contract reviews, specifically highlighting those contracts that are anticipated to be completed later than estimated or expected to cost more than the

amount budgeted. The contract manager will communicate to the Director any potential cost or schedule overruns to be consolidated in a report of all contracts.

For multi-award contracts, like statewide cooperative or telecommunications contracts, the contract manager performs monitoring activities in conjunction with Contract Services staff to review and validate compliance throughout the contract life.

Monitoring activities should be performed on an ongoing basis, and compliance should be reviewed and validated at:

1. Defined intervals appropriate to the contract can be quarterly, bi-annually, or annually.
2. Administration Fee Payment Monitoring and Reviews (Reference the Account Status Review Process for additional details).
3. Deliverable Reviews and Invoicing.
4. When an escalation or potential issue is identified with a contract, vendor, or project.
5. When renewing or amending a contract.
6. When preparing to close out or terminate a contract.

7.9.5 Deliverable Reviews

The contract deliverable review process defines the methods and controls for accepting deliverables. This process includes receiving, documenting, reviewing, and approving or rejecting delivered products or services against established criteria to ensure they meet the requirements stated in the contract.

The contract manager may utilize the DIR Deliverable Review Form for facilitating deliverable reviews for accepting and/or rejecting deliverables according to the acceptance criteria.

Requirements and criteria for evaluation or testing may be further elaborated in a deliverable expectation document (DED). If a DED is created, evaluation or testing must occur as described in the DED.

A contract manager, in coordination with the review team, follows specific steps to properly document and process (artifacts) for monitoring contracts, deliverables, and project milestones.

STS Deliverables are processed in accordance with **Process and Procedure Document PRO-203-01 Contract Deliverables Management in the STS Program Service Management Manual (SMM)**. Additional work instructions may be found in STS Contracts Deliverables Processing Procedures, STS Deliverables Reporting Procedures, and STS Contracts Deliverables Monitoring Procedures.

7.9.6 Budgeting and Invoicing

The contract manager is responsible for monitoring budgets and working with the customers for invoice reviews to ensure the work invoiced is being performed, deliverables or services have been rendered and approved, budget matches the payments outlined in the contract. The contract manager is responsible for familiarity with timelines for invoice processing according to the 30-Day Prompt Payment Act and handling any inquiries or disputes.

For STS contracts, the contract manager works with DIR Finance and the COO to ensure services are approved and billed in accordance with the contract.

DIR requires that payments made under the contract are linked to clear and measurable achievements, such as length of time of work, contract deliverables, or performance measures. DIR will not make a final payment under the contract unless all deliverables have been received and verified.

7.9.7 Vendor Sales Reports

For Cooperative Contracts and Telecom contracts, the Vendor's Contract Manager works with Contract Services for submitting monthly Vendor Sales Reports. Reports are due the 15th calendar day of the month following sales.

7.9.8 Compliance Checks

All contract amendments are subject to vendor compliance checks prior to execution. At a minimum, the following checks will be performed:

1. CPA Debarred Vendor List check;
2. SAM Vendor check: must be completed no more than seven (7) days prior to contract execution;
3. Iran, Sudan, & Foreign Terrorist Organization checks;
4. Boycott Israel check;
5. Energy Company Boycott check;
6. Warrant Hold Status check: must be completed no more than seven (7) days prior to contract execution in compliance with statute; and
7. Franchise Tax Status check.

If a vendor appears on a check for items 1-5, the contract amendment will not be executed and contract termination will begin.

It a vendor appears on the Warrant Hold Status check, DIR will notify the vendor of the hold and will proceed with the amendment.

If a vendor appears on the Franchise Tax Status check, DIR may notify the vendor and give them a reasonable amount of time to cure the deficiency subject to approval of the CPO.

7.10 Change Management

Changes to a contract may be necessary at any point during the contract term. A contract manager must act on a potential change once the need is identified by documenting and tracking the item through disposition. Failure to manage and control change can result in an unintentional modification to scope or schedule, increase in contract cost, bypassing management controls, diminished contractor accountability, or unintentional end to the contract.

A contract modification is any written change, or amendment, to the terms, conditions, or requirements of a contract. Contract modifications may be minor administrative changes such as

a change of address or they can be substantive changes that affect the price, services, or delivery. It may even involve the assignment of the contract from one entity to another.

Depending on the nature of the contract, a formal change control process may be included within the contract. Whether or not a process is expressly stated in the contract, a contract manager can follow the processes outlined in this section.

An effective change management process includes:

1. Formal, written approval of all changes is required prior to the change taking place. No change may be verbally authorized prior to the change being authorized in writing as specified below.
2. Documentation of all changes, no matter how small to avoid any informal undocumented change process.
3. Establishment of a single point of contact to consider, recommend and authorize or deny any change.
4. If a change is approved, document the change and the impact to the scope of work using the appropriate contract change method.

7.10.1   Types of Contract Changes

There are four (4) types of changes that may be required during the life of a contract.

7.10.1.1   Administrative Changes

Administrative changes occur within the scope of the contract and do not affect or alter the rights of the parties. This informal process may include changes to billing instructions, address, correcting typographical errors, changes to personnel, product substitutions of equal or greater value, or adding or removing products/services. These changes only require agency approval and are executed via controlled correspondence or a Contract Change Order (CCO).

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the STS Program Service Management Manual. Additional how-to documents for administrative changes may be found in the **STS Contract Change Request Procedures**.

7.10.1.2   Substantive Changes

Substantive changes are contractual changes that affect the rights of both parties. Such changes require a formal amendment for documenting the changes and approval by both the agency and the vendor. These changes require a contract change order, contract amendment or a purchase order change notice. Types of substantive changes include changes in pricing, deliverables, quantities, terms and conditions, mergers, or acquisitions, or other contract components.

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**.

Additional how-to documents for formal amendment changes may be found in **the STS Amendment Procedures** and related documentation.

7.10.1.3 Constructive Changes

Constructive changes are changes beyond the scope of the contract that may affect how the vendor performs the work. Constructive changes may require additional compensation be paid to the vendor. These changes require a formal amendment for documenting the changes and approval by both the agency and the vendor and are executed via a contract amendment.

Examples of constructive changes include accelerated delivery schedule, modifications to the scope of work, delays in deliverables or performance issues.

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**. Additional how-to documents for formal amendment changes may be found in **the STS Amendment Procedures** and related documentation.

7.10.1.4 Contract Transfer Through Assignment

A contract assignment encompasses the legal means to transfer the responsibilities fulfilling any duties, rights, or obligations from one party (assignor) to another party (assignee). Upon contract assignment, the assignee assumes the duties, rights, or obligations due to the agency or institution under a contract.

DIR may assign a contract:

1. To a successor in interest (for DIR, another state agency as designated by the Texas Legislature), or
2. As necessary to satisfy a regulatory requirement imposed upon the agency by a governing body with the appropriate authority.
3. A vendor may only assign a contract to a subsidiary, parent company, affiliate or successor with prior written approval by the DIR. DIR requires written notification from the vendor to consider a contract assignment.

If the contract is a services contract and the contract is for a major information resources project or it involves the storing, receiving, processing, transmitting, disposing of, or accessing sensitive personal information in a foreign country, at least fourteen (14) days before the approval or rejection of the vendor's proposed assignment, the CPO will notify the LBB.

A contract manager must keep DIR's interests in mind when considering the assignment. The proposed assignee must be responsible and able to adequately perform the contract requirements. The contract manager must perform all due diligence to evaluate the proposed new vendor's eligibility and ability to perform. Contract manager should request and review the documents executed by the vendor and proposed assignee that constitute the transaction underlying the proposed assignment. If the proposed assignee is acceptable, the old and new contractors must sign an Assignment Agreement (a mechanism where one party transfers all its

obligations and rights under a contract to a third party, with the consent of the original counterparty, transferring all rights and responsibilities under the contract to the assignee).

