



State Office of Administrative Hearings Finance

Contracts and Purchasing Procedures

Purpose:	To establish procedures for purchasing goods or services.
Requirements:	Purchasers must ensure all relevant purchasing laws, statues, rules, and policies are followed, including reporting, which must be completed accurately and timely.
Legal Cite:	Texas Government Code Chapter 2103 – Expenditures Texas Government Code Chapter 2155 – Purchasing Rules & Procedures Texas Government Code Chapter 2156 – Purchasing Methods Texas Government Code Chapter 2157 – Automated Systems Texas Government Code Chapter 2158 – Misc. Purchasing Texas Government Code Chapter 2161 – HUB Texas Government Code Chapter 2251 – Payment for Goods & Services Texas Administrative Code Chapter 20 – Procurement & Support

Background

The agency follows the purchasing guidelines for the State of Texas. Any purchase for goods or services must begin as a requisition. In CAPPs, employees designated in each office to have security in CAPPs to enter purchase requisitions. Throughout this document, the Finance Department has created standard wording and required fields to assist with consistent purchase processing and contract reporting procedures. If you have any questions regarding these standards, please contact Purchasing at Purchasing@soah.texas.gov.

This procedure describes the overall procurement process, in general the agency generally issues mostly purchase orders unless the value or service necessitates a two-party signature contract. For the purpose of this procedure, a contract or purchase order have the same functional affect. Furthermore, in this procedure, vendor and supplier are synonymous. Either is used throughout but have the same meaning.

Resources

Centralized Accounting and Payroll/Personnel System Purchasing Module

Comptroller of Public Accounts

Department of Information Resources

TxSmart Buy

Electronic State Business Daily (ESBD)



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Centralized Master Bidders List (CMBL)

Vendor Performance Tracking System (VPTS)

Finance Drive

Procurement File Checklist

All procurements begin with a requisition except rent, State Office of Risk Management (SORM), Statewide Cost Allocation Plan (SWCAP), revenue refund, employee reimbursements, and certain emergency payments.

Purchase Order Method

Requisition > Purchasing > Optional Approvers > Budget > CFO > Chief ALJ (When > \$25,000) > Purchase Order issued by Purchasing > Supplier performs services or delivers supplies > Receiving > Invoices are paid by Accounts Payable

Receipts must be attached in CAPPs to the payment voucher.

Non – Purchase Order Method (Limited circumstances only)

Supplier performs services or delivers supplies > Invoices are paid by Accounts Payable

Receipts must be attached in CAPPs to the payment voucher

Employee Reimbursement

Employee seeks approval > Management/Finance Approves > Employees pay supplier to perform services or employee purchases supplies > Invoices are paid by Accounts Payable.

Approvals and Receipts must be attached in CAPPs to the payment voucher.

Statewide Purchasing Division (SPD)

The Statewide Purchasing Division (SPD) is the division at the Texas Comptroller of Public Accounts' responsible for statewide purchasing and contract management.

Procurement Oversight and Delegation (POD)

The SPD manages the POD portal which helps facilitate additional reviews and approvals depending on procurement types and values. This can include the Contract Advisory and Quality Assurance Teams. Reviews by the POD can take up to 30 days.

Contract Advisory Team



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

- Comptroller of Public Accounts (CPA)
- Department of Information Resources (DIR)
- Health and Human Services (HHS)
- Office of the Governor (OOG)
- Texas Facilities Commission (TFC)

Department of Information Resources (DIR)

DIR is the State's information technology and telecommunications agency that provides a range of IT and telecommunications products and services to agencies and eligible voluntary customers, including local governments and universities.

Quality Assurance Team

The Quality Assurance Team (QAT) implements a consistent and repeatable approach for quality assurance review of major (> \$5 million) technology projects within Texas (Major Information Resource Projects or MIRP). Projects are continually assessed to help reduce the likelihood that a project will not deliver a quality solution based on the schedule, budget, and scope commitments made to state leadership. Major information projects must be approved by the QAT before proceeding. The QAT team consists of professionals from the following agencies:

- Department of Information Resources (DIR)
- Legislative Budget Board (LBB)
- State Auditor's Office (SAO)

Since 2005, SAO has delegated its role to approve/disapprove projects to the LBB.

Legal Requirements/Forms

Form 1295 Certificate of Interested Parties is required to be completed by vendors for contracts with a value of \$1 million or more that require an action or vote by a governing body, or are for services that would require a person to register as a lobbyist under Chapter 305 of the Texas Government Code.



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Procurement Cycle

The procurement cycle includes several phases that help facilitate a successful procurement from requisition to close-out.



Phase 1: Procurement Planning

Any successful procurement begins with planning. This is where you gather information and facts about what goods and services are needed by the agency.

Fund Sources / Allowability

Finance will determine funding source and if there are restrictions on funding. In general, the agency uses General Revenue funds to procure goods and services.

Unallowable uses of funds include: Alcohol, Plants, Coffee, and Memberships (unless approved by Chief ALJ).

Length of Service

If a service contract, determine the length of service desired. All contracts generally have a maximum of one year plus three, one year extensions. No contract can have a total length of greater than 4 years.

Acquisition Plan

Required for any Major Information Resource Procurements.



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Document Process, Create Calendar, Deliverables, Terms & Conditions, Payment Terms, and Identify Risks, etc.

Procurement File

Required for all procurements at the agency, regardless of type or value.

Document Process, Create Calendar, Deliverables, Terms & Conditions, Payment Terms, and Identify Risks, etc.

This completes the Procurement Planning phase.

Phase 2: Procurement Method Determination

There are two groups of procurement methods, Non-Delegated where the purchasing authority is retained by the SPD and Delegated, where the purchase authority is approved/granted to the agency.

Non-Delegated Procurements:

- [TxSmartBuy](#) – Comptroller’s Office eProcurement website that houses all of the Comptroller’s term and managed contracts/programs, including TxMAS. This should be your first resource since many of the procurements listed below such as TCI or WorkQuest are in TxSmartBuy. It also houses vendor performance and Electronic State Business Daily.
- Texas Correctional Industries,
- WorkQuest (Set-aside/State Use Program),
- Federal/State Property Surplus Programs,
- Inter-Agency Contracts (IAC),
- Inter-Cooperative Agreements (ICA).
- Managed Contracts – these are contracts solicited and managed by the Comptroller’s Office. They are generally for common goods and services that more than one agency require or high volume. In general, the agency does utilize managed contracts for goods and services.
- Texas Multiple Award Schedule (TxMAS) – these are contracts solicited by another State or Federal entity in the United States. The Comptroller’s Office will work with the supplier, add Texas’ terms and conditions, and make it available similar to other managed contracts. In general, the agency does not utilize TXMAS contracts for goods and services.
- Propriety – procurements that sole source or competitive source. Must have an agency justification when you use a sole source supplier.

Waivers



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For TCI, if the good is outside price range, will not meet deliverable timeline, you can request a waiver from CPA.

For WorkQuest, there is also a waiver for quality, quantity needed, life cycle cost, or delivery time. IF a waiver is granted, the agency must report to the Texas Workforce Commission monthly for applicable procurements that were waived.

Delegated Procurements:

Beyond the Non-Delegated procurements above, there are several methods of procurement that are delegated (by rule or through approvals). Methods include Competitive Bidding (Invitation for Bids (IFB), Informal Bidding or Competitive Sealed Proposal -Request for Proposal (RFP).

Procurement for goods less than \$50,000 or services less than \$100,000, the agency is delegated purchasing authority by Comptroller rule:

- \$10,000 or less (Spot Purchases)
- Up to \$50,000 if One-Time Purchase of Goods
- Up to \$100,000 for Purchase of Services - Examples include repair, maintenance for agency owned equipment, emergency purchases, or when there is a threat to health/life. These should not be for ongoing services required by the agency.

Procurement for goods greater than \$50,000 or services greater than \$100,000 must get approval from the Comptroller's Office. Procurements that meet these thresholds must be submitted to Open Market Requisition (OMR) for goods, and Procurement Oversight & Delegation (POD) for services. If it goes to the Procurement Oversight & Delegation (POD), it may take up to 30 days for a response. The agency must receive an approval prior to issuing the solicitation. All approvals must be saved in the procurement file.



Informal Bidding – required for delegated procurements greater than \$10,000 but less than \$25,000. Must solicit at least three suppliers from the Contractors Masters Bidders List (CMBL). The state requires at least two solicited suppliers must be HUB, but the agency attempts to ensure all solicited suppliers are HUB. Must be within the National Institute of Government Purchasing.

Invitation for Bids (IFB) – required for delegated procurements greater than \$25,000. The lowest bidder wins. Negotiations are not allowed, unless there is only one bidder.



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Request for Proposals (RFP) – factors other than price can be considered. Negotiations are allowed. The supplier is expected to provide innovative ideas.

Request for Applications (RFA) – a procurement method used to solicit applications to grants. Each RFA must include the following three elements:

- An RFA must include the grant objective, guidelines, and any limitations on spending or eligibility.
- An RFA must specify evaluation criteria and any other information that is needed to submit an application.
- Agencies can refer to Uniform Grant Management Standards (UGMS) for more information

Request for Qualifications (RFQ) – professional service procurements are delegated to agencies by statute. Example: Audit Services.

Department of Information Resources (DIR)

Agencies must coordinate with DIR for all information resource and telecommunication procurements. DIR negotiates and manages information resource and telecommunication contracts on behalf of agencies similar to how the Comptroller’s Office does for goods/services. In general, most IT, Computer, Software, Internet/Phone equipment or services are available through suppliers in the DIR Cooperative program.

Process

Procurement/Contract Value	Competitive Action
No more than \$50,000	Agency can award contract directly to vendor
More than \$50,000 but not more than \$1 million	Agency must submit a request for pricing to at least three vendors in the category to which the contract relates
More than \$1 million but not more than \$5 million	Agency must submit a request for pricing to at least six vendors in the category to which the contract relates

If there are no contracts or suppliers to provide the technology needs or services, the agency can seek approval to issue a Request for Offer to suppliers outside of the DIR Cooperative.



