

DEPARTMENT OF PUBLIC SAFETY
PROCUREMENT AND CONTRACT MANAGEMENT GUIDE
VER. 5.0



November 2025

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REVISION TABLE

Version	Date	Name	Description
1.0	2013/09/16	DPS Guide to the Procurement and Contract Process Ver 1.0	Original
1.01	2013/11/07	DPS Guide to the Procurement and Contract Process Ver 1.01	Revisions to Attachment E
1.02	2013/12/02	DPS Guide to the Procurement and Contract Process Ver 1.02	Revisions to Section 18 and 19
2.00	2014/11/14	DPS Guide to the Procurement and Contract Process Ver 2.0	Major Revision to the entire Guide
3.00	2015/12/01	DPS Procurement and Contract Management Guide	Major Revision to the entire guide to include a title change and a more robust Contract Management section and to address legislative requirements from the 84th session.
3.01	2017/01/11	DPS Procurement and Contract Management Guide Ver 3.01	Revision to multiple sections of the guide – update in preparation of Procurement Plan FY2017.
3.04	2017/12	DPS Procurement and Contract Management Guide Ver 3.04	Revision to multiple sections of the guide – update in preparation of Procurement Plan FY2018.
4.00	2018/11	DPS Procurement and Contract Management Guide Ver. 4.0	Major revision to the entire guide to include new State of Texas Procurement and Contract Management Guide Rev. 1.1
4.01	2018/12	DPS Procurement and Contract Management Guide Ver. 4.01	Performed 508 Accessibility check, corrected Section 16 mislabeled row headings, corrected Section headings, updated Table of Contents, updated footers and cover page with current date.
4.02	2019/01	DPS Procurement and Contract Management Guide Ver. 4.02	Repaired broken Hyperlinks to Section 15.

4.03	2019/02	DPS Procurement and Contract Management Guide Ver. 4.03	Added information concerning former employee restrictions to section 3.4. Added information concerning Internal Repairs section 10.5.4, Added section to 10.23.1 for Email Delivery Responses, USPS Delivery Responses, and Late Responses. Minor text revisions in various locations throughout the document. Added language to section 10.5.4 concerning Membership Fees, Added Executive Contract Review Board vs. Contract Review Board table to section 12.6.2. Section 10.1 revised Approval Matrix adding clarification to chart.
4.04	2019/04	DPS Procurement and Contract Management Guide Ver. 4.04	Added Solicitation After Action Review Form to section 15. Added HUB information to section 2.5 After hours Contacts. Changed Administration Division references to Infrastructure Operations Division throughout the entire document. Added Chief of TDEM signatory authority to table in section 12.3.5. Updated 2.5 After Hours Contacts Table. Revised the entire document for accessibility compliance.
4.05	2019/11	DPS Procurement and Contract Management Guide Ver 4.05	Changes made to comply with legislative changes enacted in 86 th Legislature. Revised 10.8.1.3 to include proprietary letters for DIR exemptions. Added coordination of solicitation documents to 10.18. Source Selection Plan was replaced with Evaluation Committee Guide in Section 15.
4.06	2020/11	DPS Procurement and Contract Management Guide Ver 4.06	Change language section 9.7. Added section 11.5.6 Verification of Vendor Assessment. Added language to section 10.4.2. Added Acronyms, Terms and Definitions to section 15. Updated contact information section 2.4.

4.07	2021/08	DPS Procurement and Contract Management Guide Ver 4.07	Updated Section 2.4 with current P&CS Contact information. Updated Section 10.1 approval chart to refer to the Approval Matrix which is now located in Section 15. Updated the following sections to comply with changes from 87 th Legislative Session: 7.2 Contract Management and Oversight, 10.5.4.4 Emergency Requisitions, 10.6 Procurement Method – Texas Multiple Award Schedule (TXMAS) Contracts (Optional), 10.8.1.1 DIR Cooperative Contracts Program – Overview, 10.28.1 Electronic State Business Daily (ESBD), 10.28.3 Centralized Master Bidders List, 11.5.1 Evaluation Committee, 12.6.10 Vendor Compliance Verifications, 13.9.1 Withholding Payment
4.08	2023/08	DPS Procurement and Contract Management Guide Ver 4.08	
4.09	2023/09	DPS Procurement and Contract Management Guide Ver 4.08	Updated Section 2.1 with current hyperlink for the Procurement and Contract Services Overview. Updated Section 2.4 General Contact Information. Updated Section 3.7, 3.7.1 & 3.7.2 Revised SOP language and removed SOP numbers. Updated Section 4.1 General Manual link. Updated Section 6.1 Revised table for Purchasing role changed from statement of work to scope of work. Updated Section 10.3 hyperlinks for Procurement Method Identification process steps. Updated Section 12.7.3 Contracts Exceeding \$100k. Updated Section 13.3, 13.4 Contract Monitor Report links. Updated Sections 16 & 17 Attachments, forms, & links for entire document. Updated applicable substantive and non-substantive revisions, additions & clarifications to align with 88 th Legislative session and crosswalk.

5.0	2025 11	DPS Procurement and Contract Management Guide Ver 5	Version 5 is an overhaul of the DPS Procurement and Contract Management Guide. Each section has been updated to reflect current policy and statutory and compliance requirements and to reflect organizational changes and procedures.
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1. GENERAL OVERVIEW

1.1. INTRODUCTION

In accordance with [Tex. Gov't Code § 2261.256](#), Department of Public Safety (DPS) is required to establish clear levels of purchasing accountability and staff responsibilities related to purchasing, and to document contracting policies and practices consistent with the Texas Comptroller of Public Accounts (CPA) State of Texas Procurement and Contract Management Guide (CPA Guide). The DPS Procurement and Contract Management Guide (Guide) documents DPS's global guiding principles for procurement and contracting functions. To provide consistency and continuity with the CPA, The DPS Guide has sections and information added from the CPA's Guide. This information was added as it pertains to and falls within the guidelines, policies, and practices of DPS.

Procurement and Contract Services (P&CS) has developed this Guide as an overview of the procurement process for all DPS employees. This Guide will be made available to the general public, however some of the links to forms are for internal DPS use and access is restricted to agency personnel.

The contents of this Guide (including associated processes, forms, and templates) are subject to change. The contents are not intended in any way to grant any entitlement or right to any individual or entity. This Guide supplements, but does not replace, statutory requirements or administrative rules. DPS is independently responsible for developing business procedures in accordance with applicable federal and state laws, regulations, policies, and procedures. DPS staff should coordinate legal questions with P&CS and the DPS Office of General Counsel (OGC). **This Guide is not intended to constitute legal advice.**

The Guide is periodically updated, and the latest version can be found on DPS's [website](#) and CPA website under [State Agency Contract Management Procedures](#). Any suggestions should be directed to DPS P&CS at (512) 424.5255 or Procurement@dps.texas.gov.

2. PROCUREMENT & CONTRACT SERVICES

2.1. OVERVIEW

P&CS is the service area responsible for coordinating and managing all procurement and contract activities for the agency. P&CS staff are available to assist DPS division personnel with procurement and contract needs. P&CS is responsible for facilitating the procurement needs for all DPS locations and all types of purchases. P&CS efforts are focused on purchasing and contracting activities, which obtain the best value for the agency.

2.2. MISSION

The mission of P&CS is to have highly trained, professional staff to guide, assist, and direct agency staff through the procurement process and approve, record, and process purchases of goods and services for the agency, at the right time, at the right price, consistent with law, regulations, internal policy, and sound business judgment.

2.3. ORGANIZATION CHARTS

The most current organization chart for P&CS and contact information for P&CS staff can be located here: [Procurement and Contracting Organization Chart](#).

2.4. GENERAL CONTRACT INFORMATION

The general P&CS phone number is 512.424.5255.

Procurement@dps.texas.gov is the P&CS email account for general correspondence, questions, comments, or concerns. Emails submitted to this email box will be responded to on the same business day if they are received by 3:00 PM. If they are not received by 3:00 PM, then they will be responded to within one full business day.

P&CS General or Complex Procurement managers can be contacted for purchases in emergency situations, please find the contact info of respective teams on the [P&CS SharePoint](#) approximately halfway down the page. If you are unable to get through to one of the procurement managers, please reach out to one of the Assistant Directors or the P&CS Director.

3. ETHICS LAWS AND PROFESSIONAL STANDARDS

3.1. DPS PROCUREMENT & CONTRACTING POLICIES

All DPS employees involved in procurement and contracting activities must adhere to Chapter 28 of the agency's General Manual, Agency Contracts & Procurement. The process of purchasing in a government setting requires that all participants strictly adhere to the legal, compliance, and policy framework of government procurement.

3.2. STATE AND AGENCY ETHICAL STANDARDS FOR OFFICERS AND EMPLOYEES

All DPS employees and officials who participate in the state procurement and contracting activities must adhere to the following ethical standards. Violation of these standards is subject to discipline, up to and including termination.

All DPS personnel involved in procurement or contract management must disclose to the agency any conflict of interest with respect to any contract with a private vendor or bid for the purchase of goods or services. Any person that

identifies a conflict of interest should immediately notify their chain of command and the assigned P&CS representative.

State officials and employees are responsible for protecting the safety and welfare of the public funds. All state officials and employees should endeavor to pursue a course of conduct that does not raise suspicion among the public. Therefore, they must avoid acts, which are improper or give the appearance of impropriety. This conduct is particularly important for state purchasing and contract management personnel who are charged with the disposition of state funds.

In accordance with [Tex. Admin Code §20.157](#) state personnel must adhere to the highest level of professionalism in performing their official duties. Employees of agencies who perform purchasing functions are required to adhere to the same ethical standards required of the Comptroller of Public Accounts ([CPA](#)) employees.

3.3. NON-DISCLOSURE AGREEMENT AND CONFLICT OF INTEREST

3.3.1. NON-DISCLOSURE AGREEMENT

A DPS Non-Disclosure Agreement ([PCS-7](#)) must be signed by any employee who participates in the development of specifications, solicitation documents, evaluation, negotiation, or contract monitoring activities. A violation of this provision is subject to discipline, up to and including termination. P&CS Staff, DPS Executive Leadership, Contract Monitors, and Purchasing Liaisons will be required to sign a Non-Disclosure Agreement on an annual basis.

3.3.2. CONFLICT OF INTEREST CERTIFICATIONS

DPS staff members are prohibited under [Tex. Gov't Code § 572.051](#) and [Tex. Gov't Code §2155.003](#) from having an interest in or receiving benefits from a contract or bid for a purchase of goods or services. Perception plays a key role in maintaining the highest level of integrity, which includes avoidance of the appearance of impropriety. Employees who participate in any part of the procurement and contract processes are subject to a higher standard of ethics. Employees must adhere to the [State's Ethics Policy](#), which states:

It is the policy of the State of Texas that a state officer or state employee may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the officer's or employee's duties in the public interest.

Under [Tex. Gov't Code §2261.252](#), 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 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 Term of a contract with a private vendor.

Under [Tex. Gov't Code §2261.252](#), DPS may not enter into a contract with a private vendor if any of the following agency employees or officials have a financial interest:

- A member of the agency's governing body;
- The Governing Official, Executive Director, General Counsel, Chief Procurement
- Officer or P&CS Procurement Director;
- A family member related to an employee or official described above within the second degree by affinity or consanguinity;
- Having a "financial interest" in this section is defined as a state agency employee or official that:
 - Owns or controls, directly or indirectly, at least 1% in the person, including the right to share in profits, proceeds or capital gains or;
 - Could reasonably foresee that a contract with the person could result in a financial benefit to the employee or official.

3.3.2.1. Conflict of Interest Certification – Purchasing Phase

A [Conflict of Interest Certification – Purchasing Phase](#) must be signed by any employee who participates in the development of specifications, solicitation documents, evaluation, negotiation, or contract monitoring activities.

3.3.2.2. Conflict of Interest Certification – Contract Oversight Phase

A Conflict of Interest Certification – Contract Oversight Phase ([PCS-8C](#)) must be signed by Contract Monitors indicating they have no conflict with the contractor they are responsible for monitoring, if they did not sign one during the purchasing phase.

3.4. EMPLOYMENT RESTRICTIONS

Under [Tex. Gov't Code § 572.069](#), state officers and employees of a state agency who participated in a procurement or contract negotiation for DPS may not accept employment from a vendor before the second anniversary of the date the contract is signed or the procurement is terminated or withdrawn.

This only applies to former state officers or employees whose state service or employment ceased on or after September 1, 2015. ([Tex. Gov't Code §2252.901](#)).

Under [Tex. Gov't Code §669.003](#), DPS may not enter into a contract with the executive head of DPS, with a person who at any time during the four years before the date of the contract was the executive of DPS, or with a person who employs a current or former executive head of a state agency affected by this section, unless the governing body: votes, in an open meeting, to approve the contract; and notifies the Legislative Budget Board, no later than the fifth day before the date of the vote, of the terms of the proposed contract.

3.5. NEPOTISM

Under [Tex. Gov't Code §2262.004](#), officers or employees involved in the specification development or an award determination must sign a Nepotism Disclosure Form (Reference Section 13) before a state agency may award a major contract (defined as a contract with a value of \$1 million or more) for the purchase of goods or services to a business entity. Each DPS staff member working on the contract must disclose in writing to the Executive Director any relationship that the DPS employee has with an employee, a partner, a major stockholder, a paid consultant with the prospective vendor or business entity for contracts valued more than \$25,000; or other owner of the business entity that is within a degree described by Section [Tex. Gov't Code § 573.002](#).

[Tex. Gov't Code § 2252.908](#) prohibits agencies from entering into certain contracts \$1 million or more, that require an action or vote by the governing body, or are for services that would require a person to register as a lobbyist under Chapter 305 of the Texas Government Code before the contract may be signed with a business entity unless the business entity submits a disclosure of interested parties to the agency at the time the business entity submits the signed contract. Before fully executing a contract valued at \$1 million or more, DPS must obtain a completed and signed copy of [Form 1295](#) with the certificate of filing number and date from the proposed business entity (vendor) to be submitted with the contract for review by the Contract Review Board (CRB). No later than the 30th day after the date DPS receives a disclosure of interested parties Form 1295 from the business entity, DPS must submit a copy of the disclosure to the Texas Ethics Commission.

3.6. SUSPECTED FRAUD, WASTE, OR ABUSE

In accordance with [Tex. Gov't Code 2261.256](#), The agency has developed and utilizes a purchasing accountability and risk analysis procedure that includes an assessment of the risk of fraud, abuse, or waste in the contracting process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which the agency contracts.

Reports of fraud, waste and abuse are reported in accordance with state statute and the [reporting website](#).

4. VENDOR COMMUNICATION

4.1. INTERACTIONS WITH VENDORS

All DPS employees that interact with vendors or that may interact with vendors are required to adhere to [Texas Gov't Code Section 2155.090\(b\)](#), Chapter 28 of the [DPS General Manual, Agency Contracts & Procurements](#), Ethics Laws and Professional Standards in Section 3 of this Guide, If there is any doubt about appropriate communications with vendors, consult with your chain of command, P&CS or OGC.

DPS must be transparent in its interactions with all vendors. P&CS is your best resource for division personnel in preparation for a vendor meeting, always communicate with the Procurement Lead/Contract Administrator and relevant P&CS personnel before meeting with a vendor. Recognizing that effective vendor engagement is critical to enhancing competition, identifying commercial item solutions, and realizing savings, DPS is committed to promoting fairness and an impartial process.

4.2. COMMUNICATION

Communication between public procurement professionals and vendors is imperative and encouraged. If used effectively, communication with industry representatives is a vital resource for public procurement professionals. Steps must be taken, however, to maintain a fair opportunity to compete for all vendors and avoid any unfair advantage or appearance of favoritism. Agency personnel must be mindful that one-on-one communications with vendors occurring prior to contract award are subject to enhanced scrutiny due to the importance of maintaining a “level playing field” among all eligible vendors during competitive procurements. If there is any doubt about appropriate communications with vendors, consult with OGC.

4.2.1.COMMUNICATION MODEL

Agencies are expected to develop and publish a communication procedure to assist procurement professionals and vendors in establishing appropriate vendor communication. Agency legal counsel should be consulted for any communication outside the parameters of the agency’s established Communication Model.

4.3. MARKET RESEARCH

Procurement Leads routinely use market research to obtain information relating to the size of the potential vendor pool, pricing, applicable industry standards, market trends, and determine if the desired item or service is readily available in the commercial marketplace. Market research may include online research, review of industry periodicals and information obtained from professional organizations, attendance at trade

shows, discussions with other customers, and consultations with industry representatives.

Texas law authorizes the exchange of information between an agency and a vendor related to future solicitations. Vendors are often experts in their respective fields and can offer insight on potential purchases, such as current trends, industry practices, and available products or solutions. The procurement team should develop a plan to obtain any needed vendor input, which may include issuance of a Request for Information (RFI), attendance at industry days, or directly contacting industry leaders or vendors listed under the applicable code on the CMBL. The result of these interactions may lead to increased competition, a more detailed and up-to-date description of technical requirements or statement of work, and ultimately better value for the state. However, Procurement Lead must never tailor specifications to benefit a particular vendor, as this limits competition. Procurement Lead should take care to avoid the appearance of favoritism toward certain vendors in the fact-gathering process, and when possible, agencies should avoid consulting exclusively with the incumbents or a small number of vendors, which could give the appearance of favoritism.

4.4. DRAFTING THE SOLICITATION

When all market research is completed and the actual solicitation-drafting process has begun, vendor communication must cease to ensure the integrity of the procurement. Procurement Leads may use relevant information gathered from the vendor community when drafting specifications. Finally, if the agency compensates a vendor for its assistance in drafting specifications or scope of work for a solicitation, the vendor is not eligible to bid on the resulting contract.

4.5. DURING THE SOLICITATION

Once the solicitation is posted, any communications between procurement professionals and vendors should strictly follow the procedure outlined in the solicitation. This could include designating specific agency points of contact for receipt of vendor inquiries, a public question and answer process (Q&A process), and pre-bid/offer/proposal conferences. When issuing a solicitation, it is always encouraged that an agency includes a Q&A process, as that will be the only time where the agency can benefit from potential vendors' input on the solicitation and through the addendum process make any necessary corrections to the

solicitation. Failure to allow for vendor input during a Q&A process may result in higher costs to the agency if the specifications are unclear.

If any information relevant to the procurement such as evaluation methods or projected ordering volumes is provided to any vendor, that information will be posted via an addendum to the solicitation on the ESBD.

4.6. CURRENT CONTRACT

Requests for vendor meetings from contractors under an active contract are the most common interactions agency staff will encounter. These meetings are an essential element of properly managing and delivering on an awarded contract and may be requested by the contractor or the agency. In addition, meetings may be necessary to introduce personnel, discuss current contract performance, or seek guidance on service adjustments being provided within the scope of the contractor's awarded contract. Interactions should be restricted to the scope of the awarded contract, and care should be given to not create the perception of favoritism to any vendor for work outside the scope of the current contract. Agency personnel should use caution to avoid providing the contractor a future unfair competitive advantage by sharing future business requirements, information about systems or internal processes, or protocols outside the scope of the current contract that the contractor may be able to use in the development phase of a future solicitation. Meetings with contractors currently under contract are an expected part of the contractual relationship. The purpose in distinguishing this type of meeting from those meetings discussed below, is to stress that the meeting should be restricted to the scope of the existing contract. Any other type of meeting, such as meetings outside of the scope of the current contract, should be conducted in the same manner as a general vendor meeting with a vendor that is not currently under contract.

Contract Monitors who have regular interactions with current contractors may continue to work directly with their assigned contractor, even if those contractors might be pursuing a pending DPS procurement. The Contract Monitor must exercise caution to ensure that conversations with current contractors are limited to the current contract, and do not stray into a pending solicitation or possible future contract. Contract Monitors should direct questions to their supervisor, or the P&CS Director.

4.7. FORUMS

4.7.1.INTERNAL

P&CS staff must interact with the vendor community on a regular basis as part of their job duties. As public procurement professionals, the P&CS teams are an experienced resource regarding vendor interactions.

4.7.2.EXTERNAL

DPS employees are not prohibited from attending product exhibits or other functions associated with training, conferences, or trade shows that are not designed solely for the purpose of contacting agency employees, as long as there is no discussion of future potential agency procurements that would provide the vendor with an unfair advantage in a future competitive bidding process. Agency staff attending these events have additional responsibilities, but not limited to:

- Treating all vendors equally and impartially.
- Remaining in compliance with state law and agency policy regarding Borrowing Money and Accepting Gifts and refusing to accept gifts or donations from any vendor. Picking up items and information from vendor booths that are readily available to all conference attendees is acceptable.
- Accepting meals and drinks not included in the price of the conference and/or accepting items that are not available to all attendees is prohibited.
- Not committing to accept, or plan to accept, products or services.
- Not implying or guaranteeing that a purchase or solicitation may result from the interaction

If at any point an employee faces an ethical dilemma, the employee should cease all communications with the vendor representative immediately and consult with P&CS for guidance.

DPS staff should be mindful of any vendor communication that may occur while attending an external event such as an expo, conference, or another event outside of the normal day-to-day business setting. Casual communications in such settings could be perceived as inappropriate by the public, other state employees, and other vendors. DPS staff should avoid any situation or communication that would possibly create even the appearance of impropriety.

5. ROLES AND RESPONSIBILITIES

5.1. PROCUREMENT AND CONTRACTING ROLES

Per [Tex. Gov't Code §2261.256](#), each state agency must develop and comply with a purchasing accountability and a risk analysis procedure that provides for establishing clear levels of purchasing accountability and staff responsibilities related to purchasing and contract monitoring. Provided below is a high-level description of key differences between the Contract Monitor and the Contract Administrator/Manager.

5.2. P&CS OPERATIONS

P&CS supports DPS divisions and staff through all aspects of the Procurement Cycle as follows:

- Defines and implements rules, policies and procedures that relate to contracting and purchasing, review and oversight of the procurement and contract process throughout the contract life cycle, and the review and approval process of all contracts;
- Facilitates and provides technical assistance on state procurement law and options for DPS contracting;
- Reviews and comments on DPS rules that include any part of the Procurement or Grant cycle.
- Provides training to DPS staff regarding DPS procurement;
- Designates a certified Procurement Lead to manage the procurement process through to contract execution.
- Identifies the appropriate procurement method in accordance with state and federal laws and regulations;
- Bases awards on best-value principles, on best business practices, and on providing best value to the State of Texas;
- Processes contract amendments and change requests;
- Requests divisions to provide vendor performance evaluations and enters evaluations into CPA portal;
- Manages required contract reporting;
- Regularly updates and maintains templates as necessary to maintain compliance with changes in governing legislation and regulations;
- Maintains a written code of standards governing the performance of its employees engaged in the Procurement Cycle; and
- Reports, posts and provides the required contract and purchasing notifications.

5.3. CONTRACT ADMINISTRATION TEAM

May consist of Procurement Lead, Contract Monitor, P&CS Director, Assistant Director, Purchase Liaison, Project Manager/Project Lead, Office of General Counsel (OGC), P&CS Relationship Manager, Finance/Budget Analyst, Agency Sponsor, and any other person representing the agency contract team structure.

5.3.1. PROCUREMENT LEAD RESPONSIBILITIES

The Procurement Lead is responsible for facilitating the evaluation process, and serving as the non-voting Chairperson of the evaluation team. The Procurement Lead is also responsible for the following:

- Advising DPS staff on proper interpretation/application of purchasing policies and regulations;
- Distributing solicitation addendums and updates as needed;
- Coordinating between OGC and the CM to address any legal concerns and/or issues prior to solicitation posting and during contract negotiations;
- Identifying and/or selecting potential vendors;
- Serving as the point of contact for communications between the agency and the vendor prior to contract award or PO/contract issuance;
- Conducting, assisting with, or coordinating evaluation of solicitation responses to determine the lowest and best responses, and preparing or overseeing the preparation of the PO/contract;
- Issuing a PO/contract to awarded vendor and disseminating notices to vendors not selected;
- Monitoring legal and regulatory requirements pertaining to the procurement method;
- Managing, approving, and documenting any amendments, or change orders to the PO, or contract;
- Identifying and resolving questions requiring clarification with vendors;
- Maintaining appropriate and auditable P&CS records;
- Documenting significant events, and communicating with stakeholder divisions and Contract Monitor;
- Performing vendor reference checks; and
- Submission of Attestation Letter to LBB for competitive procurements that are \$10 million or more and non-competitive procurements that are \$1 million or more.

NOTE: The CM or any member on the evaluation / negotiation team are not permitted to contact other vendors or entities to perform reference checks on potential vendors as there are specific guidelines that only certified Purchasers are trained to follow.

5.3.2.CONTRACT MONITOR RESPONSIBILITIES

The CM is responsible for participating on both the evaluation and negotiation teams as a technical lead and serves as the liaison between the evaluation team and the Executive Sponsor. The CM is also responsible for the following:

- Working through P&CS to respond to any vendor questions or requests;
- Evaluating the technical and business aspects of proposals in comparison to the advertised solicitation;
- Responding to recommendations or guidance to address any legal concerns and/or issues;
- Monitor Contract performance, activities, and deliverables;
- Submit Vendor Performance Reports and Monitoring Reports as required by Agency policy, statute, and contractor's performance;
- Identify compliance issues and work with the contractor with informal remediation efforts; Escalate to COS when assistance is needed and for formal remediation;
- Monitor Contract Change orders, Amendments and Renewals;
- Oversees all invoice and payment activities;
- Ensures both parties have fulfilled contractual obligations, and all goods and services are accepted;
- Ensures contractor maintains all required license, insurance, and certifications;
- Onboard new contractor employees (background checks, training, etc.).
- Conduct inspections and site visits and prepares a report of the results at completion of review; and
- Maintains communication with contractor throughout contract life, identifying compliance issues as they arise for action.

5.3.3.HUB PROGRAM RESPONSIBILITIES

HUB activities occur during the entire procurement cycle. Activities include:

- Evaluation of Vendor Response HUB Subcontracting Plans (if applicable);

- Monitor progress assessment reports (PARs); and
- Review and approve HUB subcontracting plan changes.

In addition, activities include:

- HUB Subcontracting Plan compliance as it relates to solicitations/contracts;
- Outreach – Internal and external HUB outreach events;
- Mentor Protégé Program;
- HUB Reporting (internal and statutory);
- Developing HUB policies and procedures; and
- Providing direction and consultation to DPS Divisions related to HUB program initiatives.

5.3.3.1. Subcontracting Determination (Pre-Solicitation)

Agency best business practice is for all solicitations with an estimated value of \$96,000 or more over the life of the contract to automatically include HUB Subcontracting Plan documents. If the Procurement Lead determines subcontracting is not probable and the HUB Exhibit should not be included, the Procurement Lead will request a review by P&CS/CQC Team.

5.3.3.2. Vendor Pre-Bid Conferences

DPS provides a vendor pre-bid conference, hosted by the P&CS Procurement Lead to allow vendors the opportunity to receive information on a solicitation and bid/proposal requirements. The Procurement Lead is responsible for explaining and familiarizing vendor pre-bid conference participants with HUB requirements as it relates to the solicitation.

5.3.3.3. Receipt of Bid Responses for HSP Evaluation

After the closing date, the P&CS Procurement Lead shall provide the CQC Team with a copy of each bid/proposal response that is received for the solicitation for review and evaluation. An HSP must demonstrate that the respondent made a good faith effort to comply with statute, rules and DPS HUB policies and procedures.

5.3.3.4. Final Determination and Finds for HSP Compliance

After reviewing the HSP and any additional information obtain through the request for clarification, if necessary, the CQC Team renders a final HSP determination. The CQC Team documents HSP

evaluation findings and conclusions on the prescribed form and sends it to the P&CS Procurement Lead.

5.3.3.5. Post Award Notification

The P&CS Procurement Lead notifies the COS Team of final contract award. The COS Team will participate in any Post Award Meetings established by the Procurement Lead. This takes place regardless of whether the HSP includes subcontractors or is self-reporting. The COS Team provides information to the vendor related to their responsibilities post award in relation to HUB activities.

5.3.3.6. Progress Assessment Report (PAR)

The DPS COS Team shall monitor and audit the vendor's PAR to determine if the subcontracting utilization meets or exceeds the Contractor's good faith efforts as specified in the contract. If the vendor is meeting or exceeding its good faith efforts, the HUB Office shall maintain documentation of all audits conducted.

5.3.3.7. HSP Change Requests

Should the Vendor anticipate changes to the approved HSP during the term of the contract, the vendor must submit a revised HSP and attach formal letter (or e-mail) requesting a change to their original HSP. Vendors requesting changes to the approved HSP during the term of the contract shall submit proposed changes to the P&CS Procurement Lead and the CQC Team for review and approval before any HSP modifications or performance in the awarded contract involved in the additional scope of work can be authorized by the agency, in accordance with [Texas Administrative Code Title 34, §20.285\(i\)](#).

5.3.4. PURCHASE LIAISON RESPONSIBILITIES

DPS implemented the Purchase Liaison (PL) Program to better serve the Agency by equipping personnel with the knowledge, skill, and ethics to assist in processing high-volume, low-risk divisional purchases. The goal of the program is to provide divisions with increased procurement knowledge, reduce purchase processing times, and promote increased productivity and efficiency within the procurement process. The Purchase Liaison is responsible for the following:

- Monitor Open Market Requisitions submitted through the approval workflow for requisitions that fall within the PL purchasing authority
- Adhere to the Procurement steps, policies and procedures;
- Gather budgetary estimates for open market purchases;
- Select a HUB vendor to obtain estimates when possible;
- Ensure that estimates are accurate and valid;
- Attach all appropriate documentation to Purchase Orders;
- Follow the Procurement training materials;
- Utilize Procurement methods and templates; and
- Promptly provide clarification to P&CS personnel upon request.

Additional information and requirements pertaining to the Purchase Liaison Program can be found on the [P&CS Purchase Liaison Program SharePoint](#) and in the [Purchase Liaison Program Policy](#).

5.3.5.P&CS DIRECTOR/ASSISTANT DIRECTOR RESPONSIBILITIES

Texas Government Code requires the P&CS Director or designee to certify agency compliance of each stage of a procurement process as defined as; contract solicitation development, contract formation and award, and contract management. The P&CS Director or designee is also responsible for:

- Ensuring all procedures for internal and external reviews and approval are followed;
- Approving the best value standard;
- Resolving issues in obtaining approvals for forms, solicitations, and contracts promptly when escalated;
- Fostering partnership with OGC during the pre-solicitation phase to discuss possible contract structure and vision as a tool to develop a competitive document;
- Reviewing solicitation and contract documents thoroughly to ensure accuracy prior to certifying packet and signing the checklist;
- Reviewing recommended changes from OGC the division does not incorporate into the document to ensure the business need for not incorporating is clearly identified;
- If agree with business reason, submits to Assistant Chief
- Distribution Services and IOD Chief for review and final approval; and
- Approving the recommendation for negotiation.

5.3.6. OGC RESPONSIBILITIES

OGC is responsible for reviewing the response of the top Respondent, negotiating any exceptions taken to the Standard Terms and Conditions by the top Respondent as part of the negotiation team, and assist with finalizing the award. OGC is also responsible for:

- Guiding and assisting to help ensure the agency is protected;
- Determining the structure of the final contract and reviewing the PO language drafted by the Procurement Lead; and
- Vetting and recommending for approval all two-party agreements prior to signatures.

NOTE: P&CS and OGC personnel are the only entities authorized to negotiate agreements with parties outside of the agency. Personnel in other divisions may not hold themselves out as having authority to bind the agency. Persons who hold themselves out as authorized to bind the agency are subject to discipline, up to and including, termination.

5.3.7. FINANCE DEPARTMENT RESPONSIBILITIES

The Finance Department's primary responsibility is to ensure the identified funds are available upon contract award. Finance is also responsible for:

- Validating and approving the use of funds identified on requisition; and
- Notifying the requesting Division's Budget Analyst if the identified funds have timeline or funding restrictions; and
- Reviewing and making decisions on requests for additional funding if more money is required to make an award.

5.3.8. CONTRACT OVERSIGHT AND SUPPORT (COS) TEAM RESPONSIBILITIES

The COS team is responsible for overseeing the contract management program for the agency and ensuring monitoring activities are completed per statute and policy. COS supports the division monitors with contractor compliance issues and is also responsible for:

- Facilitating dispute resolution, Corrective Action Plans (CAP), and all forms of remediation activities;
- Verifying final payments have been made, contractual obligations and administrative actions have been completed (for those contracts requiring enhanced monitoring only);
- Issuing Cure Letter Notices and Termination Letters to contractors;

- Submitting all Vendor Performance Reports to the CPA submitted by contract monitor during and at the conclusion of the purchase; and
- Providing support to Contract Monitor in oversight and remediation activities.

6. PROFESSIONAL CERTIFICATION AND TRAINING

6.1. OVERVIEW

In accordance with [Tex. Gov't Code § 656.051 and 656.052](#), agency “public procurement professionals” conducting purchasing, contract development, or contract management activities must receive training and/or be certified and comply with continuing education requirements. There are three types of public procurement professionals:

Procurement Role	Description
Purchasing	The receipt and processing of requisitions, development of specifications, development of scope of work, the issuance of purchase orders against existing cooperative or agency contracts, and the verification of the inspection of merchandise or receipt of services by the agency. The term does not include the development of solicitations and contract awards that must be posted to the <i>Electronic State Business Daily</i> (ESBD) or in the <i>Texas Register</i> .
Contract Development	The term applies to actions taken prior to contract execution, including the receipt and processing of requisitions, assessment of need, development and review of specifications, development and review of scopes of work, identification and selection of procurement methods, identification and preparation of evaluation criteria, preparation and advertising of solicitation documents, tabulation of respondent bids, evaluation of respondent proposals, negotiation of proposals, and the preparation and completion of contract award documents. The term does not include invoice or audit functions.
Contract Management	The term applies to actions taken following contract execution, including the assessment of risk, verification of contractor performance, monitoring compliance with deliverable and reporting requirements, enforcement of contract terms, monitoring and reporting of vendor performance, and ensuring that contract performance and practices are consistent with applicable rules, laws and the State of Texas Procurement and Contract Management Guide.