7.10.2   Contract Amendments

The contract manager is responsible for the preparation, routing, and execution of contract amendments. Based on the type of contract change required for scope, budget or time, the contract manager will complete the various tasks for routing, reviewing, obtaining approvals, consulting with legal, communicating with the appropriate Director, and communicating with stakeholders. The contract manager is responsible for managing amendments for these steps after it is determined that a contract amendment is required.

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**. Additional how-to documents for formal amendment changes may be found in the **STS Amendment Procedures** and related documentation.

7.10.3   Contract Amendment Analysis

Prior to amending a contract, an analysis must be performed to ensure that any change to be made to the contract is within the scope or stated parameters of both the solicitation and awarded contract. A significant difference in the scope or quantity of work from what was stated in the solicitation or awarded contract should not be allowed. Allowing such a change after contract award is contrary to ensuring fair competition.

Changes to the contract must also be analyzed to determine the effect the changes may have on performance or delivery under the contract. Changes causing a detriment to vendor performance or customer satisfaction should be avoided if possible. Additionally, a determination must be made of any contract reporting requirements that may apply to any change to the contract including extension or renewal. Reporting may be required both prior to and after amending the contract, as well as board approval for certain contract amendments that exceed $1 million.

7.11   Issues, Disputes and Escalations

7.11.1   Issues Management

A contract manager may encounter two (2) types of issues with a contract: performance issues and contract issues. Each of these issues requires a different approach to resolve. Additionally, each type of issue may have more direct or indirect effects on a customer or contract owner.

1. Performance issues are related to the vendor's performance under the terms of the agreement with the customer or contract owner. These issues can be related to deliverables, or the services being provided.
2. Contract issues are related to the vendor's failure to meet contractual obligations as stated in the contract. While contract issues may only have an indirect effect on a customer or contract owner, they must still be resolved in timely manner.

Due to DIR's unique role as the steward and manager of the statewide cooperative and enterprise contracts, a contract manager may receive issues from internal DIR customers as well external customers, including in-state and out-of-state. DIR's Cooperative Contracts contain a section regarding dispute resolution, which can be leveraged in these instances.

The contract manager is responsible, in either instance, for resolving the issue as quickly and amicably as possible given the circumstances. For STS contracts, performance issues are handled in coordination with the STS Vendor Management team. Additionally, a contract manager must also manage vendor performance regarding requirements and obligations.

A contract manager must make every effort to resolve issues at the lowest level and as quickly and effectively as possible while maintaining a positive relationship. By maintaining a cooperative working relationship among all parties, the contract manager can advance positive contract outcomes and reduce the costs associated with managing contract issues.

The contract manager must quickly address an issue when it arises in a contract. Minor issues could escalate or compound to become significant issues or recurring issues if left unaddressed. In some instances, issues may be characterized by a disagreement that could escalate and lead to a dispute between the contracted parties. In other instances, an issue may be characterized as a failure of the vendor to perform a contractual obligation. These latter issues are collectively termed a breach of contract.

When an issue or dispute has been identified or appears likely, the contract manager should:
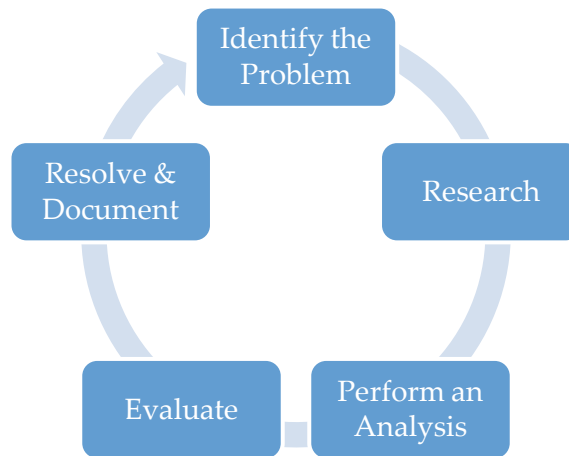
1. **Identify the problem** – many times what may appear to be a problem can be resolved by providing the vendor with additional information or clarification or a temporary accommodation that may be in the best interest of both parties. The contract manager must follow the appropriate internal escalation points.

2. **Research the facts** – the contract manager must obtain all the information regarding the potential problem from all relevant sources, including the customer, project manager, contract owner, and the vendor.

3. **Evaluation** – the contract manager must review all facts in conjunction with the requirements and terms and conditions of the contract. The contract manager must then determine or make recommendations on the appropriate course of action. This may be done in consultation with the Director of Contract Management, Chief Procurement Officer, contract owner, or contract attorney.

4. **Documentation** – proper documentation may be the key to resolving a dispute in DIR's favor. All written communication must be maintained in the contract file and all conversations must be documented in writing and also maintained in the contract file. Documentation of conversations should include the method of conversation (in person or telephone), date and time, people participating in the conversation, points made during the conversation and who made them. At a minimum, the latter should include any issues, causes, concerns, confounding factors, thoughts on resolution and timeframes.

Regardless of whether the dispute or issue will be addressed informally or formally, the above information may be critical to a resolution in DIR's favor.

7.11.2   Types of Escalations

There are many types of escalations the contract manager may need to utilize to determine the path for resolution. The various contract types include, but not limited to the following:

7.11.2.1   Non-Compliance Escalation

The contract management team is responsible for ensuring contract compliance and escalating all issues of non-compliance, including but not limited to lack of timely reporting and failure to submit payment of late fees. The contract manager must take specific actions anytime a vendor has a continuing issue with submitting a VSR or admin fee payment.

The contract manager follows these steps to perform the non-compliance escalation procedure and documents findings collectively and comprehensively in the contract file (Salesforce).

7.11.2.2   Informal Contract Issues and Dispute Resolution

The Contract Manager is responsible for handling contract issues and escalations at the lowest level possible. In the event the contract manager is unable to handle, there are multiple levels of escalations available to consider prior to invoking a formal dispute resolution process. This includes escalations to the Director-level staff, , Office of General Counsel, Chief Procurement Officer, and Executive Leadership. Issues and escalations may require corrective action plans and dispute resolution plans.

7.11.2.3   Corrective Action Plans

A Corrective Action Plan (CAP) is intended to address and resolve a breach of contract by the vendor. A vendor commits a breach of contract if it fails to fulfill a contractual obligation. The obligation could be a provision affecting the overall contract or a portion of the contract such as failure to abide by accessibility standards or the accurate and timely submission of reports. A

CAP is a written document that identifies specific activities that must be performed by the vendor to restore compliance with the contract.

A contract manager should review the terms and conditions of the contract to determine any requirements applicable to a CAP. The contract manager must ensure that the CAP is tailored to address each identified deficiency, clearly state the desired outcome(s), and establish a timeframe for the vendor to demonstrate improved performance.

A contract manager should implement a CAP when a prior informal attempt at resolution, such as a contract notification, corrective action plan or resolution plan, has failed or the nature of the issue(s) requires a formal response. A CAP is often implemented prior to taking more drastic action such as a contract suspension, cure notice, or contract termination.

7.11.2.4   Resolution Plan

A resolution plan is the least formal remediation tool to reach compliance with the contract. A resolution plan is generally used to correct vendor performance in providing a deliverable or service. It can also be used to resolve issues when both the vendor and the customer (or contract owner) have mutually failed to fulfill their contractual obligations.