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Request for Offers (RFO) – procurement method for procuring Automated Information Systems (AIS). The following conditions apply to RFOs:

- Agency has obtained an exemption/approval from DIR/LBB
- Negotiations are allowed
- Will include factors specific to IT procurements such as Cybersecurity and Cloud services.

If an RFO is greater than \$25,000, it must be posted to the Electronic State Business Daily (ESBD). Additionally, if the RFO is greater than \$5 million, it must be submitted to the Procurement Oversight and Delegation (POD) team to be reviewed by the Contract Advisory Team (CAT) and the Quality Assurance Team (QAT). This is all coordinated by the Comptroller's Office through the POD portal.

DIR Exemptions/Waivers

Occasionally there may be a determination for procurements that require an exception from utilizing DIR arranged contracts or services.

Exemptions include:

- Cooperative Contracts Blanket Exemptions
- Cooperative Contracts One-time Exemptions
- Data Center Services Exemption
- Telecom Exemption
- Texas.gov Exemption
- Blank exceptions exist as well such the following:
 - Minimum threshold of < \$1,000
 - Maximum threshold of > \$5 million
 - Critical Need
 - Emergencies

Exemption forms may take up to 3 business days for a response.



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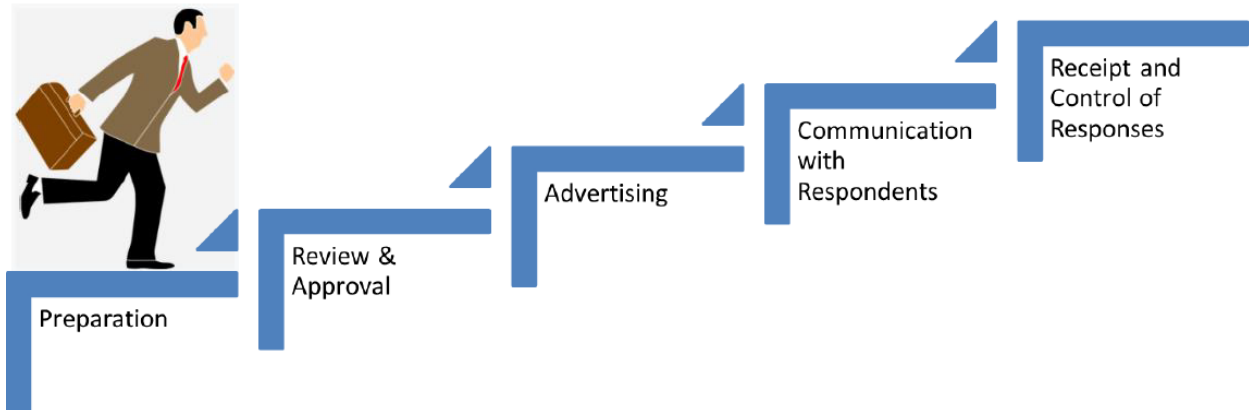
Competitive Bidding Comparisons

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 most important 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) Request for Offers (RFO)	When negotiations are desired. Vendor is expected to provide innovative ideas or solutions.	Allows for customized proposals suggesting different approaches to the same business need. Allows for negotiations. Considerations in addition to price are used to determine best value.	Lead time for procurement is much greater. Evaluations tend to be more complex.
Request for Qualifications (RFQ) <i>[This method is usually required by statute, e.g., Professional Services¹]</i>	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.

Solicitation Steps



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Calendar of Events

Create a procurement schedule to map out due dates to ensure your contract is executed timely (lead time). For large procurements, the recommended lead time should be 6 months. For mid-size procurements, the recommended lead time should be 4 months. For small procurements, the lead time should be 2 months. Put all available in the calendar of events that may impact meeting contract execution deadlines.

Minimum Supplier Qualifications

Ensure to gather the qualifications that the agency is seeking. You must balance requirements and not be too restrictive or you may not get any responses.

- Technical skill, certification, or licensing requirements
- Years of experience
- Production facility requirements
- Projects of similar size and scope
- Financial capability to perform

Ensure to require supplier references in the solicitation. This allows the agency to verify with other entities the respondent's work product or quality.

Scope of Work

A description of the products and services to be provided by the supplier who will be awarded the contract. The scope of work must include the following:

- Supplier and agency responsibilities
- Evaluation of vendor performance
- Communication protocol
- Tailored to the agency business need
- Set deliverables and milestones

Specifications

Detailed requirements of a specific product or service. Specifications provide principal physical, functional, or other characteristics that are essential to the minimum business needs. They should not include minimum or maximum characteristics and should not include brand names. If a certain brand is required, the procurement should likely be a sole source or proprietary.

Example:

Scope of work: Pencils.

Specification: Yellow #2 Pencil, quantity 20.



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Again, avoid being so specific that you don't receive responses. Example of being too specific, requesting red pencils, 11 in a box. Most manufacturers don't produce that product like that.

Examples of Performance-Based, Design-Based, and Mixed Specifications	
Performance-based specification	Contractor shall provide media services for Texas Tourism which shall increase the tourist dollars by a minimum of 3 percent in the next fiscal year. Visits by out-of-state tourists shall increase by a minimum of 10 percent. These figures will be measured as reported by the Texas Chamber of Commerce.
	Contractor shall provide a pen that precisely writes with no skipping or smearing. Ink shall not penetrate through paper. Minimum writing distance of ink shall be 500 miles.
Design-based specification	Contractor shall conduct at least seven media campaigns for Texas Tourism during the fiscal year. Three of these campaigns must be directed to out-of-state tourists.
	Contractor shall provide a pen that has a white round plastic barrel of ¼-inch-diameter. Length of pen, including cap, shall not exceed 5-¾ inches. Ink cartridge shall have a tungsten carbide ball in stainless steel tip. Point shall not exceed 0.3 mm fine point. Ink shall be black.
Mixed specification	Contractor shall provide media services for Texas Tourism which shall include a minimum of seven media campaigns during the fiscal year. Media services shall provide for a minimum increase in tourist dollars of 3 percent in the next fiscal year as measured and reported by the Texas Chamber of Commerce.
	Contractor shall provide a 0.3 mm fine point, black ink pen. The pen shall precisely write with no skipping or smearing.

If a supplier is used to write the specifications, that supplier is ineligible to bid on the solicitation.

Additional Considerations

Although each procurement is different, examples of items to keep in mind:

- Criminal background investigations
- Access and use of equipment, facilities, or systems
- Conflict of interest disclosures
- Required permits
- Intellectual Property/Copyright issues
- Records retention requirements

Payment and Price Terms

The selected pricing structure should be based on careful industry-specific research. Compare to other executed agreements with other entities for similar good or services. Payment and pricing terms must be included in the solicitation with clear contractual parameters for how those costs will be paid for, or reimbursed.

Contract Term / Dates



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All contracts must have a start and an end date. Things to consider:

- Solicitation must include a termination clause for Non-Appropriations if term of contract will cross a fiscal year. This protects the agency and the state in case funds are not appropriated.
- Maximum duration without reissuing a competitive solicitation is **4 years**

Contract Termination Clauses

The solicitation must provide termination clauses. Contracts can be terminated through the following processes:

- Termination by Mutual Agreement
- Termination for Convenience (no-fault termination)
- Termination for Cause. For this process, you must provide the following
 - Cure Notices – notifies the supplier that there are substantial issues.
 - Corrective Action Plan – formally puts the supplier on notice that substantial issues have been conveyed to the supplier that must be corrected in a plan crafted by the agency.
- Termination for Non-Appropriation (funding out)

Terms and Conditions

Terms and conditions (T&Cs) are standardized for the agency and are applied to all procurements. Clearly stated T&Cs protect the agency from unintended risk. T&Cs must include legal notices and the following:

- Required Legal Notices
- Required State of Texas Contract Clauses
- Change Control Process. This can apply to scope, schedule, or pricing. This should explain when a Purchase Order Change Notice (POCN) or Contract Amendment is required. In general, small changes can be made with a POCN, whereas substantial contract changes must have a Contract Amendment. All changes must be stored in CAPPS and in the Procurement File.
- Forbearance/Vendor Hold. This should explain that the supplier isn't on the State's forbearance list or on vendor hold. IRS Form W-9 will be required for this process.
- Invoice Process. This should explain W-9 verification from the supplier. It should explain where the supplier should send invoice and describe the state's Prompt Payment Law (net 30).
- Risk Mitigation
 - Examples:
 - Financial Capability
 - Insurance
 - Surety Bonds



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- Warranties
- Extended Warranty
- Maintenance Agreement
- Limitations of Liability Clauses (LOL)

- Remedies
 - Examples:
 - Liquidated Damages
 - Compensatory Damages
 - Restitution Damages
 - Punitive Damages

Terms and Conditions must be approved by General Counsel.

Response Delivery Instructions/Due Dates

The solicitations must include instructions on how suppliers can respond. It must include the following:

- Due date and time,
- Delivery address,
- Container labeling,
- Acceptable delivery method

Evaluation Criteria

The primary objective for every procurement is to obtain best value for the State.

Evaluation criteria must reflect the essential qualities or performance requirements necessary to achieve the objectives of the contract.

Other evaluation factors in addition to price:

- Respondent Qualifications
- Respondent Experience, and
- Financial capability

Write the Solicitation

In order to create a well written solicitation:

- Always keep the solicitation organized
- Always use plain language writing.
- Always keep the solicitation simple
- Always define acronyms



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- Always have a glossary
- Must include **Calendar of Events**
- Must include **Minimum Supplier Qualifications / References**
- Must include **Scope of Work**
- Must include **Specifications**
- Must include **Additional Considerations**
- Must include **Price Sheet Example**
- Must include **Contract Terms / Dates**
- Must include **Contract Termination Clauses**
- Must include **Terms and Conditions**
- Must include **Question Period / Due Date**
- Must include **Response Delivery Instructions / Due Date**
- Use Templates

Reviews and Approvals

Solicitations must be approved by the Chief Financial Officer and General Counsel before submitting either to the Electronic State Business Daily (ESBD) or before being submitted to an oversight agency for approval.