6.2. CERTIFICATION REQUIREMENTS

A state agency purchaser, who is not already a Certified Texas Contract Developer (CTCD) or a Certified Texas Contract Manager (CTCM), must be certified to engage in contract development or management functions on behalf of a state agency if the employee develops, evaluates, negotiates, or awards a contract posted to the ESBD or in the Texas Register on behalf of DPS. For current training requirements consult the [CPA Purchasing Personnel Website](#), internal policy and your chain of command.

6.2.1. TRAINING AND CERTIFICATION REQUIREMENTS AND AUTHORITY

Authority	Course Title	Experience	Certification	Exam
Purchasing 0 to \$25,000 (Routine purchases)	Basic Texas Purchaser Course	None Required	None	None Required
Routine purchases and contract development	Texas Contract Development Certification Training	None Required	Certified Texas Contract Developer (CTCD)	80% or >
Contract Management for any contract greater than \$5M	Texas Contract Management Certification Training	None Required	Certified Texas Contract Manager (CTCM)	80% or >

Job Duty	Course Title	Course Description
Purchase Liaison	Purchase Liaison Training	This course provides training on ethics and the procurement process for procuring low-risk purchases. Individuals must attend this training once every two years and a refresher course in the off years to be DPS certified as a Purchase Liaison.
Contract Monitor	Contract Oversight/Monit or Training <ul style="list-style-type: none"> Level 1 – Normal Contract and Transactional 	This training consists of 8 modules focusing on specific subjects related to contract monitoring/oversight. Contract Monitors are required to attend the appropriate level of training based on the procurement types they are assigned. Level 1 training consists of attendance in Module 1 Program Overview and Level 2 training consists of attendance of the full day course that contains all 8

	Purchase Orders <ul style="list-style-type: none"> • Level 2 – Contract Requiring Enhanced Monitoring 	modules. Attendance requirements include a Live course every two years and a refresher course of at least one module in the off year to be DPS certified as a Contract Monitor.
Division Evaluator	Evaluator Certification Training	This training prepares evaluators to effectively evaluate vendor responses to solicitations that are fair, impartial, and consistent with Texas procurement and contracting requirements. The certification is mandatory for evaluators. Certification requirements include attending a course every two years and a refresher course in the off year.
Additional Training		P&CS training opportunities, are made available on the P&CS SharePoint P&CS SharePoint Training Page (Right side of page under Training Events).

7. PROCUREMENT LIFECYCLE

Common characteristics exist between all public procurements. Following each of the processes outlined below ensures that the procurement is conducted in a transparent and efficient manner.

The Procurement Cycle, summarized below, identifies the five phases performed for every procurement.

Phase 1 – PROCUREMENT PLANNING

Define the business need and establish the procurement objectives.

Phase 2 – PROCUREMENT METHOD DETERMINATION

Identify the appropriate Procurement Method and, if applicable, issue a solicitation.

Phase 3 – VENDOR SELECTION

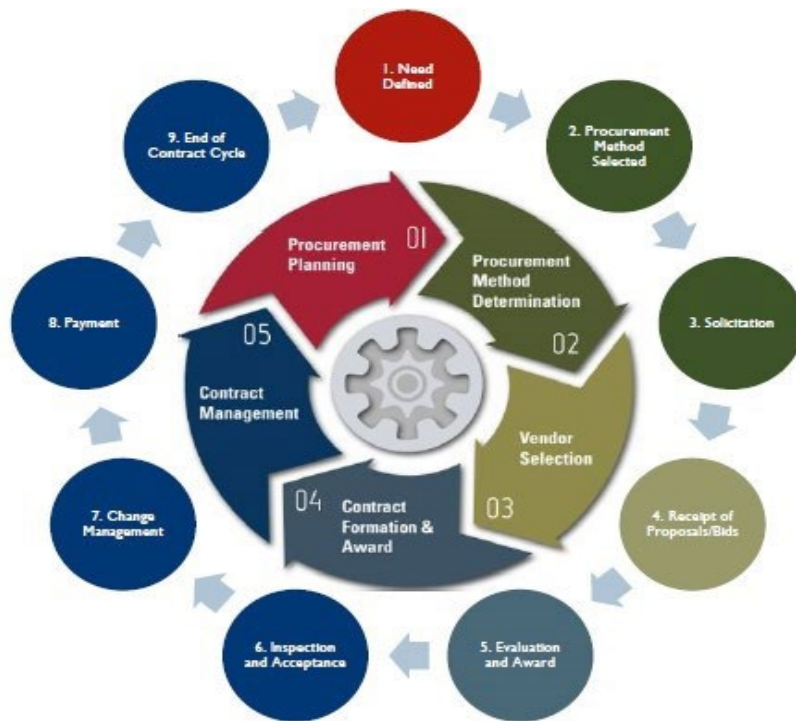
Fairly and objectively select the vendor that provides best value to DPS and the State.

Phase 4 – CONTRACT FORMATION AND AWARD

Ensure that the awarded contract complies with applicable procurement law and contains provisions that achieve the stated procurement objectives.

Phase 5 – CONTRACT MANAGEMENT

Administer and enforce the terms of the contract.



8. PROCUREMENT PLANNING

8.1. OVERVIEW

Effective planning should include consideration of the risk, value, term, scope, complexity and/or strategic nature of the contract.

Planning a contract is a process that begins with understanding the major steps involved. Major activities in the planning phase include documenting the needs assessment, historical spend analysis, benchmarking, cost analysis, alternatives analysis, conducting market research, development of the statement of work/specifications, identifying the funding source and authority, and submission of a requisition. These activities completed by the requesting Division with support from P&CS staff aid in the development of the procurement planning documentation, such as the Procurement Risk Assessment and Acquisition Plan. The table below provides a brief description of the steps in the contract planning process, the major activities involved and the associated forms, its relationship to the requisition, and the staff responsible in each step.

Planning Steps	Major Activities	Associated Forms	Staff Responsible
1	Determine Need to Contract, Identify Source of Funds, and estimated dollar amount	Request to Requisition Policy Memo	Division
2	Complete the Risk Assessment	Risk Assessment – Procurement Phase	P&CS Staff
3	Kickoff Meeting	Kickoff Meeting Agenda Non-Disclosure(s)	P&CS Staff, Division, Stakeholders (IT, Cyber, CJIS), OGC
4	Project Requirements, Develop the Solicitation	Project Requirements, Developing the Solicitation Checklist or Developing the Non-Competitive Checklist, Cost/Price Worksheet	Division and P&CS Staff

8.2. NEEDS ASSESSMENT

The needs assessment is a systemic process for determining and addressing needs, or “gaps” between current conditions and desired conditions, and success of a procurement may depend on how well business needs and requirements are documented to support development of the scope of work/specifications. Common questions used to document the needs assessment are:

- Does the procurement meet the mission of the agency?
- What is the timeframe (beginning and ending dates) during which the goods or services are needed?
- How much or what quantities of the goods or services are needed and how much might those goods or services cost? How much of what is needed is already available under existing contracts?
- How much funding is available to meet the need and what might be an appropriate basis for payment?
- Is this a legislatively mandated purchase for service and/or commodities?
- Does the DPS have the legal authority to acquire and or pay for this service and/or commodities?
- Are there any prerequisite actions to take, approvals to seek, or conditions that too must be met?

By conducting a needs assessment, it helps to determine potential stakeholders, the vendor community, or alternatives that may be available for use.

8.3. MARKET RESEARCH

DPS routinely uses market research to obtain information relating to the size of the potential vendor pool, general pricing, applicable industry standards, market trends or alternatives, and determine if the desired item or service is readily available in the commercial marketplace or already on state contract. Market research may include online research, review of industry periodicals and information obtained from professional organizations, attendance at trade shows, discussions with other customers, and consultations with industry representatives through vendor demonstrations and/or Requests for Information.

8.4. REQUEST FOR INFORMATION/VENDOR DEMONSTRATION

A vendor product demonstration may be used to see a specific product from a single vendor and obtain MSRP pricing. A Request for Information (RFI) is a formal research method used to gather information directly from the industry vendor community (multiple vendors) about a particular product or service, industry standards, best practices, potential performance measures, cost structures or pricing methodologies, and feedback on innovative items. A RFI may include demonstrations from responsive vendors. An RFI or vendor demonstration are not a procurement opportunity, and a contract cannot be developed from a response to an RFI or demonstration.

DPS may choose to use information received from RFI responses to develop specifications for a solicitation. Information should not be provided during the RFI process that would give a vendor an advantage in a later procurement or could be construed as preliminary negotiations. If RFI respondents are requested to deliver vendor demonstrations, the same staff should attend all demonstrations, and the respondents should be offered the same amount of time to conduct their demonstrations. RFI activities should be concluded prior to commencement of drafting solicitation specifications.

8.5. HISTORICAL SPENDING ANALYSIS

Historical spending analysis is a tool used to optimize an agency's buying power. Studying purchasing data may reveal opportunities for cost savings, which may be available by consolidating purchases or diversity, and areas for improvement of administrative efficiencies.

8.6. BENCHMARKING

Benchmarking is used to compare a particular item, service, or process with other entities or an established industry standard. The objective of benchmarking is to obtain a “measure” that can then be used to identify opportunities for improvement. For example, for a product that the DPS is using under an expiring contract, benchmarking for the subsequent procurement would include an analysis of the product capabilities currently available in the market and the associated price per standard unit. This practice helps to ensure that the DPS is not procuring an outmoded replacement product for the same or similar price as a product with far more advanced capabilities.

8.7. TOTAL COST ESTIMATE

Prior to initiating a procurement, the DPS staff person initiating the procurement may need to prepare a total cost estimate, unless an exemption applies. Exemptions for preparing cost estimates include:

- The requirements will be met through an interagency contract;
- The contract is sole source; and
- Statute mandates the contract.

The cost estimate should be for the planned budgetary estimate for the entire contract (total contract value), as well as to complete the Acquisition Plan and Acquisition Schedule, should one be required.

DPS staff may develop a total cost estimate from the following:

- a vendor’s advertised price list;
- online research;
- standardized estimation methods;
- historical spend;
- Budgetary estimate requests;
- Or general pricing obtained from an RFI.

The total cost estimate must be developed in good faith, as it will be used not only in the selection of the appropriate procurement method, but also for compliance with statutory requirements.

NOTE: If obtaining a cost estimate from a vendor, you will need to inform the vendor that you are requesting a budgetary estimate only. The request is not for an actual purchase, and you should not mention that you will buy the goods later. DPS staff should consult with their assigned budget analyst for assistance in determining funding availability. P&CS staff is available to assist in procurement cost estimate development.

8.8. FUNDING SOURCE

An initial determination regarding the funding source is also required. Funding for a procurement is dependent upon available federal and/or state appropriations and items procured, or contracts awarded under applicable federal and state laws and regulations, which govern the use of funds. Sources of funding include General Revenue, General Revenue-Dedicated accounts, Federal Funds, and Other Funds.

Identifying the funding source will assist in ensuring that the procurement complies with any laws, special regulations, restrictions, or limitations applicable to the source of funding. Information regarding funds and accounts may be found in the [Texas Comptroller Manual of Accounts](#).

In addition, if grant funds are to be used, the use of the grant funds must also comply with any applicable grant requirements or special conditions imposed by the underlying grant award that will fund the procurement. DPS staff should consult with their assigned budget analyst for assistance in determining funding source and availability.

8.9. ALLOWABLE USE OF APPROPRIATED FUNDS

Steps must be taken to ensure that the procurement is not prohibited by law, including the General Appropriations Act (GAA).

DPS may not use appropriated funds for the following services and/or commodities unless the procurement falls within a statutorily authorized exemption under [Texas Gov't Code §2113.101-107](#):

- Alcoholic beverages;
- An audit of the financial records or accounts of the agency;
- Postage or a post office box from an entity other than the USPS;
- Membership in or dues for professional organizations, with certain exceptions;
- Live or artificial indoor plants;
- Private facilities for meetings, conferences or exams; and
- Generally informational, promotional, or educational periodicals and publications issued by the agency intended for use by the general public and not essential for achievement of a statutory objective of the agency.

A state agency may not use appropriated funds to purchase meals, food or beverages for employees or volunteers unless it has specific authority

for such purchases. Authority for food purchases with appropriated funds is as follows:

- [Tex. Gov't Code §411.0132](#). USE OF FUNDS TO SUPPORT CERTAIN PERSONS. The department, subject to director approval, may use appropriated funds to purchase food and beverages for:
 - training functions required of peace officers of the department; and
 - Unable to leave or required to remain at the person's assignment area due to the emergency situation, incident, or disaster.
- [Tex. Gov't Code §418.052](#). USE OF FUNDS TO SUPPORT CERTAIN PERSONS. The division may use appropriated funds to purchase food and beverages for a person who is:
 - activated to provide services in response to an emergency situation, an incident, or a disaster;
 - Unable to leave or required to remain at the person's assignment area due to the emergency situation, incident, or disaster; and
- An agency may use appropriated funds to purchase water and ice for outdoor employees working in hazardous heat conditions.

Additionally, there may be restricted expenditures based on the funding sources.

Although state law imposes many of these requirements on a resulting contract, the end user should be aware of them during the planning phase to make a determination as to whether to proceed with the procurement.

DPS P&CS staff should seek guidance from P&CS management, who may consult with OGC, to determine if an exception exists when there is a need to purchase a generally prohibited item.

8.10. ACQUISITION PLAN

P&CS will determine whether an Acquisition Plan is needed and will work with the end user to complete. The objective of the Acquisition Plan is to ensure that the procurement is solicited, negotiated, executed, and managed in a way that delivers best value to the State. Accordingly, the Acquisition Plan is a living document that tracks all activities that take place throughout the Procurement Cycle. The Acquisition Plan identifies the:

- Procurement team (including the Procurement Lead, Contract Monitor, stakeholders, and requesting Division/End User);
- Team roles and responsibilities;
- Schedule of events (Acquisition Schedule);
- Activities necessary to ensure that the contract requirements are satisfied; the goods and services arrive in a timely manner; and
- the financial interests of the agency are protected.

An Acquisition Plan is required for all purchases over \$25,000 except for the following:

- Texas Correctional Industries (TCI);
- WorkQuest;
- Managed Contract;
- SmartBuy (Term) Contract;
- Interagency/Interlocal Agreements;
- TXMAS less than \$50,000;
- Department of Information Resources (DIR):
 - Commodity less than \$1 million;
 - Services less than \$50,000; and
 - ITSAC
- 1122 Program contracts less than \$1 million;
- Informal Bids (Open Market Requisitions OMR under \$25,000);
- Emergency Purchases;
- Disaster Declaration Purchases;
- Internal Repairs;
- Change Orders;
- Amendments; and
- Contract Renewals.

A Centralized Accounting and Payroll/Personnel System (CAPPS) requisition is required to initiate the procurement process. The Needs Assessment and Total Cost Estimate help determine the necessity, nature, scope and cost of the acquisition.

In addition, the DPS procurement file checklist serves as a tool used for documenting compliance with applicable procurement laws, rules, and agency practices. Prior to contract award, the Acquisition Plan should be updated to address significant changes to the overall procurement effort, including changes to any identified assumptions that may impact the procurement scope or constraints to the procurement process. In addition, the DPS procurement file checklist serves as a tool used for

documenting compliance with applicable procurement laws, rules, and agency practices.

After contract award, the Acquisition Plan may be used during the transition from Procurement Lead to Contract Monitor. A well-drafted Acquisition Plan will assist the Contract Monitor in managing the contract throughout its term.

8.11. RISK ASSESSMENT – PROCUREMENT

When planning for a contract, the Contract Administrator (P&CS Staff) working with the assigned Division staff should conduct a preliminary procurement risk assessment using Form [PCS 25P Risk Assessment – Purchasing Phase](#) to:

- Define risks associated with the potential procurement; and
- Determine if the procurement requires additional review and oversight.

When a new procurement is conducted and there is a history of contracting for the same or similar goods or services, the risks that apply to the new procurement may be like those that applied to the procurement for which there is a history.

The Contract Administrator and assigned Division staff evaluate the procurement risk level associated with the contract that will be awarded during the planning phase. The risk level varies by:

- Procurement type;
- Estimated total contract value;
- Source of funds;
- Payment method;
- Contract term;
- Complexity of services and goods to be procured;
- Degree of expected competition;
- Historical performance of contractor;
- All IT related components; and
- Other attributes identified by program, purchasing, or management staff.

High-profile procurements, such as those needed to address new legislative mandates or to achieve new program initiatives, are considered higher risk and may require:

- Additional time;
- Additional staff; or

- More experienced staff to procure, manage, and monitor the contract.

Contract risk is also assessed at time of award, and throughout the life of the contract as needed by the Contract Monitor.

9. PROCUREMENT METHOD DETERMINATION

9.1. OVERVIEW

Depending on the procurement method selected, a solicitation may not be required if the selected procurement method does not require issuance of a solicitation (e.g., Term Contracts), then the Procurement Lead will proceed to the Vendor Selection step of the Procurement Lifecycle. For purchases made using informal bidding, refer to Competitive Bidding (Section 9.5.6 Competitive Bidding (IFB, Informal Bidding) for the applicable solicitation process. In addition, IFBs that are under \$1M, low risk and low complexity should utilize the [ACP LOWRISK template](#). There are certain advantages and disadvantages to every procurement method, and it is necessary to consider them in the context of what is being procured. An IFB, for example, would not usually be an appropriate procurement method for procuring technical services, as the primary characteristics of an IFB are the lowest price and meeting specifications with no opportunity for negotiation. Likewise, a Request for Qualifications (RFQ) would not be a suitable procurement method for procuring goods, as the essential feature of an RFQ is that price is not a factor until after vendor selection. When drafting the solicitation, the Procurement Lead must be careful to ensure that the solicitation aligns with the applicable procurement method. RFI- See Section 8.4.

9.2. PROCUREMENT METHODS

When identifying the appropriate procurement method, including relevant exclusions and exemptions, DPS purchasing staff need to know the following for each purchase:

- What commodities or services are required;
- Cost estimate; and
- Purchasing entity

9.3. PROCUREMENT METHOD IDENTIFICATION PROCESS

The table below outlines the process for selecting the appropriate Procurement Method. DPS purchasing staff will follow the applicable statutes, rules and procedures found in the Guide.

STEPS	Can you purchase the commodity or service under the following STEP?	Follow the acquisition procedures for the following below, as applicable:
1	Disaster by the Governor [Sec. 9.16]	Texas Disaster Act of 1975
2	DPS Surplus Property	DPS Surplus Property Program
3	State or Federal Surplus Property [Sec. 9.15]	State and Federal Surplus Property Programs
4	DPS General Stores	DPS General Stores Catalog
5	Professional Services, Consulting Services, or Legal Services [Sec. 9.10, 9.11, 9.12]	Professional Services, Consulting Services, or Legal Services
6	Texas Correctional Industries (TCI) Program [Sec. 9.4.2]	TCI Purchases
7	State Use Program (WorkQuest) [Sec.9.4.3]	State Use Program
8	Information Technology via Texas Department of Information Resources (NIGP Class/Item “*”) [Sec. 9.7]	Information Technology Purchases
9	State Agency or Local Government [Sec. 9.13, 9.14]	Interagency Cooperation Contracts (IAC) or Interlocal Cooperation Contracts
10	Statewide Procurement Division (SPD) Term Contracts [Sec. 9.4.4 and 9.4.5]	Term Contracts
11	Printing Services or Equipment, or Mail and Messenger Services [Sec. 9.4.10, 9.4.11]	Reprographics and Mail and Messenger Services
12	Used equipment or Supplies [Sec. 9.4.12]	Used Equipment
13	SPD Delegated Purchases [Sec. 9.5]	SPD Delegated Purchases, SPD TXMAS Contracts (optional), Contract Established by Another State Agency, Federal Government Purchases, Interstate Compacts & Cooperative Agreements
14	Open Market [Sec. 9.9]	Is the purchase for goods valued at over \$50,000 or services valued at over \$100,000? If yes, follow the acquisition procedures for SPD Administered Agency-Specific Procurements. If no, consult SPD or the DPS P&CS Director for the appropriate procurement method.

9.4. PROCUREMENT METHOD – SPD NON-DELEGATED PURCHASES

9.4.1.OVERVIEW

For procurements and procurement methods within SPD's purview, DPS is required to comply with SPD's rules and procedures. SPD Non-Delegated Purchases include the following:

- Prison Made Goods governed by Chapter 497 of the Texas Government Code,
- The State Use Program authorized by Chapter 122 of the Texas Human Resources Code.

These set aside programs do not require competitive procurement. State agency purchasers should order contract items where available from the following sources in the order listed.

9.4.2.TEXAS CORRECTIONAL INDUSTRIES (TCI) PURCHASES

The Prison Made Goods Act requires that DPS purchase goods made by and services offered by TCI. Competitive bidding requirements do not apply. TCI offers most goods through Texas SmartBuy. Goods not available through Texas SmartBuy may be found in the TCI Catalog published on the TCI website. Only in certain circumstances may DPS decline to procure a good or service from TCI. Purchases of items that are in the TCI catalog, but not on Texas SmartBuy, are subject to SPD delegation of purchasing authority.

9.4.2.1. PRINTING

The Procurement Lead ensures procurements for printing comply with the printing services and in-house copy centers procedures. The [DPS Reprographics Department](#) performs procurement in-house. For other competitively procured printing purchases, including those solicited using CPA's state print shop request form, TCI must have the final opportunity to meet or beat the lowest price. Bids for printing must include a bid or no bid response (in lieu of the waiver) from TCI.

9.4.2.2. TCI WAIVER PROCESS

TCI must grant a waiver if an agency desires to procure a product or service offered in the TCI catalog from a source other than TCI. The TCI waiver request form can be found in the [CPAs procurement forms library](#). The waiver request can be based on substantial

differences in specifications, which include the inability for TCI to provide deliverables on the requested delivery date, price differences, or precise specifications required by DPS that cannot be met by TCI. DPS may not evade the intent of the Prison Made Goods Act by requesting a product that varies slightly from standards for products established under [Tex. Gov't Code 497.027](#), if TCI produces a similar product that complies with established standards and is reasonably suited to the actual need of DPS. If TCI denies an agency's waiver request, the agency may send an appeal letter to SPD by emailing spd.policy@cpa.texas.gov.

To expedite processing, the agency must provide a copy of the TCI waiver denial letter with the waiver identification number, along with all relevant supporting documentation. This includes correspondence requesting a price match or better offer from TCI and alternate vendor quotes. SPD will provide a written notice of the approval or denial of the agency's appeal.

9.4.3.STATE USE PROGRAM (WORKQUEST)

Texas Workforce Commission (TWC) oversees the Purchasing from People with Disabilities Program, commonly referred to as the State Use Program. State agencies, including DPS, must purchase products and services offered through WorkQuest that meet the applicable specifications and that are available within the time specified.

Competitive bidding is not required for purchases from WorkQuest. WorkQuest purchases must be made through Texas SmartBuy except in emergency situations. Only in certain circumstances may a state agency decline to purchase products and services through the State Use Program.

Any time the quality of a WorkQuest product or service is deemed unacceptable or failed to meet agency specifications, this information should be reported to WorkQuest, and a vendor performance report must be filed with SPD.

DPS is not required to purchase commodities and services using the State Use Program under the following circumstances:

- A WorkQuest-provided or -produced product or service does not meet the reasonable requirements of the agency; or

- The requisitions made cannot be reasonably complied with using products or services produced by persons with disabilities.

For commodities and services offered through the State Use Program, agencies are not required to use WorkQuest provided commodities or services if they do not meet the DPS's specifications as to quantity, quality, delivery time, or life cycle costs.

Price is not a factor used in the comparison of other sources to WorkQuest-provided products or services. If a WorkQuest-offered product or service is obtained from another source, the agency must document which of the four authorized exceptions to the State Use Program is being utilized for the purchase. Exceptions include: Quality, Quantity, Delivery Time, or Life Cycle Costs.



9.4.4.TERM CONTRACTS

DPS is encouraged to use term contracts, Texas SmartBuy and cooperative contracts whenever possible. SPD establishes term contracts for the purchase or lease of goods and services used in large quantities by several agencies.

9.4.5.MANAGED TERM CONTRACTS

Managed term contracts are a type of term contract that requires manual processing and typically have different pricing structures or require a quote. These purchases cannot be made through Texas SmartBuy; DPS issues a PO directly to the awarded vendor.

9.4.6.TRAVEL SERVICES CONTRACTS

The [State Travel Management Program \(STMP\)](#) at the Comptroller's office ensures that state agencies use taxpayer dollars more efficiently by providing discounted travel services through vendor airline, car rental, hotel and travel agency contracts. DPS employees are required to visit the [DPS Travel Program](#) for additional requirements.

9.4.7.EMERGENCY CONTINGENCY CONTRACTS

Texas contracts used for contingency purposes as an emergency resource, under the provisions of [Tex. Gov'n't Code 418.043\(2\)](#) to support the Texas Division of Emergency Management (TDEM) Hurricane Preparedness Program or any other situation that requires mass emergency evacuation of Texas citizens.

9.4.8.SPD-ADMINISTERED AGENCY-SPECIFIC PROCUREMENTS

For procurements not delegated to the agencies under the SPD Review and Delegation Process. SPD will establish and administer an agency-specific procurement. DPS initiates the process by submitting delegation request to SPD either as an Open Market Requisition (OMR) or via the Procurement Oversight & Delegation portal.

9.4.9.PROPRIETARY PURCHASES

Proprietary purchases preclude competition because an attribute of the purchase limits consideration to only one product or supplier. Proprietary purchases, regardless of whether they are sole source or competitive, are subject to ESBD posting requirements as well as requirements applicable to SPD delegation, CAT reviews, and QAT reviews. Whenever applicable, DPS publishes proprietary purchase notices on Texas SmartBuy for a minimum of 14 days.

For proprietary purchase solicitations, the Procurement Lead ensures the required specific statements are included in the solicitation. The DPS Procurement Lead must document the file with a Proprietary Purchase Justification, which must be signed by the P&CS Director or designee.

9.4.10. MAIL AND MESSENGER SERVICES CONTRACTS

- For mail equipment or private entity service contracts \$10,000 and under, an agency must submit a written justification to SPD stating why the equipment or service is needed and what benefits are expected to be received.
- For mail equipment or private service contracts over \$10,000, an agency must submit a detailed life cycle cost benefit analysis to SPD that includes all expected costs and benefits over the life of the equipment or service. The analysis must be in a format prescribed by SPD.
- For any action that will significantly affect its first-class mail practices, an agency must provide a written statement of the need for the action and anticipated benefits.

Mail Operations

9.4.11. PRINTING SERVICES AND IN-HOUSE COPY CENTERS

DPS must utilize the DPS print shop or SPD-approved State Print Shops. The State Print Shops provide design, digital, and traditional offset printing, binding, fulfillment, mailing, and other print-related services to agencies. For more information, visit the agency's website at [Reprographics](#).

9.4.12. USED EQUIPMENT OR SUPPLIES

9.4.12.1. Purchase of Used Equipment

Generally, the SPD Guide recommends that a state agency procure new equipment. However, in certain circumstances, agencies may purchase, or trade used equipment.

9.4.12.2. Trade-In of Used Equipment Through Solicitation

If an agency determines that a trade-in will provide the greater cost savings, the procurement file must contain an estimated approximate value for that determination and the solicitation must include the following:

- Requirements and Clauses
 - The acceptance of the trade-in amount is at the State's option;
 - Release of trade-in equipment will not be allowed until final delivery and acceptance of the new equipment;
 - Deadline for pickup of the equipment by awarded respondent "where is, as is."
- Equipment Description:
 - Age of equipment;
 - Condition of equipment;
 - Make (Manufacturer/Brand);
 - Model Number; and
 - Serial Number (if applicable).

9.4.13. CONTRACT ESTABLISHED BY ANOTHER STATE AGENCY

When a contract created by another state agency fulfills an unmet need, the SPD director may either (1) Endorse the contract of the other agency as an SPD contract and make it generally available for agency use or (2) Authorize the use of the contract of the other agency on a case-by-case basis.

9.4.14. FEDERAL GOVERNMENT PURCHASES AND INTERSTATE COMPACTS & COOPERATIVE AGREEMENTS

SPD or the governing body of an institution of higher education may negotiate purchases of goods of any kind needed by a state agency or the institution of higher education with the appropriate agency of the federal government as long as the price of goods that are purchased from the federal government does not exceed the fair market value of the goods.

9.4.15. 1122 PROGRAM

The 1122 Program is owned and managed by the Department of Defense and provides access to federal sources of supply, allowing state and local government to save money on purchases using large volume federal government contracts. The agency can identify Items as [1122 Program](#) candidates when they use them in support of one or more of the following activities:

- Counter – Drug;
- Homeland Security;
- Emergency Response (Emergency Management/First Respondents).

The agency must submit a written justification, in the form of a Letter of Intent, with the requisition in CAPPS for 1122 purchase requests. The Letter of Intent must be addressed from the requesting Division's Chief or an authorized designee.

The purchase order file should contain the following:

- Governor's letter;
- Letter of Intent;
- DOC 9 and statement.

Section 1122 of the fiscal year 1994 National Defense Authorization Act established the authority for State and local governments to purchase law enforcement equipment through Federal procurement channels, provided the state or local government uses the equipment to perform counter-drug activities.

9.5. ACQUISITION METHOD – SPD DELEGATED PURCHASES

9.5.1.OVERVIEW

The SPD has the authority to regulate state agency purchasing. SPD has retained authority over some purchases but has delegated purchasing authority for other purchases.

SPD may delegate authority to purchase:

- Commodities that cost more than \$50,000 and are not on state contract; and
- Services valued at more than \$100,000 and are not on state contract.

9.5.2.DETERMINING CONTRACT VALUE

For SPD reporting, review, and delegation requirements, contract value is defined as “the total value of the contract, value of the contract, amendments, and all potential extensions or renewals (i.e. the total amount both currently and potentially obligated).”

EXAMPLE: A contract with a one-year initial term and three optional one-year renewal periods, costing \$4 million annually, would have a contract value of \$16 million and would be subject to CAT review.

9.5.3.SUMMARY OF MINIMUM REQUIREMENTS FOR DELEGATED PURCHASES

MINIMUM REQUIREMENTS FOR SPD DELEGATED PURCHASES

Contract Value	Purchases of Goods	Purchases of Services	Direct Publication Purchases	Professional Memberships Purchases	Perishable Goods Purchases	Distributor Purchases	Fuel, Oil and Grease Purchases	Internal Repair	Emergency Purchases
\$0.00 to \$10,000.00	Competitive Process Not Required PCC E	Competitive Process Not Required PCC E	Competitive Process Not Required PCC K	Competitive Process Not Required PCC K	Competitive Process Not Required PCC L	Competitive Process Not Required PCC M	Competitive Process Not Required PCC P	Competitive Process Not Required PCC E	Competitive Process Not Required PCC E
\$10,000.01 to \$25,000.00	Informal Competitive Solicitation PCC F	Informal Competitive Solicitation PCC Q	Competitive Process Not Required PCC K	Competitive Process Not Required PCC K	Informal Competitive Solicitation PCC L	Informal Competitive Solicitation PCC M	Informal Competitive Solicitation PCC P	Informal Competitive Solicitation PCC Q	Informal Competitive Solicitation PCC Q
\$25,000.01 to \$50,000.00	Formal Competitive Solicitation PCC S	Formal Competitive Solicitation PCC S	Formal Competitive Solicitation PCC K	Formal Competitive Solicitation PCC K	Formal Competitive Solicitation PCC L	Formal Competitive Solicitation PCC M	Formal Competitive Solicitation PCC P	Formal Competitive Solicitation PCC S	Formal Competitive Solicitation PCC T
\$50,000.01 to \$100,000.00	Non-delegated PCC S	Formal Competitive Solicitation PCC S	Formal Competitive Solicitation PCC K	Formal Competitive Solicitation PCC K	Formal Competitive Solicitation PCC L	Formal Competitive Solicitation PCC M	Formal Competitive Solicitation PCC P	Formal Competitive Solicitation PCC S	Formal Competitive Solicitation PCC T
Over \$100,000.00	Non-delegated PCC S	Non-delegated PCC S	Formal Competitive Solicitation PCC K	Formal Competitive Solicitation PCC K	Formal Competitive Solicitation PCC L	Formal Competitive Solicitation PCC M	Formal Competitive Solicitation PCC P	Formal Competitive Solicitation PCC S	Formal Competitive Solicitation When Possible PCC T

9.5.4.SPD DELEGATION BY RULE

9.5.4.1. Overview

By rule, SPD delegates its purchasing authority to agencies for the following types of procurements:

- One-time purchases of goods that do not exceed \$50,000; Purchases of services that do not exceed \$100,000. For the purposes of determining contract value for delegation of purchasing authority, an agency's cost estimate must be developed in good faith using a method that is reasonable under the circumstances.
- Direct Publication Declaration The following statement should be placed on POs for the Direct Publication purchases: "Direct Publication - Not available from any other source".
- Direct Publication Purchases ≤ \$25,000 No competitive bidding is required if the total value of the direct publication contract is \$25,000 or less.
- Professional Memberships. An agency may purchase professional memberships directly from a professional organization when such memberships are not available through competitive bidding, the purchase has been approved by the administrative head of the agency, the membership will serve a public purpose, and the agency will receive adequate consideration in exchange for the purchase of the membership.
- Purchases of perishable goods.
- Distributor purchases.
- Fuel, oil, and grease purchases.
- Internal repair purchases.
- Absent circumstances that would dictate otherwise, informal competitive bidding is required for internal repairs with contract value between \$10,000 and \$25,000.
- Circumstances to consider that would warrant a non-competitive process include an emergency or a situation where, by the time a necessary repair is diagnosed, it would be the best value for the same vendor to perform the repair that diagnosed the issue.
- Emergency purchases.

For procedures applicable to proprietary purchases, refer to Proprietary Purchases in this document.