The contract manager identifies each issue to be addressed and instructs the vendor, and customer if a shared deficiency, to provide a plan to address each issue and ensure the issue is satisfactorily resolved. The plan identifies each issue and documents the steps, tasks, or milestones, including applicable timelines, that must be accomplished to successfully resolve each issue. The contract manager follows these steps in initiating a resolution plan.

7.11.3   Enforcement of Formal Contract and Dispute Resolution

Some contract issues that arise during performance of a contract performance are difficult to resolve and may result in a contract dispute. A dispute is a disagreement that is not resolvable between the parties to the contract. The contract manager should try to resolve all differences between the parties to a contract through mutual agreement without litigation, in the least formal and most collaborative method possible. Under Gov't Code Chapter 2260, when a dispute cannot be resolved in the normal course of business, the dispute resolution process is required.

DIR administrative rule (refer to 1 TAC 201.7) prescribes alternative dispute resolution (ADR), that conforms with Gov't Code Chapter 2009 and State Office of Administrative Hearings' model guidelines, where practical. For breach of contract claims brought by a contractor, ADR conforms to the requirements to Gov't Code Chapter 2260 and has adopted by reference the Office of the Attorney General's rules regarding the negotiation and mediation of certain contract disputes (refer to 1 TAC Chapter 68).

The contract manager must review the terms and conditions of a contract to determine the correct actions to be taken and the proper order to take them in. For instance, termination for cause may require DIR and the vendor to comply with the requirements of Gov't Code Chapter 2260 in an attempt to resolve the dispute prior to initiating termination. Additionally, dispute

resolution may be a required step prior to issuing a cure Notice if termination for cause will result from a failure to cure. Any such requirements will be stated in the contract.

7.11.4 Remedies for Non-Compliance

A contract manager can use a number of tools to bring a contract back into compliance. A contract manager's tool selection depends on the severity of the issue and whether prior attempts have been made to resolve the issue. If a first time or non-critical issue, the contract manager may opt to discuss the issue with the vendor or send a Contract Notification to the vendor to formally document the issue. On an informal level, the vendor, or customer if a shared deficiency, may be required to provide a resolution plan.

If prior attempts have been made to resolve the issue, or the issue is of a critical nature, a more formal tool such as a corrective action plan, cure notice, liquidated damages, contract suspension, or contract termination may be required. The nature and circumstances of the issue generally dictate the appropriate method. A contract manager should confirm a course of action with their Director and consult with the Office of General Counsel on any decision made to suspend or terminate a contract. The contract owner should be apprised and consulted for any issues affecting their contracts.

7.11.4.1   Contract Suspension

Contract Suspension is a potential remedy if a vendor fails to comply with the contract terms and conditions. A contract manager should use this option as an incentive to encourage full cooperation and resolve an otherwise outstanding issue. Contract suspension is used when prior attempts to resolve the issue have failed and there is a need or desire, in the best interest of DIR or the state, for the contract to continue.

The contract manager must review the terms and conditions of the contract to determine any requirements that may apply to suspending a contract. For instance, a cooperative contract, may specifically be suspended for failure to comply with the accurate and timely submission of reports or if DIR receives notice or knowledge of potentially criminal violations by vendor, order fulfiller, or reseller.

Additionally, vendor notification requirements may apply.

7.11.4.2   Cure Notice

A cure notice is a letter provided to the vendor that specifies a period of time, such as 30 days, to correct or "cure" an identified contract deficiency or violation. A notice to cure is generally the last resort before terminating a contract, particularly termination for cause, and is primarily used to correct a contract issue, but may also be used to escalate a performance issue.

A cure notice is usually a required step prior to terminating a contract for cause. If the intent is to proceed to termination for cause should the contract issue not be cured, the contract manager must review the termination language in the contract for any additional requirements prior to issuing the cure notice. For a cooperative contract, efforts to resolve the contract under Gov't Code Chapter 2260 may be required prior to issuing a cure notice.

Not all issues can be cured. If the vendor fails to cure the deficiency or provide satisfactory explanation, if requested, the contract manager may terminate the contract. Reference the Cure Notice Guide for details on this process.

7.12   Contract Extensions and Renewals

A contract may include options to extend or renew the contract. These options, including the number and length of time, will be specifically stated within the contract document.

While a contract should only be extended or renewed as explicitly stated in the contract, it may be extended beyond the contract term contemplated, in accordance with the Texas Procurement and Contract Management Guide. Renewals or extensions beyond the period contemplated in the contract require certain additional process steps. The Contract Manager must work with the appropriate governance group (e.g., SEB/SSA, OGB) to determine if the extension is in the agency's best interest. If so, the Contract Manager will work with the Office of the General Counsel to determine the appropriate actions, including but not limited to the creation of an Immediate Operational or Service Delivery (IOSD) memo to the file. Depending on the nature of the contract and contract value, additional steps may need to be taken, including but not limited to providing advance notice to the Legislative Budget Board. Refer to the Texas Procurement and Contract Management Guide and consult with OGC for additional direction.

For any renewal or extension, the Contract Manager must assess whether the contract will be extended prior to the expiration of the current contract period. Extensions and renewals require approval by both the agency and the vendor and are executed via a contract amendment and should be fully executed before the current contract term expires.

For contracts that include auto-renewal terms, the Contract Manager must take action in accordance with the contract to prevent or allow the auto-renewal. Generally, the contract will require advance notification (e.g., thirty (30) or sixty (60) days prior to contract termination) to the vendor. Further, if the intent is for the contract to auto-renew, the Contract Manager will review the contract sales and assess contract compliance (e.g., compliance with vendor sales reporting and administrative fees requirements). See [Amendment Renewal Checklist Template](#).

Option Year Extensions for STS contracts are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**. Additional how-to documents for formal amendment changes may be found in the **STS Amendment Procedures** and related documentation.

7.13   Contract Terminations

A termination for cause occurs when a party concludes that the other party has failed to perform or make progress, or in any way has breached the contract. An agency is not required to terminate a contract even though the circumstances permit such action. An agency may determine that it is in its best interest to pursue other alternatives and work with the contractor in getting the contract back on track.

Examples of such alternatives include extending the delivery or completion date, allowing the contractor to continue performance under the contract, or working with the contractor's written assurance to complete the outstanding work.

Factors to consider prior to making a termination for cause decision include:

1. Whether the agency has assisted the contractor in curing a default, if applicable.
2. The provisions of the contract and applicable regulations.
3. The specific contractual failures and the explanation provided for the failures.
4. Vendor was put on a corrective action plan and did not meet the stated deadline or performance expected or is unresponsive.
5. The urgency of the need for the contracted supplies or services. The agency may need to weigh the respective benefits and disadvantages of allowing a delinquent contractor to continue performance or re-soliciting for a new contractor.
6. The availability of the supplies or services from other sources and the time required to obtain them (compared to the additional time the current contractor requests to complete the work).
7. The availability of funds and resources to re-purchase if such costs cannot be recovered from the delinquent contractor. Under a termination for cause, the agency is generally within its rights to demand re-procurement costs from the defaulting contractor. Nevertheless, the contractor may not be financially capable to finance the re-purchase, or such demand may result in protracted legal action.

If a contract is terminated for cause, the contractor is liable for actual damages and costs incurred by the State unless otherwise stated in the contract. The contractor may be liable for costs associated with re-procuring the goods or services by the agency.

The termination notice must be carefully drafted to state the facts pertinent to the cause for termination prior to issuing a termination notice, the agency should carefully review the contract and applicable law to ensure compliance with any prerequisites to termination adequate notice, opportunity to cure).

7.13.1   Types of Contract Terminations

Most contracts expire at the end of their stated contract terms without any action taken on the part of DIR. However, under certain circumstances, DIR may need to end a contract before the contractual period of performance has ended.