For Delegated Procurements > \$50,000 for goods or > \$100,000 for services, must be submitted to SPD for further review and approvals to proceed. Additional levels of review are required for any procurment > \$5 million.



Once all reviews, edits, and approvals have been completed and received, you must post the solicitation to the Electronic State Business Daily (ESBD) and utilize the Centralized Master Bidders List (CMBL).



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Post to Electronic State Daily Business (ESBD)

All solicitations that are greater than \$25,000 must be posted to the ESBD. Steps to posting to the ESBD can be found below.

Step 1: Login to [TxSmartBuy](#)

Step 2: On the left side, click ESBD.

Step 3: Click Create and complete the questions/information.

Contractor Master Bidders List (CMBL)

The Centralized Master Bidder's List (CMBL) must be used for all procurements subject to CPA's SPD procurement authority. The CMBL must also be used to the fullest extent possible by state agencies that make purchases exempt from SPD purchasing authority. The CMBL may also be used to gather information for noncompetitive procurement processes and for vendor performance data.

Step 1: Go to the [CPA's CMBL website](#)

Step 2: Select for HUBs on CMBL

Step 3: Expand Multi-Vendor Search

Step 4: Enter the NIGP Code(s) to isolate the goods/services you are seeking

Step 5: Enter [Highway District\(s\)](#) to isolate the geographical location for the goods/services

Step 6: Click Search

Procurement/Contract Value	Competitive Action
Over \$5,000 - \$25,000	Agency must solicit from a <u>minimum of three (3) active vendors</u> on the CMBL (two of which must be Texas-certified HUB vendors)
Over \$25,000	Agency must solicit from <u>EACH eligible vendor</u> on the CMBL that serves the agency's geographical region



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Timelines

Per SPD, all solicitations must be posted to the ESBD for 14 days at a minimum. Add 14 additional days if the posting was incomplete or required additional information.

In effort to ensure competition and receive a qualified pool of respondents, the agency posts all solicitations for at least 21 days.

ESBD Posting Timelines ¹	
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, then 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 bids, proposals, or other applicable expressions of interest 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 estimated date on which the goods or services to be procured will be needed; and (6) 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 bid or proposal or other applicable expression of interest for the procurement contract. 	21 calendar days



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Questions / Answers

In the solicitation, it must include a due date for all questions that is before the due date of the solicitation. Questions should not be accepted after the question due date. All questions should be compiled into one document with the answers and posted on the Electronic State Business Daily. Ensure to not include any respondent information or divulges any state or agency confidential information.

Communication with Suppliers

Up until the point of drafting the solicitation, the agency can communicate with the vendor community. However, once drafting commences, communications must stop. Once the solicitation has been posted but before it has closed, the agency can communicate with interested or potential suppliers in limited examples. Examples include:

- Pre-bid conference
- Question and answer period/ Questions & Answers should be posted on ESBD
- Solicitation addenda
- Communication with agency personnel

The key to communication is that you make the process transparent, communicating to the vendor community and not to a specific vendor.

Receipt of Responses

All responses should be received by the agency either electronically or physically and should be stamped received. If the solicitation package was submitted through electronic communications (emailed to Purchasing), ensure to capture the date/time in the email. Create a log of all responses, the log should include all of the following:

- Solicitation Number
- Respondent Name
- Date/Time Received
- Number of Packages
- Notes regarding responses such as late response, withdrawals or cancellations.

This completes the Procurement Method Determination phase.

Phase 3: Supplier Selection

Supplier selection is a critical process in the procurement cycle. It is highly imperative you follow several steps to successfully select a supplier.

Administrative Review of Responses

- Examination of each response



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- Response is “responsive”
- Review each response for minimums before they are considered for scoring
- Technical Assistance in specification preparation
- Single Response / Ask why

Evaluation – Bid Tabulation Process (IFBs)

- IFB responses are to be evaluated on objective criteria
- Best practice for bid tabulations to be reviewed by a second contract developer
- Recommended responses are prepared within **3 days**

Evaluation – Evaluation Committee Process (RFP, RFO, RFQs)

- Should include 3-5 team members
- Should be an odd number to have a break point
- Should be a mix of subject matter experts, program area experts, and finance/contract personnel.
- Team must be selected before the responses are due to the agency.
- Each member of the team must sign a Non-Disclosure form.
- Contract Manager creates a scoring matrix before evaluating the supplier to evaluation. There is a template for scoring provided by SPD.
- Evaluation must be standard and used the same for all responses that met minimums.

Records Retention

All procurement documents must be stored in the Procurement File for the life of the contract + 7 years.

Reference Check

It is the agency’s process to require references in the solicitation. Verify references provided in the supplier’s responses. The agency will review the Vendor Performance Tracking System (VPTS). This allows the agency to review the vendors past engagements with the agency or other state agencies.

Preferences

The solicitation can have preference for businesses based in Texas, as allowed by the Reciprocal Preference Law. The solicitation must include a form or collecting document to request where their business is based. If there are two suppliers that tie in scoring, Texas based suppliers get the preference.

Review and Approvals

All procurements using the IFB, RFP, RFO, or RFQs are reviewed/approved by the Chief Financial Officer and General Counsel before proceeded to contract execution.



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Phase 4: Contract Formation / Award

Once a supplier has been selected from the Bid Tabulation or Evaluation Committee process, it is time to start creating the contract formation process.

In general, the contract should contain many of the same items from the solicitation plus a few more, such as the following:

- Must include **Scope of Work**
- Must include **Specifications**
- Must include **Contract Terms / Dates**
- Must include **Contract Termination Clauses**
- Must include **Terms and Conditions**
- Must include **Price Sheets**
- Must Include **Payment Terms**
- Must include **Exhibits / Forms**

Negotiations

Delegate a lead negotiator or ensure only one person for the agency is negotiating. This reduces risk and avoids doubt and confusion. Ensure to have a strategy before the negotiation commences.

Negotiations are allowed in the following procurement types:

- Request for Proposal(RFP) / Request for Offer(RFO)
- Under DIR cooperative contracts
- Consulting services
- Professional services
- Sole source and competitive proprietary purchases
- Emergency purchases

Negotiations are not allowed in the following procurement type unless there is only **one** respondent:

- Under Invitation for Bid

During negotiating, keep in mind the following:

- Focus on performance results
- Based on the willingness of compromise
- Effective listening, establishing goodwill, and the ability to leverage negotiations



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Contract Formation

A written contract documents the terms of an agreement to prevent misunderstandings or conflict, and creates a legal, binding and enforceable obligation.

Essential elements necessary to form a binding contract:

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

Review of Required Disclosures and Vendor Compliance Verifications

It is critical that the following disclosures, forms and verifications be completed before the contract is signed.

- TEC Disclosure of Interested Parties form
- Procurement and Contract Management Conflict of Interest Disclosure forms
- Debarment Check
- Iran, Sudan, and Foreign Terrorist Organization Check
- Boycott Israel Check
- SAM Check
- Warrant/Payment Hold Check
- Franchise Tax Check
- Energy Company Boycott Check
- Human Trafficking Prohibition

Checklists

It is critical that the Procurement File is reviewed and ensure all items applicable to the procurement are in the file. There is an example checklist provided by the SPD.

Contract Award

The supplier should sign the contract first, then the Chief Financial Officer for contracts up to \$25,000. For contracts > \$25,000, the Chief Administrative Law Judge must sign. Update CAPPS by issuing the Purchase Order. This will encumber the funds for future payments.

Contract & Amendment Notifications / Reporting

Review the reporting requirements to ensure all reporting requirements are fulfilled accurately and timely. These include, but not limited to:

- ESBD Notice of Award



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- QAT Notification of Award of MIRP
- LBB Reporting
- Agency Website Posting

Debrief

All respondents who inquire about why they were not selected should be directed to contact Purchasing. A coordinated response that addresses the respondent's questions must be approved by the Chief Financial Officer. Questions should only be answered regarding the respondent's response, no other information should be divulged (ie other respondents information).

Vendor Protests

A vendor who submitted a written response, or who is eligible to submit a written response, to a solicitation issued by the agency may file a protest with the agency's Chief Financial Officer/Chief Financial Officer or designee for actions taken by the agency on the following:

- The solicitation documents or actions associated with the publication of solicitation documents;
- The evaluation or method of evaluation for a solicitation; or
- The award of a contract.

Filing the Bid Protest

The protest must be submitted in writing and must be mailed or hand-delivered to the agency's Chief Financial Officer/Chief Financial Officer or designee and received:

- By the end of the posted solicitation period, if the protest concerns the solicitation documents or actions associated with the publication of solicitation documents;
- On or before the proposed date of award of a contract as posted for the solicitation, if the protest concerns the evaluation or method of evaluation for a solicitation; or
- No later than 10 calendar days after the notice of award, if the protest concerns the award.

The protest must contain the following:

- A specific identification of the rule, statute, or regulation that the protesting vendor alleges the solicitation, contract award or tentative award violated;
- A specific description of each action that the protesting vendor alleges is a violation of the statutory or regulatory provision(s) identified in the protest;
- A precise statement of the relevant facts;
- A statement of the argument and authorities in support of the protest;
- An explanation of the requested subsequent action sought by the protesting vendor; and
- A statement confirming copies of the protest have been mailed or delivered by the protesting party to any other identifiable interested parties. Upon request, the agency



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will provide the vendor with a list of interested parties as reflected by the records of the agency.

Actions by the Chief Financial Officer/Chief Financial Officer

The Chief Financial Officer/Chief Financial Officer or designee will review the formal protest. The Chief Financial Officer/Chief Financial Officer or designee may request any and all information and documents related to the protest. The Chief Financial Officer/Chief Financial Officer or designee may dismiss a protest if it is not timely or does not meet the requirements for filing. The Chief Financial Officer/Chief Financial Officer or designee may solicit written responses to the protest. The Chief Financial Officer/Chief Financial Officer or designee may settle and resolve the protest by mutual agreement.