9.5.4.2. Emergency Purchases

SPD has delegated to all agencies the authority to make emergency procurements. Notwithstanding this delegation, emergency procurements are subject to SPD's rules and procedures. Upon request, SPD will assist in advising agencies on the proper procedures for emergency purchases, but SPD will not certify the existence of an emergency.

The decision to declare an emergency purchase is the sole responsibility of the agency. If an emergency exists, a written determination of the basis for the emergency and for the selection of a particular vendor shall be included in the procurement file. For an emergency purchase of goods or services exceeding \$25,000, the agency must retain a full written explanation of the emergency along with other documentation required by SPD in the contract file.

Notwithstanding the immediate nature of an emergency, all procurements conducted as emergencies should be made as competitive as possible under the circumstances. The agency should make a reasonable attempt to obtain at least three informal bids. Emergency procurements over \$25,000 must be posted to the ESBD; however, the minimum time for posting of the solicitation does not apply to the extent necessary to address the emergency. In addition, emergency procurements are subject to CAT and QAT reviews; expedited reviews are available upon request to these oversight teams. Emergency purchases of goods or services should not exceed the scope or duration of the emergency.

9.5.4.3. Exempt Purchases

State agencies also have delegated authority to make exempt purchases. These are purchases of certain commodities and services that are exempt by specific statute from CPA purchasing authority, exempt from competitive bidding, or may be required by statute to be purchased through another specific purchasing method. If not exempt by the General Appropriations Act, Texas Government Code Chapter 2151, or other statute, the purchase must be competitively bid, or the purchase should satisfy the requirements of a proprietary purchase justification that is retained within the procurement file. Exempt purchases are subject to the CPA's post-payment audit process to verify whether the purchases are exempt and that the DPS used the correct document types and CPA Object Codes.

Direct questions regarding exempt purchases to the P&CS Director, who may consult with OGC.

9.5.5.SPD REVIEW AND DELEGATION PROCESS

DPS seeking a delegation of SPD's purchase authority for a procurement that is not addressed by SPD rule must submit a procurement specific delegation request to SPD as either an OMR for goods via email or through the Procurement Oversight & Delegation portal for services, as applicable.



9.5.6.COMPETITIVE BIDDING (IFB's, INFORMAL BIDDING)

Competitive bidding may be accomplished either by a formal solicitation or informal bidding.

- **Invitation for Bids (IFB).** An Invitation for Bid (IFB) is a formal written competitive sealed bid method used to obtain written bids. An IFB must be used for procurements exceeding \$25,000 and may be used for procurements of \$25,000 or less. If the total value of a solicitation is greater than \$25,000,180 an IFB must be posted on the ESBD and all eligible vendors within the NIGP Class and/or Class/Items designated for the procurement that are active on the CMBL must be solicited for formal bids
- **Informal Bidding (Purchases \$25,000 or Less).** If the total value of a contract is over \$10,000181 but not more than \$25,000, a Procurement Lead must provide bid opportunities to vendors active on the CMBL within the NIGP Class and/ or Class/Item designated for the solicitation. The Procurement Lead must solicit bids from a minimum of three active vendors on the CMBL, two of which must be current Texas-certified HUBs

If there is only one qualified bidder, then the Procurement Lead may negotiate with the sole bidder, including price, provided the negotiation does not result in a material change to the advertised specifications.

The [ACP LOWRISK template](#) should be utilized for acquisitions that are under \$1M, low risk, low complexity, and will be solicited using the Invitation for Bids (IFB) procurement method.

9.5.7.COMPETITIVE SEALED PROCUREMENTS – SOLICITATIONS

Competitive sealed proposals, soliciting a response from vendors can include: Invitation for Bids (IFB), Request for Proposals (RFP)(generally non-IT purchases), Request for Offers (RFO) (AIS/IT purchases), or Request for Qualifications (RFQ)(professional services).

In an RFP or RFO, factors other than price need to be considered, negotiations are desired, requirements cannot be described by detailed specifications included in a PO, or the respondent is expected to provide innovative ideas.

The RFx solicitation types must be used when an IFB is not practicable or advantageous. One of the key differences between an IFB and an RFP is that negotiations are allowed in an RFP and are not allowed in an IFB. Refer to the [State of Texas CMG](#) for more detailed information regarding determining which solicitation type is appropriate for an acquisition.

9.5.8.BEST VALUE

Texas law mandates that contract awards may only be made to responsive vendors providing best value to the State. The best value standard may vary depending on the procurement method. DPS procurement staff ensures that the appropriate best value standard is used as the basis for the contract award. DPS is required to purchase commodities and services that provide the best value for the State. For a purchase made through competitive bidding, DPS must specify in the solicitation the factors other than price that will be considered in determining which offers the best value for the State, the purchase price and whether the commodities or services meet specifications are the most important considerations. The Procurement Lead and team must work to appropriately state and select the evaluation criteria in the solicitation evaluation section. Listed below are some statutory best value factors that DPS may consider when selecting:

- Installation costs;
- Life cycle costs;
- The quality and reliability of the goods and services;

- The delivery terms;
- Indicators of probable vendor performance under the contract such as past vendor 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;
- The cost of any employee training associated with a purchase; the effect of a purchase on agency productivity;
- The vendor's anticipated economic impact to the state or a subdivision of the
- State, including potential tax revenue and employment; and
- Other factors relevant to determining the best value for the State in the context of a particular purchase.

Tex. Gov't Codes [2155.074](#), [2156.007](#), [2157.125](#) define Best Value determination factors, and Tex Gov't Code [2157.003](#) defines Best Value for Automated Information Systems (AIS).

9.6. ACQUISITION METHOD – TEXAS MULTIPLE AWARD SCHEDULE (TXMAS) CONTRACTS (OPTIONAL)

The SPD developed Texas Multiple Award Schedule (TXMAS) contracts awarded by the federal government or other governmental entities. DPS may utilize these contracts without obtaining delegated authority to make purchases that exceed \$50,000 for goods and exceed \$100,000 for services. For purchases that exceed \$25,000, DPS is required to post the award notice on the ESBD.

Under certain circumstances, DPS may negotiate a lower price for the goods or services offered on a TXMAS contract. A "best value" purchase is made by following the TXMAS purchasing procedures. DPS follows the SPD's procedure whether the purchase is entered through the Texas SmartBuy online ordering system, offline or includes incidental, off schedule items.

The CPA is authorized to collect rebates from purchases made under these contracts. When a rebate is obtained the CPA will notify DPS of the percentage used to calculate the rebate. At that time if federal funds were used in whole or in part to acquire the goods or services, DPS is required to notify the appropriate federal funding agency of the rebated

amount. For more information regarding TXMAS reference the [State of Texas Contract Management Guide](#).

9.7. ACQUISITION METHOD – INFORMATION TECHNOLOGY PROCUREMENTS

DPS is required to use contracts established by DIR to obtain Automated Information Systems (AIS) unless the procurement is subject to an exclusion or exemption. AIS type products and services are associated with computers (automation) or telecommunications systems. AIS is typically referred to as Information Technology (IT) and the terms are interchangeable.

DIR Contracts

Under DIR's statewide procurement authority, DIR establishes and manages contracts under the following program areas for use by eligible customers: 202 (1) Cooperative Contracts program; (2) Shared Technology Services (STS) (e.g., Private Cloud, Public Cloud, Print/Mail/Digitization); Subject to TAC 215.43, customers in the data center must procure software, Software as a Service (SaaS), and Platform as a Service (PaaS) through the program. DIR has established the STS commodities process to accomplish this. (3) Telecommunications. DIR may consider strategic sourcing and other methodologies to select the vendor offering the best value on IT commodity items.

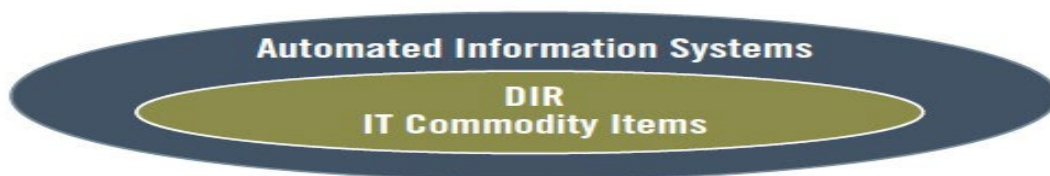
DIR Information and Communications Technology Cooperative Contracts

DIR has statewide procurement authority like SPD. However, DIR's authority relates to information technology. Much like SPD, DIR establishes and manages master contracts. DIR has established the following types of master contracts:

- Cooperative Contracts for Information Technology (IT) commodity items;
- Texas Multiple Award Schedule contracts for IT commodity items;
- Texas.gov contract;
- Data Center Services contracts; and
- Telecommunication Services contracts.

NOTE: The five master contracts established by DIR are briefly summarized below. The DPS Purchaser may contact DIR for guidance on applicable procedures and best practices to use in buying IT commodity items under DIR contracts.

IT commodity items are a subset of AIS. IT commodity items refer to commercial software, hardware, or technology services, other than telecommunications services, that are generally available to businesses or the public and for which DIR determines that a reasonable demand exists from an eligible DIR Customer. The term includes seat management, through which a customer transfers its personal computer equipment and service responsibilities to a private vendor to manage the personal computing needs for each desktop of the customer, including all necessary hardware, software, and support services. The correlation between AIS and DIR IT commodity items is illustrated below:



DPS must use its best judgment to determine the monetary value of the anticipated contract. Statute provides further guidance on this determination. The dollar value of a contract is determined by the total value of the contract over its term as well as any modifications, renewals, or extensions of the contract. It does not include the following for purposes of determining the monetary threshold applicable to an IT commodity item procurement under a DIR contract:

- documents executed for purposes of encumbering funds but not constituting a binding transaction; or
- any related document without an accompanying purchase order, including but not limited to statements of work, license agreements, maintenance agreements, or service agreements.

Cloud Computing Services. Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.

The Texas Risk and Authorization Management Program (TX-RAMP) is a standardized approach to the assessment and evaluation of cloud computing services. Beginning January 1, 2022, state agencies may only enter or renew contracts to receive cloud computing services

that comply with TX-RAMP certification requirements. For more information, refer to the Texas Risk and Authorization Management Program (TX-RAMP) page on the DIR website.

9.7.1.DIR COOPERATIVE CONTRACTS PROGRAM

9.7.1.1. Overview

DPS is required to shop DIR contracts first for Automated Information Systems (AIS) commodities and services. DIR offers the following categories of contracts through DIR's [Cooperative Contracts Program](#):

- [Hardware Products & Related Services](#);
- [Software Products & Related Services](#);
- [Technology Services](#);
- [Branded Contracts](#);
- [IT Staffing Services \(ITSAC\)](#); and
- [Deliverables-Based IT Services \(DBITS\)](#)

DIR establishes and maintains a catalog of active contracts on the DIR website that contain IT commodity items available for purchase by DPS. DPS may negotiate even deeper discounts based on individual purchase volumes by issuing pricing requests to multiple DIR vendors to drive price competition for the final purchase award.

State Agencies are required through [Gov't Code 2157.068](#) to meet bid threshold requirements for IT commodity purchases for hardware, software, and technology services. Threshold requirements do not apply to contracts procured through [Shared Technology Services](#) or [Communications Technology Services](#), such as TEX-AN Services and Managed Services for Telecommunications.

Monetary thresholds and competitive requirements for purchasing an IT commodity item under a DIR contract are as follows:

\$ Thresholds	Competitive Requirements
Up to \$50,000	DPS may directly award a contract to DIR vendor included in the category to which the contract relates without submitting a price request to other vendors in the same category.
Over \$50,000 but not	DPS must submit a request for pricing to at least three (3) vendors or resellers in the category included in the category to which the contract relates.

exceeding \$1 Million	
Over \$1 Million but not exceeding \$5 Million	DPS must submit a request for pricing to at least six (6) vendors or resellers in the category to which the contract relates or all vendors or resellers in the category if the category has fewer than six (6) vendors or resellers.
Over \$5 Million but not exceeding \$10 Million	<p>DPS must, if utilizing a DIR Cooperative Contract, submit a request for pricing to at least six (6) vendors or resellers included in the category to which the contract relates or all vendors or resellers in the category if the category has fewer than six (6) vendors or resellers. Statements of Work for DIR cooperative contracts do not require CAT review regardless of estimated dollar value.</p> <p>Purchase may be conducted using the RFO purchasing method designated by the comptroller under Gov'n't Code 2157.006(a)(2).</p>
Over \$10 Million.	<p>DPS may not enter into a contract to purchase a commodity item through the DIR Cooperative Contracts Program if the value of the contract exceeds \$10 million unless it is a DIR coordinated bulk purchase.</p> <p>DPS must make purchases over \$10 million through the Open Market process.</p>

NOTE: DIR periodically schedules [“bulk” purchase events](#) to support IT replacement. The coordinated bulk purchase effort focuses on software, seat management services, and computers, laptops, and tablets. DIR facilitates the process, which is not subject to the \$10 million cap, by serving as the sole point of contact between the agencies and the vendors. DIR works with the agencies to develop standard configurations and conducts the negotiations. Agencies participating in the event obtain competitive pricing beyond the discounts already available to DIR customers through the cooperative contracts.

9.7.1.2. DIR Review and Signature Approval of Certain DIR SOWS

Some DIR contracts for IT commodity items require a state agency to develop and execute a Statement of Work (SOW) to initiate services under the contract. Before submitting an SOW to the vendor, the agency is required to submit it to DIR for approval. DIR reviews these SOWs for compliance with master contracts and to ensure they contain clearly established deliverables. Agencies are responsible for complying with statute and rule DIR’s rules identify more information on the DIR SOW process and requirements. For

purchases that will exceed \$50,000, DPS is required to prepare and submit to DIR certain DIR Statement of Work's (SOW). A contract for an IT commodity item is not valid and money may not be paid to the contractor under the terms of the DIR SOW unless DIR first signs the DIR SOW.

9.7.1.3. Exemptions and Exclusions

An exemption or waiver from the requirement to use a DIR contract to purchase an IT commodity item is available in very limited circumstances through [DIR Exemption](#), LBB Approval; or DIR certification of unavailability. P&CS submits the exemption or waiver request on behalf of DPS. If DPS is requesting an exemption using a proprietary purchase justification, DIR requires the signed proprietary letter as proof of the justification.

9.7.2.DIR TEXAS MULTIPLE AWARD SCHEDULE – (TXMAS) CONTRACTS

DPS may utilize [TXMAS contracts](#) developed by DIR for the purchase of IT commodity items. For orders that exceed \$25,000, DPS posts the award notice on the ESBD. The monetary thresholds associated with the DIR Cooperative Contracts Program apply to procurements under DIR TXMAS contracts.

9.7.3.TEXAS.GOV SERVICES

[Texas.gov](#) is the official e-government web portal for the State of Texas and allows citizens to access government services online. [Texas.gov Services](#) include payment processing, custom application development, operational and infrastructure support, customer service, marketing, and analytic reporting. DPS is eligible to participate.

9.7.4.DIR DATA CENTER SERVICES

DIR provides consolidated data services to public entities, including DPS. The monetary threshold requirements and SOW review and signature process associated with the DIR Cooperative Contracts Program apply to all procurements made as a pass-through expense in the [Data Center Services Program](#); however, these requirements do not apply to contracts procured through the Data Center Services Program that are signed by the contracted vendors. These are not subject to DIR's thresholds for competition.

9.7.5. TELECOMMUNICATION SERVICES

DPS is required to use the Capitol Complex Telephone System (CCTS) for landline services. DPS is also required to use the Texas Agency Network (TEX-AN) for telephone, internet, data, and video services. If DIR offers a [telecommunications service](#), DPS must purchase the service through DIR or must request and be granted a waiver before procuring the service through another source. These are not subject to DIR's thresholds for competition.

<u>Capitol Complex Telephone System (CCTS)</u>	<u>TEX-AN</u>	<u>OTHER TELECOM SERVICES</u>
Telephone service within the capitol complex is provided by DIR's Capitol Complex Telephone System	Telephone service (other than CCTS), data circuits, Internet and video services are available to Texas cities, state and local government agencies, local school districts, and institutions of higher education statewide through TEX-AN.	Other contract services negotiated by DIR Telecom are available to all government agencies: Wireless Conferencing Managed Services

9.8. ACQUISITION METHOD – LEASE OF SPACE

The lease of space by state agencies is delegated to the Texas Facilities Commission (TFC). TFC maintains properties throughout the state for long-term and short-term use. DPS must use state-owned or state-occupied facilities for meetings, conferences, and administration of group examinations, and may not use appropriated money to lease private facilities for these purposes unless state facilities are not:

- Available when needed.
- Adequate to accommodate the meeting, conference or examination.
- An economically favorable alternative to other facilities.

The DPS Facilities Department, within the Infrastructure Operations Division, coordinates with TFC to make the determination if state-owned space is available or if space will need to be secured. When no space is available, TFC will determine if it is in the best interest of the state for TFC to procure the space or to delegate the procurement back to DPS.

9.9. ACQUISITION METHOD – OPEN MARKET REQUISITION / SOLICITATION

It is sometimes necessary for DPS to purchase goods and services by directly issuing solicitations to the vendor community. These include Invitations for Bids (IFB), Requests for Proposals (RFP), Requests for Offers (RFO), Requests for Qualifications (RFQ).

IFB: The IFB is most appropriate for when the good or service is uniform or standardized. Specifications are issued in the solicitation and the best value vendor is determined by evaluating a Bid Tabulation. Negotiations are not permitted for IFB's.

RFP: The RFP is the most appropriate method for a good or service that is not already available on a term or other contract, for a need that is not appropriate for an IFB because negotiations and a more complex solution are needed, and for goods and services that are not AIS/IT. The evaluation tool used for an RFP is a scoring matrix, which is used to determine which vendor offers DPS the competitive field of vendors and to ultimately determine which proposal offers the best value for DPS.

RFQ: The RFQ is generally used for professional services wherein the respondents are evaluated based solely on their qualifications and skills. This solicitation method is more like an application process, where it is very clear what is expected from the vendor. The agency negotiates price after the agency selects its preferred respondent based on how well the respondents met the published qualifications. The evaluation tool used for an RFQ is a scoring matrix used to determine the most qualified vendor, once the most highly qualified vendor is determined, negotiations begin for all the elements of the contract, including price.

RFO: The RFO procurement method is intended as the designated, primary purchasing method for procuring AIS other than under DIR's IT commodity program. However, agencies may choose to use the RFO procurement method or any other procurement method authorized by Title 10, Subtitle D of the Texas Government Code that will obtain the best value. When using these other methods to procure such AIS, the procuring entity must follow the guidelines published by SPD. The evaluation tool used for an RFO is a scoring matrix to help DPS find a field of competitive vendors and find the vendor determined to be the best value to DPS.

- The RFO method is available for use by agencies to procure AIS items in the following circumstances;
- The agency has obtained an exemption from DIR;
- The agency has obtained express prior approval from LBB for the expenditure necessary for the purchase;
- DIR has certified in writing that the IT commodity item is not available for purchase under an existing DIR contract; or
- The agency is otherwise exempt from the requirements of [Texas Gov't Code Section 2157.068](#).

9.10. ACQUISITION METHOD – PROFESSIONAL SERVICES

DPS may procure professional services under [Gov't Code Chapter 2254](#), Professional and Consulting Services, Subchapter A, Professional services are defined in [Gov't Code Chapter 2254](#).

There is no delegation of authority required from SPD to acquire professional services. The procurement of professional services is subject to ESD posting requirements as well as requirements applicable to CAT reviews.

Purchasing of Audit Services requires delegation of authority from the State Auditor Office. The agency must request delegation by submitting the scope of the proposed audit to SAO for review and comment.

9.11. ACQUISITION METHOD – CONSULTING SERVICES

DPS may procure consulting services under [Gov't Code Chapter 2254](#), Professional and Consulting Services, Subchapter B.

There is no delegation of authority required from SPD to acquire consulting services. The procurement of consulting services is subject to ESD posting requirements as well as requirements applicable to CAT reviews.

There are numerous statutory requirements that must be fulfilled prior to entering into a consulting services contract or amendment or extension. Notifications must be provided to oversight entities, or published, and a finding by the Governor's office may be required.

The Procurement Lead must carefully review the statutory requirements and ensure strict adherence to them. A consulting services contract or renewal, amendment, or extension is void if DPS fails to follow

requirements as stated in the [State of Texas Procurement and Contract Management Guide](#) under Procurement Method – Consulting Services.

Before entering into a major consulting services contract, DPS must:

- Notify the LBB and the Governor’s Budget and Planning Office that DPS intends to contract with a consultant;
- Give information to the LBB and the Governor’s Budget and Planning Office to demonstrate that DPS has complied or will comply with Sections [2254.026](#) and [2254.027](#) of the Texas Government Code; and
- Obtain a finding of fact from the Governor’s Budget and Planning Office that the consulting services are necessary. The [Consultant Contract Finding of Fact Request](#) is located on the Governor’s [website](#).

9.12. ACQUISITION METHOD – LEGAL SERVICES

In accordance with [Tex. Gov’t Code §§ 402.021, 402.0212\(a\)](#), the Office of Attorney General (OAG) provides legal services to state agencies. For any other contract for legal services between an attorney and DPS, DPS follows the OAG procedures. Agencies must solicit these contracts, unless the OAG indicates otherwise.

If applicable, DPS will also seek the required finding from the LBB regarding the availability of appropriated funds available to pay the estimated amounts required under a contract providing only for the payment of hourly fees.

DPS may not expend funds for payment of legal fees or expenses under a contingent fee contract for legal services without receiving prior approval from the Legislative Budget Board.

9.13. ACQUISITION METHOD – INTERAGENCY COOPERATION CONTRACTS (IAC)

An interagency contract is a written understanding between two or more agencies as authorized by [Tex. Gov’t Code Chapter 771](#), Interagency Cooperation Act. Intergovernmental or inter-entity agreements are also encouraged in the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

DPS may agree or 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 Interagency Contracts. Certain statutory requirements must be met when entering an IAC.

IACs should be for a fixed term to obligate DPS and other agency to review and assess whether the contract is needed and if any changes in contract scope or pricing will be required before entering into a subsequent agreement.

9.14. PROCUREMENT METHOD – INTERLOCAL COOPERATION CONTRACTS (ICC)

An Interlocal contract is a written understanding authorized by the Interlocal Cooperation Act, [Tex. Gov't Code Chapter 791](#).

Intergovernmental or inter-entity agreements are also encouraged in the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The purpose of the Interlocal Cooperation Act is to increase the efficiency and effectiveness of local governments by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the State. Agencies must meet certain statutory requirements when entering into a contract.

9.15. PROCUREMENT METHOD – STATE AND FEDERAL SURPLUS PROPERTY PROGRAM

Texas Facilities Commission (TFC) administers the [Federal and State Surplus Property](#) programs. The programs have different laws, rules, and procedures. [The State of Texas Procurement and Contract Management Guide](#), Appendix 11 outlines those specific procedures.

9.16. PROCUREMENT METHOD – DISASTER DECLARATION PURCHASE

DPS may make purchases under a disaster declaration when the governor has declared a disaster, and the purchase is made in relation to that disaster. Under [Tex. Gov't Code Chapter 418](#), the Governor may by executive order or proclamation declare a state of disaster and suspend the provisions of any regulatory statute prescribing the procedures for conduct of state business or the orders or rules of an agency if strict compliance with the provisions, orders, or rules would in any way prevent, hinder, or delay necessary action in coping with a disaster.

A purchase made under a disaster must clearly relate to the disaster, conform to the directives of the disaster declaration, and occur within the timeframe specified in the disaster declaration.

The procurement file contains a copy of the disaster declaration, documentation to support the purchase, receipt of goods or services, and approval of the payment. DPS [policy](#) requires Disaster Declarations over \$500,000 to have an internal memo signed by the requesting division chief.

9.17. SOLICITATION PROCESS

The solicitation process involves the preparation and coordination of the solicitation documents. The Procurement Lead within P&CS will prepare the documents and is responsible for the coordination between the requesting division, stakeholder divisions and the Office of General Counsel as applicable, for review and recommendations. Refer to the [State of Texas Procurement](#) and Contract Management Guide (CMG) for more details on the solicitation process and requirements, and to internal policies and chain of command. See the different Open Market Requisition/Solicitations section above in this section and review the State of Texas CMG.

9.17.1. COMPARISON OF COMPETITIVE PROCUREMENT METHODS

Procurement Method	Use When	Advantages	Disadvantages
Invitation for Bids (IFB)	Products and services are standardized or uniform	Award process is simpler. In determining best value, price and whether the goods or services meet specifications are the principal considerations.	Defined specifications may be difficult to develop. Does not encourage innovative solutions. Negotiations are not allowed if there is more than one responsive bidder.
Request for Proposals (RFP)(Non-IT/AIS)	When negotiations are desired.	Allows for customized proposals suggesting different approaches to the same business need.	Lead time for procurement is much greater.

Request for Offers (RFO) (IT/AIS)	Vendor is expected to provide innovative ideas or solutions.	Allows for negotiations. Considerations in addition to price are used to determine best value.	Evaluations tend to be more complex.
Request for Qualifications (RFQ) (This method is usually required by statute, e.g., Professional Services)	Selection is made solely on the skills and qualifications of the vendor. Price is not a factor until after a vendor is selected.	Emphasizes the competency and experience of the vendors	Vendor is selected before price is negotiated. Two-step process.

9.18. PROCUREMENT LEAD TIME

The first step the Procurement Lead conducts is development of the procurement lead time. Procurement lead time is the interval between a decision to purchase a product or service to when the contract is awarded. The SPD suggests a lead time of 180 days from start to completion, allowing variances depending on the specific requirements and the complexity of the procurement.

Every procurement has factors influencing its lead time, DPS Divisions should work with their Division's assigned [Relationship Manager](#) to help facilitate planning activities and gain an understanding of projected procurement lead times.

Examples of tasks that may impact the lead time include, but are not limited to, the following:

- For solicitations exceeding \$20 million, a Notice of Intent to Procure must be posted to the ESBD at least 2 months prior to advertising the solicitation. The notice will include a description of the goods or services to be procured and applicable NIGP class and item codes.
- The actual preparation of the solicitation document can affect lead time.
- Coordination and collaboration between team members and with other DPS staff, as well as structured planning and thorough research can shorten this period. On the other hand, inadequate planning and research, along with lack of communication among

team members, each with subject matter expertise, may delay preparation of the solicitation document.

- The time required for the Procurement Lead to finalize the solicitation document can vary depending on how well the end users write the statement of work or specifications. The Procurement Lead is responsible for ensuring the solicitation documents are complete, allow for competition, and follow all applicable statutes, rules, and procedures.
- A 30-day solicitation publication period is recommended for RFPs, while RFOs may necessitate a longer posting time. Posting times should be considered on a case-by case basis, keeping the statutorily mandated minimum time periods in mind. A particularly complex or unusual statement of work may result in many vendor questions, in which case, an extended solicitation period may be warranted. Evaluation of proposals may take more or less time, depending on the size of the evaluation committee and the complexity of the procurement. Likewise, the number of proposals to be evaluated impacts the evaluation period. The evaluation period could also be extended if there are presentations, discussions, or best and final offers.
- Contract negotiation and contract formation timeframes may vary depending on the complexity of the procurement and the skillset of DPS's negotiation team. Personnel unavailability may also be a factor as delays may occur due to inclement weather events, national and local holidays, illness, scheduled vacations, and the like.
- The actual process of award may be extended if CRB approval is required. This timeframe may also differ significantly between a PO and a formal executed contract. Depending on the signature requirements of DPS and the contractor, the contract execution lead time may need to be adjusted.

SPD has provided the chart below as a guideline for documenting procurement lead time in simple procurements with minimal vendor negotiation required.

9.19. INTERNAL CALENDAR OF EVENTS

The Procurement Lead develops an internal calendar of events for the procurement. The internal calendar of events differs from the procurement lead time calendar in that it also includes the internal dates of activities or events occurring pre- and post- solicitation.

The internal calendar of events may include routine activities such as standard interdepartmental workflow timelines and fiscal year end deadlines and procurement specific events such as statutorily mandated project commencement dates and the onboarding of a successor contractor prior to cessation of services by the incumbent contractor.

The internal calendar of events must be included in the Acquisition Plan and Acquisition Schedule. The Procurement Lead uses the internal calendar as a gauge to keep the procurement on schedule. In developing the internal calendar of events, the Procurement Lead allows sufficient time for oversight reviews, such as SPD Delegation, CAT review, and QAT review (if necessary), and meaningful evaluation and negotiations. The procurement value threshold chart assists in developing the internal calendar.

9.20. SCOPE OF WORK SPECIFICATIONS

A specification is a description of a product or service the agency seeks to procure and is also what the vendor must offer to be considered for contract award. The most common types of specifications used in government procurements are performance-based, design based, or mixed (i.e., a comingling of both performance- and design-based specifications). See the Acquisition Plan in Section 8.10.

9.21. PAYMENT AND PRICING TERMS

Payments should be structured to fairly compensate the contractor and encourage timely and complete performance of work.

9.22. RESPONSE SUBMISSION REQUIREMENTS

9.22.1. RESPONSE CONTENT, FORMAT, AND DELIVERY INSTRUCTIONS

The solicitation must clearly indicate the submission requirements such as the response content, format, and delivery instructions that include the following:

- the due date and time;
- delivery address;
- acceptable delivery method as indicated in solicitation;
- container labeling (e.g., name and address of respondent, solicitation number);
- required number copies of the response; and
- format of response (e.g., electronic file type, bound, tabbed, paginated, size of paper, page number limitations).

If the solicitation requires the vendors to utilize agency-specific templates in their responses, the templates must be appropriately referenced and as applicable, attached as exhibits or appendices to the solicitation. All costs associated with the preparation of the response must be borne by the respondent. Procurement Lead must be familiar with requirements and instructions in the solicitation templates.

9.22.1.1. Delivery of Responses

DPS authorizes bidders to submit their responses electronically, the bidder must respond via the method identified in the solicitation on or before the time and date specified. Bidder must indicate the bid number in the subject line of the email. DPS will not be responsible for any delays associated with this method of delivery.

9.22.1.2. Late Submissions

Responses must be received by DPS on or before the time and date indicated in the solicitation. No late responses will be accepted for evaluation. Responses must be submitted per the delivery instructions outlined in the solicitation.

P&CS will not consider responses received after the specified date and time.

9.22.1.3. Execution of Bid/Offer/Proposal

The signed and executed bid/offer/proposal document must be included in the solicitation as it holds the respondent accountable for performing any duties submitted in the response. Although it is not required to be part of the execution of bid/offer/proposal, it is common for agencies to include the list of statutory preferences.

9.23. HUB SUBCONTRACTING PLAN REQUIREMENTS

The signed and executed bid/offer/proposal document must be included in the solicitation as it holds the respondent accountable for performing any duties submitted in the response. Although it is not required to be part of the execution of bid/offer/proposal, it is common for agencies to include the list of statutory preferences.

- 11.2% for heavy construction other than building contracts;
- 21.1% for all building construction, including general contractors and operative builders' contacts;
- 32.9% for all special trade construction contracts;

- 26.0% for all other services contracts; and
- 21.1% for commodities contracts.

These goals can be achieved through contracting directly with HUBs or indirectly through subcontracting.

For any procurement with an estimated contract value of \$96,000 or more, including all renewals and amendments, DPS has determined subcontracting opportunities are probable under normal circumstances. Subcontracting opportunities can be realized through expenditures on materials, supplies, equipment, and services. An HSP will be required for the solicitation and the completed HSP must be submitted as part of the solicitation response by the response due date and time for the response to be considered responsive. The initial review of the HSP is on a pass/fail basis.

The second phase of the HSP includes determining if the vendor met the good faith effort requirements. The CQC Team may request clarification to a submitted HSP and if the vendor does not respond or cannot provide adequate documentation, the agency must deem the solicitation response to be non-responsive. When deemed non-responsive, the solicitation response cannot be evaluated. Once accepted by the agency, the HSP will become a part of the contract. The HUB Subcontracting Plan (HSP) is monitored throughout the contract term. Any vendor needing to make changes to the HSP, must submit a written notification to the HUB email before making any changes. Upon approval from the CQC Team, the vendor will complete a revised HSP and submit it to the HUB email.

Vendors are required to submit Progress Assessment Reports (PARs) to the contracting agency with each invoice unless otherwise specified by the agency. The PAR is used to verify the vendor's compliance with the HSP, and the COS Team must review each PAR for compliance with the HSP. Agencies are not permitted to make HUB subcontracting or HUB certification status of a vendor a scoring criterion that is assigned weight in the agency solicitation.

9.24. EVALUATION CRITERIA FOR AWARD

The primary objective for every acquisition is to obtain best value for the State. To ensure fairness in DPS' evaluation of the responses, the solicitation must notify the potential respondents of the basis for contract award. The solicitation must identify the evaluation criteria, and the relative weight assigned to each criterion. Absent thoughtful design of the

evaluation criteria and associated weights, the procurement will fail because the basis of the award will not correctly identify the response that offers best value to the State.

The evaluation criteria must reflect the essential qualities or performance requirements necessary to achieve the objectives of the contract. The weight assigned to each evaluation criterion must correlate to its importance. The Procurement Lead must ensure not only that the evaluation criteria and the associated weights are clearly stated, but also that information submitted in the response directly relates to the criteria.

The Procurement Lead should be careful to ensure that the respondents and the evaluation committee have no opportunity to be confused about which portion of the response applies to each criterion. Procurement Leads should review the both the [Committee Chair Guide](#) and [Evaluation Committee Guide](#) and be familiar with current policy.

Evaluation Criteria	Solicitation Requirement	Submission Requirement
Respondent Qualifications	Specified professional license or certification.	Copy of current license or certificate applicable to specified profession or trade.
Respondent Experience	Specified number of projects of similar size and scope.	Detailed information regarding project size, dollar amount and scope of project for each individual project and any additional information necessary to evaluate vendor experience.
Financial Capability	Financially capable of handling a project of this size and scope.	Copy of latest financial statements, including balance sheets, etc.