Whenever early termination is contemplated, the contract manager should review the termination language in the contract to determine the rights of the agency and the vendor, as well as any specific terms associated with the termination. This may include a timeframe of prior notice or obligations of the agency or vendor that will remain in effect even after termination of the contract. Examples of on-going vendor obligations include survivability and survivability of terms including confidentiality, indemnification, and records retention requirements. **Refer to the Appendix A Terms and Conditions for notification term for taking action.** For STS contracts, termination language can be found in the Master Services Agreement (MSA).

Early contract termination generally falls under one of the following options:

7.13.1.1   Termination for Convenience

Also referred to as no-fault termination. Allows either party to terminate a contract, with prior notice (refer to contract for notice time frame requirement), at any time in its sole discretion.

7.13.1.2   Termination for Cause

Also referred to as termination for default. Allows either party the right to cancel the contract due to failure of the other party to meet the contract requirements. (refer to requirements outlined in contract)

7.13.1.3   Termination for Absolute Right

Occurs when a vendor becomes listed on the federal prohibited vendors list, is suspended or debarred from doing business with the federal government, or is found in violation of Gov't Code Section 2155.006.

7.13.1.4   Termination for Non-Appropriation

Also referred to as a funding-out clause. Allows the agency to cancel the contract if funds sufficient to pay its obligations under the contract are not appropriated. (Refer to the contract for requirements or explanations).
Prior to beginning termination proceedings, the contract manager must consult with the Director of Contract Management, contract attorney, and contract owner if applicable.

7.13.1.5   Early Termination

Early termination occurs when both parties agree that it is in the state's best interest for the contract not to continue. In the case of early termination, DIR may waive the 30 day notice required by the parties and begin termination proceedings immediately.

7.14   Contract Reporting Requirements

Entities	Criteria for Reporting Requirements
DIR Board Gov't Code Section 2054.021 Gov't Code Section 2054.0346 Gov't Code Section 2054.064	Contract Amendment that exceeds the $1M threshold or that causes the contract to exceed $1M. Consult the DIR Signature Approval Matrix. Approval required for review and approval by Chief Procurement Officer, DIR Board and Executive Director.
Agency Website Postings Gov't Code Section 2054.067	DIR must post contracts for each private vendor. This includes DIR Statements of Work, Enterprise Contracts, and contracts that exceed $100K.

Entities	Criteria for Reporting Requirements
Legislative Budget Board **Reference the LBB User Guide for Instructions:** **https://www.lbb.state.tx.us/Documents/Instructions/Contracts/Agency_User_Guide_2022-2023.pdf** *Note: Posting Deadlines vary from within 5 days of contract award or within 30 days of award or contract modification.*	**Contracts valued:** Over $50K for all contract types within 5 to 30 days of award or modification. Greater than $1M for Non-competitive, emergency, or sole source within 15 days of contract award or within 5 days of contract award for emergency procurements. Greater than $10M for all contract types within 15 days of contract award.
Legislative Budget Board **Total Contract Value**	The formula for calculating total contract value (TCV) is the actual cost to date plus the estimated cost to complete which equals the estimate at completion. Each time a change is made to the TCV (for example, through an amendment, increased consumption, and/or decreased scope) or at least annually, the TCV should be recalculated and reported to the DIR Board Procurement and Contracting Subcommittee and then reported to the LBB as a contract amendment. Additionally, DIR will provide written notice to the LBB if a contract for consulting services, including an amendment, modification, renewal, or extension, exceeds $50,000.[11]
Major Information Resources Project Notification **Reference Citation:** Gov't Code Section 2054.003(10), Gov't Code Section 2054.160(c), GAA, Article IX § 9.01 (e) (f) (g) (h) (i)	An agency must notify QAT within 10 business days when the agency awards a contract for major information systems project that is equal to or greater than $10M.

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[11] TGC 2254.0301

Entities	Criteria for Reporting Requirements
Vendor Performance Reporting Tracking System (VTPS) http://www.txsmartbuy.com/vpts	Vendor reporting is a contract requirement for contracts with a value greater than $25K is completed or terminated. If the value of the contract is >$5M, the performance must be reviewed at least once each year and at each key milestone identified for the contract.

A contract manager should review applicable contract reporting requirements prior to amending a contract.

Depending on the contract value and nature of the procurement, the contract manager may need to provide reporting notification of the amendment to either an internal or external party. Some contracts will require notification prior to amending the contract and others will require notification after amendment. Some contracts may require both.

7.15 Contract Closeout

7.15.1 Overview

The purpose of closeout activities is to verify that both parties to the contract have fulfilled their contractual obligations and no outstanding issues remain. Additionally, contract closeout includes assessing the success of the contract and identifying any lessons learned for future contracting.

During contract formation, the contract manager works in coordination with the procurement lead and solicitation team. The contract manager develops an understanding of program area or statewide requirements for the product or service and the factors that influence contract development, such as performance requirements and remedies for failure to perform, risk factors and response strategies, terms and conditions, and acceptance criteria, among others.

Contract closeout, the final stage of the contract management lifecycle, this marks the completion of the contract.

7.15.2 Initiating Contract Close-out

The contract manager is responsible for verifying completion of the contract requirements, this includes the following activities:

1. Ensure that all work required in the contract has been completed and accepted, if applicable.
2. Determine that work performed by the vendor was done in a satisfactory manner. Receive a final Vendor Performance Report, from the contract owner. Gov't Code Section 2155.0755 and Gov't Code Section 2155.089 require that an agency review a vendor's performance in the VPTS after a contract exceeding $25,000 is completed or

terminated through other means. Refer to the Vendor Performance Reporting Guide for process details.
   a. Ensure all deliverables have been received and accepted.
   b. Determine the contract is ready for closeout pending final payment.
   c. Generate Contract Closeout Notification to the Vendor. **Reference the** Contract Closeout Letter Template and Contract Closeout Checklist for additional details on this process

To confirm that a contract is ready for closeout the contract manager should coordinate with the contract owner to ensure all required actions have been successfully completed and with the CFO to ensure all approved invoices, or sales reports, or administrative fees have been paid and final payment made.

After verifying completion of the contract, the contract manager should initiate closeout activities, including a lessons learned review for major contracts. The contract manager must initiate contract closeout as soon as possible to formally end the contract relationship between DIR and the vendor after determining that the contract is complete.

Similar to contract initiation tasks, the closeout process requires the contract manager to review the contract, procurement files, and other relevant documents to ensure all necessary requirements of the contract have been met. The contract manager must formally document the completion of contract performance in a correspondence to the vendor stating that all products or services have been accepted, final payment made and the contract is physically complete.

7.15.3   Vendor Performance Reporting

Agencies are required to report vendor performance using the Vendor Performance Tracking System (VPTS) maintained by SPD. Accurately reporting contractor performance allows agencies to share vendor information and facilitates better oversight of state contracts (e.g., aid in identifying vendors that have exceptional performance, protect the State from vendors with unethical business practices).

A contractor's performance must be reported to VPTS once a contract with a value greater than $25,000 is completed or otherwise terminated.[12] If the value of the contract exceeds $5 million, the contract manager must review the contractor's performance at least once each year during the term of the contract and at each key milestone. The contract manager is responsible for soliciting and collecting feedback with regards to completing the vendor performance reports. This process should be completed within 30 days of contract closeout. **Refer to the** Vendor Performance Reporting Guide **for details on this process.**

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[12] TGC 2261.204

7.16   Lessons Learned

7.16.1   Overview

The purpose of assessing and reporting on lessons learned is to identify, share and document experiences gained from the contract management cycle. Process outcomes, whether adverse or constructive, contribute to the contract management team's ability to strengthen and improve its practices. Through process improvement techniques, such as lessons learned, the team can enhance future contract performance and avoid potential obstacles by exercising alternate strategies and adopting leading practices. The contract manager, in coordination with the procurement lead, follows these steps to review and contribute to lessons learned within thirty (30) days of procurement closeout to inform future procurement processes.