Written Determination

Upon receipt of a protest, the Chief Financial Officer or designee may:

- Dismiss the protest if it is not timely or does not meet the requirements of SOAH's rules;
- Solicit written responses to the protest from interested parties or other affected vendors;
- or
- Attempt to settle and resolve the protest by mutual agreement.

If a protest concerning a solicitation is not resolved by mutual agreement, the Chief Financial Officer/Chief Financial Officer or designee will issue a written determination that resolves the protest.

Appeal to the Chief Administrative Law Judge

If a protest is based on a solicitation or contract award, the protesting party may appeal a determination of a protest to the Chief Administrative Law Judge. An appeal to the Chief Administrative Law Judge must be in writing and received by the Chief Administrative Law Judge's office not later than 10 days after the date the Chief Financial Officer/Chief Financial Officer sent written notice of the Chief Financial Officer/Chief Financial Officer's determination. The scope of the appeal is limited to review of the Chief Financial Officer/Chief Financial Officer's determination. The protesting party must mail or deliver to the other interested parties a copy of the appeal, which must contain a certified statement that such copies have been provided.

The Chief Administrative Law Judge may refer the matter to a designee for consideration or issuance of a written decision that resolves the protest. A protest or appeal that is not filed timely will not be considered unless good cause for delay is shown or it is determined that a protest or appeal raises issues significant to the agency's procurement practices or procedures.

A written decision issued by the Chief Administrative Law Judge or designee is the final administrative action of the agency.

Status of Contract or Purchaser Order during Protest



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If a timely protest of a solicitation or contract award is filed under this section, the Chief Financial Officer/Chief Financial Officer or designee may delay the solicitation or award of the contract during the pendency of the protest unless it is determined that the contract must be awarded without delay to protect the best interests of the state.

Bid Protest Related to Vendor Performance Review

Each state agency must review a vendor's performance under the contract after a contract is completed or otherwise terminated and to report to the comptroller, using the tracking system established by Texas Government Code Sections 2262.055 and 2155.089. Section 2262.055 requires the comptroller's tracking system to rate vendors on an A through F scale, with A being the highest grade. A vendor who receives a grade lower than a C in the vendor performance tracking system under Government Code, §2262.055, may file a protest regarding the lower grade assigned to the vendor in the system. For protests related to the rating or score for a vendor performance review, the agency will comply with the applicable statutes, rules, and written policies and guidelines issued by the CPA.

Phase 5: Contract Management / Post Award

Once the contract is awarded, there are several items to be aware as you transition the contract from contract development to contract management. In general, the program area sponsor should be in contact with the supplier and begin completing deliverables. It's imperative for the contract manager to provide oversight from beginning to end to ensure the supplier fulfills the obligations in the contract.

Things to remember:

- Mitigate Risk / Risk Assessments
- Contract Monitoring / Monitoring Deliverables
- Change Control / Purchase Order Change Notices / Amendments
- Contract Close-Out / Completion / Final Reporting
- Vendor Performance
- Records Retention / End of Contract + **7 years**

Deliverables and Milestones

Ensure all deliverables or milestones are met. If they are not, communication with the vendor is essential and must be prompt in order to mitigate risk to the agency.



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Contract Monitoring

Periodic monitoring events can also alert purchasing staff of issues with vendor performance. When a vendor isn't performing, the agency is at risk of not receiving contracted services or items. This could have a negative impact on the service delivery of agency's mission. Contract Managers must monitor contract performance and ensure the vendor is meeting its contractual obligations. Contract monitoring can be in many forms such as:

- Status Updates – meet with the contractor periodically to touch base, ensure everything is going smoothly.
- Invoicing/Budget – review invoices, ensure services are rendered or items are received, and ensure charges are accurate and follow the contract. Ensure the invoices are within the contract budget.
- Change Control – ensure changes or amendments to the contract are examined through the intent that the scope isn't changing or timelines are just being pushed back. Will the contractual obligations still be met or will funding limitations set in. Ensure whatever the change, that the agency can continue its service delivery of its mission. Ask yourself, will this change/amendment harm the agency, our stakeholders, the general public or the state itself.

Status Updates

Ensure to conduct monthly status checks with the requestor or project sponsor. This ensure that things are going smooth and will alert you of any issues with vendor performance. During contract performance periods, it's critical to ensure meetings and even phone calls that are pertinent to vendor performance are conveyed to purchasing. These performance evaluations/updates, both good & bad, should be kept in the procurement file (ie emails, status summaries, etc).

Invoices

Ensure all goods or services are delivered and completed. Invoices must match the contract or purchaser order terms, conditions, and line items. Withhold payment if items were not received or services were not complete.

Change Control

Ensure all major changes go through the appropriate management change control process. In most instances, a purchase order change notice will be required. If it is a contract and a major change, it will require a contract amendment.

Foster Communication

Ensure communication channels are utilized to ensure a smooth contract management engagement. Remember, the goal is to receive the best service for the agency, our stakeholders, and the general public.



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Contract or Purchaser Order Reporting

Due to the nature of procurements and to ensure trust with the public, various procurements must be reported to various oversight entities such as the Texas Ethics Commission, The Legislative Budget Board, and the State Auditor's Office. Each of those are described in detail in the following few sections.

Ethics Commission Reporting

The agency may not enter into a contract or purchase order with a business entity unless a disclosure of interested parties' statement is provided when either exist:

- The contract/purchaser order has a value of at least \$1 million,
- The services being provided require a person to register as a lobbyist under Chapter 305 of the Texas Government Code

For purposes of this disclosure requirement, an "interested party" means a person who has a controlling interest in a business entity with whom a governmental entity or state agency contracts or who actively participates in facilitating the contract or negotiating the terms of the contract, including a broker, intermediary, adviser, or attorney for the business entity.

For contracts subject to this disclosure requirement, the business entity must submit the disclosure of interested parties on the form prescribed by the Texas Ethics Commission to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency.

Form 1295 Certificate of Interested Parties

Not later than the 30th day after the date the agency receives a disclosure of interested parties from the business entity, the agency must log into the [Texas Ethics Commission website](#) to acknowledge receipt of the applicable business entity's disclosure statement.



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Legislative Budget Board (LBB) Contract Reporting

CONTRACT REPORTING REQUIREMENTS BY THRESHOLD				
VALUE	>\$50,000	>\$1 MILLION	>\$1 MILLION	>\$10 MILLION
Type	All Contract Types	Non-competitive/ Sole Source	Emergency	All Contract Types
Due date	Within 30 days of award or amendment	Within 15 days of award	Within 5 days of award	Within 15 days of award
Reporting provision	GAA, Article IX §7.04, Texas Government Code §322.020	GAA, Article IX §7.11	GAA, Article IX §7.11	GAA, Article IX §7.11
Documentation requirement	Requires solicitation and contract documents*	Requires attestation letter, solicitation and contract documents	Requires attestation letter, solicitation and contract documents	Requires attestation letter, solicitation and contract documents

Texas Government Code, Section 322.020(a) (2) (C) and the General Appropriations Act Section 7.04 requires each state agency report contract and procurement information to the Legislative Budget Board (LBB) website.

A “contract” includes a contract, an interagency contract, purchase order or other written agreement, amendment, modification, renewal, or extension for the purchase or sale paid for, either in whole or in part, by a state agency.

It includes the agency’s interagency contract if the value exceeds \$50,000 in revenue. These are considered a revenue generating interagency contract.

The Business Objects Report provides a listing of SOAH issued contracts or purchase orders for the current fiscal year which must be reviewed to determine reporting.

Agency contracts/pos which exceed \$50,000 must be reported to the LBB. Reporting directly to LBB can be completed through CAPPS through an interface using the following steps.



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Step 1: Select the link for Special/Priority Purchase Types:

[Special/Priority Purchase Types](#)

Add Items From [?](#)

[Catalog](#)

[Item Search](#)

[Purchasing Kit](#)

Step 2: Select the link for LBB PO Reporting

Comments

[LBB PO Reporting](#)

[Purchases > \\$50K](#)

[CPA - TPASS
PO#](#)



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STEP 3: Select the appropriate reporting category.

LBB Reporting Code(s)

None

Major Info Sys/Gen > \$100K

Construction > \$14K

Professional Services > \$14K

Consulting Services > \$14K

Purchases > \$50K

Purchases > \$10 Million

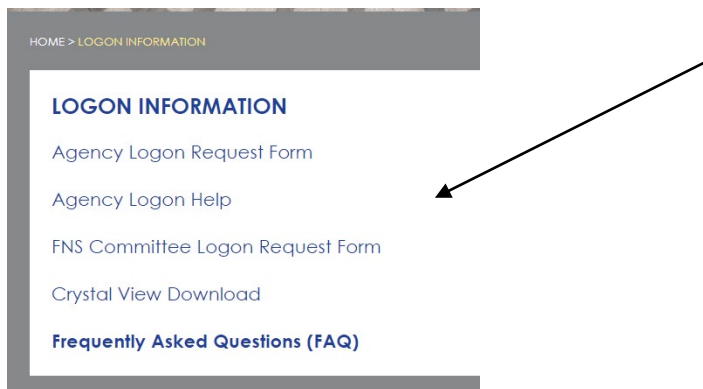
Non-Competitive Pur > \$1M

Emergency > \$1M

An interface will transmit the information from CAPPs to the LBB contract database after five (5) business days have passed. This allows for the documentation to be saved in CAPPs. Contract information supplied to the LBB from CAPPs must be verified. Upon completion of entry into CAPPs, navigate to the LBB website to ensure any missing information is completed by logging into the LBB database. Authorization for access to LBB must be requested via email to the Agency's COO/CFO. Login Credentials must be requested from the LBB if not already assigned.