Purchase price and evidence that the goods or services meet specifications are the most important considerations when goods and services are procured through competitive bidding. As a matter of practice, SPD encourages the use of other evaluation factors in addition to price and meeting specifications. It is common for there to be at least three evaluation criteria, which broadly address the following:

- The respondent's proposed scope of work;
- The respondent's past performance and experience; and

- The respondent's proposed price.

Examples of additional and more detailed evaluation criteria may be found in the best value standards found in statute [TEX. GOV'T CODE § 2155.074\(b\)](#). Best value standards include, but are not limited to, the following: Sections [2155.074](#), [2156.007](#), [2157.003](#), [2254.003](#), and [2254.027](#) of the Texas Government Code. For public construction contracts, a solicitation, offer, or agreement collateral may not require a contractor to have a specified worker's compensation experience modifier. ([TEX. GOV'T CODE § 2252.909](#)).

It is best practice for agencies to include a general description of the evaluation process in the solicitation. The agency should also finalize, prior to solicitation issuance, the evaluation scoring matrix, including any objective criteria, and the composition of the evaluation committee.

The agency should carefully consider the scoring method used to assess the price criterion. Typically, agencies evaluate the price criterion based on either "reasonableness" or objective criteria. A reasonableness assessment of a proposed price considers various factors such as the appropriateness of the cost metric chosen by the respondent and the impact of any identified assumptions or constraints on the proposed price. In contrast, an assessment of proposed price based on objective criteria relies on a mathematical formula, rather than independent judgement, to calculate the score.

The scoring method used for the price criterion should be reviewed for each solicitation to ensure it is appropriate for the products and services to be procured. For instance, objective criteria are not suitable for consulting services procurements because state law requires that price is evaluated on the reasonableness of the proposed fee for the services. Exclusive reliance on objective criteria for pricing may also not be suitable for highly complex procurements.

There are several mathematical formulas that may be considered for the evaluation process and the Procurement Lead must ensure that any formula used is appropriate for the procurement.

There are several schools of thought about how much information is to be provided to the respondents regarding the evaluation criteria. At a minimum, the solicitation must identify the criteria and their

corresponding weight. Some agencies prefer to provide detailed information in the solicitation as to how each base criterion is broken down into smaller units or sub criteria or they include a copy of the evaluation scoring sheets as an attachment to the solicitation. Either approach is acceptable. Sample evaluation criteria and scoring strategies are located in Appendix 12 of the [State of Texas Procurement and Contract Management Guide](#).

Failure to adhere to the published evaluation criteria during the evaluation process may result in a protest. Evaluation criteria that were not included in the solicitation may not be used to rank or select responses. For example, if respondents are to receive additional points for possessing a national accreditation, the solicitation must state this criterion so that all the respondents are notified there is an opportunity to achieve a higher score by submitting the appropriate documentation in its response. Likewise, if the solicitation does not request national accreditation information, respondents who fail to demonstrate the accreditation cannot be penalized.

9.25. SOLICITATION PROCESS – EXTERNAL REVIEWS AND APPROVALS

9.25.1. CAT – REVIEW OF SOLICITATIONS WITH A VALUE OF \$5 MILLION OR MORE

Prior to posting to the ESBD or publishing in the Texas Register DPS must submit solicitation documents for contracts that have a value of \$5 million or greater to the Contract Advisory Team (CAT) for review regardless of procurement method. For CAT submissions, the contract value means the estimated dollar amount that an agency may be obligated to pay over the life of the contract including all executed and proposed amendments, extensions and renewals. Agencies should not artificially split the procurement to avoid the \$5 million threshold for CAT review.

Solicitation documents include the solicitation (e.g., IFB, RFP, and RFO) as well as any other documents that supplement the solicitation (e.g., Proprietary Purchase Justification) or are incorporated by reference. The solicitation documents and a completed form are submitted to CAT through the Procurement Oversight & Delegation Portal maintained by SPD and located on the CPA website.

Requests for assistance relating to the Procurement Oversight & Delegation web application may be submitted to spd.oversight@cpa.texas.gov.

As a general guideline, grant agreements where the recipients eligible for award are governmental entities or non-profit business entities are not subject to a CAT review. CAT will review grants when the recipients eligible for award are for-profit business entities because these contracts provide public funds to entities that could profit from the award. RFAs based solely on federal funding are not subject to CAT review.

When Procurement Oversight & Delegation receives the solicitation documents, the agency will receive an acknowledgement e-mail that provides a web link to monitor status. CAT processes requests for reviews in the order received; CAT reviews may take up to 30 days to complete. Procurement Lead should send requests for expedited CAT reviews to spd.oversight@cpa.texas.gov. Even if the review period exceeds 30 days, the agency does not have the authority to issue the solicitation until it receives a letter from CAT. Publishing a solicitation without receiving a letter from CAT may result in an audit finding CAT's review period begins when it receives all information needed to conduct its review. Agencies should submit their solicitation documents after internal agency approvals have been obtained. In addition, CAT recommends that agencies incorporate a 30-day period for CAT review into the procurement schedule to avoid potential delays to the agency's solicitation, evaluation, and award process.

Requests for expedited CAT reviews can be made in the POD portal during the CAT submission process. Designate the solicitation as low-risk and select one of the three options for the request to expedite: 1) Template Solicitation, 2) Risk Analysis, or 3) Reduced Monitoring (if DPS is reported by the SAO as requiring reduced monitoring). When requesting an expedited CAT review, attach supporting documents such as a previously reviewed template solicitation or the risk analysis and conclusions document.

Agencies identified by the SAO as requiring additional monitoring may not designate a solicitation as low-risk and request an expedited review even if the solicitation would otherwise qualify. Additionally, the submitted documents for review must include the needs

assessment, acquisition plan, risk assessment and the full solicitation package.

Prior to posting or publishing the solicitation following CAT review, an agency is required to either comply with CAT recommendation(s); or submit to CAT a written explanation regarding why the recommendation is not applicable to the procurement under review.

The agency's responses to the CAT recommendation must be kept within the procurement file.

9.25.1.1. Substantial Changes to CAT Submissions

If the initial solicitation documents submitted for CAT review change substantially, the agency is required to resubmit the solicitation documents for additional CAT review. Changes to the solicitation documents for a major contract are considered substantial when:

- The solicitation change caused the estimated value for the original term of the contract, not including renewal periods, to increase by 25% or more; or
- There are significant revisions, deletions and/or additions to the specifications, scope of work, set(s) of deliverables, performance measures, payment methodology, or other elements of the solicitation.

9.25.1.2. QAT – REVIEW OF MAJOR INFORMATION RESOURCES PROJECTS

Procurements, regardless of the procurement method chosen by the agency, associated with a major information resources project are subject to QAT oversight. A "Major Information Resources Project" is any information resources technology project that is:

- Specifically designated as such by the Legislature in the General Appropriations Act;
- A Information Resource Technology Project for a state agency designated for additional monitoring under Section 2261.258(a)(1) of the Texas Government Code if the development costs for the project exceed \$5 million; or
- Identified in an agency's biennial operating plan whose development costs exceed \$5 million and;
- Requires one or more years to reach operation status;
- Involves more than one state agency; or

- Substantially alters the work methods of state agency personnel or the delivery of services to clients.

An agency is required to notify QAT when it advertises any solicitation of a major information resources project regardless of the solicitation method (e.g., RFP, IFB, RFO). This notification is required to include the requisition number for each solicitation advertised.

QAT requires the filing of certain Texas Project Delivery Framework Documents before a major information resources project can proceed. After QAT approves the project to proceed and before the agency spends more than ten percent of allocated funds or issues a solicitation for the project, it is required to file a Project Plan with the QAT; if the major information resources project involves a procurement, an Acquisition Plan must also be filed. For a major information resource project with a value of at least \$5 million, DPS must:

- Submit the proposed contract terms to the QAT before beginning negotiations; o Submit the final negotiated unsigned contract to QAT for review;
- Comply with the QAT recommendation;
- Submit to QAT a written explanation regarding why a recommendation was not applicable to the contract reviewed;
- Notify QAT within ten business days when the contract is awarded;
- Notify the governor, lieutenant governor, speaker of the house of representative, presiding officer of the standing committee of each hour of the legislature with primary jurisdiction over appropriations, and the QAT before amending a contract if:
 - o the total value of the amended contract exceeds or will exceed the initial value by ten percent or more; and
 - o the amendment requires the contractor to provide consultative services, technical expertise or other assistance in defining project scope or deliverables.
- Provide a justification for an amendment as described above to the QAT.
- The QAT is required to perform the following for all DPS major information resource project:
 - o Develop policies and procedures for the development, implementation and return on investment.
 - o Review the business case prepared for the major information resource project.

- Review and provide recommendations on the final negotiated terms of the contract with a value of at least \$10 million.

An amendment to a major information resources project or contract associated with any phase of the development of a major information resources project with an initial value over \$5 million must be reported to QAT prior to execution when:

- The expected value subsequent to an amendment exceeds the initial value by ten percent or more;
- The expected value of an element in the project or contract subsequent to an amendment exceeds the total value of the same element of the project or contract by ten percent or more; or
- The amendment requires the vendor to provide consultative services, technical expertise, or other assistance in defining project scope or deliverables.

Information regarding the steps involved in initiating, monitoring, completing, and submitting deliverables to the QAT for a major information resources project is available on the [Project Delivery Framework](#) page located on DIR Website.

9.26. SOLICITATION – ADVERTISEMENT

9.26.1. ELECTRONIC STATE BUSINESS DAILY (ESBD)

The ESBD, managed by SPD, is the State’s online directory listing procurement opportunities Agencies are required to post procurements with a contract value of more than \$25,000 to the ESBD, regardless of the source of funds to be used for the contract.

The contract value for posting to the ESBD means “the estimated dollar amount that an agency may be obligated to pay during the life of the contract and all executed and proposed amendments, extensions and renewals”.

Contract value estimated to be greater than \$25,000	Minimum Posting Time for Advertisement
Entire solicitation package (including all parts, exhibits and attachments posted to the ESBD.	14 calendar days

<p>If not posting the entire solicitation package to the ESBD, the notice must be posted that includes all information necessary to make a successful bid, proposal, or other applicable expression of interest for the procurement contract, including at a minimum the following information:</p> <ol style="list-style-type: none"> 1. a brief description of the goods or services to be procured and any applicable state product or service codes for the goods and services; 2. the last date on which responses will be accepted; 3. the estimated quantity of goods or services to be procured; 4. if applicable, the previous price paid by the agency for the same or similar goods or services; 5. the name, business mailing address, and business telephone number of the agency employee a person may contact to inquire about all necessary information related to making a response for the procurement contract. 	21 calendar days
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While a 14-day posting may satisfy the statutory minimum period for posting on the ESBD, it is best practice to advertise a solicitation for 30 days or longer. When determining the appropriate solicitation posting period, the Procurement Lead should consider what timeframe affords interested eligible vendors the opportunity to submit quality responses.

Publishing solicitations for time periods that are not commercially reasonable may have the effect of artificially limiting the vendor pool. In addition, for a procurement in an amount that exceeds \$20 million, DPS is required to notify interested parties at least two months before the date the solicitation for the procurement is issued.

It is best practice for Procurement Lead to schedule realistic procurement timelines that account for holidays, complexity of the procurement, and the fulfillment of any statutory requirements. For example, Procurement Lead should consider advertising the solicitation where subcontracting opportunities are probable for longer than the statutorily mandated minimum ESBD posting period to allow sufficient time for all interested eligible vendors to comply with the HUB Subcontracting Plan requirements. One of the Good Faith Effort requirements is for the respondent to allow at least seven working

days for HUBs to respond. The seven working day computation excludes weekends, holidays, agency closures, and the date the respondent routed the solicitation to the HUBs.

For solicitations requiring delegated authority, the Procurement Lead must obtain a letter of delegation from SPD prior to posting to the ESBD. The Procurement Lead must include proof of the ESBD posting and documentation from SPD authorizing the delegated purchasing authority in the procurement file. A contract award is void if an agency violates the applicable statutorily required minimum time for posting on the ESBD.

9.26.1.1. COMPUTATION OF TIME

In computing the period of days, the first day is excluded and the last day is included. In addition, if the last day of any period is a Saturday, Sunday, or legal holiday, the period must be extended to include the next day that is not a Saturday, Sunday, or legal holiday.

9.26.2. TEXAS REGISTER

The [Texas Register](#), maintained by the Secretary of State (SOS), records agency rulemakings, governor's appointments, attorney general opinions, and requests for proposals. The Texas Register is published every Friday and is available to the public online on the SOS website. Where publication is required, a copy of the Texas Register notice must be placed in the procurement file. Texas Register posting is required in addition to ESBD posting.

9.26.3. CENTRALIZED MASTER BIDDERS LIST

The [Centralized Master Bidders List \(CMBL\)](#), maintained by SPD, is an online directory of vendors registered to receive bidding opportunities from State of Texas purchasing entities. Agencies, colleges, universities and local governments use the CMBL to find vendors for products and services. The CMBL may also be used to gather information for noncompetitive procurement processes and for vendor performance data. SPD does not endorse, recommend, or attest to the capabilities of any business or individual listed on the [CMBL-HUB Directory Search](#).

Agencies must use the CMBL to select bidders for competitive bids or proposals and to the fullest extent possible for purchases exempt from

SPD's purchasing authority. For purchases between \$10,000 and \$25,000, the agency must solicit from a minimum of three active vendors on the CMBL including two current Texas-certified HUBs. For procurements exceeding \$25,000, an agency must use the CMBL to solicit from each eligible vendor on the list that serves the agency's geographic region. A copy of the bid list (with date) must be placed in the procurement file.

If agencies are required to use the CMBL, they must send a copy of the solicitation to all vendors on the CMBL bid list for the advertised commodity code(s). There may be several hundred vendors associated with a particular commodity code.

As part of the registration process, vendors provide their contact information and identify the goods and services they offer by NIGP Class/Item codes. The annual registration fee for the CMBL is currently \$70. For more information regarding CMBL registration, visit the [CMBL Program](#). A vendor does not have to register on the CMBL to conduct business with the state agencies.

9.27. SOLICITATION – AGENCY COMMUNICATION WITH POTENTIAL RESPONDENTS

9.27.1. PRE-BID/OFFER/PROPOSAL CONFERENCES

DPS may choose to hold a pre-bid/offer/proposal conference. A pre-bid/offer/proposal conference occurs after solicitation issuance and before the solicitation submission deadline. A conference provides a forum for potential respondents to pose questions about the solicitation in a face-to-face setting or by conference call or web conference. It also provides an opportunity for vendors to develop subcontracting relationships and lets the agency determine gauge industry interest in the procurement.

DPS may conduct pre-bid/offer/proposal conferences that are mandatory or nonmandatory for prospective respondents. DPS should carefully consider the use of a mandatory conference and confer with legal counsel as this may limit competition. Depending on the location of vendor candidates, out-of-town or out-of-state vendors may be discouraged from participating in the procurement because of the travel time and expense associated with the conference. Alternatively, eligible vendors that wish to participate in the procurement may be administratively eliminated from the vendor pool simply because their

companies' representatives arrived late or were otherwise unable to attend. In either event, the agency's goal of encouraging competition among all eligible candidates in the vendor pool.

Conferences should be mandatory only if an on-site visit is required to have a full understanding of the procurement or if the solicitation is so complex that agency staff believes attendance is critical for potential respondents to fully understand the procurement. Accordingly, mandatory pre-bid/offer/proposal conferences are required when the agency determines that disqualification is appropriate for any response from a vendor that did not receive certain information pertaining to the solicitation at an agency-designated time and location.

If a pre-bid/offer/proposal conference is held, the solicitation must indicate the date, time, and location of the conference and whether respondents' attendance is mandatory or voluntary. If the conference is mandatory, the following statement must be included in the solicitation: "Failure to attend the pre-bid/offer/proposal conference will result in disqualification of the response."

A pre-bid/offer/proposal conference is usually held no earlier than 10 days after the solicitation issuance to allow sufficient time for respondents to receive and review the solicitation prior to the conference. If a mandatory conference is required, the Procurement Lead should consider multiple conference dates if it is expected that there will be a high number of conference attendees. All conference attendees must be documented on a sign-in sheet which is the official record used by the agency to verify respondent attendance. For mandatory conferences, the sign-in sheet will be collected at the beginning of the conference.

The Procurement Lead should conduct the conference in coordination with the division. Conference attendees should be advised that the verbal responses provided by the agency during the conference are not binding until confirmed by DPS in writing. All changes to the solicitation must be in writing and published through an addendum to the solicitation. ESBD posting requirements apply.

9.27.2. QUESTION AND ANSWER PERIOD

It is best practice for all solicitations to include a formal process for potential respondents to submit questions to the agency to clarify their

understanding of the solicitation. If questions are permitted, the solicitation must specify the due date when questions must be submitted to the agency as well as the anticipated release date of the agency's answers.

The benefit of a Question and Answer (Q&A) period is that it provides the first indication to an agency of possible ambiguities, errors, or lack of critical information in the solicitation. If there are major deficiencies to the solicitation discovered at this stage, it is advisable to cancel the solicitation and issue a revised solicitation at a future date.

Written questions submitted to the agency as directed in the solicitation must be compiled, verbatim (with any spelling and grammatical errors) into a Q&A document. Every question received, even similar questions submitted by different vendors, must be accounted for in the Q&A document. The name of the entity submitting the question and identifying information is omitted from the agency's published answers.

The Procurement Lead has discretion for organization of the questions (e.g., chronological by receipt or by topic).

The Q&A document is published with each question being listed with its corresponding response. The Procurement Lead will compose answers to each question and consult with agency subject matter experts as needed. If two or more similar questions are submitted (i.e., redundant questions), the Procurement Lead should be mindful not to provide two inconsistent answers. In this situation, it is best practice to either provide the exact same answer to both questions or answer the first question and then include across reference to the first answer when responding to the second question.

Once the Q&A document is finalized, the agency will publish it with the solicitation documents on the ESD and/or in the Texas Register as applicable. Any answer that would result in a material change to the solicitation must be identified in a solicitation addendum.

9.27.3. SOLICITATION ADDENDA

A written addendum identifying the addition or correction to a solicitation must be issued by the agency in the same manner as the solicitation (e.g., ESD, Texas Register) if a change to the solicitation occurs before the response due date. If an addendum is issued, the

agency is responsible for notifying all original bidders who were listed on the CMBL at the time of the original solicitation posting.

A solicitation addendum is used to clarify an ambiguous provision, correct an error or oversight, extend the response due date, or alter a public opening date. Rather than using a Q&A document, a solicitation addendum may also be used to answer questions by respondents even though the answers do not result in a modification or change to the solicitation. For addenda other than just an extension to the response due date, it is best practice to require that the responses include an acknowledgement of each addendum to the solicitation.

Respondents must be given a reasonable time to respond to a solicitation addendum. The Procurement Lead, therefore, must consider the period of time remaining until the solicitation closing date prior to issuing an addendum. Depending on the content of the addendum, the Procurement Lead may determine that the response due date should be extended. If an addendum results in substantial changes to the original solicitation, it is recommended that the response due date be extended and the revised solicitation to be issued for at least 14 calendar days following the addendum date.

Each addendum is numbered. If more than one addendum is issued, each subsequent addendum is sequentially numbered. Each addendum to the original solicitation must be posted to the ESD no later than the next business day following its release to the public.

9.27.4. COMMUNICATION WITH AGENCY PERSONNEL

All communication with potential respondents is conducted through P&CS staff. To maintain a level playing field among all potential respondents, program staff or other non-purchasing personnel should not have contact with potential respondents outside of pre-bid/offer/proposal conferences. Refer to the Section 4 of this Guide: Vendor Communications. The solicitation should provide the agency's designated point of contact and identify the acceptable forms of communication to the agency such as telephone, or email. If a potential respondent contacts program staff or other non-purchasing personnel, staff should politely decline to discuss the procurement and forward the inquiry to the assigned Procurement Lead.

9.28. SOLICITATION – RECEIPT AND CONTROL OF RESPONSES

9.28.1. RECEIPT

Responses must be received on or before the due date and time designated in the solicitation. The terms “response opening date” and “solicitation closing date” both describe the deadline for receipt of responses. A response will be considered timely only if it is received on or before the published due date and time and in conformance with the delivery instructions specified in the solicitation.

To ensure fairness to all respondents, no submitted responses should be opened or reviewed before the due date and time has passed; an agency may confirm that a sealed submission, faxed document, or email(s) have been received.

9.28.2. WITHDRAWAL OF RESPONSE

A respondent may withdraw its response at any time prior to the closing date and time for the solicitation. The respondent’s request to withdraw its response must be made in writing on company letterhead or by completing a form prescribed by the agency. The preferred practice is for the respondent to submit the withdrawal of response in person and provide appropriate identification (e.g., corporate identification card, photo identification card to match the authorized contact person listed in the response) so that the agency can verify that the withdrawal request is legitimate.

9.28.3. CANCELLATION OF SOLICITATION

DPS may cancel a solicitation at any time. If a solicitation is cancelled, the agency must provide notice of the cancellation in the same manner as the issuance of the solicitation. For example, the agency will post a notice of the cancellation to the ESBD if the original solicitation was posted to the ESBD. Cancellation notices must contain, at a minimum, the following information: agency name, business address, and contact name, requisition number or solicitation number, and reason for the cancellation. Unless other delivery or disposition arrangements are specified in the solicitation, all responses should be returned unopened with a notification letter from the agency of the solicitation cancellation.

9.28.4. PUBLIC OPENING OPTION

DPS has discretion whether to conduct a public opening on the closing date of the solicitation. Public openings do not usually occur for purchases of \$25,000 or less. If DPS elects to open responses received

in public, the solicitation must clearly state the time and place of the public opening. A change to the public opening date and time must be published through an addendum to the solicitation. ESBD posting requirements apply.

A public opening gives members of the public an opportunity to hear, at a minimum, the verbal recitation of the following:

- The solicitation number
- The name of each respondent

If bids received in response to an IFB are to be evaluated solely on objective criteria, then the public opening will normally include the following additional information: price or amount for each item number and model number (if different from the specified model). Agency staff will not discuss whether a product or model meets the written specifications.

The sealed responses may be opened and read in any order – such as alphabetical, by respondent name, in order of receipt, or by lot.

The procurement file must contain the attendance log with each attendee's name, signature, and if representing an organization or entity, the name of the entity and attendee's title.

9.28.5. INTERNAL PROCEDURES

DPS must have documented internal procedures outlining the responsibilities and steps for the receipt and control of responses.

Such procedures include, but are not limited to, the following:

- identifying the official timepiece that will be used for determining timely receipt of responses, such as mail room clock, time stamp machine, or email server time stamp;
- specifying the marking process that will be used to document the date and time each response was received by mail, hand delivery service, fax, or email;
- maintaining a log of responses received which contains the following information: solicitation number, due date and time, respondent name, date and time response received, and delivery method and, if applicable, tracking number
- securing responses until published response due date and time;
- outlining the processes to be followed after inadvertent opening of responses received, email; and

- designating agency staff responsible for each task.

10. VENDOR SELECTION

10.1. OVERVIEW

DPS conducts evaluations in a fair and impartial manner consistent with Texas law and in accordance with either the evaluation procedure published in the solicitation, or, for informal bidding situations, by DPS procedure. The evaluation methods are informal evaluation, bid tabulation or evaluation committee, depending on the procurement method utilized.

Texas law requires that contract awards may only be made to responsive vendors providing the best value to the State. The best value standard varies depending on the procurement method. The Procurement Lead ensures that the appropriate evaluation method is used for the type of procurement and that the best value standard is used as the basis for the contract award.

Procurement Leads should direct questions regarding the proper evaluation process to their chain of command or OGC.

10.2. TCI PROGRAM, STATE USE PROGRAM AND TERM CONTRACT

DPS purchases using the following procurement methods have been determined to be best value to the State by statute or SPD rule:



Accordingly, DPS does not conduct an evaluation process when selecting a vendor for these purchases.

10.3. ADMINSTRATIVE REVIEW OF RESPONSES

10.3.1. MINIMUM QUALIFICATION REVIEW

Upon receipt of bids in the informal bid process, the Procurement Lead may consult with DPS staff to evaluate bids submitted, to determine the selection of a vendor and to document the decision. The Procurement Lead makes the required pre-award compliance checks and follows reporting requirements.

Only responses that are responsive to the solicitation and meet minimum qualifications are evaluated.

Procurement Lead checks whether the respondent submitted and signed all required forms and documents. The Procurement Lead may consult with their chain of command, and P&CS may consult with OGC to determine whether the response is responsive.

10.3.1.1. Unsigned Response

A response without a signature is not responsive to the solicitation and will be disqualified. Unsigned responses will not be evaluated; these responses will be kept with the procurement file and not be returned to the respondent.

10.3.1.2. "Responsive" Response

A response is "responsive" if it conforms in all material respects to the solicitation requirements (e.g., timely submission, signed response, completed forms, anything else identified in the solicitation). The Procurement Lead makes an initial determination as to whether a response is responsive. The initial determination of responsiveness is subject to change during the evaluation process.

DPS reserves the right in the solicitation to waive minor technicalities if it is in the best interest of the state to do so.

10.3.1.3. HUB Subcontracting Plan

Respondents must submit a current HSP with its response to be responsive. The HSP will be reviewed to determine if the HSP demonstrates that the respondent made a good faith effort to comply with statute, rules and DPS HUB policies and procedures. The HSP evaluation findings and conclusions are documented, and notification is sent to the Procurement Lead.

10.3.1.4. Technical Assistance in Specification Preparation

A respondent or contract participant may provide free technical assistance to an agency. However, DPS may not accept a response or award a contract to a vendor that received compensation from DPS to participate in the preparation of the specifications or solicitation forming the basis of the proposal or contract.

10.3.1.5. Single or No Response

If a single or No Response is received, the Procurement Lead may investigate why DPS received only one response or no response to a competitive procurement by:

- Re-advertising the solicitation;
- Preparing a Proprietary Purchase Justification;
- Where not feasible to re-advertise, and in accordance with TAC Rule §20.206(d)(5), and the best value standard, negotiate with a vendor to form a contract, consistent with the advertised specifications; or
- Tabulate the response (only if objective criteria are used for informal bidding or an IFB) or direct the evaluation committee to evaluate the response if the one response is found to be valid.

10.4. EVALUATION – BID TABULATION PROCESS

10.4.1. INFORMATION EVALUATION – INFORMAL BIDS ONLY

Upon receipt of bids in the informal bid process, the Purchaser may consult with the DPS staff to evaluate bids submitted, to determine the selection of a vendor and to document the decision. The Purchaser makes the required pre-award compliance checks.

If the sole evaluation criterion for IFB responses is objective criteria, the Purchaser may conduct the evaluation. Generally, the Procurement Lead must tabulate bids when opened, but there are times when this is not practical. It is recommended that the bid tabulation be prepared within a maximum of three (3) business days from the bid due date.

The P&CS Director or their designee reviews the bid tabulation prepared by the Procurement Lead.

The Procurement Lead must conduct a due diligence inquiry as to actual and potential conflicts of interest related to the submitted bids and gathers the Non-Disclosure Agreement ([PCS-7](#)) and Conflict of Interest – Purchasing Phase. The Procurement Lead must promptly report any actual or potential conflicts of interest in accordance with [State of Texas ethics standards](#).

10.5. EVALUATION – EVALUATION COMMITTEE PROCESS

10.5.1. EVALUATION COMMITTEE

Evaluation committee selection occurs prior to receipt of the solicitation responses. The Executive Sponsor/Division Chief or Assistant Chief will appoint individuals to serve as scoring members of the Evaluation Committee, including alternate member(s) who will

perform responsibilities the same as the primary evaluators up and to the calculation of the final scores, to the Evaluation Committee Chairperson. The evaluation committee members may include participants in the procurement planning activities. The committee may consist of both scoring and non-scoring members. For procurements in an amount that exceeds \$20 million, the procurement file must include the qualifications and reason for selecting of each evaluator. **Supervisors and their subordinates should not participate together on an evaluation team to avoid any undue influence on the evaluation outcome.**

The Procurement Lead serves as the committee chairperson. Depending on the procurement, the Contract Monitor may participate as a scoring or non-scoring member. If there are both scoring and non-scoring evaluation committee members (technical advisors), this should be noted in the file.

The size of an evaluation committee is usually limited to three to five scoring members. To avoid potential individual bias, the committee should not have fewer than three scoring members. Coordination and management of the evaluation process becomes more difficult as the size of the committee increases.

Each evaluation committee member must independently assess the content of each response using only the evaluation criteria and weights published in the solicitation. Accordingly, the evaluation committee members must fully understand the solicitation, be able to critically read and evaluate the responses, and document their decisions in a clear and concise manner. Committee members must always keep in mind that any notes or comments required or made by the committee member are subject to a public information request and release to the public.

10.5.2. NON-DISCLOSURE AGREEMENTS AND CONFLICT OF INTEREST DISCLOSURES

Individuals serving on an evaluation committee or as technical advisors must sign a Non-Disclosure Agreement and Conflict of Interest certification prior to receiving the responses or participating in evaluation committee activities. The Procurement Lead conducts a due diligence inquiry as to actual and potential conflicts of interest related to the submitted bids and gathers the Conflict of Interest Disclosure

Statement or Disclosure Statement for Purchasing Personnel. The Procurement Lead will provide the names of the respondents and proposed subcontractors to the committee members and any assigned technical advisors prior to providing access to the responses. SAO has provided the SAO Nepotism Disclosure Statement for Purchasing Personnel for agencies to use.

Any actual or potential conflicts of interest must be reported promptly in accordance with DPS's Ethics policy. Please see [Section 3 Ethics Laws and Professional Standards](#).

10.5.3. EVALUATION OF RESPONSES

10.5.3.1. Overview

The Chairperson should consult the most current [Committee Chair Guide](#) and [Evaluation Committee Guide](#) for the most up to date information. After the administrative review is complete but prior to evaluating the responses, the Procurement Lead will schedule a meeting with the evaluation committee and any authorized non-evaluator subject-matter experts to provide, at a minimum, the following:

- Overview of the evaluation process;
- Evaluator responsibilities;
- Explanation of the numbering system used to identify evaluation committee members and track responses;
- Critical dates and deadlines;
- Scoring matrix, including evaluation factors or criteria;
- Relative weights and importance of criteria against which responses will be measured
- Additional evaluation committee meetings; and
- How to handle questions that come up during the evaluation process.

The [Evaluation Committee Guide](#) will be the document used and provided to the evaluators during the evaluation process. It provides guidelines for the fair and impartial evaluation of responses to the solicitation. The plan describes the overall evaluation objectives, the organization and responsibilities of the parties involved in the evaluation and award process, and the factors and criteria that will form the basis of the selection of a contractor. The [Evaluation Process Guide](#) is a additional document that outlines how to effectively evaluate a vendor's response to a solicitation to ensure DPS gets the best value for the State of Texas.

The committee members are instructed as to their responsibilities including the critical nature of confidentiality and the integrity of the evaluation process, including responses and information about the evaluation process. Evaluation committee members are also provided with the necessary documentation to conduct their evaluation.

Evaluators should also refrain from engaging in technical leveling, technical transfusion, or other improper activities. The evaluation committee may not commence any discussions until each committee member has signed a nondisclosure statement and a preliminary assessment regarding actual and potential conflicts of interest has been conducted. An evaluation team member will not receive responses until the Procurement Lead has received a signed non-disclosure statement from the evaluation team member.

In the event one or more committee members' evaluations differ significantly from the majority, the committee chair will schedule a meeting with the entire committee to discuss the outliers to ensure the evaluation criteria were clear to all scoring members and that information was not overlooked or misunderstood. If after this discussion, a committee member determines that there was a misunderstanding of the criteria, the requirement, or information overlooked that was included in the response, the evaluator may provide a revised scoring matrix.

Evaluator Resources are found on the [P&CS SharePoint](#).

10.5.3.2. Scoring Matrix

The scoring matrix is a standardized form used by all evaluation committee members to record the scores for each response based on the evaluation criteria and weights published in the solicitation and, if applicable, unpublished sub-criteria. The scoring matrix is designed to objectively identify offers that most closely meet the DPS's needs. The scoring matrix must be quantitative and based on objective and measurable information requested in the solicitation.

The scoring matrix should be finalized prior to publishing the solicitation. However, if time does not permit the scoring matrix to

be finalized prior to publication of the solicitation, the scoring matrix must be completed prior to the receipt of responses.

10.5.3.3. Technical Advisors

Depending on the procurement, the evaluation committee may seek assistance from technical experts within DPS to gain a better understanding of certain aspects of the responses. Technical advisors are generally used when a particular area of subject matter expertise is not within the skill set of the evaluation committee members. For instance, an employee from DPS's Finance Department may serve as a technical advisor during the evaluation committee's review of the financial capability documentation submitted by the respondents. Similarly, for an IT procurement, an employee from DPS's IT security business unit may serve as a technical advisor during the evaluation committee's review of the various data safeguard standards proposed by the respondents.

Technical advisors to the evaluation committee comply with the same nondisclosure and conflict of interest restrictions applicable to the evaluation committee. Accordingly, the technical advisors should not discuss the solicitation with anyone, even evaluation committee members, outside the committee meetings. **The Procurement Lead coordinates all communication between the evaluation committee and authorizes technical advisors to ensure the integrity of the evaluation process.**

10.5.3.4. Price Component

The price component of the response is usually assessed by using either a "reasonableness" standard or objective criterion. For a price criterion assessed using a reasonableness standard, the evaluation committee conducts the evaluation. If the price criterion is to be evaluated using only a mathematical formula, such as for an IFB, then it may be scored by the Procurement Lead. Unless prohibited by statute or DPS policy, the evaluation committee scores the entire response, including the price component, to facilitate a more comprehensive evaluation of the response (e.g., ensure that the proposed pricing aligns with the proposed products and services).

10.5.3.5. Reference Check

If required by the solicitation, respondents may submit customer references with their responses. The Procurement Lead may

conduct the reference checks or authorize a subcommittee of the evaluation committee to conduct reference check activities. All information obtained during the reference checks is documented in writing and filed in the official procurement file.