7.16.2   Lessons Learned Process

The contract manager should conduct a review of lessons learned for all major contracts. As a final step of the contract closeout process, the contract manager should glean feedback from the contract owner, other key stakeholders, and the vendor to retrospectively evaluate the success of the contract and document the positive and negative aspects of the contract. The information gathered through the process of collecting, sharing, and disseminating lessons learned is invaluable to continuous improvement.

In general, the lessons learned process involves five steps:

1. Review the contract to refresh familiarity with all of the requirements
2. Collect lessons learned by identifying successes, mistakes, deficiencies, and suggestions for improvements.
3. Research best practices
4. Review and analyze applicability of the best practices and research
5. Apply lessons learned so the mistakes can be averted going forward.

7.16.3   Lessons Learned Reports

Based on the input from the lessons learned meeting(s), the contract manager must compile a report that captures the discussions and discoveries. The report must identify any action items, assign responsibility for completion, and schedule due date(s) for completion.

The contract manager must prepare two (2) reports:

1. Detailed Lessons Learned Report, organized by topic
2. Summary Lessons Learned Report, summarizing the findings and recommendations for improvement, generally one (1) or two (2) pages long

Both the detailed and the summary reports should:

1. Assess the goals and objectives
2. Identify the processes done well that should be repeated or expanded
3. Identify the processes that hindered the success of the contract that should improved

When complete, the detailed report should be submitted to the contract stakeholders who participated in the lessons learned review for their review and comment. The summary report should be provided to the CPO and executive leadership team, as applicable.

8   CONTRACT MANAGEMENT

DIR manages three (3) major types of contracts split into five (5) grouping areas. Contract types are: products (commodities), services, or a mixture of both products and services. For all service contracts, DIR follows Gov't Code Section 2262.056 when the vendor awarded the contract wishes to assign the rights to a third party.

8.1   DIR-A (Internal Customer Contracts)

DIR-A contract management is responsible for managing internal contracts established for use by DIR program areas. This includes DIR-A statements of work[13], service agreements, service POs, interagency agreements (IACs), memorandums of understanding (MOU), proof of concepts (POC) and telecom managed services. Other offerings include Enterprise Contracts for event planning services, outside legal counsel, internal audit services and computer-assisted legal and research services.

8.2   Telecommunications Contracts (Telecom) and Interstate Cooperation Contracts (ICCs)

CPO provides oversight to statewide communications contracts that provide voice, video, and data, including integrated voice response, telephony, wide area network, virtual private network, and call center solutions to more than 600 state and local government agencies. Telecommunications Services, in coordination with the program's oversight authority, DIR's Communications Technology Services (CTS). These services include, but not limited to Capital Complex Telephone System for agencies in the Capital Complex, Texas Agency Network (TEX-AN) for voice and data offerings and other services, such as wireless, conferencing, and managed services. DIR leverages the state's volume-buying power through its TEX-AN program to drive down cost while reducing the barriers often associated with seeking such services, including the lengthy competitive procurement process.

An Interstate Cooperation Contract (ICC) contract is authorized when an out-of-state public entity wishes to purchase off a DIR cooperative contract (Gov't Code Section 2054.0565). These contracts define the parameters of what entities within the state are eligible conduct the purchase. If an ICC exists, these customers are eligible by statute and may order directly from a

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[13] Statements of Work that require an Enterprise approach for the solicitation will be managed by Enterprise Procurement/Contract Management.

cooperative contract vendor without executing a cooperative agreement with DIR. Refer to Eligibility Overview and Interstate Cooperation Contract Guide for more information.

8.2.1   Contract Management

Telecom contracts are a hybrid of sorts, with some services being ordered directly by customer from vendor, and other services being ordered through, and billed by, DIR. For the latter, DIR manages these outsourced services through Service Level Agreements (SLA), monthly report deliverables of activities, and quarterly vendor performance meetings. The direct billed service between customer and vendor are handled just like orders through the Cooperative contracts, with the customer administering the purchase and the vendors reporting monthly sales.

DIR Contract managers support the Service Delivery Team, the Billing Team and the operations team through vendor management, and contract compliance. The contract managers support customers experiencing order or billing issues and provide training from time to time as requested.

Contract Managers also oversee and administers the Customer Service Agreements (CSA) required of all discretionary customers. These agreements templates are owned and managed by the contract managers through collaboration with the Service Delivery Team, and Office of General counsel.

Contract Managers administer the management plans which stem from approximately ten (10) plan templates that are reviewed and negotiated as part of contract award of the master contract.

8.2.2   Managed Customer Contracts

Customer contracts are used to structure procurement and contracting activities between DIR, eligible customers as provided in statute, or other governmental entities from whom DIR wishes to obtain products or services:

Telecommunications Contract Management is responsible for CSAs, ICCs, IACs, Interagency Agreements and Rental Agreements.

8.3   Shared Technology Services (STS) Contracts

The Shared Technology Services (STS) Program includes a set of managed IT services that Texas government organizations can use to accelerate service delivery. STS administers and manages activities using a multi-vendor model that includes contracts for service component delivery, to include Data Center Services (DCS), Managed Security Services (MSS), Texas.gov, and the Texas Open Data Portal (ODP), and the multi-sourcing service integrator (MSI) to integrate and manage the services of the Service Component Providers (SCPs). Other offerings include Enterprise Contracts for event planning services, outside legal counsel, internal audit services and computer-assisted legal and research services.

8.4 Change Management

8.4.1 Types of Contract Changes

There are four (4) types of changes that may be required during the life of a contract.

8.4.1.1 Administrative Changes

Administrative changes occur within the scope of the contract and do not affect or alter the rights of the parties. This informal process may include changes to billing instructions, address, correcting typographical errors, changes to personnel, product substitutions of equal or greater value, or adding or removing products/services. These changes only require agency approval and are executed via controlled correspondence or a Contract Change Order (CCO).

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the STS Program Service Management Manual. Additional how-to documents for administrative changes may be found in the **STS Contract Change Request Procedures**.

8.4.1.2 Substantive Changes

Substantive changes are contractual changes that affect the rights of both parties. Such changes require a formal amendment for documenting the changes and approval by both the agency and the vendor. These changes require a contract change order, contract amendment or a purchase order change notice. Types of substantive changes include changes in pricing, deliverables, quantities, terms and conditions, mergers, or acquisitions, or other contract components.

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**. Additional how-to documents for formal amendment changes may be found in **the STS Amendment Procedures** and related documentation.

8.4.1.3 Constructive Changes

Constructive changes are changes beyond the scope of the contract that may affect how the vendor performs the work. Constructive changes may require additional compensation be paid to the vendor. These changes require a formal amendment for documenting the changes and approval by both the agency and the vendor and are executed via a contract amendment.

Examples of constructive changes include accelerated delivery schedule, modifications to the scope of work, delays in deliverables or performance issues.

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**. Additional how-to documents for formal amendment changes may be found in **the STS Amendment Procedures** and related documentation.

8.4.1.4 Contract Transfer Through Assignment

A contract assignment encompasses the legal means to transfer the responsibilities fulfilling any duties, rights, or obligations from one party (assignor) to another party (assignee). Upon contract assignment, the assignee assumes the duties, rights, or obligations due to the agency or institution under a contract.