To Request an LBB Login: http://www.lbb.state.tx.us/Logon_Information.aspx

Select Agency Logon Request Form





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Finance



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Complete the Logon Request Form and select: State Contracts Access

Logon Request Form

Please ensure that you have approval from your supervisor to request a userid.	
* Agency :	000 - Unspecified or not applicable
* Full Name:	<input type="text"/>
* Password :	<input type="password"/>
* Confirm Password :	<input type="password"/>
*Phone #:	<input type="text"/>
Fax #:	<input type="text"/>
Cell Phone #:	<input type="text"/>
* Email Address:	<input type="text"/>
Access Needed for:	<input type="checkbox"/> ABEST (Automated Budget and Evaluation System of Texas) Includes: Base Recon LAR Submissions Operating Budget Actual Performance Measures USAS Reconciliation Biennial Operating Plan <input type="checkbox"/> Document Submission <input type="checkbox"/> FNS (Fiscal Notes System) <input type="checkbox"/> State Contracts

The LBB Help Desk will respond within 1 business day with confirmation of user account set-up.

Once login credentials are received, navigate to the LBB website <http://www.lbb.state.tx.us/>





Updating LBB Records:

Step 1: Access the LBB website and SELECT Contract Database Search



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CONTRACTS


- 
Agency Contract Reporting
- 
Contract Database Search
- 
Contract Archive Database
- 
Report Contract Issue

Step 2: Login to the LBB Portal

LBB Contract - Public Portal Hello, Guest. [Login](#) [Help](#) [Contact Us](#)

[News](#)
[Search](#)

 **Public Search** [Bottom](#)



Contract ID:	<input type="text"/>
Agency:	<input type="text" value="Select an Agency"/>
Vendor:	<input checked="" type="radio"/> Vendors with Contracts <input type="radio"/> All Vendors
Set Vendor List by Name (at least 3 characters):	<input type="text"/> <input type="button" value="Set Vendor List"/>
Vendor:	<input type="text"/>




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Step 3: Select the Agency from the drop down menu

LBB Contract - Public Portal Hello,

News
Search

 Public Search

Contract ID:

Agency:

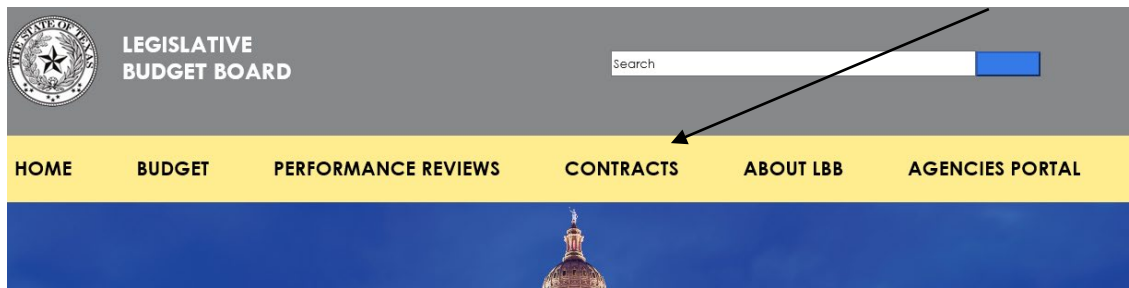
Vendor: Vendors with Contracts All Vendors

Set Vendor List by Name
(at least 3 characters):

Vendor:

LBB Manual Contract Entry

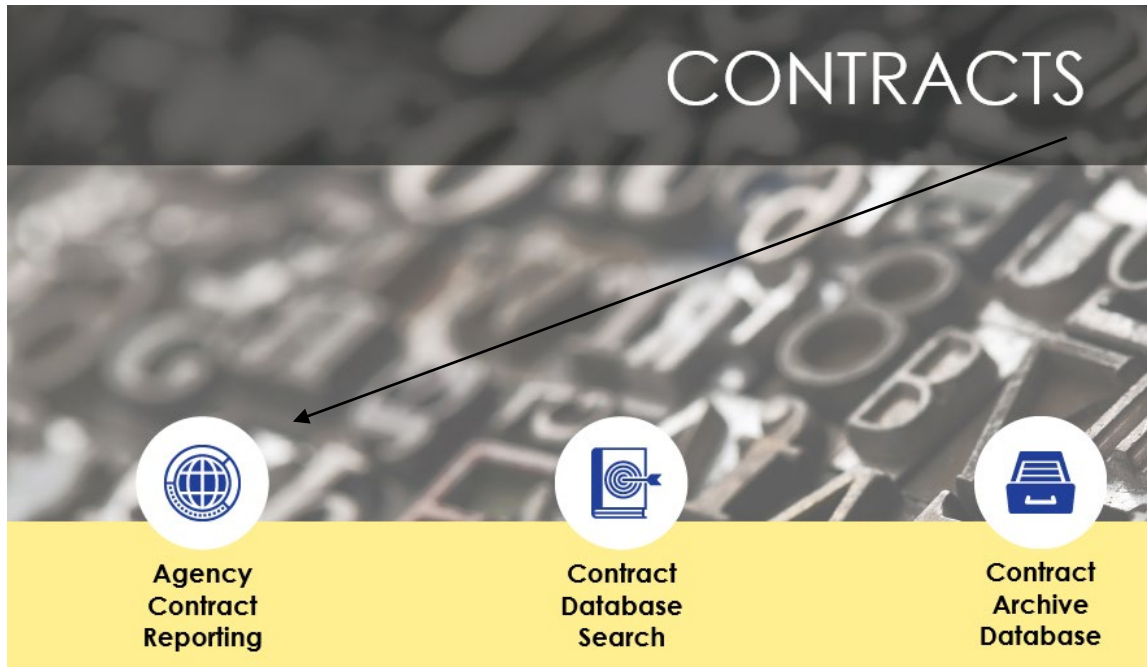
From the LBB website select Contracts



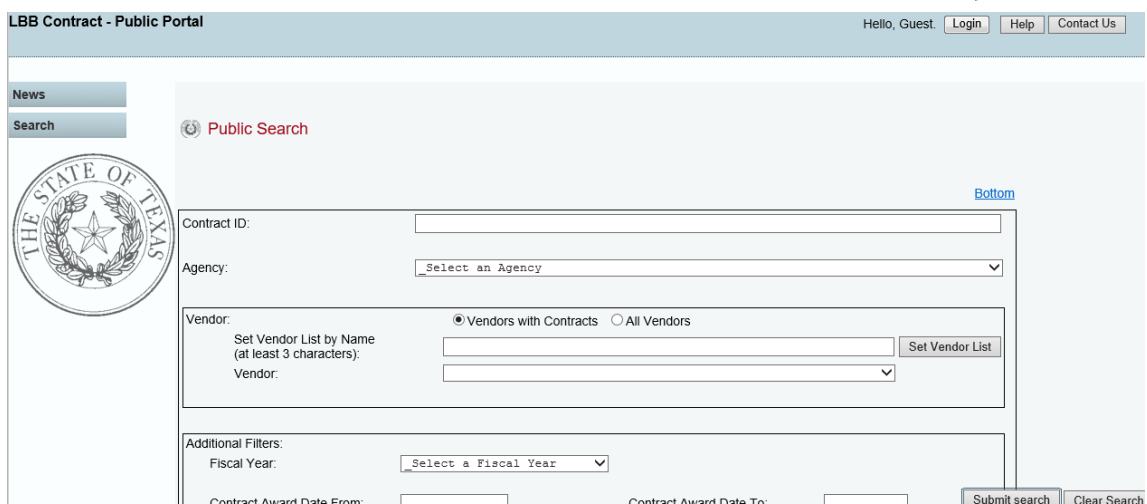


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Select Agency Contract Reporting



Login to the LBB Contract – Public Portal





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Select: Report New Contract

Contract Management System (CMS Workflow)

News

Report New Contract

Search Contracts

Contract Reporting

Reports

News

****New contract reporting req**

In an effort to track the impact of the Covid

Enter the requested information for each page and save each entry.

Note: Associated contracts and purchase orders must be uploaded for each record entered to the LBB website.

- Report New Contract

Agency: ▼

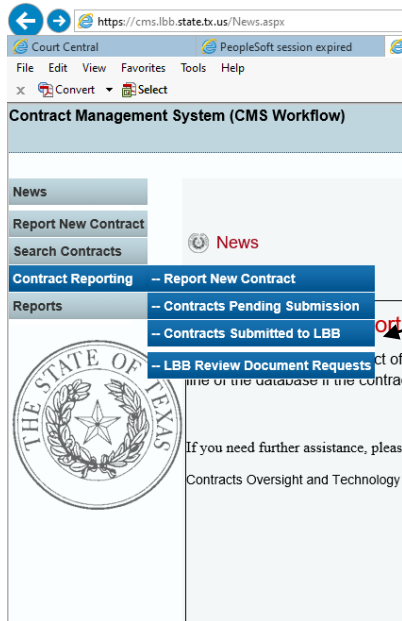
Contract ID: (Maximum 30 characters)

Subject: (Maximum 50 characters)

Step 7: Verify all records entered to the LBB for accuracy and completion.



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To gather potential contracts or purchase orders that may need reporting to LBB, follow these steps.

Step 1: Navigate to Business Objects Report bi.cpa.texas.gov and enter user name and password

SAP BusinessObjects
BI launch pad

Enter your user information, and click "Log On".
If you are unsure of your account information, contact your system administrator.