A script or format of questions is developed prior to the solicitation closing date. The script or format of questions must be used when conducting reference checks so that the results are consistent and fair to all respondents.

Events following solicitation issuance may shorten the procurement timeline such that reference check activities cannot be conducted in a timely manner. When the solicitation requires the submission of references or references are considered as part of the evaluation criteria, a decision must be made as to whether to verify customer references before the solicitation closing date. DPS may use a statement in the solicitation document in lieu of checking references for all respondents as follows:

DPS reserves the right to check references prior to award. Any negative responses received may be grounds for disqualification of the proposal.

If reference checks are included in the solicitation but will not be conducted, this determination must be documented and placed in the procurement file.

10.5.3.6. Clarification of Responses

Clarifying questions may be asked of a respondent to resolve conflicting information, apparent ambiguities, or minor clerical errors within the response. If a clarification to the response is necessary, only the Procurement Lead will contact the applicable respondent and distribute to the evaluation committee the written clarifications received by the respondent. DPS can ask for clarification concerning the submitted HUB Subcontracting Plan (HSP).

Clarifications may not be used to "cure" deficiencies in the response or to revise the response; they may only be used to understand the information provided in the response.

10.5.3.7. Competitive Range Determination

Following initial scoring, the Procurement Lead determines the competitive range.

The scores are reviewed to identify a “natural break” that will determine the competitive range. The table below illustrates an example of how to determine competitive range from a maximum score of 100.

Evaluation Scores Scenario 1	Evaluation Scores Scenario 2	Evaluation Scores Scenario 3
→ 97	→ 97	→ 97
→ 93	→ 93	→ 96
→ 90	82	→ 90
→ 89	81	→ 89
→ 88	79	→ 88
65	68	→ 86

- In scenario 1, the top five respondents are in the competitive range.
- In scenario 2, the competitive range could include the top two respondents or the top five respondents.
- In scenario 3, there is a six-point difference between the second and third score, with the remaining scores close behind.

Therefore, the only natural break is between the second and third scores. If more than two contracts will be awarded, the best option would be to include all six respondents in the competitive range.

The Procurement Lead must document the rationale for the competitive range determination in the procurement file.

10.5.3.8. Oral Presentations

If included and permitted by the solicitation, DPS may elect, after reviewing the responses, to conduct oral presentations. Oral presentations provide an opportunity for respondents to highlight the strengths and unique aspects of their responses and to provide answers to clarification questions DPS may have regarding the responses.

Oral presentations may be scheduled for all respondents or may be limited to the top ranked vendors in the competitive range. Respondents will be notified of the time and place for the oral presentations, as outlined in the solicitation.

To ensure fairness, the time allowed, and the agenda format will be the same for all presenters. Presentation order is determined in an impartial manner.

Following the oral presentation, written questions are submitted to the respondent to document in writing the verbal clarifications provided by the respondent during the presentation. The answers to these clarification questions should be signed by an authorized representative of the respondent.

Following all oral presentations, the evaluation committee will complete another evaluation and scoring matrix (technical requirements only) using the evaluation criteria and weights published in the solicitation.

10.5.4. BEST AND FINAL OFFERS

After any oral presentations or demonstrations are completed, discussions may be held with respondents. If discussions are held, respondents must be given equal opportunity to discuss and submit revisions to proposals. Revisions of proposals are normally accomplished by formally requesting Best and Final Offers (BAFOs) at the conclusion of discussions with a deadline set for receipt and including instructions as to exactly what should be submitted in response to the BAFO. After consideration of all BAFO responses, DPS may choose to down select to a smaller number of respondents with which to commence negotiations.

10.5.5. EVALUATION COMMITTEE RECOMMENDATION

Once the evaluation process is completed, the committee chair (who may be the Procurement Lead) will prepare, sign and date the master scoring matrix, and proceed with a recommendation to either:

- award the contract to the highest ranked respondent without discussion;
- tentatively award the contract to the highest ranked respondent subject to successful completion of negotiations; or

- cancel the solicitation.

If the solicitation allows, the recommendation may be to award a contract to more than one respondent, provided, however, that the awarded respondents are the highest ranked in the evaluation.

The master score sheet is distributed to each committee member to verify the accuracy of the scoring.

The master scoring matrix, as well as the scoring matrix of each evaluator, is retained in the official file.

10.6. PREFERENCES

10.6.1. OVERVIEW

[Texas Gov't Code Sections 2155.441-445](#) establish preferences. Except for the reciprocal preference, a vendor must claim the applicable preference(s) in its response by marking the appropriate preference on the preference form included in the solicitation. If the appropriate box is not marked on the preference form, a preference will not be granted unless other documents included in the response sufficiently demonstrate that the bidder may receive the preference and is requesting the preference. Upon DPS request, the vendor must provide adequate documentation to support a claimed preference.

Any price adjustment that results from application of a preference occurs only during the evaluation process. The application of a preference does not alter the price to be paid by the agency under an awarded contract.

10.6.2. RECIPROCAL PREFERENCE LAW

Texas law requires that responses from nonresidents from a state that grants resident bidder preferences for that state's purchases must be reciprocated in the same manner when competing against a bidder residing in Texas. In other words, the State of Texas will respond in kind to resident bidder preferences made by other states. Under the Texas reciprocal preference law, DPS may not award a governmental contract to a nonresident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder as identified in statute. Reciprocity and resident bidder preferences do not apply when evaluating responses that involve the use of federal funds. The reciprocity preference is only applied during the evaluation process and

only in situations where the out-of-state bidder is from a state that has a residency preference. SPD maintains a Summary of Other State Bidder Preference Laws on the CPA website.

10.6.3. RESOLVING TIE BIDS

A tie occurs when two or more responses receive the same score after evaluation. P&CS will review the preferences identified by respondents and determine the awardee based on the verified preferences or tiebreaking activity, if needed. It should be noted that the purpose of scoring evaluations is to help staff find the best value, these tools help staff find the competitive field of respondents from which the vendor offering best value will be found. Priority of the claimed preference is given in the sequence listed below:



Same Price	Same Preferences.	The award for any tied item is determined by drawing lots, tossing a coin, or drawing names with two witnesses to oversee the tiebreaking activity.
Same Price	Different Preferences.	If two bidders propose the same price, but the preferences checked are different, the award is based on the priority for goods and/or for services

10.6.4. EXAMPLES OF USING PREFERENCES TO BREAK A TIE FOR GOODS AND SERVICES

EXAMPLE 1: Bidder A receives the award - Priority is given to the Texas-produced product over the U.S.-produced product.

Product	Bidder A	Bidder B
Texas Agricultural Product		
Texas Product	X	
Texas Bidder		
U.S. Product		X

EXAMPLE 2: Bidder B receives the award - Because both bidders show preference to Texas agricultural and Texas products, priority is given to the Texas bidder.

Product	Bidder A	Bidder B
Texas Agricultural Product	X	X
Texas Product	X	X
Texas Bidder		X
U.S. Product		

EXAMPLE 3: The award is made by drawing lots, tossing a coin, or drawing a name.

Product	Bidder A	Bidder B
Texas Agricultural Product		
Texas Product		
Texas Bidder	X	X
U.S. Product		

11. CONTRACT FORMATION AND AWARD

11.1. OVERVIEW

This step of the procurement process is to enter into a legally enforceable contract that not only meets the DPS's business need but is also compliant with Texas procurement law. The contract between DPS and the selected vendor may be in the form of either a PO or formal signed agreement. If a formal signed agreement is used, the PO documents the encumbrance of funds by DPS for the transaction.

For many procurements, the Contract Formation and Award phase is a relatively quick process. For example, a contract to acquire a good or service from SPD Term Contracts may be awarded by PO immediately following the selection of the vendor. In contrast, the Contract Formation and Award phase may take longer for procurements where the parties desire to enter into a formal written agreement following the negotiation of terms and conditions.

11.2. NEGOTIATIONS

11.2.1. OVERVIEW

DPS may negotiate terms and conditions during the procurement process. Not all procurement methods, however, allow for negotiation. Prior to commencing negotiations, the Procurement Lead must verify that negotiations may occur under the applicable procurement method.

Negotiations may occur for the following:

- purchases using competitive sealed proposals;
- purchases using requests for offers;
- purchases under DIR cooperative contracts;
- purchases of consulting services;
- purchases of professional services;
- TXMAS purchases;
- State Use Program purchases (when procuring services, not goods);

- sole source and competitive proprietary purchases; and
- emergency purchases when there is insufficient time to solicit bids.

The IFB procurement method prohibits negotiation, except when the agency receives only one qualified bid. This exception is the only circumstance for DPS to negotiate contract terms, including price for an IFB. In an IFB, the negotiation may not result in a material change to the advertised specifications.

Negotiations involving public sector entities (e.g., state government) are different from those between private sector entities. For example, negotiations with an agency must not materially alter requirements of the published solicitation. DPS must take care to avoid inadvertently changing the advertised procurement objectives. If the procurement objectives are changed through the negotiation process, an uneven playing field occurs when respondents could have bid differently had they been aware of the changed procurement objectives. An uneven playing field also results when the composition of the eligible vendor pool would have been different (e.g., the vendor pool may have been larger) if the changed objectives had been incorporated into the original solicitation.

If it appears that the procurement objectives may have been changed, OGC should be consulted before proceeding further.

11.2.2. NEGOTIATION TEAM

DPS employees with effective negotiation and communication skills are assigned to the negotiation team, if it is decided that this is the best course of action. For complex procurements involving high-dollar or high-risk projects, negotiations may be conducted by an experienced team of DPS employees.

A lead negotiator is designated to establish an organized and controlled negotiating environment to support an efficient, coordinated, and unified team effort.

Team members are selected, or excluded, based on their leadership style, negotiation skills and subject matter expertise, to ensure the right people are present during negotiations. The negotiation team should include DPS personnel who have or have been delegated

decision-making authority appropriate for the procurement. DPS is not required to conduct negotiations unless it determines it will be in the best interest of finding the best value for the State of Texas.

11.2.3. PREPARATION

To develop an effective negotiation strategy, the negotiation team must be prepared by becoming familiar with the documentation submitted by the vendor and be well-versed in the project business requirements, constraints, and any applicable overarching DPS objectives. The negotiation strategy should suit the particular facts and circumstances of each procurement. Formal planning activities may include, but are not limited to, the following:

- identifying contract terms that are crucial to the agreement (i.e., terms upon which DPS is either unable or unwilling to compromise, as well as contract terms that DPS is willing to compromise or relinquish);
- understanding and prioritizing the acceptable trade-offs between the various negotiation goals;
- establishing the DPS's settlement range on the items to be negotiated; and
- anticipating the positions that will be taken by the vendor during negotiations.

11.2.4. TECHNICAL LEVELING, TECHNICAL TRANSFUSION, AND OTHER IMPROPER ACTIVITIES

Care must be taken not to engage in technical leveling or technical transfusion activities. Technical leveling is helping a respondent to bring its response up to the level of other responses through successive rounds of discussion, usually by pointing out weaknesses in the response. Technical transfusion, which state law prohibits, is the disclosure of technical information or approaches by one respondent to other competitors in the course of discussion. Prohibited auctioneering techniques include:

- disclosure of competing respondents' cost/prices (even if the disclosure is made without identifying the vendor by name); and
- advising a respondent of its price standing relative to other respondents.

11.3. CONTRACT FORMATION

11.3.1. OVERVIEW

When negotiations are complete, a contract documenting the parties' negotiation and the terms and conditions of the performance must be finalized. Texas courts define a contract as a promise or a set of promises to which the law attaches legal obligation. The law regards the performance of these promises as a duty and provides a remedy for the breach of this duty. Contracts that deviate substantially from requirements defined in the solicitation are open to challenge from unsuccessful respondents. Awarding a different project from the one solicited undercuts competition and the contract could be considered void due to a violation of ESBD posting requirements.

11.3.2. APPROACH TO CONTRACT FORMATION

Fundamentally, the purpose of a written contract is to serve as a reference document that records the terms of an agreement to prevent misunderstanding or conflict, and creates a legal, binding, and enforceable obligation. Clarity of the terms and completeness of the issues are paramount. The DPS staff assigned to drafting the contract must be familiar with subject matter and concerns of the parties thoroughly enough to anticipate potential areas of disagreement and specifically address them in the contract.

Thoroughness and precision are necessary to determine the scope of a contract because contract law does not allow parties to add terms not part of the original contract without the consent of both parties. This rigidity in contract law is mostly seen as an advantage to both parties. However, this advantage may become a liability if DPS does not include all necessary language in the contract when executed.

Creating a contract for DPS is an exercise in balancing potential conflicting interests. The primary concern must always be the benefit of the contract to the State as a whole, or more specifically, the taxpayers of the State.

Care should be taken not to include unnecessarily harsh provisions in the contract; while such provisions may be legal, they usually have negative future consequences that outweigh the initial gains. Contractors who feel they have been aggrieved by the State are less likely to provide good service and are more apt to engage in legal

action. In addition, these contractors may decide to not pursue future State contracts, thus limiting future competition.

Individuals drafting a contract must ensure they are using the latest approved template for the type of contract developed by downloading a fresh copy of the template from SharePoint for each requisition. The latest approved template contains up to date legal references and requirements and other modifications and improvements that a prior or existing contract will not.

Prior to final internal routing requirements, the individual drafting the contract should thoroughly review the contract to ensure it is in harmony with the solicitation and negotiations and encompasses all the required elements.

The draft contract undergoes several reviews within DPS, including OGC. Modifications requested to required or essential contract clauses must be pointed out during the review process or fully vetted during the drafting process. Many of these are requirements stemming directly from statutory law for which DPS has no authority to negotiate or violate.

11.3.3. LEGAL ELEMENTS OF A CONTRACT

The following are the essential elements necessary to form a binding contract:

- Offer;
- Acceptance;
- Legal Purpose;
- Consideration;
- Certainty of Subject Matter; and
- Competent Parties.

11.3.4. CONTRACT TERMS

The following are required to be included in every DPS contract:

- Terms Necessary for the Formation of a Legally Binding Contract. The necessary elements of a contract are offer, acceptance, legal purpose, consideration, certainty of subject matter, and competent parties. Accordingly, each contract must include terms which address the following:
 - Statement (Scope) of work;
 - Financial provisions (e.g., price and payment terms);

- Contract period (term) and termination provisions; and
 - Identification of the contracting parties.
- Required Contract Clauses. The most common statutorily required contract clauses are compiled on the SPD's list of Texas Required Contract Clauses. For each required contract clause, the compendium provides both standard and alternate text that serves as a safe harbor for compliance with the applicable statute. DPS includes its Standard Terms and Conditions with IFB/RFP/RFO solicitations in order to comply with required clauses and to protect DPS and the state from financial loss. DPS also includes its Information and Certifications form, which the respondent certifies and approves by signing and returning. Current versions of contract exhibits can be found on [SharePoint Template Exhibits](#).
- Governor Abbott's Executive Orders GA-47 and GA-48. Under Governor Abbott's Executive Orders GA-47 and GA-48, the Texas Department of Public Safety (DPS) has been assigned responsibilities to strengthen the state's defenses against threats posed by foreign adversaries. Executive Order GA 48 directs state agencies to ensure that personnel do not have unauthorized affiliations or vulnerabilities related to foreign adversaries. To align with state mandates, comprehensive background screening services were acquired to support DPS and state agencies in conducting background screening for employment, routine reviews, and ad hoc queries.

Included in solicitations and the contract, the respondent must certify that neither it nor its holding companies or subsidiaries is:

- Listed in Section 889 of the 2019 National Defense Authorization Act;
- Listed in Section 1260H of the 2021 National Defense Authorization Act; or
- Owned by the government of a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R Section 791.4; or
- Controlled by any governing or regulatory body located in a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R Section 791.4.

P&CS staff must seek assistance from OGC prior to modifying the standard or alternate text specified for the Texas Required Contract Clauses in [Texas Gov't Code Section 2262.051\(d\)\(1\)](#)

as slight variations may result in DPS's noncompliance with applicable statutes and rules.

SPD makes it clear that while statute does not mandate that these Recommended

Clauses should appear in every contract; they also should not be treated as "optional." Rather, they are provisions that are typically included in most contracts. Recommended Clauses include, but are not limited to, the following:

- Administrative provisions;
- Provisions that allocate risk and specify remedies;
- Provisions that relate to the identification and safeguarding of confidential information; and
- Provisions that relate to rights and ownership of work product and intellectual property.

The determination as to the appropriateness of a particular contract term is dependent on the characteristics of the transaction. The list of Recommended Contract Clauses located in Appendix 25 of the [State of Texas Procurement and Contract Management Guide](#) comprises "sample" text because it is expected that the wording of the Recommended Clauses included in each contract will vary due to the unique contracting needs of individual state agencies. For example, certain federal programs may require the inclusion of specific contract clauses. The DPS subject matter expert and OGC should identify these clauses.

NOTE: that this does not cover provisions that apply only in certain circumstances (such as iron/steel in construction contracts).

It is common practice for a contracting entity to utilize its respective standard terms and conditions to provide uniformity across the transactions. When drafting a contract, care should be taken not to automatically adopt terms and conditions, even boilerplate, from another contract without a thorough and independent review of how those terms and conditions relate to the current purchase and determine whether they are applicable. DPS uses its own templates and exhibits because these have been carefully crafted for suitability and compliance by P&CS and OGC.

P&CS will work with OGC to ensure that contract terms suit the purchase. OGC reviews the terms and clauses of contracts and

recommends additional terms to include or revisions to be made. P&CS will review the recommendations along with division staff to determine if recommended revisions will be included. P&CS will refer questions regarding legal terms and clauses to OGC.

11.3.5. AUTHORITY TO CONTRACT

Only persons having actual authority to act on behalf of DPS can bind DPS in a contract. The powers of all state officers are set by law. All persons dealing with state officers must know the limits of their authority and determine if the contemplated contract is within their statutory authority.

No other DPS staff may execute a contract absent express authority.

A threshold issue in government contracting is whether an agency has statutory authority to contract. One should not presume or rely on the implied authority of an officer or agency of the state to contract. Only persons having actual authority to act on behalf of the State can bind the State in a contract.

An authorized employee's signature on a contract will reflect a representation that the contract has been properly submitted, reviewed, and approved in accordance with all DPS policies and procedures and that the contract is in the best interest of the state.

No other employee may sign a contract binding the agency without a delegation of authority to do so as set out in this policy. All contracts that require signatures or otherwise bind the agency must be reviewed by P&CS in IOD and OGC.

DPS authorizes individuals to sign contracts on its behalf in accordance with [DPS Delegated Signature Authority Policy](#) and DSA Delegation Tables.

The signature routing process depends on the award and signature thresholds. The Procurement Lead is responsible for ensuring the contract is routed through the appropriate process. The Procurement Lead should consult the General Manual and [DPS Delegated Signature Authority Policy](#) for current signature authority thresholds.

11.3.6. BINDING SIGNATURES

Original signatures pose the least risk for forgery or unauthorized signatures. However, contracts are valid if signed by an individual authorized to obligate that party, whether that individual's signature is hand-made or represented electronically or digitally as those terms are defined by the CPA in 34 Texas Administrative Code §20.3. Due to time and expense considerations, DPS accepts alternatives that meet the CPA's requirements to original signatures in instances in which the potential risk for forgery or unauthorized signatures has been determined to be minimal. See [DocuSign](#) for more info on electronic signatures.

11.3.7. FORM OF THE CONTRACT

11.3.7.1. Overview

Evidence of an agreement or contract can be documented in different formats including, but not limited to, a "four-corner contract" or a PO. Each of these forms of contract has advantages and disadvantages. Determining the most appropriate format should follow an assessment of the risks involving contract construction or interpretation. The contract delivers an offer in a form requested by DPS, and DPS indicates acceptance of the offer. The documents that comprise the offer and acceptance are the evidence of the agreement.

11.3.7.2. Four-Corner Contract

In a "four-corner" contract, the provisions are contained within the four-corners of a single document. An authorized representative of the parties must sign this type of contract. Contract management is easier when all of the provisions regarding the duties, obligations and responsibilities of each party is logically organized within one document. On the other hand, "four-corner" contracts require more time to plan and prepare. DPS uses four corner contracts for some simple, low-risk, or non-financial contracts. These include MOU's, IAC's and ILC's.

An alternative to the "four-corner" contract is a contract stack approach in which the solicitation, response, and other documents are incorporated by reference into or attached to a top-level document such as a formally signed agreement (CAPPS Contract) or Transactional Purchase Order (TPO).

For open market requisitions, DPS uses a contract stack to include all requisite provisions and information to form the subject of the contract. The order of precedence establishes which documents may supersede others in the event of conflict. The top-level document should be carefully drafted to incorporate all documents that are part of the agreement and address an order of preference and any conflicts between them. All final terms and conditions that vary from either the solicitation or the vendor's offer should be specifically identified.

11.3.7.3. Purchase Order (PO)

Depending on the transaction, the PO will be either the contract or an associated contract document issued to encumber funds for a contract. The PO will generally refer to or incorporate either an existing contract or an offer made by a vendor. For example, DPS may issue a PO against an existing DIR schedule contract to purchase laptop computers. A PO can also be used to accept or counter a vendor's quote for a purchase made under delegated authority. The terms and conditions of the incorporated contract or offer must be carefully reviewed to ensure they meet DPS's needs. DPS may include its own terms and conditions on a PO to supplement the existing contract or to address unacceptable terms proposed by the vendor.

11.4. CONTRACT AWARD

11.4.1. OVERVIEW

Once the contract has been drafted and just prior to execution, DPS determines whether review by an oversight agency is required and, if applicable, obtains the requisite approval(s) prior to contract award. To ensure compliance with applicable procurement law, pre-award due diligence checks should also be conducted. Pre-award contract compliance checks include confirmation that certain internal reviews and approvals have been performed, required disclosure statements have been completed, and verification that the award to the selected vendor is not prohibited by law.

11.4.2. VENDOR ASSESSMENT

For procurements subject to [Tex. Gov'n't Code Chapter 2261](#), before the award of a contract to a vendor, DPS Procurement Director must review the process and all documents used to assess each vendor who responded to the solicitation. The Procurement Director must certify in

writing that each vendor's response was assessed using the evaluation criteria published in the solicitation or, if applicable, the written evaluation criteria established by DPS; and the final calculation of scoring of responses was accurate. A change in scoring of a vendor that occurs following the initial assessment must be justified in writing and reviewed and certified by the Procurement Director. The Procurement Director may delegate the certification authority to personnel within the procurement office, as described by the CPA's Office.

11.5. REVIEWS AND APPROVALS BY OVERSIGHT AGENCIES

11.5.1. QAT – MAJOR INFORMATION RESOURCE PROJECT

In accordance with [Tex. Gov't Code 2054.118](#), Major Information Resources Project, DPS may not spend appropriated funds for major information resource project (MIRP) unless the project has been approved by the LBB in the agency's biennial operating plan and the Quality Assurance Team (QAT).

A contract for development of a MIRP project with an expected value of at least \$10 million DPS must:

- Submit the proposed terms of the contract to the QAT before the start of negotiations; and
- Submit the final negotiated unsigned contract to the QAT for review.

If the QAT makes recommendations pertaining to the proposed terms of the contract, DPS must either (1) comply with the recommendation; or (2) submit to the QAT a written explanation regarding why the recommendation is not applicable to the contract under review.

Information regarding the steps involved in initiating, monitoring, completing, and submitting deliverables and contract documents to the QAT for a MIRP is available on the Project Delivery Framework page located on the DIR website. The P&CS Director can facilitate interaction with QAT on behalf of DPS.

11.5.2. DIR – STATEMENT OF WORK

DPS prepares and submits to DIR certain Statement of Work (SOW) for contracts that exceed \$50,000. A DIR SOW executed by DPS under a contract for an IT commodity item is not valid and money may not be paid to the contractor under the terms of the DIR SOW unless DIR first signs the DIR SOW.

11.6. PRE-AWARD CONTRACT COMPLIANCE CHECKS

11.6.1. AGENCY VERIFICATION OF BEST VALUE STANDARDS

The DPS Procurement Lead:

- Approve each DPS contract for which DPS is required to purchase goods or services using the best value standard;
- Ensure that, for each contract, DPS documents the best value standard used for the contract;
- Acknowledge in writing that DPS complied with DPS's Handbook and the Guide in the purchase; and
- Ensure that DPS evaluates the contractor's performance based on:
 - information prepared by DPS in planning the procurement that assessed the need for the purchase together with the specifications for the good or service and the criteria to evaluate the responses resulting in an award and contract;
 - compliance with the material terms of the contract;
 - ability to correct instances of contractual non-compliance; and
 - other evaluation criteria presented in the online vendor performance tracking system.

P&CS Director must certify if a contract is awarded to a vendor who did not receive the highest score in the assessment process, a written justification detailing the reasons for making the award is required for the procurement file

11.6.2. DPS COMPLIANCE AND QUALITY CONTROL (CQC) VERIFICATION OF COMPLETE PROCUREMENT FILE

Prior to contract award, DPS P&CS CQC will:

- review the contents of the contract file to ensure all documents required by state law and DPS rules are complete and present including a copy of the contract and checklist, and
- certify in writing for inclusion in the contract file that the required review under the previous item was completed.

11.6.3. AGENCY VERIFICATION OF VENDOR ASSESSMENT PROCESS

For procurements subject to [Tex. Gov't Code Section 2261](#), the P&CS Director, prior to contract award, must review the process and all documents used by DPS to assess each vendor who responded to the solicitation. The P&CS Director must certify in writing that:

- DPS assessed each vendor's response to the solicitation using the evaluation criteria published in the solicitation, and
- the final calculation of scoring of responses was accurate.

In addition, DPS must justify in writing any change in the scoring of a vendor that occurs following the initial assessment and scoring of responses. The written justification must be reviewed by the P&CS Director. The P&CS Director must certify in writing that the change in scoring was appropriate. The written certification or justification must be placed in the procurement file.

If DPS awards a contract to a vendor who did not receive the highest score in the assessment process, DPS must state in writing in the contract file the reasons for making the award.

11.6.4. AGENCY VERIFICATION OF VPTS REPORTING COMPLIANCE

If the value of the contract exceeds \$5 million, DPS may not extend the contract until the agency reports to the VPTS the results of each review of the vendor's performance conducted at least once a year during the contract term and at each key milestone identified for the contract.

11.6.5. AGENCY VERIFICATION OF CONTRACT EXTENSION COMPLIANCE

DPS must minimize the use of extensions that extend contracts beyond the base term and any optional extensions provided in a contract. DPS may not use funds appropriated elsewhere in the General Appropriations Act (GAA) to pay for an extension to an existing agency contract beyond the base term and optional extensions provided in the contract unless all of the following conditions are met: See General Appropriations Act, Article IX, Section 17.09(c).

- The extension is limited in duration and cost to not more than one additional option period, as defined in the contract, to address the immediate operational or service delivery needs. If a contract does not contain a defined option period, the extension is limited to one year.
- DPS provides notice to the extension, at least 30 days prior to execution of the extension, by uploading required information to the LBB contracts database on a form prescribed by the LBB.

As a general policy, it is recommended that the maximum duration for a contract without reissuing a competitive solicitation is four to five years. This includes any renewal or extension periods. Individual business needs may dictate a different period, and agencies should consult their legal counsel for advice on this matter early in the planning process.

11.6.6. AGENCY SIGNATURE – ALL CONTRACTS

DPS has established internal procedures for required approvals and thresholds for contractual transactions. The Procurement Lead is responsible for ensuring the contract routes to the correct DPS staff member with the signature authority to execute the contract.

11.6.7. AGENCY SIGNATURE – CONTRACTS WITH A VALUE OF \$1 MILLION OR MORE

DPS may enter into a contract for the purchase of goods or services that has a value of \$1 million or more only if the governing body of DPS (Contract Review Board) approves the contract and the approved contract is signed by the presiding officer of DPS. In accordance with the statutory authority, signature authority has been delegated to the DPS Colonel.

11.6.8. AGENCY VERIFICATION – CONTRACTS WITH A VALUE OF \$5 MILLION OR MORE

A contract for the purchase of goods or services that has a value of \$5 million or more must have the P&CS Director verify in writing that the solicitation and purchasing methods and contractor selection process complies with state law and DPS policy.

Furthermore, the P&CS Director must submit information on any potential issue that may arise in the solicitation, purchasing, or contractor selection process to the CRB.

11.6.9. AGENCY REVIEW OF REQUIRED DISCLOSURES

A contract for the purchase of goods or services that has a value of \$5 million or more must have the P&CS Director verify in writing that the solicitation and purchasing methods and contractor selection process complies with state law and DPS policy.

11.6.9.1. SAO Nepotism Statement for Purchasing Personnel

For contracts that are valued at \$1 million or more, all purchasing personnel working on the contract must disclose the relationship (if any) with the selected vendor (or any employee, stockholder, contractor, etc.) to the DPS Director on a form prescribed by SAO. Each agency must develop a process for collecting and retaining disclosures. To ensure that the disclosure statement is accurate, the agency should ensure that it is signed and acknowledged reasonably close to the award of the contract. For example, an agency could specify that a new disclosure must be submitted after one year.

11.6.9.2. TEC Disclosure of Interested Parties (Form 1295)

Certain contracts with a value of \$1 million or more or that require an action or vote by the three-member Commission require vendors to complete the Form 1295 Certificate of Interested Parties, which is located on the Texas Ethics Commission (TEC) website. Before contract award, the vendor must submit to DPS a completed and signed form with the certificate of filing number and date. DPS, as a best practice, includes a reference to Form 1295 in the solicitation to allow the vendor to gather the pertinent information early in the process. The contract can be voided for failure to provide Form 1295 only if: (1) The agency notifies the vendor in writing of the failure, and (2) The vendor then fails to submit Form 1295 on or before the 10th business day after receipt of the notification. See [Texas Ethics Commission Form 1295](#).

The Disclosure of Interested Parties (Form 1295) is not required for publicly traded entities. See [EDGAR](#) database, Securities and Exchange Commission's website for publicly traded entities.

11.6.9.3. Procurement and Contract Management Conflict of Interest Disclosure

Each DPS employee or official who is involved in procurement or in contract management for DPS must disclose to DPS any potential conflict of interest specified by state law or DPS policy that is known by the employee or official with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by the DPS. A DPS employee or official is required to disclose any potential conflict of interest specified by state law or DPS 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. See [PCS-7 DPS Non-Disclosure Agreement](#).

11.6.10. VENDOR COMPLIANCE VERIFICATIONS

Immediately following award, DPS conducts vendor compliance verifications. These verifications are identical to those conducted for each vendor during the minimum qualification review. The prime contractor should ensure that all subcontractors are eligible to do business with the State of Texas as delineated by adherence to the vendor compliance verifications. This will include Secretary of State checks, as well as all other compliance verifications.

SUBJECT	DESCRIPTION	WEBSITE
DEBARMENT CHECK	Establish that SPD has not debarred the vendor. An agency may not award a contract to a debarred vendor.	Debarred Vendor List
SAM CHECK	Verify that the federal government has not excluded the vendor from grant or contract participation. In addition, a contract cannot be awarded to a vendor named on the U S Treasury Department, Office of Foreign Assets Control's (OFAC) master list of Specially Designated Nationals & Blocked Persons (with limited exceptions set forth in the Order). The SAM database is not the same as the OFAC Master List, however, the data from the OFAC master list can be found within the SAM database.	System for Award Management) database OFAC master list
IRAN, SUDAN & FOREIGN TERRORIST ORGANIZATION CHECK	Governmental entities may not contract with a company doing business with Iran, Sudan, or a foreign terrorist organization. Prior to award.	Divestment Statute Lists
BOYCOTT ISRAEL CHECK	May not contract with a company, with 10 or more full-time employees, for goods or services with a value of \$100,000 or more	Divestment Statute Lists

	<p>unless the contract contains a written verification from the company that it does not boycott Israel and will not boycott Israel during the term of the contract.</p>	
WARRANT/PAYMENT HOLD CHECK	<p>Texas Government Code Section 2252.903, requires state agencies, including institutions of higher education, to verify a vendor's warrant hold status no earlier than the seventh day before and no later than the day of contract execution for: 1. Payments made with local funds (funds held outside the Treasury) 2. Payment card purchases over \$500 Verification of warrant hold status within seven days of contract execution is not required if a contract will be paid using funds held in the Treasury. Agencies and institutions must not proceed with purchases made with local funds or payment card purchases over \$500 until the warrant hold has been released, unless the contract requires the agency's payments under the contract to be applied directly toward eliminating the person's debt or delinquency, regardless of when it arises. Verifications of warrant hold status within seven days of contract execution is not required if a contract will be paid using funds held in the Treasury. Payments made through the Uniform Statewide Accounting System (USAS) are automatically checked for holds and the system identifies payments issued to persons with outstanding state debt.</p>	TINS
FRANCHISE TAX CHECK	<p>Not all vendors are required to pay franchise tax. The Texas franchise tax is a privilege tax imposed on each taxable entity formed or</p>	Franchise Tax Account Status

organized in Texas or doing business in Texas. CPA is required by law to forfeit a company's right to transact business in Texas if the company has not filed a franchise tax report or paid a franchise tax required under Chapter 171 of the Tax Code.

11.7. CONTRACT & AMENDMENT NOTIFICATIONS

11.7.1. INTERNAL NOTIFICATION

Immediately following award, the Procurement Lead must provide an executed copy of the contract to the Contract Manager/Monitor, any additional internal points of contact, and the contractor.

11.7.2. CONTRACT & AMENDMENT NOTIFICATIONS AND POSTINGS

Legislation passed in 2015 has placed more focus on state agency contracting practices, resulting in an emphasis on transparency through various reporting requirements and generally making information available to the public.

Depending on the type or amount of the transaction, DPS may be required to provide one or more notifications of the contract award. These notifications may be in the form of a notice of award published to the ESBD or Texas Register, a report to an oversight agency, such as the LBB, or a website posting. Agencies must timely comply with all required notifications.