DIR may assign a contract:

1. To a successor in interest (for DIR, another state agency as designated by the Texas Legislature), or
2. As necessary to satisfy a regulatory requirement imposed upon the agency by a governing body with the appropriate authority.
3. A vendor may only assign a contract to a subsidiary, parent company, affiliate or successor with prior written approval by the DIR. DIR requires written notification from the vendor to consider a contract assignment.

If the contract is a services contract and the contract is for a major information resources project or it involves the storing, receiving, processing, transmitting, disposing of, or accessing sensitive personal information in a foreign country, at least fourteen (14) days before the approval or rejection of the vendor's proposed assignment, the CPO will notify the LBB.

A contract manager must keep DIR's interests in mind when considering the assignment. The proposed assignee must be responsible and able to adequately perform the contract requirements. The contract manager must perform all due diligence to evaluate the proposed new vendor's eligibility and ability to perform. Contract manager should request and review the documents executed by the vendor and proposed assignee that constitute the transaction underlying the proposed assignment. If the proposed assignee is acceptable, the old and new contractors must sign an Assignment Agreement (a mechanism where one party transfers all its obligations and rights under a contract to a third party, with the consent of the original counterparty, transferring all rights and responsibilities under the contract to the assignee).

8.4.2 Contract Amendments

The contract manager is responsible for the preparation, routing, and execution of contract amendments. Based on the type of contract change required for scope, budget or time, the contract manager will complete the various tasks for routing, reviewing, obtaining approvals, consulting with legal, communicating with the appropriate Director, and communicating with stakeholders. The contract manager is responsible for managing amendments for these steps after it is determined that a contract amendment is required.

STS contract changes are processed in accordance with **Process and Procedure Document PRO-202-01 Contract Change Control** in the **STS Program Service Management Manual**. Additional how-to documents for formal amendment changes may be found in the **STS Amendment Procedures** and related documentation.

8.4.3   Compliance Checks

All contract amendments are subject to vendor compliance checks prior to execution. At a minimum, the following checks will be performed:

1. CPA Debarred Vendor List check;
2. SAM Vendor check: must be completed no more than seven (7) days prior to execution;
3. Iran, Sudan, & Foreign Terrorist Organization checks;
4. Boycott Israel check;
5. Energy Company Boycott check;
6. Warrant Hold Status check: must be completed no more than seven (7) days prior to execution award in compliance with statute; and
7. Franchise Tax Status check.

If a vendor appears on a check for items 1-5, the contract amendment will not be executed and contract termination will begin.

It a vendor appears on the Warrant Hold Status check, DIR will notify the vendor of the hold and will proceed with the amendment.

If a vendor appears on the Franchise Tax Status check, DIR may notify the vendor and give them a reasonable amount of time to cure the deficiency subject to approval of the CPO.

8.4.4   Contract Amendment Analysis

Prior to amending a contract, an analysis must be performed to ensure that any change to be made to the contract is within the scope or stated parameters of both the solicitation and awarded contract. A significant difference in the scope or quantity of work from what was stated in the solicitation or awarded contract should not be allowed. Allowing such a change after contract award is contrary to ensuring fair competition.

Changes to the contract must also be analyzed to determine the effect the changes may have on performance or delivery under the contract. Changes causing a detriment to vendor performance or customer satisfaction should be avoided if possible. Additionally, a determination must be made of any contract reporting requirements that may apply to any change to the contract including extension or renewal. Reporting may be required both prior to and after amending the contract, as well as board approval for certain contract amendments that exceed $1 million.

8.4.5   Data Center Services (DCS)

The Texas Data Center Services program (DCS) allows state and local governmental entities (customers) to outsource management of technology infrastructure services. Program offerings include Technology Solution Services (TSS) which includes Solution Services, Application Services, and Strategy Management, Texas Public Cloud (TPC), Public Cloud Manager (PCM), , Mainframe Services (MFS), Print, Mail and Digitization (PMD) and Security Operations.

8.4.6   Managed Security Services (MSS)

MSS offerings within the STS program provide management of state security data. MSS includes Security Monitoring and Device Management Services, Incident Response Services and Risk and Compliance Services.

8.4.7   Texas.gov

The Texas.gov contracts offer portal and payment services to Texas State Agencies and eligible local governments organizations for conducting online business services with their customers. The program leverages enterprise-wide services and infrastructure to provide solutions mandated requirements regarding accessibility, security, privacy, and integration with Texas Comptroller of Public Accounts. These services cover online, digital government, identity solution, constituent application development and web design services.

8.4.8   Open Data Portal (ODP)

This contract provides a State of Texas repository for publicly accessible open data sets that allows State agencies and other eligible DIR customers to publish, open and data sharing catalogues on a publicly accessible website. This is a free service to Texas governmental entities. CPO manages this contract on behalf of the Chief Data Office (CDO). CPO maintains the master contract file while the CDO has vendor management responsibilities.

8.4.9   Collaboration with Procurement

8.4.9.1   Participation in Pre-solicitation and Solicitation Activities

With experience managing similar contracts, and as a primary communication link between the vendor community and agency, the contract manager can provide valuable insight into capabilities needed in the contract vehicle to effectively deliver the desired outcomes and manage vendor performance.

8.4.9.2   Review of Solicitation Materials

A contract manager provides input into draft solicitation documents, including the scope of services and contract provisions described in the solicitation to ensure alignment with possible knowledge gained or shared from subsequent contracts. The contract manager may:

1.   Review and provide input to solicitation document(s);
2.   Review and advise on performance requirements and non-performance remedies;
3.   Validate that a program area or business unit's business objectives and priorities can be upheld and effectively delivered through contract provisions;
4.   Gain an understanding of the factors assessed in the procurement risk analysis, the impact to ongoing contract management, and identify provisions needed to allocate risk and specify remedies; and
5.   Ensure deliverables are defined in manner they can be measured and aligned with work requirements described in the solicitation scope of work.

The contract manager should review the draft contract including, but not limited to, comparing to information outlined in the solicitation as it relates to the scope and terms, but also to be aware of the evaluation criteria. When applicable, the statement of work should also be reviewed to ensure it is unambiguous, complete, accurate and logical enough to be understood by a prospective vendor during the solicitation process, all parties to the subsequent contract, and all prospective individuals who may read and interpret the SOW, including program and project staff, financial staff, and oversight entities.

The contract manager applies the following criteria to review and provide input and feedback on draft solicitation documents to Procurement The contract manager is also responsible for providing input as a part of the internal (soft) review (peer review).

8.4.9.3   Participation in Negotiations

After the negotiation team is formed, the Enterprise contract manager provides resource support to the team's negotiation strategy development. This strategy outlines the negotiation team's process of coming to agreement with selected vendors on the contract scope of services, and other provisions, including terms, schedule, and pricing.

The contract manager may participate during vendor negotiations. The goal of this effort is for all parties to a contract to come to agreement on the scope of services, and other provisions, including terms, schedule, and pricing.

8.4.9.4   Participation in Contract Formation

Through the negotiation process, the contract manager develops an understanding of program area or statewide requirements for the product or service and the factors that influence contract development, such as performance requirements and remedies for failure to perform, risk factors and response strategies, terms and conditions, and acceptance criteria, among others.

Prior to routing a contract for approval and signature, the contract manager participates in conducting an internal review of the contract package for completeness of contract elements and accuracy. The contract manager follows the [Salesforce Contract Record Checklist](#) steps to conduct a quality and through review of the contract materials.

8.4.9.5   Participation in Contract Award and Execution

The contract manager participates in the contract award and execution processes by providing input and conducting quality check reviews for accuracy and necessary elements of the contract materials.