System:

User Name:

Password:

Authentication:

CPA Business Intelligence Help

Step 2: Select CAPPs Financials Reports and enter

CPA Business Intelligence

Home Documents

Dashboards / BI Workspaces

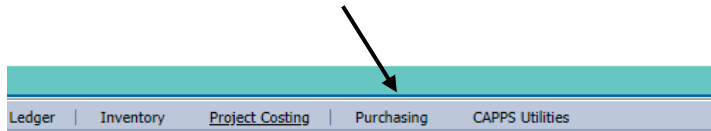
Actions Dashboards / BI Workspaces 1 of 1

<input type="checkbox"/>	Title ^	Type
<input checked="" type="checkbox"/>	CAPPs Financials Reports	BI workspace
<input type="checkbox"/>	Universe Data Source Reports	BI workspace



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Step 3: On the CAPPs Financials Report Screen, select Purchasing from the top menu



Financial Reports

Step 4: Navigate to the bottom left of the screen to CPA Reports and select POs for Fiscal Year

- ☰ TDI Reports
 - ▢ Class and Item Expenditures
 - ▢ Contracts over \$100,000
 - ▢ Employee Awards
 - ▢ HR Training
 - ▢ HUB Report - Competitive
 - ▢ HUB Report - Non Competitive
 - ▢ Index Look-up
 - ▢ LBB Contract Notification
 - ▢ Object Code Look-up
 - ▢ OIEC HUB Report - Competitive
 - ▢ OIEC HUB Report - Non Competitive
 - ▢ Proprietary Purchase
 - ▢ Purchaser Audit Pull Report
 - ▢ Purchaser Workload - PO Summary
 - ▢ Purchaser Workload - Purchase Order
 - ▢ Purchaser Workload - Req Summary
 - ▢ Recycle Report
 - ▢ Sourcing Report



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Step 5: Select Business Unit – 3600

Prompts

Available prompt variants

Prompts Summary

- ✓ * Enter Business Unit: 36000
- ✓ Enter Accounting Date (Start):
- ✓ Enter Accounting Date (End):

Enter Business Unit:

Refresh Values

36000

Agency ID

36000

September 30, 2020 10:19:50 AM
GMT-05:00

* Required prompts

OK Cancel

Enter Accounting Start Date (and appropriate year): This will be the first day of the fiscal year – September 1st.

Prompts

Available prompt variants

Prompts Summary

- ✓ * Enter Business Unit: 36000
- ✓ Enter Accounting Date (Start): 9/1/2020 12:00:00 AM
- ✓ Enter Accounting Date (End):

Enter Accounting Date (Start): (optional)

9/1/2020 12:00:00 AM

* Required prompts

OK Cancel

Enter Accounting End Date (and appropriate year): This will be the last day of the fiscal year – August 31st.



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The report will retrieve each purchase order issued to date for the current fiscal year. Leases should also be reported to the LBB, although those are managed by the Texas Facilities Commission.

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LBB Contract Notification

Start Date: 9/1/2020

End Date: 9/30/2020

Current as of 09/30/2020 10:29 AM

Contractor	Payee ID	Contractor Address	City	State	Contract Number	Change Order	Subject	Contract Type	Award Date	FY
8700 RICCHI LLC	1473545046	1111 W MOCKINGBIRD LN STE 260	DALLAS	TX	21-0017	0	21 Lease		9/1/2020	2021
BRIGHTLEAF GROUP, INC.	1742646897	7000 N MO PAC EXPY	AUSTIN	TX	21-0069	1	21 Website Services Project		9/15/2020	2021
BRIGHTLEAF GROUP, INC.	1742646897	7000 N MO PAC EXPY	AUSTIN	TX	21-0070	1	21 Website Services Support		9/15/2020	2021
CANON FINANCIAL SERVICES INC	1223056822	14904 COLLECTION CENTER DR	CHICAGO	IL	21-0048	4	21 UTIL Copies Printers		9/1/2020	2021
CUMULUS SOLUTIONS INC	1460626976	2180 WOLFTRAP CT	VIENNA	VA	21-0061	1	21 Cumulus		9/8/2020	2021
DOCUMENT LOGISTIX LLC	1711044372	18851 W STATE HIGHWAY 29	LIBERTY HILL	TX	21-0031	0	21 Document Logistix		9/1/2020	2021
GARZA/GONZALEZ	1741867466	207 ARDEN GROVE	SAN ANTONIO	TX	21-0066	0	21 Internal Auditing Service		9/11/2020	2021
HARTMAN SPE LLC	1301127400	PO BOX 207743	DALLAS	TX	21-0021	1	21 Lease		9/1/2020	2021
Hickman Investment Ltd	1264223243	131 E Exchange Ave Ste 207	Fort Worth	TX	21-0019	0	21 Lease		9/1/2020	2021

Each awarded contract or purchase order must be reviewed to identify expenditure criteria for reporting.



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SB20 Website Reporting

Texas Government Code Sections 2054.126 (d) (4), 2261.253, and 403.0245 require each state agency post contract and procurement information on its website for current contracts valued between \$0.00 and \$50,000.00.

Review purchase orders/contracts issued for the current fiscal year to determine which contracts should be posted to the agency website.

Example posting:



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Purchase Order/Contract Reporting

Fiscal Year 2021

Pursuant to Texas Government Code § 2261.253, the table below discloses purchase orders and contracts entered into by the agency that are up to \$50,000.

Purchase Order/Contract No.	Date	Contractor or Vendor	Description	Amount	Authority for Non-Bid Contracts
21-0013	09/01/2020	Araceli S. Gebert dba ASAP Translations	Sign Language Interpreter Services	\$5,000.00	34 Tex. Admin. Code, §20.82(b)(1)
21-0016	09/01/2020	Verizon Business Services	Field Office VOIP Services	\$18,100.80	Tex. Gov't Code, §2157.068(e-1)(1)
21-0018	09/01/2020	Verizon Business Services	VOIP Services - Houston	\$5,538.84	Tex. Gov't Code, §2157.068(e-1)(1)

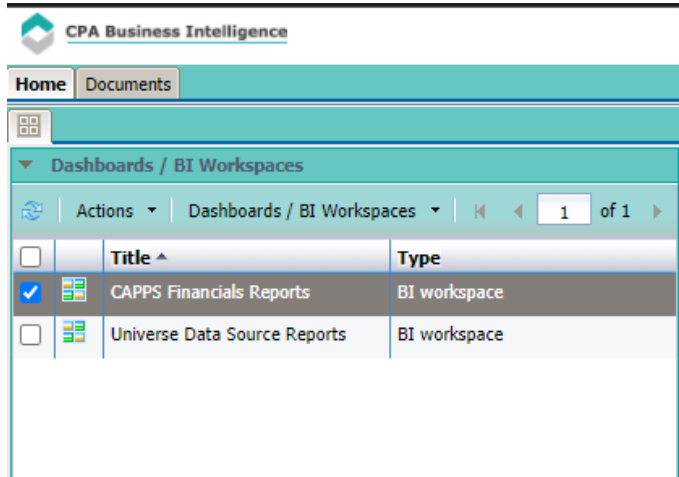
To report applicable contracts or purchase orders, complete these steps.

To Step 1: Navigate to Business Objects Report bi.cpa.texas.gov and enter user name and password

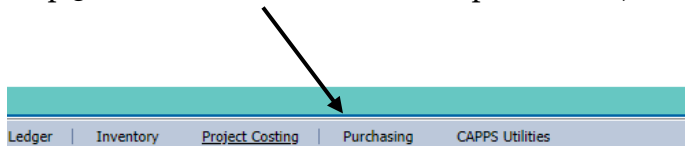


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Step 2: Select CAPPs Financials Reports and enter



Step 3: On the CAPPs Financials Report Screen, select Purchasing from the top menu

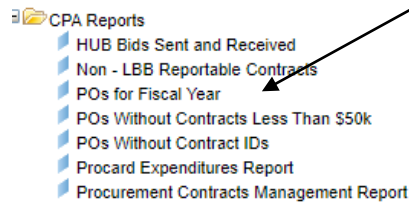


Financial Reports

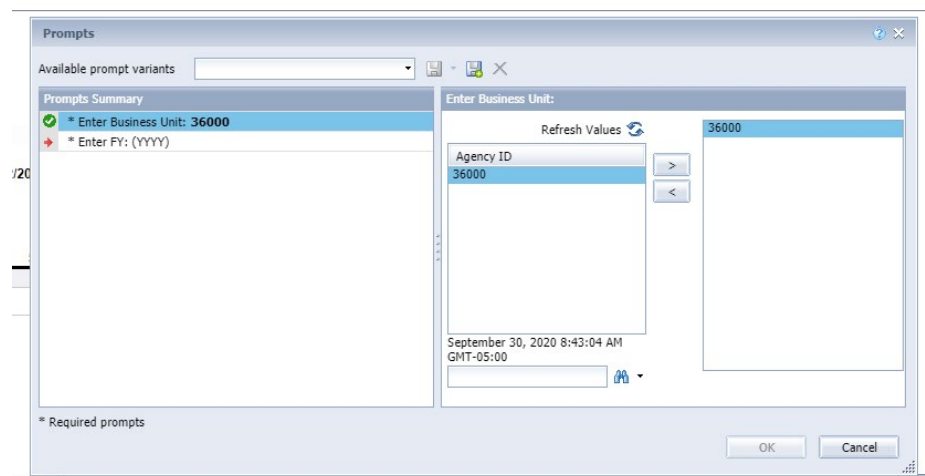


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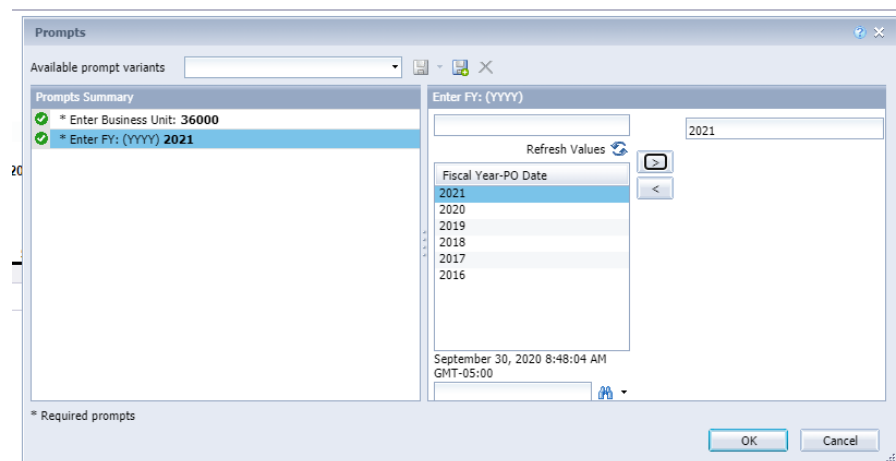
Step 4: Navigate to the bottom left of the screen to CPA REPORTS and select POs for Fiscal Year



Step 5: Select Business Unit – 3600



And enter appropriate FY: (YYYY)





State Office of Administrative Hearings Finance

The report will retrieve each purchase order issued to date for the current fiscal year.