ESBD Notice of Award

After the contract is awarded, a notification of award must be posted to the ESBD within two(2) business days if the contract is expected to exceed \$25,000. In the event the action resulting from the ESBD posting is not a contract award, the agency must post notice of the non-award to the ESBD within two (2) business days.

Texas Register Notice of Award

As Outlined in [TEX. GOV'T CODE 2166.253](#) solicitations using certain procurement methods must be advertised in the Texas Register. A copy of the Texas Register notice must be placed in the procurement file. Texas Register posting requirements are in addition to ESBD posting requirements.

Major Information Resources Project Notification

An agency must notify QAT within 10 business days when the agency awards a contract for a major information resources project that is equal to or greater than \$10 million. [General Appropriations Act, Senate Bill 1, 89th R.S. at Article IX, Section 9.02\(b\)\(3\)](#).

LBB Reporting

Contracts that have a value that exceeds certain thresholds must be reported to the LBB. The submission must include any required documentation such as the solicitation documents, contract documents, and attestation letters. These reporting requirements are fulfilled through the [LBB Contracts Database](#) located on the LBB website. The database is the single point of data entry for all contract information that state entities are required to report to the LBB either by statute or the General Appropriations Act.

11.7.3. AGENCY WEBSITE POSTINGS

The below table details posting requirements for Certain Agency Contracts, DIR Statements of Work, and Contracts Exceeding \$100,000.

11.8. DEBRIEFINGS

The Procurement Lead, in accordance with P&CS Policy, may conduct a “debriefing” meeting at the request of an unsuccessful vendor. In preparation for the meeting, the Procurement Lead must be prepared to discuss the strengths and weaknesses of the vendor’s response relative to the advertised evaluation criteria as well as how DPS’s decision complied with applicable procurement law and the published solicitation.

Several vendor representatives may attend the meeting, which may be conducted by phone conference. A list of the vendor attendees should be requested in advance of the scheduled meeting. If the vendor’s legal representative will attend the meeting the P&CS Director may notify OGC. Debriefings are limited to a discussion of that vendor’s specific response. The Procurement Lead must not engage in discussions about how the vendor’s response compares to those of other vendors. Care must be taken not to divulge confidential information regarding a competitor’s response.

Debriefings are beneficial to both the vendor and DPS. During the debriefing, the vendor may obtain information on why its response was unsuccessful so that it may apply “lessons learned” in future procurement initiatives with the State. Similarly, a debriefing provides an opportunity for DPS to obtain valuable insight, from the vendor’s perspective, of the procurement process.

11.9. PROTEST AWARD

When a protest is received, DPS follows its rules to assess the merits of the vendor’s protest and correct any unlawful procurement actions. DPS staff should never assume that protests are frivolous; it is expected that most vendors would be reluctant to file a protest against a state agency with which it wants to conduct business unless they believe that egregious errors occurred during the solicitation process. Even if the protest is not sustainable under the DPS’s protest rules, DPS should proactively make appropriate improvements to its procurement practices if any shortcomings are uncovered during the protest. DPS rules regarding Procedures for Vendor Protests of Procurements can be found at [37 Texas Administrative Code Rule §1.264](#).

11.10. LESSONS LEARNED – INTERNAL

The Procurement Lead should call a ‘lessons learned’ meeting after the conclusion of each solicitation and prior to transition of the contract to the Contract Manager/Monitor. This meeting should take place within two weeks of contract execution so that team members recall details to provide more feedback during the meeting. The meeting must include, at a minimum, the team assigned to the solicitation, but it can also include other DPS staff involved in the process.

The purpose of the lessons learned meeting is review the solicitation from initiation through signature and document the strengths and weaknesses of the solicitation and process, as well as recommendations for improvement for that particular solicitation or the process in general. The Procurement Lead retains documentation or a summary of the meeting in the procurement file and sends a copy to the P&CS Director. The Procurement Lead must also place a copy in the file. The P&CS Director and the review the document and may act accordingly on recommendations. The lessons learned document should be reviewed prior to a new solicitation for a similar procurement.

The Procurement Lead may include the Contract Manager/Monitor in the lessons learned meeting, or combine the lessons learned meeting with the transition of the contract file from the Procurement Lead to the Contract Manager/Monitor.

12. CONTRACT MANAGEMENT

12.1. CONTRACT MANAGEMENT

The final step in the procurement process is contract management. The objective of contract management is to ensure the contract is performed satisfactorily and the responsibilities of both parties —DPS and the contractor — are properly discharged. Effective contract management prevents, minimizes and resolves problems and potential claims and disputes. For contract management to be successful, the Contract Manager/Monitor must be involved throughout the Procurement Cycle.

12.2. TRANSITION FROM PROCUREMENT LEAD TO CONTRACT MONITOR

DPS Divisions must ensure that each contract or group of contracts is assigned to a DPS Contract Monitor who is responsible for monitoring and oversight activities of the DPS contract. The Procurement Lead will notify the identified Contract Monitor at time of award that the contract/purchase has been completed.

For procurements meeting the criteria for enhanced monitoring, the transition occurs through a post award notification email. The notice is prepared by P&CS/COS and is submitted to the contractor point-of-contact identified within the agreement. A second notice is prepared and submitted to the Contract Manager/Monitor, End-Users, and, if assigned, the Project Manager. The notice ensures the Contract Manager/Monitor, as well as other stakeholders, have an understanding of the key elements/activities and requirements of the contract. As part of the hand-off, the Procurement Lead facilitates the transition of documents and foundational knowledge of the solicitation and contract to the Contract Monitor.

The procurement folder containing original documents will be established and maintained within the DPS Acquisition Management Suite for proper retention in the official file. While convenience copies may be maintained, they should be marked or stored as such. Even convenience copies, duplicate copies and drafts must be provided to OGC Open Records in the

event of a public information request if there are notations or other markings on them in addition to the original text.

12.3. CONTRACT MONITOR RESPONSIBILITIES

Contract Monitors (CMs) should possess the technical and/or programmatic expertise and knowledge or have the expertise and knowledge readily available to them. CMs ensure contracting decisions involve all relevant parties and coordination and input from all stakeholder divisions to minimize risk and maximize compliance. The contract monitor 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 interest of the agency are protected.

The CM is also responsible for:

- Responding to recommendations or guidance to address any legal concerns and/or issues;
- Often the Contract Monitor performs responsibilities outlined in the Receiver's role;
- Monitoring to ensure all requirements, measures, and deliverables are met;
- Monitoring to ensure sufficient funds are available; Monitoring to ensure there are no non-compliant activities;
- Conducting informal remediation activities to correct non-compliance issues;
- Understanding procurement timelines to ensure submission of renewal or resolicitation requests in enough time to avoid lapse in service and/or non-compliant activities;
- Completing PCS-6 Vendor Performance Report and PCS-5 Contract Monitor Form and submitting to P&CS as required and on time;
- Verifying accuracy of invoices and authorizing payments consistent with the contract terms.

Contract Monitors are **not** authorized to:

- Allow the contractor to commence work before the contract is fully executed;
- Change the scope or extend the term of the contract without complying with the formal amendment process prescribed by the contract;
- Authorize the contractor to perform work that is not specifically described in and funded by the express terms of the contract; or

- Allow the contractor to recover costs incurred prior to the effective date of the contract or recover costs above the budget limit set by the contract.

The number of DPS staff participating in the contract oversight / monitoring process may vary from one to many depending on the size, level of risk and complexity of the contract. Early in the procurement process, the end user or the P&CS Director may identify staff, in addition to the assigned Contract Manager/Monitor, who will participate in the contract management/oversight process. The Contract Manager/Monitor is responsible for submitting/uploading any required documents for the contract to the master contract folder maintained within the CMCORS application throughout the life of the contract. In order to serve in the capacity as a Contract Monitor, the individual must obtain and maintain DPs Certification. Training requirements are identified in Section 6.2.1 Training and Certifications Requirements and Authority.

12.4. PLANNING AND RISK ASSESSMENT TOOLS

12.4.1. CONTRACT RISK ASSESSMENT

Under [Tex. Gov't Code §2261.256](#), each state agency must develop and comply with a purchasing accountability and risk analysis procedure that provides for:

- assessing the risk of fraud, abuse or waste in the contractor selection process, contract provisions and payment and reimbursement rates;
- identifying contracts that require enhanced contract monitoring or immediate attention of the contract management staff;
- establishing clear levels of purchasing accountability and staff responsibilities related to purchasing.

Risk assessments are completed for each contract that is a part of the Contract Monitor's workload. An effective risk assessment model will focus monitoring resources on contracts with the highest risk of noncompliance. The Agency developed a Risk Assessment tool for the contract phase ([PCS-25C Risk Assessment – Contract Oversight Phase](#)) for determining the risk level of the contract. For contracts that require enhanced reporting, the reporting frequency is based upon the level of risk as determined by completion of the risk assessment. The various risk levels and reporting frequency are:

- Low - Semiannual reporting
- Moderate – Quarterly reporting

- High – Monthly reporting

This assessment is completed to anticipate risks, mitigate, or manage risks, and avoid or transfer risk in order to protect the agency. Performing risk assessment is an ongoing process throughout the life of the contract.

Risks to the contract must be reviewed and evaluated by the Contract Monitor on a continual basis until the contract is fully performed and final payment has been rendered. The Contract Monitoring Report (CMR) is required to provide visibility and support to remedy outstanding issues and risks in order to increase the chances for successful outcomes.

In addition to using the risk assessment tool, Contract Monitors should keep a log for all purchases assigned. This log should identify all risks to their contract, the mitigation plan or strategy for addressing the risk, and the outcome. This log should be available for review upon request by P&CS. Current risks must also be reported on the Contract Monitoring Report.

Under [Tex. Gov't Code 2261](#), and other provisions of Senate Bill 20 (84th Legislative Session) and General Appropriations Act Art IX, Rider 7.12 adopted by the 84th Legislature, Regular Session, the P&CS Director has responsibilities relative to serious issues or risks on certain contracts. The P&CS Director will notify the agency's governing body, through the Chief of Infrastructure Operations Division, of any serious issue or risk on certain contracts. The P&CS Director will also provide a weekly report through the Chief of Infrastructure Operation Division to the Public Safety Commission that identifies risks or issues with these items.

DPS's risk assessment process is designed to estimate the following:

- The likelihood of the event is estimated (e.g., rare to almost certain).
- The consequence of the event is estimated (e.g., negligible impact to extreme).



12.4.2. RISK FACTORS

General risk factors that are considered include, but are not limited to, the following:

- The contractor's previous experience with the type of work to be performed;
- The contractor's past performance (and past performance of similar contractors);
- The dollar value of the contract;
- Reimbursement methodology (e.g., fixed price, time and materials, cost reimbursement);
- Acquisition complexity (e.g., office supplies, temporary staff, design/build/implementation project, outsourcing project);
- Acquisition involves (DPS and/or contractor) confidential and/or propriety information;
- Acquisition involves products or services that are relatively new in the marketplace;
- Acquisition involves the use of technology or implementation of processes that are new to DPS;
- Acquisition has an interdependency with other contracts;
- Acquisition has statewide impact (e.g., involves large number of constituents, a vulnerable client population);
- Findings from monitoring efforts, such as the variance between expected and actual performance;
- Turnover in key personnel of the agency and/or contractor;
- Significant problems with payment requests;
- Results of monitoring visits with the same contractor that are completed for other business units within DPS or other agencies;
- The length of time since the last monitoring activity;
- DPS personnel experience with the product provided or the type of work to be performed; and

- Available level of effort to support the monitoring activities (e.g., Contract Monitor workload)

12.4.3. ASSESSING RISK

Since risk assessment is a dynamic process, it is updated regularly during the contract oversight phase to reflect the results of monitoring visits, reviews of payment vouchers, desk reviews, etc. For example, if a contractor has fallen significantly behind schedule in delivering services, the risk assessment should be updated to indicate the elevated risk and this impacts how the contract is monitored in the future. Likewise, if a contractor is well ahead of schedule in delivering services, the risk assessment should be updated to indicate the lower level of risk. As a result, it is critical that the contract is reviewed continuously throughout the life of the contract to ensure risk level has not changed.

12.4.4. CONTRACT ISSUE MANAGEMENT

The Contract Monitor is the first person to know about and resolve issues. Contract Monitors should keep a log of all issues that arise during the life of the contract and document the timeline of the issue along with the resolution.

To prevent disputes, Contract Monitors must:

- Maintain regular communication with the contractor;
- Respond promptly to all contractor inquiries regarding contract concerns;
- Work with P&CS/COS to develop a strategy to resolve issues and communicate to contractors;
- Thoroughly document all issues and communications pertaining to contract issues;
- Notify P&CS/COS promptly of any issues;
- Use Corrective Action Plans to address issues that are impacting performance of the contract;
- Email the assigned Purchaser and Contract Oversight and Support, cc division management. The email should contain an overview of problem(s) and actions taken towards resolution to date;
- P&CS will provide guidance and assistance and escalate to OGC if needed;
- P&CS will facilitate resolution with all parties, including OGC;

- P&CS will facilitate completion of a Corrective Action Plan (CAP) and/or require the contractor to provide a formal CAP;
- As requested, OGC will provide guidance and direction on appropriate legal action if the vendor is non-compliant.

12.4.5. STATE AUDITOR MONITORING ASSESSMENT

In accordance with Texas Government Code, Section 2261.258, before July 1 of each year, the state auditor shall assign contract monitoring ratings to each of the 25 largest state agencies as determined by the Legislative Budget Board (LBB). Those ratings are:

- additional monitoring warranted;
- no additional monitoring warranted; or
- reduced monitoring warranted.

The state auditor shall consider the following information as applicable in assigning the ratings:

- results of an audit conducted by the state auditor or DPS internal auditor;
- results of a purchase audit conducted by the CPA;
- information reported by the Quality Assurance Team (QAT);
- information from the Contract Advisory Team (CAT);
- information from a review conducted by the LBB and the Sunset Advisory Commission;
- DPS self-reported improvements to the contracting process; and
- any additional internal analysis provided by DPS.

The state auditor will identify the periods in which additional or reduced monitoring is warranted from the following periods:

- contract solicitation development;
- contract formation and award; and/or
- contract management and termination.

Contract Monitors at agencies assigned the rating “additional monitoring warranted” for the contract management and termination stage must complete the SPD Enhanced Contract Monitoring training by December 31 of the year of the rating assignment. Each year’s report can be located on the SAO Reports website (Report name: A Report on Contract Monitoring Assessment at Certain State Agencies.)

12.5. POST AWARD NOTIFICATION

A post award notification is an email notice submitted to the contractor and contract monitor for contracts meeting the criteria for enhanced contract monitoring. The notice is submitted soon after contract award and serves as an orientation for the Contract Monitor and contractor to ensure a clear and mutual understanding of all contract terms and conditions, and the respective responsibilities of all parties. Although the contractor and the DPS personnel should already be fully aware of the contract requirements, the post award notification ensures that anyone involved directly in the contract administration process understands all contract performance requirements. Additional items to cover include the amendment process and relevant DPS policies and procedures.

Not every contract requires a formal post award notification, but some form of discussion between the contracting parties after award must occur to ensure that all parties are aware of the performance requirements and administrative procedures agreed in the contract. Care should be taken to ensure that discussions that occur during a post award meeting do not result in performance expectations that do not align with the terms of the contract.

For contracts not meeting the criteria for enhanced contract monitoring, a telephone call with the contractor may be sufficient. During the telephone conversation, the monitor should review the major points of the contract with the contractor, such as the value of the contract, major performance milestones, deliverables, reports, meetings and time and place of delivery.

12.6. MONITORING METHODS

12.6.1. DPS CONTRACT MONITORING PROGRAM

Each contract and purchase order will have a designated Contract Monitor from the requesting division, a P&CS Contract Administrator, and an Executive Sponsor (the Chief of the requesting Division) to assist in the contract management process.

The Contract Monitoring Program also hosts quarterly Contract Monitoring & Reporting Workgroup (CMRW) meetings, which provide a forum for Contract Monitors assigned to enhanced monitoring contracts to share ideas and recommend changes for continuous improvement of the contract monitoring processes through discussion, lessons learned, and collaboration.

The program includes a training requirement for all agency staff assigned the role as a contract monitor. There are two levels of certification depending on the type of contracts/purchases the monitor is assigned. Level 1 training is required for all staff monitoring transactional purchase orders and contracts not meeting the criteria for enhanced monitoring. Level 2 training is required for all staff monitoring contracts that meet the criteria for enhanced monitoring. Additional details of the program can be obtained from the P&CS SharePoint site under [Division Information](#).

Follow-up is essential, as a problem will not correct itself simply by identifying it in a monitoring report. The Contract Monitor should periodically review the results for the monitoring efforts to:

- Ensure corrective actions have been taken;
- Identify common problem areas that might require training; and
- Improve contract requirements for future contracts.

The different monitoring methods include desk reviews, site visits, and third-party monitoring, which this section discusses in more detail. Other monitoring methods include status telephone calls, expenditure document review, spot audits, and scheduled audits.

Telephone calls and meetings must be substantiated in writing and maintained as part of the contract file. Such documentation must include the date and time that phone calls or meetings occurred as well as a summary of topics discussed (e.g., meeting minutes) including pending action items and decisions that were made.

12.6.2. DPS CONTRACTS

All contracts, regardless of the dollar amount, are formally monitored. A contract is a written document referring to promises or agreements for which the law establishes enforceable duties and remedies between a minimum of two parties. An original Contract, Amendment, Modification, Extension, Purchase Order (PO), Interagency Agreement, Interlocal Agreement, Inter-cooperative Contract, and a Memorandum of Understanding are all considered contracts. P&CS staff also formally monitor contracts used by the entire agency designated as Enterprise Contracts.

12.6.3. CONTRACT MONITOR TOOL KIT

The following documents comprise the Contract Monitor Tool Kit:

- Contract/Purchasing Documents
- Contract Monitoring Report (CMR) (Form PCS-5)
- Contract Deliverables Document (CDD)
- Expenditure Report
- Risk Assessment-Contract Phase (Form PCS-25C)
- Corrective Action Plan
- Vendor Performance Report (VPR) (Form PCS-6)
- Change Log
- Risk Log, and
- Issue Log

In addition, a Contract Monitoring (CM) tool has been developed by P&CS/COS and is distributed to the contract monitor for contracts requiring enhanced monitoring at time of award. the CM Tool incorporates all items listed in the Kit above.

12.6.4. CONTRACT MONITOR REPORTING SCHEDULE

The contract monitor is responsible for completing monitoring reports and vendor performance reports at appropriate intervals based on risk determined by the Risk Assessment-Contract phase (Form PCS-25C). Below outlines those requirements:

Low Risk: Due semi-annually

- March 10th to cover period of Sept through February
- September 10th to cover period of March through August

Moderate Risk: Due quarterly

- December 10th to cover period of September through November
- March 10th to cover period of December through February
- June 10th to cover period March through May
- September 10th to cover period June through August

High Risk: Due monthly by the 10th of the month for the previous month.

12.6.5. CONTRACT MONITORING STEPS

Task	Activity	Medium	Description	Responsibility	Typical Duration
1.0	Performance begins	Email, Meeting (Round Table)	1.1 Acquire Goods / Services Per Purchasing Documents. 1.2 Hold a Kick-off meeting if needed or specified in Purchasing Documents.	All	1 Day
2.A	Administer Procurement / Contract	Emails, Meetings, Documentation, CAPPS,CMCORS	2.A Purchasing Lead Administers Purchase / Contract. See Purchaser and OGC Responsibilities Below.	Purchasing Lead with guidance from OGC as needed	Ongoing through Term of Purchasing Documents
2.B	Monitor Performance	Emails, Meetings, Purchasing Documents, Project Documents (if applicable)	2.B.1 Monitor deliverables, performance measures, and vendor performance and reports and manages to purchasing documents. 2.B.2. Initiate requests to Purchasing for Change Orders and Work Orders. NOTE: These can only be initiated by the original Contract Monitor in CAPPS. You will need to contact the original Contract Monitor to request a Change Order. If the original Contract Monitor is no longer an authorized CAPPS user, then please contact Procurement@dps.texas.gov for guidance on how to initiate your change request. 2.B.3 Notify Purchasing of significant events, issues, or risks. 2.B.4.Coordinate between DPS Stakeholder Divisions.	Contract Monitor	Ongoing through Term of Purchasing Documents

			2.B.5 Submit Vendor Performance Reports as Required.		
			See Contract Monitor Responsibilities Below for additional responsibilities.		
2.C	Perform to Meet Agency Commitments	SharePoint	Ensure timely completion of action items and deliverables that are the responsibility of DPS to keep the Purchase / Contract deliverables on target. Notify Contract Monitor of any risks, issues, needed actions, or concerns.	Stakeholder Divisions	Ongoing through Term of Purchasing Documents
2.D	Perform to Meet Purchasing Document Deliverables	Email	Perform to meet deliverables and actions that are the responsibility of the Vendor to keep the Purchase / Contract deliverables on target. Ensure no non-compliant goods or services are provided as Contractor may not be paid for goods or services outside the scope and terms of Purchase / Contract.	Contractor	Ongoing through Term of Purchasing Documents
3.0	Receive Goods / Services	CAPPS, Signatures	Receiver of Goods / Services will generate a receipt in CAPPS. NOTE: All receiving problems should be reported to the Purchaser via email as soon as possible.	Receiver or Contract Monitor	1 - 45 Days
4.0	Supply Invoices	ap_invoices@dps.texas.gov and copy Contract Monitor.	Contractors will Issue Invoices for delivery of goods and services per Purchasing Documents.	Contractor	Ongoing through Terms of Purchasing Documents or One-Time per Terms of Purchasing Documents

5.0	Issue Payment	CAPPS, ESBD, LBB Website, DPS Website	Finance / Accounts Payable will issue payment for goods / services that have a receipt. See other Finance responsibilities below.	Finance	Within 30 Calendar Days of receipt of Goods or Services (dependent on completion of receipt)
6.0	Go to Closeout Process	Go To Closeout Process.			

12.6.6. DESK REVIEWS

Desk reviews are examinations of reports submitted by the contractor. Various types of reports may be required by the contract; however, to be an effective monitoring tool, the “type” of report will be tailored to the contract requirements. Examples of reports include progress reports, status reports, activity reports and financial reports. The Contract Monitor should also review VPTS reports filed by other agencies for the contractor.

REPORTS	DESCRIPTION
Progress Reports	Reports that describe what has been accomplished over time.
Status Report	Reports that describe achievements or current standing. The status report should be consistent with the organizational structure of the scope of work. If there are any unresolved issues that are contractually obligated to resolve, those issues should be included in the status report and a resolution should be requested.
Project Activity Reports	Reports that describe any activity on the project; project activity is not the same as a status report. A project may have a great deal of activity without making substantive progress. Activity reporting can be a core feature of contract management.
Financial Reports	Reports that include financial statements, timesheets and similar data, that substantiates the contractor’s financial resources and ability to perform
Vendor Performance Reports	Reports that are required identifying vendor’s performance and submitted to the Vendor Performance Tracking System maintained by SPD. Review of these reports aid in identifying vendors that have exceptional performance and have had issues performing in the past.

12.6.6.1. Site Visits

More complex contracts and any contracts that have a higher degree of risk may require both reviews and visits to the contractor's facilities to ensure progress is in accordance with the contract schedule. Site visits are used to verify actual performance against scheduled or reported performance. These visits can be an opportunity to verify that the contractor is dedicating sufficient resources and appropriate personnel to the contract. Although site visits are an efficient tool for monitoring, it is possible for a site visit to interfere with the contractor's ability to accomplish the work if monitoring is excessive or includes unnecessary checks; the Contract Monitor should consider this when arranging visits.

Site Monitoring Checklist: A comprehensive checklist that outlines the contract compliance requirements should be developed and used for the site visit. The checklist will be tailored to the specific contract.

Site Monitoring Report: Upon completion of the site visit, the Contract Monitor or designated site monitor will complete a standalone document that serves as a record of the site monitoring work. A copy of the report will be sent to the contractor, COS, and any others who may need to receive the report.

12.6.7. MONITORING BY THIRD PARTIES

In some instances, the obligation of monitoring the progress of a contract is assigned to another contractor. This is also known as independent oversight. For highly technical work, consultant subject matter experts may perform monitoring services independently or in conjunction with DPS staff.

12.6.8. CONTRACTS REQUIRING ENHANCED MONITORING

[Tex. Gov't Code §2261.253\(C\)](#) requires each state agency by rule to establish a procedure to identify each contract that requires enhanced contract or performance monitoring and submit to the agency governing body. The P&CS Director will immediately notify the Agency's governing body, through the Chief of Infrastructure Operations Division, of any serious issue or risk that is identified with respect to a contract monitored under this section.

DPS uses the criteria for contracts requiring Contract Review Board approval as the criteria for contracts requiring enhanced monitoring. Enhanced monitoring contract criteria includes:

- Open Market Procurements with a Risk Level of High, regardless of contract value;
- Open Market procurements over \$500K, regardless of Risk Level;
- All procurements with a total contract value of \$1 million or more, regardless of Risk Level;
- DIR Services procurements, including Deliverable Based Services and Managed Service Contracts with a Risk Level of High, regardless of contract value; and
- All Request for Qualifications (RFQ) procurements.

12.6.9. ENHANCED GUIDANCE FOR CONTRACTS \$1 MILLION AND MORE

Under [Tex. Gov't Code §2261.254](#), for all contracts over \$1 million, the Agency must develop and implement contract reporting requirements that provide information on:

- Compliance with financial provisions and delivery schedules;
- Corrective action plans required under the contract and the status of those plans;
- Any liquidated damages assessed or collected under the contract.

The Agency must verify the accuracy of any information reported by a contractor and the delivery time of goods and services.

All contracts with a value of \$1 million or more must be presented to the CRB before the contract may be signed. Prior to entering into contracts of \$1 million or more with a final signature, the business entity must submit a disclosure of interested parties' statement ([Form 1295](#)) to the agency at the time the business entity submits the signed contract. The [Form 1295](#) will be submitted by DPS to the Texas Ethics Commission no later than 30 days after the date received from the business entity. The Disclosure of Interested Parties (Form 1295) is not required for publicly traded entities. See [EDGAR](#) database, Securities and Exchange Commission's website for publicly traded entities.

DPS must provide notice to the Legislative Budget Board prior to the first payment, but no later than 30 days after execution of any

contract, that is over \$1 million that was awarded outside of the competitive process. This notice will include a certification, in the form prescribed by the LBB, from the Executive Director of DPS that the purchase complied with the DPS Procurement and Contract Management Guide, the DPS Procurement & Contract Services Standard Operating Procedures applicable statutes or the alternative process used and the name of the person directing that process.

12.6.10. ENHANCED GUIDANCE FOR CONTRACTS \$5 MILLION AND MORE

Under [Tex. Gov't Code 2261.255](#), for all contracts over \$5 million, the Director of P&CS must verify in writing that the solicitation and purchasing methods and contractor selection process complies with state law and agency policy and submit information to the CRB on any potential issue that may arise in the solicitation, purchasing, or contractor selection process.

The Contract Advisory Team (CAT) was created to assist state agencies in improving contract management practices by reviewing and making recommendations on solicitation documents and contract documents for contracts that have a value of at least \$5 million or greater during the full term of the contract, including any renewals periods authorized under the contract.

Under [Tex. Gov't Code 2262.101](#), all solicitations expected to result in contracts valued at \$5 million and greater must be submitted to CAT for review before the solicitation can be posted. The contract value is determined without regard to source of funds or payment mechanism.

12.6.11. ENHANCED GUIDANCE FOR CONTRACTS OVER \$10 MILLION

DPS must provide notice to the Legislative Budget Board (LBB) prior to the first payment, but no later than 30 days after execution of any contract that is over \$10 million. This notice will include a certification, in the form prescribed by the LBB, from the Executive

Director of DPS verifies that the purchase complies with the state contract management guide, state procurement manual, applicable statutes or what alternative process was used and the name of the person directing that process.

12.6.12. ADDITIONAL REPORTING REQUIREMENTS FOR CONTRACTS OVER \$1 MILLION

For contracts with an initial value greater than \$1 million, DPS must provide notice of the contract for services when the expected total value of the contract subsequent to amendment or renewal exceeds the total value of the initial contract by 10 percent or more, in accordance with the procedures established by the LBB.

12.7. INSPECTION, TESTING AND ACCEPTANCE

12.7.1. OVERVIEW

DPS is required to (1) inspect and evaluate at the time of receipt all goods or services that the agency receives to determine whether the goods or services comply with the contract under which they were purchased, and (2) certify, if true, that the goods or services comply with contract requirements and that the invoice for them is correct. If the goods or services are not compliant with the contract, agency personnel must notify the Contract Monitor. For statewide contracts administered by SPD, DPS must provide prompt written notice to SPD of the deficiencies. A defaulting contractor can be referred to the Office of the Attorney General for action against the contractor and repeated failures may make the contractor subject to statewide debarment if SPD determines it is appropriate.

12.7.2. TESTING

Goods are subject to inspection and testing by the DPS. Authorized DPS personnel must have access to a contractor's place of business to inspect contracted merchandise. Latent defects may result in revocation of acceptance of any product. OGC should be consulted if latent defects are discovered. Tests may be performed on samples obtained by request of DPS or taken from regular shipments. When products tested fail to meet or exceed all applicable specifications, the costs of the sample used, and any testing performed must be borne by the contractor.

DPS staff should consult with the Contract Monitor when needed.

12.8. SHIPPING AND RECEIVING

12.8.1. SHIPPING

The best practice preferred by DPS is that the contractor is responsible for shipping and build this into the price charged to DPS. If shipping

cannot be built into the price in the Response, it must be stated and cannot be changed after the Response.

CARRIER SHIPPING METHODS	A SUMMARY OF COMMON CARRIER SHIPPING METHODS ARE:	CARRIER PAID BY	FREIGHT LISTED ON PO	TITLE HELD IN TRANSIT BY	CLAIMS FILED BY
FOB Origin Freight Collect	Carrier paid by Agency, Freight on PO, Title held by DPS in Transit, and DPS is responsible for filing claims	Agency	Yes	Agency	Agency
FOB Origin Freight Collect & Allowed	Carrier paid by Vendor, Freight not on PO, Title held by DPS in Transit, and DPS is responsible for filing claims	Vendor	No	Agency	Agency
FOB Origin Freight Prepaid & Charged Back:	Carrier paid by Vendor, Freight on PO, Title held by DPS in Transit, and DPS is responsible for filing claims	Vendor	Yes**	Agency	Agency
FOB Origin Freight Prepaid & Allowed	Carrier paid by Vendor, Freight not on PO, Title held by DPS in Transit, and DPS is responsible for filing claims	Vendor	No	Agency	Agency
FOB Destination Freight Collect	Carrier paid by Agency, Freight not on PO, Title held by Vendor in Transit, and Vendor is responsible for filing claims	Agency	No	Vendor	Vendor
FOB Destination Freight Collect & Allowed	Carrier paid by Vendor, Freight not on PO, Title held by Vendor in Transit, and Vendor is	Vendor	No	Vendor	Vendor

	responsible for filing claims				
FOB Destination Freight Collect & Allowed	Carrier paid by Agency, Freight not on PO, Title held by Vendor in Transit, and Vendor is responsible for filing claims	Agency	No *	Vendor	Vendor
FOB Destination Freight Prepaid & Allowed	Carrier paid by Vendor, Freight is on PO, Title held by Vendor in Transit, and Vendor is responsible for filing claims	Vendor	Yes**	Vendor	Vendor

*Freight charged to vendor by deducting freight charges from invoice.

**Freight charged to the agency by adding freight charges to invoice.

At DPS's option, goods that have been delivered and rejected in whole or in part may be returned to the contractor at contractor's risk and expense or disposed of in accordance with SPD rules or applicable statutes. The contractor may request that goods be held at contractor's risk for a reasonable period of time for later disposition at the contractor's expense.

12.8.2. RECEIVING RESPONSIBILITIES

In most cases, the Receiver is the Contract Monitor (CM). If the CM and the Receiver are not one and the same, the Receiver is responsible for working directly with the CM to make sure receiving is done appropriately. The CM is ultimately responsible for ensuring the Receiver's responsibilities have been addressed. A key step of the Receiving process is to inspect and accept the goods or services. Goods and services procured are received by completing a receipt in CAPPS. Receipt of goods or services in CAPPS should be done within two (2) working days of delivery and acceptance of the good/service. Failure to complete a receipt promptly can lead to interest payments to vendors. Do not wait until you receive the invoice to receive in CAPPS. In addition, do not enter a receipt in CAPPS prior to delivery and

acceptance of the good/service. A receiving report is required within 48 hours of the receipt of goods/services. A receiving report may be submitted after all items or services have been received only if the PO or contract states that all goods or services must be received prior to payment.

[TEX. GOV'T CODE § 2251.021](#) mandates that state agencies issue payment in 30 calendar days or less for the following conditions (whichever is latest):

- the date the governmental entity receives the goods under the contract;
- the date the performance of the service under the contract is completed; or
- the date the governmental entity receives an invoice for the goods or service.

Items can be partially received in CAPPS by entering a partial receipt to account for only the goods or services received.

You must notify Procurement@dps.texas.gov and APIInvoices@dps.texas.gov immediately upon identifying that an item should not be paid so that proper communication can be pursued with the vendor without impeding the prompt pay requirement.

Receiving responsibilities include:

- Receiving, Inspecting and Testing, and reviewing the Acceptance Criteria;
- Verifying that all items including quality, quantity, type, performance, etc. on the manifest, bill of lading or packing slip were received;
- Coordinating of the return and/or replacement as applicable of defective, damaged, or otherwise unacceptable items or services;
- Resolving of discrepancies in receivables;
- Accepting of receivables;
- Completing and submitting of the Receipt in CAPPS;
- Completing and submitting of a Vendor Performance Report within 15 days.

The receiver must inspect all shipments received against purchase orders and report any discrepancies to P&CS and the vendor. The

vendor may be required to pick up any merchandise not conforming to specifications and replace the merchandise immediately.

12.8.3. INSPECTIONS

This table contains a list of conditions or problems with receivables/deliveries and the recommended course of action.