After contract award, the contract manager coordinates with the procurement lead to complete setup for the contract record and files and with the compliance analyst to complete the verification process for assuring data entry and requisite details are documented to the contract file. Knowledge transfer should be conducted throughout the contract development phase.

During contract execution, the contract manager continues to work in collaboration with the procurement lead and solicitation team to support contract award, execution, and transition to

contract management. The contract manager participates in the contract award and execution processes by providing input and conducting quality check reviews for accuracy and necessary elements of the contract materials.

After contract award, the procurement lead provides the necessary documentation to the contract manager to complete setup for the contract record and files. The contract manager coordinates with the procurement lead and Contract Services to complete the verification process for assuring data entry and requisite details are documented to the contract file.

8.4.10   Managed Customer Contracts

Customer contracts are used to structure procurement and contracting activities between DIR, eligible customers as provided in statute, or other governmental entities from whom DIR wishes to obtain products or services:

1.   An **Interagency Contract (IAC)** is required for an agency to contract with another agency for the provision of necessary and authorized services, including technical services and materials and equipment. Competitive bidding requirements do not apply to IACs (Gov't Code Chapter 771.002(1)). Eligible state agency customers must execute an IAC with DIR prior to accessing shared technology services, as well as a services agreement for a particular STS. Refer to **STS Customer Contracts – IAC and ILC Development Procedures**.

2.   An **Interlocal Contract** (ILC) is authorized when a purchase can be completed by contracting between local government entities or between a local government entity and a state agency (Gov't Code Chapter 791). Customers other than a state agency must execute an ILC with DIR prior to accessing shared technology services, as well as service agreements for STS. Refer to **STS Customer Contracts – IAC and ILC Development Procedures.**

3.   The **Texas Statewide Data Exchange Compact** was established by Gov't Code 2060 to improve the coordination of interagency data sharing through Memorandum of Understanding (MOU) established when agencies are sharing data with each other for the first time.

If an interagency exchange is exempt from the requirements of a written contract, then DIR documents the exchange through an informal memorandum of understanding (MOU). The MOU should provide a general statement that outlines the broad purpose of the agreement, names of the parties, point of contact, purpose and responsibilities or activities performed by each of the parties, the start and end date of the MOU, period for review, and signature by authorized parties.

8.5   Cooperative Contracts

Gov't Code Section 2157.068 requires Texas state agencies (refer to Gov't Code Section 2054.003(13)) to purchase commodity products and services through DIR. Additionally, Texas statutes authorize the following entities, subject to the referenced provisions, to purchase commodity products and services through DIR. CPO Contract Managers are responsible for

overseeing the contract management duties of the established master contracts and maintaining the contract file. DIR has established more than 700 automated information systems (AIS) contracts covering the goods and services that DIR customers require to perform the business of the state.

8.5.1   Contract Setup and Procurement Closeout

During this phase the contract manager works with the procurement lead to organize the contract documents and review the contract record in Salesforce. The contract manager also coordinates finalization of the contract file setup with Contract Services for verification.

As part of the contract setup, the contract manager will utilize the Contract Verification Form to set up new contracts and verify to complete the contract setup. Additional Contract Setup details available in [Contract Document Set Folder Structure](#).

8.5.2   Contract Changes

8.5.2.1   Assignments

Contracted vendors may request to transition the provisioning of contract services to a third party through a contract assignment process. It is the contract manager's responsibility to keep the State's interest in mind when reviewing requests to assign the contract to a third party. The contract manager must perform all due diligence to evaluate the proposed party's eligibility and ability to perform, including the review of the documents that constitute the transaction underlying the proposed assignment. If the replacement contractor is acceptable, a contract amendment transferring all rights and responsibilities under the contract to the assignee must be completed.

8.5.2.1.1 Notification of Proposed Assignment of Services Contract

At least fourteen (14) days before an agency rejects or approves a contractor's proposed assignment of rights under a services contract, the agency must notify the LBB of the proposed assignment if the DIR contract subject to the assignment has any customer contracts that are classified as:

1. a major information resources project; or

2. a contract involving the storing, receiving, processing, transmitting, disposing of, or accessing sensitive personal information (SPI) in a foreign country.

Contract managers are responsible for notifying the CMO Director, the CPO, and the OGC of any pending Assignment request prior to approval.

8.5.2.2   Name Change

Any name change requires documentation from the original contractor on company letterhead stating the circumstance of the name change and the requested new name. The letter should be signed by an authorized representative, showing the change and the effective date. A copy of the assumed name certificate filed with the Secretary of State, or a sales tax permit may be obtained as proof of name change.

8.5.2.3   Acquisition/Merger/Buyout

The contactor of record must send the agency a letter stating the circumstances of the buyout or sale. If the contractor has already ceased operating as a separate business, the agency should obtain a letter indicating the sale of the company to the new contractor.

8.5.2.4   Complete Amendment

If the assignment is acceptable, an amendment to change the name or transfer all rights and responsibilities under the contract to the assignee must be completed by the contract manager. DIR may require the amendment to include signature by all parties to complete the transferring of assignor to assignee

8.5.3   SOW and Exemption Reviews

8.5.3.1   SOW Reviews

The CPO manages the SOW review process of state agency-issued SOWs for DBITS, managed services and other applicable cooperative contracts. State agency customers must submit and receive DIR approval for any solicitation under a DIR cooperative contract that exceeds $50,000. A customer must first submit the draft SOW to DIR prior to issuing an SOW solicitation to cooperative contracts vendors. After selecting one or more vendors for award, the agency must submit the awarded SOW contract, signed by all parties, for DIR review and approval. An SOW contract is not considered binding or official until it has received DIR approval.

An SOW for services available through DIR cooperative contracts must not exceed $10 million, across all awarded vendors over the life of the contract, including all allowable renewals and extensions. (Refer to Gov't Code Section 2157.0685 and 1 TAC 212.41-212.43).

Threshold requirements apply to all SOWs solicitations issued by a state agency to cooperative contracts vendors, with the exception of managed services for telecommunications. Additionally, these requirements and processes do not apply to DCS contracted services or customer agreements with the Texas.gov program. All SOWs administered as a pass-through expense within the DCS program are subject to SOW threshold and review requirement (refer to SOW Quick Reference Guide).

Threshold and SOW review and signature processes apply and are limited to state agency customers.

8.5.3.1.1   Submit an SOW for Review

A state agency customer must submit an SOW through the SOW portal at each of the following intervals:

1.   Before issuing an SOW solicitation to DIR cooperative contract vendors;

2.   After awarding, signing, and executing an SOW or SOW amendment, prior to authorizing the work, for services procurements falling within threshold ranges for the following services:

   a.   Deliverables-based information technology services (DBITS);

b. Managed services for information technology;

c. IT security services;

d. Cloud services (when an SOW is executed);;

e. Comprehensive web development;

f. ITSAC; and

g. Any other cooperative contract with an established SOW process designated for review.

Using the DIR SOW Portal, state agency customers submit an SOW for DIR review and approval. If submitting a draft SOW, the state agency customer will also include a list of vendors they intend to receive the SOW. The SOW Portal administrator will assign the SOW to a member of CPO to conduct the SOW review.

8.5.3.1.2   Conduct an SOW Review

For an initial SOW review (draft SOW review), the SOW reviewer confirms the scope of the SOW, reviewing the terms of the master contract and the SOW requirements. Additionally, the DIR reviewer checks that essential portions of the SOW are included, such as deliverables and performance measures. The SOW reviewers will offer suggestions or required changes and communicate these to the state agency customer. Once satisfied that the SOW meets the scope of the DIR master contract, that the list of proposed vendors meets statutory competition requirements, and that all deficiencies in the SOW have been cured to DIR's satisfaction, the SOW reviewer will give the agency approval to proceed with their procurement process.