All Purchase Orders for Fiscal Year by PO Date

Business Unit (s):	36000	Business Unit Name	State Office of Admin Hearings
Fiscal Year:	2021		
Run Date/Time:	09/30/2020 08:49:25 AM		

Supplier Name	Supplier ID	PO#	PO Description	PO Date	Total Amount
700 RICCHI LLC	1473545046	21-0017	21 Lease	09/01/2020	61,806.00
BG2 ENTERPRISES LLC	1274553839	21-0023	21 Dallas Translator Services	09/01/2020	2,500.00
AMERICAN LANGUAGE TECHNOLOGIES	1752908176	21-0050	21 Interpreter Services	09/01/2020	1,500.00
RACELI S GEBERT	7006126108	21-0013	21 CC Gebert Translator Serv	09/01/2020	1,500.00
F&T	1430529710	21-0043	21 AT&T	09/01/2020	22,055.00
ANON FINANCIAL SERVICES INC	1223056822	21-0048	21 UTIL Copies Printers	09/01/2020	40,268.16
ECILIA TURRENT DE CASO	7000016525	21-0026	21 CC Turrent Translator Ser	09/01/2020	1,500.00
PR INSTITUTE INC	1743088947	21-0020	21 AED Renewal	09/01/2020	1,500.00
ESIGN SECURITY	1742004823	21-0035	21 Alarm Services Houston	09/01/2020	480.00

Enter each awarded contract that is \$0.00 to \$50,000 should be reported on the agency's website. Purchase orders/contracts issued throughout the fiscal year must be monitored for posting requirements on a regular basis, as applicable. The purchase order/contract must remain posted until the contract expires or is completed.

Step 6: Review prior to posting

Review each purchase order/contract to ensure the appropriate legal citation is included. Consult with the agency's General Counsel to ensure the following is redacted from the contract, as applicable:

- Information that is confidential under law,
- Information exempt from public disclosure in accordance with OAG determination;
- The social security number of any individual

Step 7: Send an email notification to the Finance Director to request posting of the Purchase Order/Contract Reporting form Public website.

Step 8: Save a copy of the Purchaser Order/Contract Reporting form to SOAH's (H) drive Purchasing/Reporting/External Website folder.

Step 9: Open a Help Desk Ticket to have IT post the information with the supporting documents.



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State Auditor's Office Reporting

Before a state agency may award a major contract, defined as a contract with a value of at least \$1 million, for the purchase of goods or services to a business entity, each of the agency's purchasing personnel working on the contract must submit a completed disclosure statement to the administrative head of the state agency.

Purchasing staff must disclose, on the form prescribed by the State Auditor's Office, any relationship about which the purchasing personnel is aware with an employee, a partner, a major stockholder, a paid consultant with a contract with the business entity the value of which exceeds \$25,000, or other owner of the business entity that is within the degree of kinship described by Section 573 002 of the Texas Government Code. The SAO Disclosure Statement for Purchasing Personnel is located on the [SAO website](#).

Vendor Performance Tracking Reporting

Agencies are required to report vendor performance using the Vendor Performance Tracking System (VPTS) maintained by SPD. Accurately reporting contractor performance allows agencies to share vendor information and facilitates better oversight of state contracts (*e.g.*, aid in identifying vendors that have exceptional performance, protect the State from vendors with unethical business practices). The evaluation of a vendor's performance is submitted by the Purchaser, the Procurement Director, or the designated Superuser, to the [Vendor Performance Tracking System \(VPTS\)](#) which is maintained by Comptroller's Statewide Procurement Division (CPA).

The VPTS contains a history of the vendor's past performance, experience, or demonstrated capability. The system helps the agency's purchasing staff:

- Identify vendors that have demonstrated exceptional performance;
- In making the best value determination based on vendor past performance;
- Protect the agency and State from vendors with unethical business practices;
- Identify vendors with repeated delivery and performance issues;
- Provide performance grades (A-F) in five measurable categories;
- Track vendor performance for delegated and exempt purchases; and

The Purchaser monitors its contracts and the required report timeframes in the timely completion of scores required to complete the report.

For additional information about vendor performance reporting refer to the [CPA's Vendor Performance Tracking System User Guide](#).



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Timeframe

Within 30 days after the completion or termination of a contract or purchase order, the VPTS report is required for the following contracts:

- Goods and services over \$25,000
- Contracts exceeding \$5 million. Contracts that meet this threshold have additional reporting requirements such as:
 - At least once each year during the term of the contract;
 - At each key milestone identified in the contract; and
 - Prior to a contract extension.

An exemption from the report requirements include the following types of contracts:

- Interagency contracts, Interlocal contracts, Memoranda of Understanding
- Subcontractor to prime contractor
- Grant funded procurements that are determined to be subrecipient or recipient
- Open enrollments
- Revenue generating contracts

Vendor Performance Grades

Agency purchasing staff enters the submitted information and associated performance score into the [Vendor Performance Tracking System \(VPTS\)](#). The VPTS converts the letter grade to a number score. Grades below a B must be reviewed by the Procurement or Contract Manager.

<p>A = Excellent performance (score equivalent of 100)</p>	<ul style="list-style-type: none"> ▪ The contractor provided the best value for the good or service; ▪ The contractor complied with all the specifications and evaluation criteria identified in the solicitation documents; ▪ The service was in full compliance of all material terms of the contract; and provided complete or substantial customer satisfaction
<p>B = Good performance (score equivalent of 85)</p>	<ul style="list-style-type: none"> ▪ The contractor provided the best value for the good or service in compliance with the solicitation documents; The contractor was in substantial compliance of all material terms of the contract or promptly remedied any instance of non-compliance with the material terms of the



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	<p>contract; and</p> <ul style="list-style-type: none"> ▪ The contractor provided substantial or adequate customer satisfaction.
<p>C = Satisfactory performance (score equivalent of 70)</p>	<ul style="list-style-type: none"> ▪ The contractor provided the best value for the good or service in compliance the solicitation documents; ▪ The contractor substantially remedied a majority of the instances of non-compliance with the material terms of the contract; ▪ The contractor provided with adequate customer satisfaction; and ▪ The contractor is on a corrective action plan
<p>D = Unsatisfactory performance (score equivalent of 65)</p>	<ul style="list-style-type: none"> ▪ The contractor did not provide the best value for the good or service and did not comply with substantially all specifications and evaluation criteria identified in with the solicitation documents; or ▪ The contractor was in substantial non-compliance of material terms of the contract and failed to remedy a majority of instances.
<p>F = Extremely unsatisfactory performance (score equivalent of 50)</p>	<ul style="list-style-type: none"> ▪ The contractor did not provide the best value and did not comply with all specifications in the solicitation documents; ▪ The contractor was in substantial non-compliance of material terms of the contract and failed to remedy a majority of instances; or ▪ The contractor provided goods or service in a manner that subjects the contractor to debarment pursuant to the Comptroller’s rules.



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Vendor Response

The CPA is responsible in conveying a vendor performance report directly to the vendor. The vendor may either submit a response or submit a protest in response to a grade of C or lower. Responses from the vendor about its scores, sent by the CPA, must be timely responded to and received by the CPA within 30 calendar days. The CPA will work with the agency and vendor to achieve resolution for concerns raised. Protests from the vendor must be limited to scores only for a D or F grade posted within the last ten (10) days. Agency purchasing staff may submit comments regardless of grade, but all must be reviewed by the Finance Director

Historically Underutilized Business (HUB)

The Statewide Historically Underutilized Business (HUB) Program promotes full and equal business opportunities in an effort to remedy disparity in state procurement and contracting. The Statewide HUB Program collaborates with various minority and women business trade organizations and development centers to circulate information pertaining to the initiatives of the Statewide HUB Program.

Agencies are required to make a good faith effort to assist Historically Underutilized Businesses (HUBs) to receive a portion of the total contract value that the agency expects to award in a fiscal year in accordance with the following statewide goals:

- 11.2 percent for heavy construction other than building contracts;
- 21.1 percent for all building construction, including general contractors and operative builders' contracts;
- 32.9 percent for all special trade construction contracts;
- 23.7 percent for professional services contracts;
- 26.0 percent for all other services contracts; and
- 21.1 percent 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 \$100,000 or more, including all renewals and amendments, the agency must determine whether subcontracting opportunities are probable under the contract. Subcontracting opportunities can be realized through expenditures on materials, supplies, equipment and services.

If subcontracting opportunities are probable, the agency must state this determination in the solicitation and require a HUB Subcontracting Plan (HSP) to be submitted with the response. If an HSP is required by the solicitation, the completed HSP must be submitted by the response due date and time in order for the response to be considered responsive.



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A response containing an incomplete or missing HSP must be disqualified. Once accepted by the agency, the HSP will become a part of the contract. Vendors must amend their HSPs if there is any change in their planned subcontracting during the performance of the contract.

Contract or Purchase Order Close Out

All Goods Received, Services Provided

Ensure all the contract or purchaser orders terms were completed. Ensure all goods and services are delivered or completed. Ensure a final invoice has been received and paid.

Access and Systems

Ensure all access and system rights are terminated if contractors have access to any internal agency or State system.

Documentation and Records Retention

Purchase staff must maintain sufficient records and reports to verify compliance with Texas Government Code, Section 2155.083, including the following:

- Each contract entered into by the agency;
- All contract solicitation documents related to the contract;
- All documents that reflect and identify the basis for decisions relating to a procurement, including actions taken which deviate from requirements or recommendations in the state procurement manual or contract management guide;
- All purchase orders, change orders, and invoices associated with the contract;
- All contract amendments, renewals, or extensions executed by the agency; and
- All other documents necessary to record the full execution and completion of each contract.

The agency may only destroy the contract and documents only after the seventh anniversary of the later date:

- The contract is completed or expires; or
- All issues that arise from any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the contract or documents are resolved.



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Service Contracts

In general, the most common service contracts at the agency are those for Audit, Document Destruction, Interpreter, Security, and Transcription Services. All service contracts have a program area sponsor whom oversee the duties of the service provider.