Condition	Solution
No Visible Damage or Shortage	Accept the shipment if the containers are not crushed, torn, wet, or otherwise damaged.
Minor Visible Damage	Damage to the shipping containers should be noted on the shipping document and signed by the delivery person before the shipment is accepted. It is very important to note any minor damages in order to document any claims for possible concealed damage.
Severe Visible Damage	<p>If shipping containers are damaged in such a manner that it is obvious the goods are badly damaged, the entire shipment may be accepted or refused. If the entire order was refused, the vendor must be contacted and requested to re-ship (this assumes the terms of shipment were F.O.B. Destination). If only a part of the order was refused, then the vendor must be contacted to re-ship that part of the order. If damaged commodities are unloaded at your facility, immediately notify the Purchaser and vendor and request that the order be re-shipped. If the vendor abandons the merchandise (fails or refuses to pick it up), contact the responsible purchaser.</p> <p>NOTE: In the rare instance where the terms of shipment are F.O.B. Origin and the shipping containers are damaged enough that it is probable the contents are also damaged, accept the shipment, and record the damage on the carrier's freight bill. DPS is responsible for filing freight claims with the carrier in this case.</p>
Overage	<p>Overages should not be accepted, except in cases of commodities with indeterminable quantities (concrete, gravel, steel by the pound, etc.).</p> <p>This exception will always be noted on the purchase order.</p>
Shortage	Any shortages of shipping containers, cartons, etc. are to be noted on the shipping document and the shipment accepted. Notify the responsible purchaser.

Concealed Damage	Notify the carrier and vendor in writing within 15 calendar days if damages are discovered after unpacking. Notification by facsimile transmission is acceptable. It is recommended that the Receiver state on the shipping document "allow for concealed damages" when accepting shipments. The responsible Purchaser should be notified.
Concealed Shortages	If there is a minor shortage (such as 11 of an item rather than 12) simply note on the shipping document, notify Accounts Payable and they will deduct the difference on the invoice. If it is a major concealed shortage, notify the vendor in writing and have them ship the needed goods at their expense. Notify the responsible Purchaser.

Condition	Solution
Substitution	Substitutions must meet or exceed the specifications of the purchase order and be approved by the responsible Purchaser before being received.
Failure to Meet Specification	If the goods do not meet the specifications, notify the responsible Purchaser. If it is a Term Contract or an Open Market Order processed through the SPD , the Purchaser will notify the SPD . Payment to the vendor should be withheld until the merchandise meets or exceeds all specifications without exception.
Inside Deliver	If required, inside delivery must be specified in the specifications to the exact location, including available access or access limitations. It is the sole responsibility of the vendor for making inside delivery and removal of packing materials. The freight company is not responsible. If there is a problem, the vendor should be contacted immediately.
Pickup and Return of Shipment	The contractor may be required to pick up the damaged goods and those not conforming to specifications and provide replacement in the timeline outlined by the agency or in the original terms of the PO/contract. This must be provided at no additional cost to the agency.
Internal Receiving Receipt	Goods and services are formally received by completing a Receipt in CAPPS. A receiving report is required for all received goods and services purchased on a PO or contract except: Building/Tower/Land Leases Utilities Memberships

Quantity Overages	An agency is not obligated to pay for amounts over the stated quantity on the order unless allowed in the terms and conditions of the contract. If overages are accepted by the agency, a POCN must be processed. It is important to notate overages as well as shortages.
Partial Shipment Considered Complete	The contractor must be contacted to confirm the partial shipment; this step must be taken prior to processing a POCN. After confirmation that no other goods will be received, and by mutual agreement the partial order is considered complete, a POCN and/or contract amendment must be processed and an accurate payment must be based on the goods received at the time of shipment.
Partial Shipment	For partial shipments, the agency must request a timeline, in writing, from the contractor for the balance to be delivered Free on Board (FOB) Destination, freight included, and the delivery for the balance must be at no additional cost to the agency. The remainder of the partial delivery must be received by the agency within the contracted delivery days after receipt of order for each item or the delivery will be considered late.

12.9. INVOICE REVIEW AND PAYMENT

After goods and services have been inspected and accepted, invoices must be reviewed to verify that:

- The description of goods and services is in sufficient detail to identify the order relating to the invoice and that the quantities and unit measures correspond with the referenced PO; and
- The invoice conforms to DPS invoicing standards.

Contract Monitors must be familiar with the payment and pricing terms applicable to each contract and must also monitor performance under the contract to verify that comparable costs are being charged for comparable goods and services. When DPS purchases through SPD contracts, the contractor must submit an invoice to the ordering agency at the address shown on the PO. DPS purchasing through SPD contracts may only pay restocking or cancellation fees if the agency or governmental entity determines the charge is justifiable; the extent of these fees should be anticipated when drafting the contract. The Prompt Payment Act of 1999 requires state agencies to pay interest on unpaid, uncontested invoices over 30 calendar days old. **Interest payments are taken directly out of the requesting department/unit's budget. In addition, House Bill 2251 passed by the 78th Legislature allows a vendor to**

suspend performance, deliveries or services, if an undisputed invoice is not paid by the 30th calendar day.

12.9.1. WITHHOLDING PAYMENT

Despite best efforts to resolve an invoice issue, some circumstances may require that payment approval be withheld. Circumstances where it may be necessary to withhold payment include, but are not limited to, the following:

- Invoice errors;
- Undocumented and/or unsupported costs;
- Remediating overpayments to the vendor; and
- Contractor's performance is non-conforming or unacceptable.

If an invoice issue cannot be resolved, the Contract Monitor should take the following steps to escalate the issue:

- Notify Procurement and Contract Service (P&CS) via the COS mailbox (PCS_COS@dps.texas.gov);
- Notify the contractor of invoice issues as soon as possible;
- Maintain documentation for inclusion in VPTS regarding the incident resolution.

Note: For disputed invoices, you must report the dispute within 21 days of receipt of invoice detailing the disputed amount and no more than 110% of the disputed amount can be withheld from payment.

12.10. CHANGE CONTROL

A key aspect to effective contract management is the ability to manage change and have sufficient oversight to prevent scope creep, unauthorized work from being performed, and over-billing. The Contract Monitor, Procurement Lead, and the Executive Sponsor all have a responsibility to ensure all contracts are memorialized in the form of a modification, amendment, or change order. Changes not addressed through formal Amendment or Purchase Order Change Notice are considered noncompliant.

Contract Monitors should implement a change control system for major contracts and keep a log of all requested changes. The change control system should account for evaluation of requested changes and approvals/disapprovals of requested changes, and date change was executed, if applicable.

All changes must be within scope of the original contract. Types of Changes include Work Orders, Administrative Changes, Substantive Changes, and Constructive Changes.

Changes:

- Must not be addressed verbally; verbal agreements are NOT binding;
- Changes must be addressed in writing and must go through P&CS to be authorized;
- May require ECRB and/or CRB review/approval.
- Are not considered authorized until both parties have signed off and P&CS has identified the item as being fully executed.

12.11. TYPES OF CONTRACT AMENDMENTS

12.11.1. ADMINISTRATIVE CHANGES

Occur within the scope of the contract and do not affect or alter the rights of the parties. These changes are typically executed via a unilateral amendment.

Examples:

- Changes in filling instructions or address;
- Corrections of typographical errors;
- Changes as permitted by the specific contract language; and
- Changes in agency personnel assigned to the contract.

12.11.2. SUBSTANTIVE CHANGES

These are contractual changes affecting the rights of both parties. Such changes generally require bilateral amendments (agreement by both parties).

Examples:

- Change in the price of the contract;
- Change in the delivery schedule;
- Change in the quantity;
- Change of deliverables;
- Change of key personnel; or
- Change of any term and conditions.

12.11.3. CONSTRUCTIVE CHANGES

If a contractor perceives that work beyond the scope of the contract was ordered by DPS, the contractor may claim that the contract was

“constructively “changed, and the contractor may be entitled to additional compensation for the changes. Generally, a constructive change will require a bilateral amendment.

Examples:

- Accelerate the delivery schedule;
- Direct the work to be performed differently;
- Change the sequencing of the work;
- Postpone the acceptance or rejection of deliverable;
- Delay reviewing invoices and approving payment; or
- Interfere with or hinder performance.

12.12. ASSIGNMENT BY CONTRACTOR AND CONTRACTOR NAME CHANGES

Assignment occurs when one party to a contract (assignor) transfers its rights under a contract to another party (assignee). DPS requires the submission of a written request from the contractor to the Contract Monitor to change the contractor’s name or to recognize a successor in interest to the contract.

12.12.1. PAYMENT ASSIGNMENT

Payment assignment is a common business practice that transfers the right to receive payment. The assignor is the party transferring the right to receive payment. The assignee is the party receiving the right to receive payment. Once DPS receives a notice of a financial assignment, P&CS will coordinate a review by management, OGC and Finance to determine if the assignment should be processed.

When a payment assignment is requested on a delegated purchase, DPS must receive a letter from the original awarded contractor assigning the order to the new contractor and a letter from the new assignee noting acceptance of the assignment. A copy of the notice must be maintained in the procurement file.

12.12.2. NAME CHANGE

Any name change requires documentation from the original contractor on company letterhead stating the circumstance of the name change and the new name. An authorized representative should sign the letter, 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. The purchaser

will issue a letter amending the contract to change the contractor's name and advise the contractor to contact CPA to set up a new VIN in order to secure payment, if applicable. The purchaser will change the name on the PO file copy and acknowledge the name change.

12.12.3. BUYOUT OR SALE

A buyout or sale occurs when one company purchases another. The contractor of record must have the purchase order and, if applicable, formal contract amended to receive payment when the order is delivered. The contractor of record must send DPS a letter stating the circumstances of the buyout or sale. If the contractor has already ceased operating as a separate business, DPS must obtain a letter indicating the sale of the company to the new contractor. DPS will then issue a letter amending the PO or obtain an amendment to the contract.

12.12.4. REPLACEMENT CONTRACTOR

When the contractor is requesting to recognize a successor, the Contract Monitor must keep the State's interest in mind. The contractor's successor must be responsible and adequately able to perform the contract requirements. The Contract Monitor must notify P&CS so the purchaser can perform all due diligence to evaluate the proposed new contractor's eligibility and ability to perform. Also, request and review the documents executed by the contractors that constitute the transaction underlying the proposed assignment. All contractor checks must be performed for the successor to ensure the new contractor is in good standing. If the replacement contractor is acceptable, the old and new contractors must sign a novation agreement transferring all rights and responsibilities under the contract to the assignee.

For vendor assignments on service contracts for major information resource projects or contracts involving the storing, receiving, processing, transmitting, disposing or accessing sensitive personal information in a foreign country, DPS must approve of the assignment and notify the LBB and QAT of the proposed assignment at least 14 days before approving or rejecting the vendor's proposed assignment and include a partially executed contract signed by the assignor or proposed assignee. In addition, the assignment must be approved by the DPS Executive Director.

12.13. EXTENSION AND RENEWALS

If a contract has an option to extend or renew, the Contract Monitor must assess whether the option will be exercised by DPS **prior** to the expiration of the current contract term. Once the determination is made, the Contract Monitor will notify P&CS so that the extension or renewal can be exercised.

A renewal is a longer addition onto the base period term added into contract language. An extension is generally a more short-term expansion of the contract base term, 30-180 days, usually to add a buffer to get a new contract in place to replace the good or service. The number, length, and process for exercising renewals and extensions should be specified in the contract.

12.14. FORCE MAJEURE

Performance may be suspended when the failure to perform is due to excusable causes. An excusable cause must be beyond the contractor's control and without the fault or negligence of the contractor. Severe weather, although beyond the contractor's control, will not generally constitute an excusable delay if it is not considered "unusually severe weather." If the contractor's performance failure is due to a subcontractor, to qualify as an excusable cause, the default must arise out of a cause beyond the control and without the fault or negligence of either the contractor or the subcontractor. Even if this requirement is met, the cause will not be excusable if the supplies or services to be provided by the subcontractor could have been obtained from other sources in time to meet the contract delivery schedule.

12.15. DISPUTE RESOLUTION

Despite best efforts, there is always the potential for dispute with a contract. Contract Monitors will follow these steps in order to address disputes:

- Identify the problem – many times, what may appear to be a problem can be resolved by providing the contractor with information or clarification;
- Research facts – you should obtain all the information regarding the potential problem from all relevant sources including the project manager (if applicable) and contractor;
- Evaluation – you should review all of the facts in conjunction with the requirements and terms and conditions of the contract. The agency should then determine the appropriate course of action;

- Corrective action – identification of problems early in the performance period, effectively communicating and formalizing the process in writing via a Corrective Action Plan (contract performance is impacted) or less formal written procedure (Contract performance could be impacted if not resolved), is essential;
- Include all information related to the informal dispute in the Monitoring of Deliverables Document(s) until the informal dispute is resolved. Resolution must also be reported in the Monitoring of Deliverables Document.

If disputes cannot to be addressed, then notify your assigned [P&CS Contract Oversight and Support \(COS\) Team Specialist](#) and your chain of command.

12.16. TERMINATION OF CONTRACTS

Most contracts expire by their terms without any affirmative action on the part of DPS. There are times where DPS may want to terminate a contract early. Termination of a contract may be accomplished by mutual agreement, convenience, for cause, or for non-appropriations. When a contract is terminated, the parties are relieved from further unperformed obligations in accordance with the agreed terms and conditions. This is a list of different termination types, but staff must become familiar with the individual contract, the DPS Standard Terms & Conditions and any other documents in the contract stack that address termination. All contract terminations must be processed by P&CS. Contract Monitors should submit a Contract Termination Request via the P&CS SharePoint site under Request Forms.

12.16.1. TERMINATION BY MUTUAL AGREEMENT

This occurs when both parties consent to the termination of the contract before the expiration date. The termination may be documented by the exchange of formal written correspondence or as a contract amendment.

12.16.2. TERMINATION FOR CONVENIENCE

This allows DPS to terminate any contract, in whole or in part, at any time at its sole discretion if it is determined that such termination is in the best interest of DPS. DPS must provide the contractor with written notice specifying whether DPS is terminating all or part of the contract. The notice of termination must have the date of the termination. If portions of the contract are terminated, DPS will specify which parts of

the contract are being terminated. The contract must specify the basis for settlement with the contractor upon a termination for convenience and DPS must follow the contract terms. The contractor will generally be paid for allowable costs incurred up to the date of termination. DPS will not be liable for payment to the contractor related to the terminated portion of the work or any work performed, or costs incurred after the effective date of termination. Upon receipt of any invoice from the contractor for work performed prior to the notice of termination, DPS must thoroughly review the invoice to ensure that no excessive costs are included.

12.16.3. TERMINATION FOR CAUSE

This occurs when DPS concludes that the contractor has failed to perform or make progress, or in any way has breached the contract. Termination may not occur even if circumstances permit, if DPS determines it is in the best interest to pursue other alternative and work with the contractor in getting the contract back on track. This determination must be made in consultation with Executive Management and OGC. If a contract is terminated for cause, the contractor is liable for actual damages and costs incurred by DPS unless otherwise stated in the contract. The contractor may be liable for cost associated with re-procuring the goods or services by DPS.

12.16.4. TERMINATION FOR NON-APPROPRIATION

This is also referred to as a “funding out” clause and must be included in a contract if the contract term will cross fiscal years. DPS is prohibited from incurring obligations in excess of amount lawfully appropriated by the Legislature over the course of a biennium. There is one exception to the prohibition against incurring excess obligations. SPD may determine that a proposed installment purchase arrangement is cost-effective and certify this finding in response to a DPS request. Any certification by SPD related to obligations incurred for the purchase or lease of automated information systems (AIS) equipment may only be made if DPS has a Biennial Operating Plan on file with the LBB, and the plan has been approved by the LBB. Requests for Certifications should be directed to SPD. For CPA to make a certification as required by the General Appropriations Act, the following information must be provided with the purchase requisition and be signed by DPS P&CS Director or designee:

- A statement comparing the anticipated cost savings to be realized through the present acquisition of the equipment versus

the outright purchase of the equipment at a later time when adequate funds become available;

- A statement affirming that the ordering entity expects to be able to make payments beyond the current biennium without having to rely on an increased level of general revenue appropriations;
- An estimate of the total anticipated interest charges over the term of the installment contract; and
- A statement indicating that the lease (or installment) purchase is the most cost-effective means of obtaining the needed equipment despite the additional interest cost to the State.

In addition to the above requirements, any purchase agreement subject to this section must contain a clause that enables the agency to cancel the agreement if the Legislature curtails or fails to appropriate money to cover the term of the agreement; this is necessary to prevent any unconstitutional excess obligation. An example of a contract clause is as follows: "Any contract resulting from this solicitation is contingent upon the continued availability of lawful appropriations by the Texas Legislature."

12.17. AGENCY REPORTING OF CONTRACTING INFORMATION IN CAPPS

DPS is required to manage its finances and human resources in a way that supports sound business principles. State law requires all agencies using CAPPS to provide information related to solicitation and contracting according to the requirements that are adopted in rule by CPA. State law also allows for the electronic transfer of compliance requirements from CAPPS to the CPA of written justifications, verifications, notification or acknowledgments required by Chapter 2155 Texas Government Code.

12.18. CONTRACT CLOSEOUT

The contract closeout process is usually a simple but detailed administrative procedure. The purpose of the process is to verify that both parties to the contract have fulfilled their contractual obligations. Accordingly, contract closeout must be conducted within 30 days of completion of the contract.

As part of contract closeout, the Contract Monitor must compare actual performance against performance measures, goals and objectives, to determine whether all required work has been completed. A contract is completed when:

- all goods or services have been received and accepted;
- all reports have been delivered and accepted;
- all administrative actions have been accomplished;
- all agency-furnished equipment and materials have been returned;
- all property inventory and ownership issues are resolved including disposition of any equipment or licenses purchased under the contract;
- final acceptance from the project manager has been received; and
- final payment has been made to the contractor.

The Contract Monitor must also ensure that vendor performance is reported to VPTS, and that the contractor is aware of and complies with records retention requirements.

12.19. VENDOR PERFORMANCE REPORTING

In accordance to [Texas Government Code 2155.089](#), Reporting Vendor Performance, agencies must review the vendor's performance under the contract after a contract is completed or otherwise terminated, and if the contract exceeds \$5 million, performance is reviewed (1) at least once each year during the term of the contract; and (2) at each key milestone identified for the contract.

DPS has specific requirements that are based on best business practices for Vendor Performance Reporting. A contractor's performance must be reported to the CPA Vendor Performance Tracking System (VPTS) once a contract with a value of over \$25,000 is completed or otherwise terminated. Vendor Performance Reporting is also required at various intervals during the performance of a contract. The frequency of a [Vendor Performance Report \(PCS-6\)](#) depends on the activity occurring with the contract. Contract Monitors must submit [PCS-6s](#):

- At least once a year;
- Upon completion of any major deliverable;
- Upon any negative performance by the vendor at any time during the term of the contract;
- At closeout of contract or PO; and
- At time of renewal, if applicable.

In addition to the requirements above, for contracts that exceed \$5 million, the contract may not be extended until the results from the vendor performance report have been submitted to the VPTS.

For information on Vendor Performance Reporting Requirements and how to report Vendor performance, see [Vendor Performance Reporting Training](#).

12.19.1. VPTS SCORING

Vendor performance reporting is important as it can affect the contractor significantly on current and future procurement initiatives, so the Contract Monitor must ensure they are selecting performance codes that accurately reflect the contractor's performance as the VPTS application will determine the appropriate score based on all of the factors selected.

If a contractor does not score lower than a "C," comments will not be posted publicly. All comments must be reviewed by agency staff and are typically used to explain low scoring vendors. Comments entered will be retained internally and can always be requested from the program.

The VPTS application assesses the grade for the submitted report based on a combination of all performance codes selected. Contract Monitors will be indicating if the performance provided was either positive or negative to ensure the grade assessed by the system confirms with what was indicated. Contractors who do not fulfill the requirements of the contract or that are on corrective action plans will not be assessed a grade higher than a "C."

DPS requires supporting documentation justifying a negative report be submitted to P&CS along with the Vendor Performance Report. A teleconference will be conducted with the Contract Monitor, Contractor, Purchaser and OGC, when applicable, to review the circumstances that created the negative vendor grade. For negative reports, approval must be obtained from the contracting division's Chief and a review by ECRB to submit the Vendor Performance to SPD.

12.19.2. LETTER GRADE DEFINITIONS

A – When the vendor significantly exceeded the requirements of the purchase order or contract to the state's benefit, that any problems with the purchase order or contract were minor, and that corrective actions taken by the vendor to address such problems were highly effective. If the best value standard was used to award the purchase

order or contract, an "A" means that the vendor satisfied that standard.

B - When the vendor exceeded some requirements of the purchase order or contract to the state's benefit, that any problems with the purchase order or contract were minor, and that corrective actions taken by the vendor to address such problems were effective. If the best value standard was used to award the purchase order or contract, a "B" means that the vendor satisfied that standard.

C - When the vendor met the requirements of the purchase order or contract and that corrective actions taken by the vendor to address minor problems were satisfactory. If the best value standard was used to award the purchase order or contract, a "C" means that the vendor satisfied that standard but that the vendor's performance did not merit an "A" or "B."

D - When the vendor did not meet some of the requirements of the purchase order or contract, that problems with the purchase order or contract were serious, and that corrective actions taken by the vendor to address such problems were only marginally effective or not fully implemented. If the best value standard was used to award the purchase order or contract, a "D" means that the vendor did not satisfy that standard.

F - When the vendor did not meet the requirements of the purchase order or contract, that problems with the purchase order or contract were serious, and that corrective actions taken by the vendor to address such problems were ineffective. If the best value standard was used to award the purchase order or contract, an "F" means that the vendor did not satisfy that standard.

12.19.3. INTERPRETING EXISTING VENDOR SCORES

Procurement Lead and evaluation committees use vendor performance scores during the evaluation process. Procurement Lead should read the reports to make their determination based on the notes left by reporting agencies utilizing the vendor being evaluated, not just limit the review to the evaluation scores from the current solicitation.

Vendor performance scores are available on the VPTS.

There is a difference between the report score and the vendor score. The report score is the score an agency assigns for a particulate report.

The vendor score is the score calculated by averaging all of a vendor's report scores to provide an overall vendor score. Vendors receive an overall grade that considers both historical reports and new reports.

12.20. RECORDS RETENTION

Aside from the responsibility of maintaining the contract file, the Contract Monitor,

Purchaser or designated DPS employee is responsible for ensuring that contract documents are retained by the agency for the appropriate amount of time as determined by applicable law and the agency's records retention schedule. Solicitation documents that are electronic documents must be retained in their original electronic format.

The Texas State Records Retention Schedule (RRS) must be read in conjunction with statute enacted in 2015 which requires an agency to retain its contract records until the seventh anniversary of the later date of (1) the contract completion or expiration or expires, or (2) the resolution of all issues that arose from any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the contract or documents.

[Texas Government Code 441.185](#)

- If the contract was executed on or after September 1, 2015, most documents in the contract file will have a minimum retention period of AC +7 years (after close of contract plus seven years)
- If the contract was executed before September 1, 2015, then the minimum records retention period is AC+4 years (after close of contract plus four years).

A state record must not be destroyed if any litigation, claim, negotiation, audit, public information request, administration review, or other action involving the record is initiated; all action involving the record must be completed and all issues arising from the action resolved before a state record may be destroyed.

12.20.1. CONTRACT REPOSITORY

The Contract Management Contract Oversight & Reporting System (CMCORS) is a contract management system that provides a single repository to electronically manage, report and comply with statutory and Department of Public Safety contract requirements.

Additionally, CMCORS allows contract information to be available so that division personnel can access contract information on demand. This availability aids division personnel in effectively managing the day-to-day activities of their assigned contracts.

12.20.2. CMCORS ROLES & RESPONSIBILITIES

There are multiple roles within the system. The role you request depends on your responsibilities and business needs within your division.

Non-P&CS Staff Roles

- Contracting Manager {Contract Monitor}
- Program Manager
- Finance Representative
- Basic User {view only}
- IT/Cyber/Policy/OGC

P&CS Staff Only Roles

- Application Administrators
- P&CS Management
- Contracting Officer
- Contract Specialist
- Contract Officer's Representative

12.20.2.1. Procurement Lead Responsibilities

The Procurement Lead is responsible for:

- importing Contract and TPO data;
- uploading Contract and TPO documentation;
- updating missing or incorrect data; and
- updating contract data related to amendments (renewals, extensions, etc.).

Procurement Lead is responsible for completing the above within one (1) business day of contract execution or dispatch of the TPO. Once the contract information is uploaded in CMCORS, a system

notification is sent to the individual indicated as the contract monitor.

12.20.2.2. Contract Monitor Responsibilities

Procurement Lead is responsible for completing the above within one (1) business day of contract execution or dispatch of the TPO. Once the contract information is uploaded in CMCORS, a system notification is sent to the individual indicated as the contract monitor.

12.20.2.3. Contract Oversight and Support (COS) Responsibilities

Contract Oversight and Support (COS) have specific responsibilities within CMCORS. These responsibilities are completed in conjunction with contract monitors.

The Contract Oversight and Support Team is responsible for uploading:

- the Contract Deliverables Document (CDD);
- contract compliance documentation;
- contract closeout paperwork for contracts \$500K and greater;
- vendor performance reports (PCS-6); and
- contract data related to contract risk (PPP-25C), reporting, and compliance.

In addition, COS is responsible for reviewing uploaded contract monitoring reports (CMR) ([PCS-5 Contract Monitor Form](#)) and updating Contract Monitor Information.

12.21. POST-PAYMENT AUDITS

The CPA performs audits on documents submitted to the Uniform Statewide Accounting System (USAS). DPS is audited for compliance with certain state laws and rules concerning payroll, travel, purchase, and procurement and with the processing requirements of Centralized Accounting and Payroll/Personnel System (CAPPS), USAS, the Uniform Statewide Payroll/Personnel System (USPS) and the Standardized Payroll/Personnel Reporting System (SPRS). DPS will supply the complete purchasing package applicable to each Purchase Category Code for purchases in the audit. Items determined to be exempt from competitive bidding must include the legal citation exempting the purchase.

Each purchase is audited for items which include but are not limited to items indicated in the [Texas Procurement and Contract Management Guide](#), Post-Payment Audit section. In addition, the Post-Payment & Procurement Review Agency Document Checklists is located in the [Texas Procurement and Contract Management Guide](#) Appendix 32.

12.21.1. CONTRACT FILES

P&CS will be responsible for maintaining an official contract file for all contracts that include the request, solicitation, responses, scoring, BAFO, award documents, corrective actions, contract monitor reports and change documents. In addition, DPS will include in the file a checklist to ensure compliance with state laws and rules relating to the acquisition of goods and services by DPS. The checklist must be based on the checklist developed and maintained by the CPA and address each stage of the procurement process.

The documents that are required to be maintained during each stage of the procurement process; and the procedures and documents that are required to be completed during the following stages of the procurement process:

- contract solicitation development;
- contract formation and award; and
- contract management.

The Contract Monitor is responsible for maintaining a working file that captures documents pertaining to the contract, issues, changes, risks, expenditures, invoices, payments, and correspondence and being able to provide that file on request by P&CS.

12.21.2. POSTING CONTRACTS AND CONTRACT DOCUMENTS

DPS will also comply with all procurement and contract posting requirements, including those described by Sections [656.047](#), [2157.0685](#), [2261.252](#), [2261.253](#), and [2261.256](#) of the Texas Government Code. P&CS will be responsible for this compliance.

13. ACRONYMS, TERMS, AND DEFINITIONS

A

Active Franchise Tax Account Status: The organization's right to transact business in the State of Texas is intact as determined by the Comptroller of Public Accounts Franchise Tax Account Status Database.

Acquisition Plan (ACP): A plan that addresses activities for solicitation planning, development and posting, source selection, contract award, contract management and contract closeout.

Acquisition Schedule (ACS): The timeline that accompanies the acquisition plan.

Addendum: An addition, change, or supplement to a solicitation document posted to the Electronic State Business Daily prior to the solicitation's original closing date.

Administrative Review: When P&CS personnel open and record all the bids, proposals, or responses received by the closing date and time. This review is conducted to ensure minimum qualifications are met to determine vendor's responsiveness to the posted solicitation. Only the P&CS Director or the DPS HUB Coordinator may deem a vendor's response as non-responsive.

Advance Payment: The payment for goods or services before their delivery to the agency, Refer to Early Payment.

Advertise: To make a public announcement of the intention to purchase goods or services.

Amendment: Written addition or change to a contract.

Appropriation: Legislative authorization to expend public funds for a specific purpose.

Approval Path: A process to ensure that documents, forms, or relative information is routed to necessary parties and stakeholders for approval.

Assignment: Transfer of contractual rights from one party to another party.

Automated Information System (AIS) – An abbreviation for Automated Information Systems (AIS) which is denoted by an asterisk (*) on the NIGP Class and Item Code index for products or services that have an information technology or telecommunications component. AIS products and services are under the authority of DIR and must be purchased from a DIR vendor unless an exemption is obtained.

Award: The act of accepting a bid, thereby forming a contract between the state and a bidder.

B

BAFO: Best and Final Offer

Best Interests of the State: Most advantageous to the state in light of all relevant circumstances.

Best Value: The lowest total price at the highest quality.

Bid: an offer to contract with the State, submitted in response to an IFB.

Bid Bond/Deposit: A deposit required of bidders to protect the State in the event a low bidder attempts to withdraw its bid or otherwise fails to enter into a contract with the State.

Bid Tabulation: During evaluation of responses to bids. The recording of bids and bid data submitted in response to a solicitation. The bid tabulation is used for comparison, analysis, and record keeping.

Bidder: An individual or entity that submits a bid. The term includes anyone acting on behalf of the individual or entity that submits a bid, such as an agent, employee and representative.

Bidders List: A list of vendors that have expressed an interest in doing business with the State.

Biennium: For the State of Texas, the period of 24 consecutive months, beginning September 1 of each odd-numbered year. Example September 1, 2019, through August 1, 2021.

Blanket Order: A purchase order to a contractor for a specified time period, specific product and an estimated minimum quantity; with actual delivery to only occur in conformance with subsequent authorization(s) by the ordering entity. Use of minimum estimated call out quantities is advised for this type of order.

Brand Name: A trade name or product name which identifies a product as having been made by a particular manufacturer.

C

Capital Asset: Assets with an initial cost meeting the thresholds established by the Comptroller's office and with an estimated useful life in excess of one year. For more information, see [Capitalization Thresholds](#)

CAPPS: Centralized Accounting and Payroll/Personnel System

f

Centralized Master Bidders List (CMBL): List used by state purchasing entities to develop a mailing list for vendors to receive bid opportunities based on class and item code, as well as zip code. The CMBL provides vendor detail such as the tax identification number, name, address, contact information, business description, catalog information, CBML and HUB status, and vendor performance scores of prospective bidders. Unless exempted by law, the CMBL must be used for all procurements subject to SPD procurement authority.

Change Order (CO): Document utilized to capture customer and job information summarizing labor and/or materials used to complete the task or job

Change Order Plan: Document utilized to capture customer and job information summarizing labor and/or materials used to complete the task or job.

Change Management: Purchaser and Contract Monitor coordinate with the vendor on any proposed changes.

Class and Item: The classification system found in the NIGP Commodity Book.

Commodity: Generally, the term means supplies, materials or equipment.

Communication Technology Services Contracts (CTS): Contracts which provide telecommunications, voice, data video and internet services; utilizing the statewide communication network.

Competitive Bids: Advertising an IFB, conducting a public bid opening, and awarding of a purchase order/contract to the lowest responsive, responsible bidder in accordance with state law.

Competitive Sealed Proposals: Advertising a RFP, the evaluation of submitted proposals and awarding of the contract.

Competitive Solicitation: The process of inviting and obtaining responses from competing vendor in response to advertised competitive specifications, by which an award is made based on best value. The process contemplates giving potential vendors a reasonable opportunity to compete, and requires that all vendors be given the same opportunity. Each respondent must respond to the same advertised specifications, terms, and conditions. Includes IFB, RFP, RFO, RFQ.

Competitive Specifications: A specification stated in such a manner that two or more vendors can meet the specifications on a level playing field.

Conflict of Interest (COI): A situation in which a public official or employee who, contrary to the obligation and absolute duty to act for the benefit of the public, exploits a relationship for personal benefit.

Consumable Procurement Budget: That portion of an agency's budget as identified by Comptroller expenditure codes attributable to consumable supplies, materials and equipment.

Contract: A written document referring to promises or agreements for which the law establishes enforceable duties and remedies between a minimum of two parties. An original Contract, Amendment, Modification, Extensions, Purchase Order, Interagency Agreements, Interlocal Agreements, Intercooperative Contracts, and Memorandum of Understandings are all considered contracts.

Contractor: A business entity or individual that has a contract to provide goods or services to the State.

Contract Administrator: The P&CS purchaser is responsible for facilitating the process to ensure compliance with the procurement and contract management laws, policies, and guidelines. Contract Administrator is used interchangeably with Purchaser, and Procurement Lead, and Procurement Lead depending on the party using the term and the context.

Contract Advisory Team (CAT): For any major solicitation with an estimated total value of \$5 million or more, inclusive of all optional renewal periods, DPS is required to send the solicitation document to include any documentation incorporated by reference as part of the solicitation to SPD for review prior to advertising the solicitation.

Contract Monitor (CM): An individual, from the purchasing division within DPS, designated by their Senior Manager to monitor the daily activities of the vendor, receive services and goods, and coordinate stakeholder feedback/input.

Contract Development: The term applies to actions taken prior to contract execution, including the receipt and processing of requisitions, assessment of need, development and review of specifications, development and review of scopes of work, identification and selection of procurement methods, identification and preparation of evaluation criteria, preparation of and advertising solicitation documents, tabulation of respondent bids, evaluation of respondent proposals, negotiation of proposals, and the preparation and completion of contract award documents. The term does not include invoice or audit functions.