For a final SOW review or for an amendment to an SOW, the SOW reviewer checks to ensure that the scope remains in-line with the DIR master contract and that no terms have changed.

8.5.3.1.3   Complete an SOW Review

The assigned SOW reviewer enters the result of the review into the portal and includes any comments, notes, and communications with the state agency customer. In the case of a draft SOW, the state agency can then distribute the SOW to the selected vendors. In the case of a final SOW for contract, the Chief Procurement Officer or another representative of the CPO must sign off on the contract award or amendment before payment can be legally made to the vendor.

8.5.3.2   DIR Exemption Reviews

The CPO is responsible for reviewing and either granting or denying approval of state agency exemption requests from statutory requirements to procure AIS, including IT commodity products and services, through an available DIR cooperative contract.

A state agency must purchase AIS, including IT commodity products and services, collectively termed, IT products and services, through an available DIR cooperative contract if the contract value of the procurement is more than $10,000 and less than or equal to $5 million. A state agency must procure IT products and services through a contract developed by DIR unless:

1. The agency obtains express prior approval from the Legislative Budget Board for the expenditure necessary for the purchase.
2. The agency obtains an exemption from DIR. The exemption may be in the form of:
   a. DIR designates a blanket exemption for the specific product or service, or
   b. The agency requests and receives a one-time exemption from DIR.
3. DIR certifies in writing that the commodity item is not available for purchase under an existing contract developed by the department.

A state agency may request an exemption to the required use of a cooperative contract or contracts related to the DCS program, Texas.gov, or telecommunications. Exemption requirements vary according to each program's statutory authority, and requirements for each may be found on the [Exemption Overview](#) page.

If a state agency determines that a product or service available from DIR's cooperative, telecommunications, DCS program, or Texas.gov contracts does not meet its procurement need, it must complete the online form to request a one-time exemption from the required use of a cooperative or telecommunications contract. For Cooperative Contract Exemptions, agencies may first check if a Blanket Exemption is available. If not, then a one-time exemption request shall be submitted.

Texas.gov and DCS requests are submitted via email to Txgov@dir.texas.gov or datacenterservices@dir.texas.gov mailboxes, respectively.

A member of CPO staff reviews each one-time request and determine whether to approve or deny the request. If the request is for a designated DCS agency (refer to [DCS Customers](#) on the DIR website) and the IT product or service (for certain NIGP Class/Items) exceeds $25,000. CPO staff refers the exemption request to the DCS program prior to the CPO review is approved.

8.5.3.2.1   Determine Blanket Exemptions

A state agency is granted a blanket exemption from the requirement to purchase through a DIR contract when the contract value of the IT commodity product or service is less than or equal to $10,000 or exceeds $5 million.

In addition to contract value thresholds, DIR issues standing blanket exemptions for certain commodity products and services, depending on the nature of the procurement. DIR also issues time-limited exemptions for certain NIGP commodity codes, based on other factors related to the commodity product or service. Blanket contract exemptions apply to:

1. Emergency procurement exemption;
2. Critical need exemption;
3. WorkQuest set aside exemption; and
4. Time-specific, NIGP commodity code-specific exemptions.

Refer to [Cooperative Contracts-Blanket Exemptions](#) for more information. The Cooperative Contracts Director and the Chief Procurement Officer, in consultation with others as necessary, collaborate to determine when a blanket exemption is necessary and work with Contract

Services to submit an IT Help Desk ticket to update the DIR website with the appropriate language.

Additionally, DIR issues standing blanket exemptions for certain commodity products and services, depending on the nature of the procurement. DIR also issues time-limited exemptions for certain NIGP commodity codes, based on other factors related to the commodity product or service. Blanket contract exemptions apply to:

1. Purchases of $10,000 or less or purchases exceeding $5 million;
2. Emergency procurement exemption;
3. WorkQuest set aside exemption; and
4. Time-specific, NIGP commodity code-specific exemptions.

8.5.3.2.2   One-Time Exemption Review

If an agency determines that a blanket exemption does not exist, or that the scope, terms, and requirements of an existing contract do not meet its procurement need, then the agency may request a one-time exemption from DIR. The agency should describe in its request the factors that drive the need for a one-time exemption. These factors may include:

1. Cost;
2. Terms and conditions;
3. Funding source restrictions;
4. Compatibility with existing technology infrastructure;
5. Proprietary restrictions; and
6. Other circumstances or requirements.

Refer to Cooperative Contracts-One-Time Exemptions for more information.

8.5.3.2.3   Certify Use of a Local Government Cooperative

The written certification process can be used in lieu of an exemption request if an agency has determined that an IT commodity product or service is available through a local government cooperative and is not available under an established DIR contract. Similar to a one-time exemption request, the agency must obtain written certification from DIR that product or service is not available through a DIR contract before purchasing through a local government cooperative.

Certification does not authorize an agency to purchase directly from a vendor or waive other state purchasing requirements. It allows the agency to purchase through a contract developed by a local government purchasing cooperative (refer to Gov't Code Section 2157.068).

9   CROSS-CYCLE PROCEDURES

Procedures described in this section are either shared across CPO teams or occur periodically across the procurement and contract management cycles.

9.1   DIR Board Review

A contract, contract amendment, service agreement, or statement of work that exceeds $1 million is subject to DIR Board review and approval. Board meetings occur on a quarterly basis, so a contract manager must plan accordingly prior to any action on a contract that meets this criterion.

A contract manager must complete a [Board Summary Template](#) to prepare a contract, , service agreement, or statement of work that is estimated to exceed $1 million for submission to DIR Board for approval. A contract manager must complete a Board Summary Amendment Template for contract amendments

9.2   Cost Avoidance

DIR's cost avoidance metrics for cooperative contracts are examined internally and reported to the LBB, among other entities through reports generated by Contract Services. Cost avoidance is determined, reviewed, and analyzed when a cooperative contract is being awarded and executed, renewed, or when new products are added, or pricing is increased.

9.3   Vendor Status Checks

Vendors must be in good standing with the state and compliance must be verified prior to awarding or amending a contract (refer to [PCMG](#)).

9.4   EDGAR Compliance

The Education Department of General Administrative Regulations (EDGAR) are the federal regulations that govern all federal grants awarded by the U.S. Department of Education on or after December 26, 2014.

DIR uses an open market competitive procurement process to award contracts as required by [Gov't Code Chapter 2054](#) and [2157](#) and believes that this process satisfies EDGAR regulations.

DIR competitively procures each contract awarded as well as conducts pricing analysis as each contract is established based on the vendor's top. The pricing analysis is completed at each renewal period and is based on the top selling items sold through the DIR contract.

9.5   EPEAT

EPEAT is the leading global ecolabel for the IT sector. It is specific to servers, computers and displays, imaging equipment, televisions, and mobile phones. As such, it is a perfect complement to DIR offerings. The EPEAT program provides independent verification of manufacturers' claims and the [EPEAT online Registry](#) lists sustainable products from a broader range of manufacturers than any comparable ecolabel. National governments, including the United States, and thousands of private and public institutional purchasers around the world use EPEAT as part of their sustainable procurement decisions.

For more information on the EPEAT program, visit the site, located here: https://globalelectronicscouncil.org/about-global-electronics-council/.

9.6   E-Rate

The CPO administers a simplified procurement process for products and services that qualify for E-Rate funding by filing Form 470 with USAC on select Requests for Offer (RFOs). Contracts awarded under these RFOs are considered E-Rate Eligible and are designated by the green E-Rate symbol on the contract detail page on DIR's website.