Contract File: The physical file containing the original, executed contract, as well as any amendments, correspondence, or other contract-related artifacts (also known as the Procurement file).

Contract Review Board (CRB): Contract Review Board was established by the Public Safety Commission to fulfill the oversight requirements for DPS. The CRB reviews significant procurements and contract to help ensure efficiency, effectiveness, and best practices. Procurements meeting any of the following must be reviewed by the CRB: New contracts valued at \$1 million or more, including all available renewal options; Contract amendments that increase the value of the original contracts by 25% or more; or Contract amendments valued at \$500,000 or more. Please see the CRB Charter for additional information.

Controlled Assets: Assets that must be secured and tracked in the SPA system; asset's value is below the capitalization threshold and is not depreciated or reported on the balance sheet. For more information, see the [SPA Guide](#).

CO-OP: Cooperative Purchasing Program

Cooperative Purchasing: a program for qualified entities to use the SPD or DIR contract resources.

Corrective Action Plan (CAP): In the context of contract management, a Corrective Action Plan is a narrative of steps identifying actions that can be implemented to correct the problematic situation.

Cost-Reimbursement Contract: A contract under which reasonable costs incurred by a contractor in the performance of a contract are reimbursed in accordance with the terms of the contract. These contracts establish an estimate of the total cost for the purpose of obligating funds and establishing a ceiling that a contractor may not exceed without the approval of DPS.

COTS: Commercial Off the Shelf, often used to refer to publicly available software **not needing substantial customization by the contractor.**

CPA: Comptroller of Public Accounts

CPO: Chief Procurement Officer

CRB Chair: The Chief – Infrastructure Operations Division serves as the committee chair, a non-voting executive board member.

CRB Charter: A document approved by the PSC that governs the guidelines and rights of the Executive CRB and the full CRB.

CRB Criteria: Predefined criterion set forth by the PSC, which is used to identify procurements and contracts that require additional oversight and approval.

CS: Contract Specialist

CTCD: Certified Texas Contract Developer

CTCM: Certified Texas Contract Manager

D

D&B: Dunn & Bradstreet Business Information Report

Debarment: An exclusion from contracting or subcontracting with state agencies on the basis of any cause set forth in statute or SPD rules, commensurate with the seriousness of the offence, performance failure, or inadequacy to perform.

Delegated Purchase: A purchase made directly by an agency under the authority of the SPD / DIR subject to SPD/ DIR rules and procedures.

Deliverable: A unit or increment of work required by a contract, including such items as goods, services, reports, or documents.

Deliverables-Based IT Services (DBITS): Project focused, deliverables-based information technology services from DIR master contracts. DBITS contracts are for project related services for a specified time period. DBITS contracts should not be used for long-term services. Click here for a [Full List of DBITS Descriptions and Examples](#).

Department of Information Resources (DIR): For procurements under DIR authority, DPS is required to send the Statement of Work to DIR for review, prior to advertising the solicitation, for any service related purchase above \$50,000.

DIR Blanket Exemption: A pre-approved list of products and services, under certain class and commodity codes, that grants state agencies the right to procure products and services from non-DIR vendors. The [DIR Blanket Exemptions](#) do not require coordination through P&CS.

DIR Contracts: Per the 79th Texas Legislature (HB 1516), DIR negotiates favorable prices for information technology commodities based on aggregate demand.

DIR Cooperative Contracts: Contracts for technology products and services including hardware, software, staffing services, maintenance, technology training, DBITS, and managed services

DIR Exemption: A process that allows a state agency to procure Technology-based products or services, utilizing an avenue other than a DIR contract. This one-time exemption must be coordinated through the purchaser.

DPS (also referred to as Agency): Department of Public Safety of the State of Texas

E

Early Payment: The payment for goods or services after receipt but earlier than the payment due date set forth in Section 2251.021 of the Texas Government Code.

Early Payment Discount: A discount, from the purchase price allowed to the agency in payment is made within a specified period.

EIR: Electronic Information Resources

Electronic State Business Daily (ESBD): The electronic marketplace where State of Texas bid opportunities over \$25,000 are posted for access to the vendor community.

Emergency Purchase: An emergency purchase occurs when the agency must make the procurement quickly to prevent a hazard to life, health, safety, welfare, or property or to avoid undue additional cost to the state.

End User: An individual designated to monitor the daily activities of the vendor, receive goods and services, and coordinate stakeholder feedback/input.

Equivalent Product: A product that is comparable in performance and quality to the specified product.

Escalation Clause: A clause in a contract providing for a price increase or decrease under certain specified circumstances.

Evaluation Committee Guide (ECG): The plan used to document the process of selecting a vendor to perform the required work, goods, or services.

Evaluation Criteria: The criteria of which a proposal will be evaluated. The criteria must be stated in the solicitation to put all respondents on notice and equal footing.

Excluded Parties List System (EPLS): A comprehensive electronic list of individuals and entities excluded by federal government from receiving federal contracts or subcontracts and from certain types of federal financial and/or nonfinancial benefits.

Executive Contract Review Board (ECRB): Executive Contract Review Board is made up of the IOD Chief or Assistant Chief or designee, Office of General Counsel, Finance, Information Technology, Cyber Security, and Sponsoring Division Chief or designee. Items requiring ECRB Review/Approval are found on the [P&CS ECRB and CRB SharePoint site](#).

Executive Members: A representative from the Office of General Counsel (OGC) and a representative from Finance.

Executive Sponsor: The requesting Division Chief.

Expedited DIR Exemption Request: A state agency may submit an expedited exemption request, which DIR will process within three business days. This request must include the Exemption Request Form accompanied by a statement from the agency head, or his/her designee, describing the situation and the reasons for the expedited review. To ensure that expedited exemption requests are evaluated in a timely manner, the requesting state agency should submit the Exemption Request Form and statement from the agency head to DIR (ATTN: EXPEDITED EXEMPTION REQUEST) electronically. It is the state agency's responsibility to follow up to ensure DIR's receipt of the request form.

F

Family Member: An immediate family or a person within the second degree by affinity or consanguinity. This includes a person's mother, father, son, daughter, brother, sisters, grandparents, grandchildren, uncles, aunts, nieces, nephews, and first cousins.

Fiscal Year (FY), State of Texas: The period of 12 consecutive months, beginning September 1 of each year and ending August 31 of the next year.

G

General Appropriation Act (GAA): Act overseen by the Legislative Budget Board. An appropriations bill is legislation in the Texas Legislative to appropriate state funds to specific state government departments, agencies and programs. The money provides funding for operations, personnel, equipment and activities. Generally this is legislative in the form of the HB-1 (first House bill of legislative session).

GCI: General Contract Information (Texas SmartBuy Contracts) Goods: The term means supplies, materials or equipment.

Governing Body: Per HB 1295, a member of the governing body includes the Commissioners, Executive Director, General Counsel, Chief Procurement Officer, or the P&CS Director.

Grant: An award of financial assistance, including cooperative agreements, in the form of money, property in lieu of money, or other financial assistance paid or furnished by the state or federal government to carry out a program in accordance with rules, regulations and guidance provided by the grantor agency.

GSA: General Services Administration (federal agency)

H

HSP: HUB Subcontracting Plan

Historically Underutilized Business (HUB): A for-profit business that is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service Disabled Veteran, who reside in Texas and actively participate in the control, operations and management of the entity's affairs. HUBs can be found through the CMBL and HUB search portal; however, HUBs are not required to be registered on the CMBL.

HUB Directory Search: The HUB Directory specifically locates active HUB vendors regardless if the vendor is a registered on the CMBL. This search is used to augment the CBML vendor pool to increase competition as well to support a good faith effort to locate HUB vendors per the state law requirements.

I

IAC - Interagency Cooperation Agreement: written agreement between government agencies, governed by Texas Gov't Code Chapter 771.

ICT: Information Communication Technology

IFB: Invitation for Bids

Incumbent Vendor: The current contract holder, current vendor performing the services or providing the goods.

ILC - Interlocal Contract: Written understanding between local government entities, a local government entity and a federally recognized Indian Tribe, or local government entity and a state agency of Texas of another state as authorized by Chapter 791 of the Texas Government code.

Informal Solicitation: An unsealed, competitive solicitation used to obtain offers submitted verbally or in writing for purchases with a value of \$15,000 or less.

Inspection: Examination and/or testing of merchandise to determine whether it has been received in the proper quantity and condition and to verify that it conforms to the applicable specifications.

Inspections Report: A report made as a result of the agency's inspection, informing the Procurement Lead of a product's compliance with advertised specifications.

Invoice: Document from a contractor requesting payment for goods delivered and/or services rendered.

IT: Information Technology

IT Commodity Item: Commercial software, hardware, or technology services, other than telecommunications services, that are generally available to businesses or the public and for which DIR determines that a reasonable demand exists in two or more agencies. The term includes seat management, through which an agency transfers its personal computer equipment and service responsibilities to a private vendor to manage the personal computing needs for each desktop in the agency, including all necessary hardware, software, and support services.

ITSAC: Information Technology Staff Augmentation Contracts

IT Staffing Services: Temporary IT staff augmentation services on an hourly basis and is expected to remain in a position only for a certain period of time. The employment term may be based on the completion of a project, until a vacant position is filled, contingent on the availability of funding, or other circumstances.

IT Statement of Work (IT SOW): A document that states the requirements for a contract for certain services, including deliverables, performance specifications and other requirements that are not specified in a contract awarded under ICT Cooperative contracts greater than \$50,000.

IT Services: All the services, functions, and activities that facilitate the design, implementation, creation, or use of software or hardware. The term includes seat management, training, maintenance and subscription services. The term does not include Telecommunications Services.

ITV: Interagency
Transaction Voucher

J

K

L

LAR: Legislative Appropriations Request

Late Response: A response that is received after the date and time established for receipt of responses to a solicitation. A late response will not be considered in most circumstances.

LBB: Legislative Budget Board

LBB Major Contracts Database: A database maintained on the LBB website for all agency major contracts, as defined by [Texas Gov't Code Section 322.020](#), located at: [LBB Contracts Database](#)

Lease Purchase: An installment sale which gives the lessee the right to purchase equipment or other fixed assets at an agreed upon price under certain conditions. Title passes from seller to agency in and at the time the option to purchase is exercised.

Life-Cycle Costs: A procurement technique which considers operating, maintenance, acquisition price, and other costs of ownership in the award of contracts to ensure that the item acquired will result in the lowest total ownership cost during the time the item's function is required.

Liquidated Damages: A specified contract provision that entitles the State to demand a set monetary amount determined to be a fair and equitable repayment to the State for loss of service due to contractor's failure to meet contract requirements.

M

Major Contract: A two-party contract with a total value of \$1 million or more including renewal options and has a risk score factor classification of Important or High.

Major Consulting Services Contract: A consulting services contract for which it is reasonably foreseeable that the value of the contract will exceed \$15,000.

Major Purchase Order (MPO): A PO with a "High" or "Important" risk classification, the total value of the PO (including optional renewals) is \$1 million or more; Staff Augmentation PO, or the PO is based on a Time and Materials fee and payment structure.

Managed Contract: A SPD Term Contract that cannot be processed through Texas SmartBuy. The purchase order is prepared by the agency, referencing the contract number and pricing, and sent directly to the contractor.

Manufacturer's Price List: a price list published in some form by the manufacturer and available to and recognized by the trade. The term does not include a price list prepared especially for a particular solicitation.

MAS: Multiple Award Schedule

Milestone: An action or event marking a significant change or stage in development, often used in larger scale contracts

Mini Acquisition Plan: A basic solicitation plan for procurements classified as Low or Medium complexity per the [Procurement Timeline](#).

MIRP: Major Information Resources Project

MOA: Memorandum of Agreement, **an agreement between two entities which may be aspirational or enforceable, in accordance with its terms.**

MOLA: Master Operating Lease Agreement

MOU: Memorandum of Understanding

Multiple Award Contract Procedure: A purchasing procedure by which SPD establishes one or more levels of quality and performance and makes more than one award at each level.

N

NASPO: National Association of State Procurement Officials

National Institute of Governmental Purchasing (NIGP): The national organization created to promote ethical, efficient, and cost-effective public purchasing policies and practices. NIGP provides educational programs, products and services for public purchasing personnel and enables public purchasing personnel to exchange useful information about policies, practices, procedures, products, and services of common interests.

Negotiations: A consensual bargaining process in which the parties attempt to reach agreement on a disputed or potentially disputed matter. In a contractual sense, negotiation means the “dealing conducted between two or more parties for the purpose of reaching an understanding.”

Nepotism Disclosure Form: A form which requires purchasing and agency personnel to disclose information regarding certain relationships with, and direct or indirect pecuniary interests in, any party to a major contract (valued over \$1 million) prior to the award of the contract

NIGP Code Search Engine: A web-based tool that allows end users access to the most current version of the NIGP Code. The search engine allows for a specific code search, drill-down, or a keyword search.

NIGP Commodity Codes: Commercially available hardware, software, and technology services. The National Institute of Governmental Purchasing (NIGP) class and item codes for IT commodities are annotated with an

asterisk (*). The [NIGP Commodity Book](#) should be referenced to confirm that the purchases falls within DIR's purchasing authority.

Non-Compliant Purchase: A commitment of agency funds or allowing the agency to receive benefit that would reasonably require commitment of agency funds by an employee without proper authorization from P&CS. Non-compliant purchases include circumstances beyond the agency's control, and are also referred to as "unauthorized purchases."

Non-Compliant Memorandum: A document used to notify a responsible employee's immediate supervisor of a non-compliant purchase and to request a written response within 48 hours in order to process payment

Nondisclosure Agreement (NDA): Legal document that certifies the party involved in the evaluation and award of a particular contract to disclose employment, any compensation from, recipient of any present or future economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service from or in connection with any potential vendor. The agreement requires that the contract information is kept as confidential material, knowledge or information on the of the contract details is restricted to those that have executed an agreement. At DPS, the NDA is commonly combined with a conflict of interest form, this form is referred to as the Non-disclosure and Conflict of Interest Form.

Non-Major Contract: A two-party contract with a risk score factor classification of Low or Moderate.

Non-Major Purchase Order: A PO with a risk score factor classification of Low or Moderate and does not meet the criteria of a Major PO.

Nonresident Bidder: For purposes of the reciprocal preference law, a person whose principal place of business is not in Texas.

O

OAG: Office of Attorney General

OEM: Original Equipment Manufacturer

Offer: A proposal to contract with the State submitted in response to an RFO. May also be referred to as a response.

OGC: Office of General Counsel **of DPS**

OMB: Office of Management and Budget (federal)

OMR: Open Market Requisition (Request), **referring to solicitations made directly by DPS to the vendor community.**

One-Time DIR Exemption: A formal request to release the requirement to purchase from DIR contract if the existing DIR contracts do not meet the agency's needs

Opening Date: The day and time, after submission of proposals, when sealed bid responses are opened.

Operating Lease: A contract granting the lessee the use of equipment or other fixed assets for a specified time in exchange for payment. Title remains with the contractor.

Overage: An overage is any amount that exceeds the original requisition amount; this applies to purchase orders, change orders, amendments, and contract modifications. **OVFM:** Office of Vehicle Fleet Management

P

P&CS: Procurement and Contract Services (DPS procurement office)

P-card: Payment Card (credit card)

PAR: Progressive Assessment Report (HSP)

Payment Bond: A deposit, pledge, or contract of guaranty supplied by the contractor to protect the State against loss due to the contractor's failure to pay subcontractors and material suppliers.

Performance Bond: A deposit, pledge, or contract of guaranty supplied by a contractor to protect the State against loss due to the contractor's inability to complete the contract as agreed.

PIN: Payee Identification Number

PIA: Public Information Act

PIR: Public Information Request, in accordance with the Texas Public Information Act.

PM: Project Manager

PO: Purchase Order

POCN: Purchase Order Change Notice

POD: Procurement Oversight & Delegation (section at CPA)

Post-Award Debriefing: A request submitted in writing (electronically) by the vendor requesting an explanation as to why their proposal was unsuccessful.

Post-Consumer Materials: Finished products, packages, or materials generated by a business entity or consumer that have served their intended end use, and that

have been recovered or otherwise diverted from the waste stream for the purpose of recycling.

Posted Date: The actual date the solicitation document will be made available to the public.

PPI: Producer Price Index

PPP-3 Form: The PPP-3 is used to secure new temporary employee services regardless of the dollar amount and must be attached to the requisition in the CAPPS system.

PPP-3A Form: The PPP-3A is used to modify an existing contract or Purchase Order regardless of the dollar amount for temporary employee services and should be loaded as a Requisition attachment in the CAPPS system.

Pre-Consumer Materials: Materials or by-products that have not reached a business entity or consumer for an intended end use, including industrial scrap material, and overstock or obsolete inventories from distributors, wholesalers, and other companies.

Pre-Approved Risk Levels: A list of pre-determined risk classifications for particular types of purchases which is based on the procurement method or contract type in conjunction with a maximum dollar amount. Refer to Appendix B: Pre-Approved Risk Levels, provided below within this procedure.

Pre-Bid Conferences: A formal meeting with the vendor community that is facilitated by P&CS personnel. Discussions are held to help potential prospective bidders/respondents understand the requirements of a solicitation. A Question and Answer Session is held. An Addendum is issued and the Addendum form must be posted to the Electronic State Business Daily (ESBD), if the original solicitation was posted to the ESBD. The addendum must be provided to all potential respondents who received the original solicitation notice.

Pre-Bid Notice: An announcement sent via email to all vendors on the CMBL associated with commodity code(s) related to the solicitation to notify prospective bidders of an upcoming bid opportunity.

Professional Services: Services directly related to the professional practices specified by the Professional Services Act, Chapter 2254, Subchapter A, of the Texas Government Code.

Pricing Request (PR): An invitation for a vendor to submit competitive prices under an existing contract (can be DIR, TXMAS, 1122 Program), including the existing terms and conditions, or through the informal procurement process. A Pricing Request is used in conjunction with DIR

purchases that exceed \$50K, TXMAS purchases over \$5K, and for Open Market purchases up to \$25K.

Procurement Record: Written or recorded documentation related to the administration and management of purchases. Records include evidence of the decisions made by DPS regarding method, selection and justification of procurement. This record serves as the primary source of information regarding a purchase for audits, state or federal review, public inquiries and the commission.

Proprietary Decision Memorandums: A DPS Procurement form required from the end user to justify why a purchase for products or services is proprietary in nature. An example of the Proprietary Purchase Justification DM can be found here: [Proprietary and Sole Source](#).

Proprietary Product/Service: Distinctive products or services offered under exclusive rights of ownership, including rights under patent, copyright, or trade secret law, and specifications are not shared by competing or similar products.

Proposal/Bid Close Date: The advertised date and time that proposals, offers, or responses are no longer accepted by the advertising agency.

Protest Procedures: Procedures for resolving vendor protests relating to purchasing issues.

PSC: Public Safety Commission

PSC Approved Plan: A list of positions, not-to-exceed (NTE) dollar amounts, and estimated duration of assignment of temporary IT personnel expected to be on-boarded through DIR ITSAC procurement method. An IT staffing plan is approved by the Public Safety Commission (PSC) annually.

PSC Weekly Summary Report: A report provided to the Executive Director and the Commissioners which includes statuses on purchases and contracts that require enhanced contract monitoring, issues and/or risks with active contract.

Public Opening: The public opening of bids, offers, or proposals, in which the names of the respondents to a solicitation are publicly read and recorded. No prices are divulged at an offer or proposal opening as these types of solicitations are subject to negotiations.

Purchase Category Codes (PCC): Codes used in the Uniform Statewide Accounting System (USAS) to document the purchase method, commodity type and dollar category of purchases.

Purchaser: Purchaser is used interchangeably with Contract Administrator.

Purchasing: The receipt and processing of requisitions, development of specifications, development of scope of work, the issuance of purchase orders against existing cooperative or agency contracts, and the verification of the inspection of merchandise or receipt of services by the agency. The term does not include the development of solicitations and contract awards that must be posted to the Electronic State Business Daily or in the Texas Register.

Purchasing Liaison (PL): A DPS full time employee who is designated by their division to carry out procurement related activities such obtaining estimates for future purchases.

Purge Date: The date a record will be flagged for deletion from the CAPPs database

Q

QAT: Quality Assurance Team

QAP: Quality Assessment Plan

Question and Answer Period: A predetermined period provided in the solicitation of when potential vendors are allowed to submit their clarification questions to the agency. The agency typically responds to the potential vendors within one to two days per the predetermined period.

QPL: Qualified Product List

R

Recycled Material Content: the portion of a product made with recycled materials consisting of pre-consumer materials (waste), post-consumer materials (waste), or both.

Recycled Materials: Materials, goods, or products that contain recyclable material, industrial waste, or hazardous waste that may be used in place of raw or virgin materials in manufacturing a new product.

Recycled Product: A product that meets the requirements for recycled material content as prescribed by the rules established by the Texas Commission on Environmental Quality in consultation with CPA.

Remanufactured Product: A product that has been repaired, rebuilt, or otherwise restored to meet or exceed the OEM performance specifications; provided, however, the warranty period for the remanufactured product may differ from the OEM warranty period.

Rent: Payment of the use of property.

Requisition (REQ): A purchase request that is entered and approved through the CAPPs system to procure on or off contracted products and services.

Request for Information (RFI) – A general invitation to vendors requesting information for a potential future solicitation. This is an optional method typically used to research and gather information for preparation of a solicitation. This is not a type of solicitation.

Request for Offers (RFO): A written solicitation requesting the submission of offers for AIS, which include hardware, software and other information technology goods and services.

Request for Proposals (RFP): A written solicitation requesting the submission of proposals.

Request for Qualifications (RFQ): A solicitation document requesting submittal of qualifications or specialized expertise in response to the scope of services required. No pricing is solicited with an RFQ.

Responsive: the bid, offer, or proposal complies with all material aspects of the solicitation document, including submission of all required documents.

Respondent: An individual or entity that submits an offer or proposal. The term includes anyone acting on behalf of the individual or entity that submits an offer or proposal, such as an agent, employee, and representative.

Restricted Bids: Only selected vendors can view and respond to solicitation

Review and Delegation (CAT via POD): For procurements under SPD authority, DPS is required to send solicitation documents to SPD for review and possible delegation, prior to advertising the solicitation, for any commodity purchase above \$50,000 and for any service purchase above \$100,000.

Revenue Generating Contract: A contract under which DPS receives compensation for providing goods and/or services to another entity.

Risk Assessment: The document that is used to assess a purchase request or an existing contract to identify any potential risks and to determine the appropriate level of contract monitoring oversight required.

Risk Assessment Tool: The tool is a high-level indicator of the potential risks that can occur on projects. An Excel spreadsheet that correlates a numeric value to a possible risk used to determine the score factor classification.

Risk Assessment Form – Contracting Phase: – PCS-25C

Risk Assessment Form- Purchasing Phase: - PCS25P

Rotating Members: Members from law enforcement and services divisions will serve three-month terms. A rotating member's term may be extended as necessary.

S

SAO: State Auditor's Office

Scope of Work: A section of a solicitation that provides a description of the products and services to be provided by the vendor.

Scoring Matrix: An evaluation tool used to score individual responses based on the evaluation criteria defined in the solicitation document

Sealed Bids/Proposals: A response which is kept secure and unopened until after the due date and time specified in the solicitation.

Service: NIGP Class Code 900 and above are designated for intangibles such as services, generally referring to performance of duties.

Set Aside Contract: Term used to refer to the State Use Program and the Texas Correctional Industries (TCI) purchasing program.

SLA: Service Level Agreement, these generally refer to time limits to perform certain tasks.

SME: Subject Matter Expert

Sole Source: Product or service is only available for purchase through the one, identified vendor, usually the manufacturer.

Sole Source Letter: Letter from vendor that states they are the sole source/single supplier for the specified products or services.

Solicitation: A document requesting submittal of bids, offers, proposals, responses, qualifications, or information for products or services in accordance with the advertised specifications. The following types of solicitations must be posted on the ESD: IFB, RFO, RFP, or RFQ. A Pricing Request is not posted to the ESD as this is reserved for the DIR and TXMAS procurement methods, so we do not refer to a PR as a solicitation.

SOP: Standard Operating Procedures

SPD: Statewide Procurement Division

Staffing Services Request Form: The form is used to initiate a staffing request with DIR. The form describes the job, required skill set, and minimum qualifications for the position to be filled.

Stakeholder: A person assigned by a participating division that has an interest or will be impacted by the awarded contract.

Standard: The established and fixed measure used in assessing quality or performance.

Standing Order: A purchase order to a contractor for a specified time period during which a specific quantity of product will be delivered on specified delivery dates.

State Contract: Contracts established and maintained by the Comptroller's Statewide Purchasing Division (SPD) or the DIR.

State Use Program: A mandatory state set-aside purchasing program established for purchasing commodities and services from community rehabilitation programs, which employ disabled Texans. This is a non-competitive procurement method, specifically authorized by state statute, which mandates state agencies to purchase products made or services performed by persons with disabilities.

State Use Report: A legislatively mandated report submitted by the 15th of each month listing purchases made as an exception to Human Resource Code 122.014. The report is based upon amounts encumbered for purchases whenever a purchase order is issued. DPS is responsible for ensuring the reports are complete, accurate and approved for submission.

Statement of Work (SOW): Formal document that defines work activities, deliverables, and a project timeline that a vendor must consider to estimate the work effort required to meet the project deliverables.

Status Report Slide: A tool to provide frequent, bottom-up communication for in progress procurement and contract work, and includes the procurement method approved by the P&CS Director.

Successor-in-Interest: Any business entity that acquires or otherwise obtains the controlling ownership of a business entity.

Surplus: Federal and State surplus property programs administered by TFC. Each program has its own laws, rules, and procedures.

System of Award Management (SAM): A federally owned and operated website that consolidates the capabilities of the excluded party list, federal contract registry (CCR) and the online representations and certifications application (ORCA), Formerly EPLS

T

TAC: Texas Administrative Code

TCI: Texas Correctional Industries

TCO: Total Cost of Ownership

TDCJ: Texas Department of Criminal Justice

TEC: Texas Ethics Commission

Technology Commodity Items: Commercially available hardware, software and technology services. The National Institute of Governmental Purchasing (NIGP) class and item codes for IT commodities are annotated with an asterisk (*). The [NIGP Commodity Book](#) should be referenced to confirm that the purchases falls within DIR's purchasing authority.

Template-Approved Contracts: A contract document with a set format, approved Policy & Procedures and P&CS Management, portions of which cannot be modified without approval. The template allows contracts to be executed by an individual granted delegated authority for only that particular template.

Term Contracts: A contract established by SPD for the purchase or lease of goods or services used in large quantities by multiple agencies.

DPS Terms and Conditions (T&Cs): General and special requirements attached to certain contracts, which combine with the solicitation and other documents to form the whole contract. These must be approved by P&CS Management and OGC.

TEX-AN: Texas Agency Network (DIR)

Texas Bidder: A business incorporated in Texas, that has its principal place of business in Texas, or that has an established physical presence in Texas.

Texas Resident Bidder: A person whose principal place of business is in Texas, including a contractor whose ultimate parent company or majority owner has its principal place of business in Texas.

Texas Council on Purchasing from Persons with Disabilities (TCPPD): An agency of the State of Texas, which has the statutory responsibility for implementing the State Use Program, and dedicated to further the state's policy of encouraging and assisting persons with disabilities to achieve maximum personal independence by engaging in useful, productive employment activities.

Texas Industries for the Blind and Handicap (TIBH): Now referred to as WorkQuest, this is the entity that is part of the State Use Program.

Texas Register: Administered by the Secretary of State's office, a site used to advertise various types of procurements, such as some professional and consulting contracts.

Texas Specifications: A specification adopted by SPD and used whenever possible in the purchase of the item involved. Established standard of minimum quality for products or services purchased in volume by the State.

TFC: Texas Facilities Commission

TIN: Texas Identification Number

TPIA: Texas Public Information Act

Transactional Purchase Order (TPO): A purchase order issued independent of a contract. These purchase orders are one-time purchases of a commodity or service not linked to a current contract or blanket purchase order.

TWC: Texas Workforce Commission

TXMAS: Texas Multiple Award Schedule

TxSmartBuy PO's: A purchase orders generated by TxSmartBuy and signed by SPD purchaser

U

Unit Price: The price for a good or service in accordance with the unit of measure provided in the solicitation.

Unrestricted Bids: All vendors can view and respond to solicitation

USAS: Uniform Statewide Accounting System

USC: United States Code

V

Vendor: A potential provider of goods or services to the State.

Vendor Performance: An agency must report vendor performance on purchases over \$25,000 from contracts administered by the Statewide Purchasing Division (SPD), or any other purchase over \$25,000 made through delegated authority granted by SPD. Agencies are also encouraged to report vendor performance for purchases under \$25,000.

Vendor Performance Reporting (VPR): Is an electronic system managed by SPD to record vendor performance history for the purpose of vendor evaluation of future awarding of state contracting.

Vendor Performance: Relevant information regarding a contractor's actions under previously awarded contract.

Vendor Performance Tracking System (VPTS): provides the state procurement community with a comprehensive tool for evaluating vendor performance to reduce risk in the contract award process.

VIN: Vendor Identification Number

Voyager: Retail Fuel Card

W

WorkQuest: A Central Nonprofit Agency (CNA) contracted with TCPPD since 1978 to serve as the program's marketing and management organization. WorkQuest handles everything from order processing the fulfillment and invoicing of purchase orders to market history analysis, pricing requests, and CRP registration and compliance. Commodity items and services offered in the WorkQuest Catalog are reviewed and approved by TCPPD.

Written Communications: Examples of official Written Communications include: email, memorandums, and correspondence sent on DPS letterhead (e.g., letters).

X

Y

YTD: Year to Date

Z

The [State of Texas Procurement and Contract Management Guide](#) contains additional acronyms, terms and definitions.

14. ATTACHEMENTS, FORMS, AND PROCESSES

14.1. 1122 PROGRAM

- 14.1.1. 1122 OVERVIEW
- 14.1.2. 1122 LETTER OF INTENT
- 14.1.3. 1122 APPOINTEE MEMO – TEXAS LESO
- 14.1.4. 1122 PROGRAM PROCUREMENT PROCESS
- 14.1.5. 1122 PROGRAM CATELOG

14.2. OTHER ATTACHMENTS

- 14.2.1. ACQUISITION PLAN
- 14.2.2. ACS PROCUREMENT PROJECT PLAN
- 14.2.3. MINI ACS TEMPLATE
- 14.2.4. EXECUTIVE CONTRACT REVIEW BOARD (ECRB) & CONTRACT REVIEW BOARD (CRB)
- 14.2.5. BID TABULATION

- 14.2.6. CPA NOTIFICATION OF TRAINING REQUIREMENT
- 14.2.7. DIR EXEMPTION APPROVAL REQUEST EMAIL EXAMPLE
- 14.2.8. EVALUATION COMMITTEE GUIDE
- 14.2.9. LBB REPORTING REQUIREMENTS
- 14.2.10. NAMING CONVENTION AND ABBREVIATION LIST
- 14.2.11. PRE-APPROVED RISK LEVELS
- 14.2.12. DIR PRICING REQUEST
- 14.2.13. REQUEST FOR OFFER
- 14.2.14. REQUEST FOR PROPOSAL
- 14.2.15. REQUEST FOR QUALIFICATIONS
- 14.2.16. INVITATION FOR BIDS
- 14.2.17. SOLICITATION AFTER ACTION REVIEW

14.3. FORMS

- 14.3.1. VENDOR FORMS & INFORMATION
- 14.3.2. PCS-3 ITSAC REQUEST FOR RESUME FORM
- 14.3.3. PCS-5 CONTRACT MONITOR FORM
- 14.3.4. PCS-6 VENDOR PERFORMANCE REPORT
- 14.3.5. PCS-7 DPS NON-DISCLOSURE AGREEMENT
- 14.3.6. PCS-8C CONFLICT OF INTEREST – CONTRACT OVERSIGHT

PHASE

- 14.3.7. PCS-9 NEPOTISM DISCLOSURE FORM
- 14.3.8. PCS-21 EMERGENCY DECISION MEMORANDUM
- 14.3.9. PCS-25C RISK ASSESSMENT - CONTRACT OVERSIGHT

PHASE

- 14.3.10. PCS-25P RISK ASSESSMENT - PURCHASING PHASE
- 14.3.11. BUILDING, HANGAR OR OFFICE SPACE LEASE AGREEMENT

CHECKLIST

- 14.3.12. CAPPS FINANCIALS ACCESS REQUEST FOR PURCHASE

LIAISON

- 14.3.13. CHANGE REQUEST FORM
- 14.3.14. CORRECTIVE ACTION PLAN
- 14.3.15. CRB SOP
- 14.3.16. CRB FORMS AND TEMPLATES
- 14.3.17. CRB INFORMATION SHEET TRANSPARENCY
- 14.3.18. CRB INFORMATION SHEET APPROVAL
- 14.3.19. DONATION REQUEST FORM
- 14.3.20. EXCEPTIONS SUMMARY FORM
- 14.3.21. LBB ATTESTATION LETTER
- 14.3.22. TOWER LEASE AGREEMENT CHECKLIST
- 14.3.23. PROPRIETARY DECISION MEMORANDUM
- 14.3.24. PURCHASE LIAISON CHECKLIST

14.3.25. PURCHASING LIAISON CONTRACT

15. LINKS

- 15.1. [Agency Procurement Plan Template and Submission](#)
- 15.2. [FMX Fiscal Management](#)
- 15.3. [GAA Other Bills of Interest to State Agencies](#)
- 15.4. [General Appropriations Act](#)
- 15.5. [HUB Subcontracting Plan \(HSP\)](#)
- 15.6. [Legislative Budget Board](#)
- 15.7. [Object Codes](#)
- 15.8. [Texas Government Code - Ethics](#)
- 15.9. [System of Award Management \(SAM\) Search Information](#)
- 15.10. [State Use Reports](#)
- 15.11. [Statutes and Procedures](#)
- 15.12. [Chapter 2261. State Contracting Standards and Oversight](#)