Audit

Due to the agency's size, we do not have an Internal Audit team to conduct internal audit. The State Auditor's Office approves agency's to contract out for audit services. Annually, audit services must be secured. This can be accomplished on a One Year, 3 optional Year solicitation. The program area sponsor for this type of service is the Chief Administrative Law Judge, however, for the purpose of processing the solicitation and requisition/purchase order, it is managed by the Chief Financial Officer/Chief Financial Officer.

Document Destruction

Document destruction services are required in order to safely and securely destroy documents, including electronic media that are no longer needed by the agency. The program area sponsor for this type of service is General Counsel, specifically the Records Management Officer,

Interpreters

Interpreter services are maintained annually to ensure there are interpreters available if requested by a party to hearing. The most common interpreter language is Spanish, however, other languages must be made available when solicitation for suppliers. The program area sponsor for this type of service is Hearings Support, specifically Docketing.

Security

Security services are required for any office where the landlord does not provide this in the lease agreement. Currently, security services are required for the following agency locations:

- Corpus Christi
- Ft. Worth
- Houston
- Lubbock
- San Antonio

Austin and El Paso locations are State owned facilities and security is provided by Capitol Complex (DPS) or Texas Facilities Commission. Dallas has security services provided by the landlord. The program area sponsor for this type of service is Information Technology.



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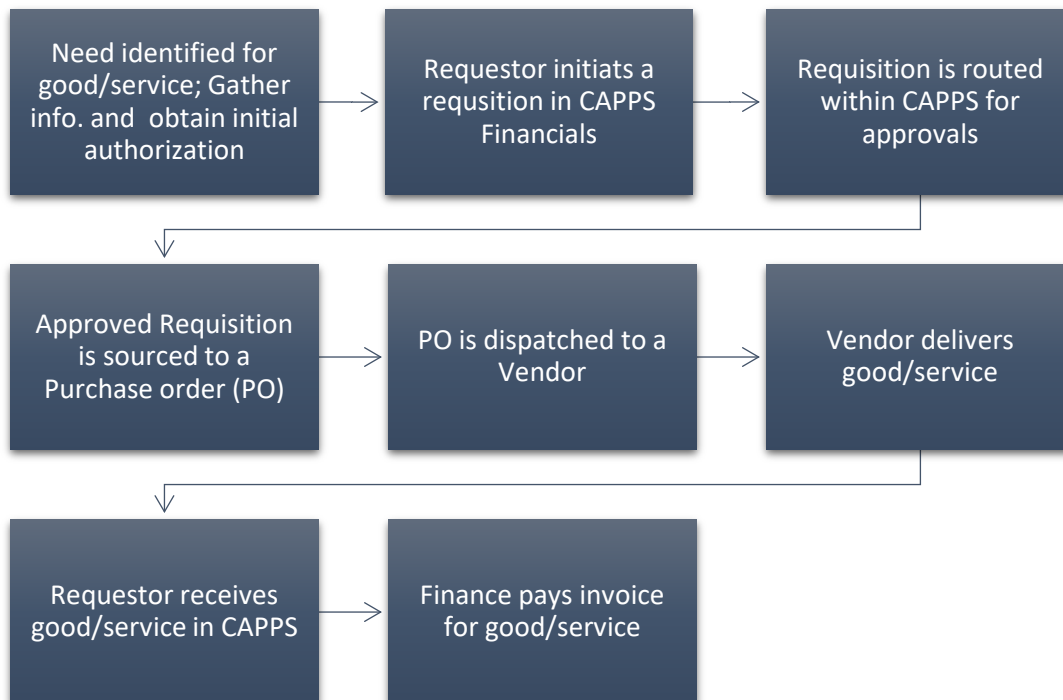
Transcriptions

Transcription services are required in order for the agency to respond to requests for transcripts of our hearings. The program area sponsor for this type of service is Hearings Support, specifically the Chief Clerk.

CAPPS Processing

The agency utilizes the Centralized Accounting and Payroll/Personnel System (CAPPS) to process all financial transactions, including purchasing. The CAPPS Purchasing module allows for requisitions (requests) to be created, approved, and sourced (linked) to a Purchase Order (binding agreements). Purchase Orders (binding agreements) to be created, approved, and dispatched (sent to supplier). Receipts are created for those items that are tangible and received by the agency.

Process Flow



The requisition and receiving procedure describes the steps for those requesting services or supplies, this procedure here instead focuses on those steps required by a purchaser (referred in CAPPS as Buyer).



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Reviewing and Approving Requisitions

All requisitions that come in for Approval will show up in your Worklist through Financials > Worklist > Worklist. When a program area enters a Requisition, they do not know some information such as the NIGP code or if the purchase is an Amount Only type purchase. Amount Only indicates the purchase is not a tangible items being received. Services and utilities are all Amount Only. Purchasers must review and edit the requisition to ensure all purchasing elements are correct before approving and to ensure there are quotes and additional information attached. Once the requisition has been reviewed and updated to reflect all the information needed for purchasing, return to the Approvals screen and approve the requisition.

Requisition Approval Workflow:

Requisition Entered > 1st Level Approval > Purchasing > Budget > CFO > Chief ALJ (>\$25,000).

Managing Requisitions

To review Requisitions that are in various statuses, go to Purchasing > Manage Requisitions > Filter. In general, you can clear the filter and filter all and it will display the last 90 days of requisitions. Here you can view the status or take action.

Req ID	Requisition Name	BU	Date	Request State	Budget	Total		
▶ 0001329	November Supplies	36000	11/19/2020	Pending	Not Chk'd	328.02 USD	[Select Action]	Go
▶ 0001328	Austin Meter Postage No...	36000	11/19/2020	PO(s) Dispatched	Valid	4,500.00 USD	[Select Action]	Go



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You can use the Expand button on the left side to see the request lifespan, here you can see where in the procurement cycle the requisition is at. You can see the requisition, Approvals, Purchase Orders, Change Orders, Receiving, and Invoices.

Requisitions ⓘ

To view the lifespan and line items for a requisition, click the Expand triangle icon.
To edit or perform another action on a requisition, make a selection from the Action dropdown list and click Go.

Req ID	Requisition Name	BU	Date	Request State	Budget	Total	
0001329	November Supplies	36000	11/19/2020	Pending	Not Chk'd	328.02 USD	[Select Action]

Request Lifespan:

Requester: Benjamin Ojeda
Entered By: Benjamin Ojeda
Priority: Medium

Pre-Encumbrance Balance: 0.00 USD

You can also take action from this screen such as view/print/edit using the drop down on the right side.

Requisition Name	BU	Date	Request State	Budget	Total	
November Supplies	36000	11/19/2020	Pending	Not Chk'd	328.02 USD	[Select Action]

Benjamin Ojeda
Pre-Encumbrance Balance: 0.00 USD
Entered By: Benjamin Ojeda
Priority: Medium

[Select Action] dropdown menu options:
 Approvals
 Cancel
 Check Budget
 Copy
 Edit
 PreCheck Budget
 View Cycle
 View Print
 [Select Action]

Go

Once a requisition has been approved by all the approving areas, Purchasing will run budget check to verify coding is correct, funding is available, and establish pre-cumbrances in the ledger.

Sourcing Requisition to Purchaser Order

Once a Requisition has been approved and the budget status is valid, it is ready to be sourced to a Purchase Order. Lines within a requisition are available for sourcing until it is sourced to a Purchase Order, then they are unavailable for sourcing. Steps for sourcing a Requiring to Purchase Order:

Step 1: Log into CAPPs

Step 2: Go to Purchasing > Buyer WorkCenter



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Step 3: Click on ADD (do not delete NEXT)

The screenshot shows the Buyer WorkCenter interface. On the left is a navigation menu with sections for Requisitions and Purchase Orders. The main area is titled 'Purchase Order' and contains two buttons: 'Find an Existing Value' and 'Add a New Value'. Below these are input fields for 'Business Unit' (containing '36000') and 'PO ID' (containing 'NEXT'). A green 'Add' button is positioned below the PO ID field.

Note: PO ID should read NEXT

This close-up shows the 'Business Unit' field with the value '36000' and a checkbox for 'TxSmartBuy Purchase Order'. Below it, the 'PO ID' field contains 'NEXT' and is highlighted with a red rectangular box. At the bottom, there are two dropdown menus: 'Copy From' and 'Summary Document Type'.

Step 4: Add supplier by clicking on the magnifying glass – Search for the name of supplier, should be the same one you used from the requisition. If you know the vendor ID, use that. If the vendor isn't found, contact Accounts.Payable@soah.texas.gov for setup.

The screenshot shows the supplier search interface. It has two input fields: '*Supplier' with the value 'WORKQUEST-001' and '*Supplier ID' with the value '1741976051'. Both fields have magnifying glass icons. To the right of the first field is a link for 'Supplier Details'. At the bottom right is a button labeled 'TINS Check'.



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Step 5: Click on TINS Check, then TINS Mailcodes.

PO End Date

Step 6: Ensure the supplier is ACTIVE and NOT ON HOLD. Ensure to grab a screen-print regardless of status.

IF inactive, contact Accounts.Payable@soah.texas.gov to ensure proper setup or get the correct supplier #.

IF on hold, stop and do not dispatch the PO. Print/Save this document, you will need it for the purchasing file.

TINS Mailcodes Page Help

Response Code	Return Message	Vendor ID	Vendor Status	IAT	Ownership Type	Charter Number	Hold Indicator	No. of MCs Returned
S872	ADDITIONAL MAIL CODE(S) FOUND IN TINS	1741976051	ACTIVE	NO	T	4323520	NOT ON HOLD	10

Q |

Mailcode	Mailcode Status	Mailcode Name	Address Line Count	City	State	Zip	County/Country	Area Code	Phone Nbr	Distribution Type	Set Lev
004	ACTIVE	WORKQUEST	1	SAN ANTONIO	TX	782383036	BEXAR			RETURN TO AGEN	

Q | 1-4 of 4 | View All

Address Line
1 5503 GRISSOM RD

Step 7: Choose "Requisition" in the Copy From dropdown list.

PO ID NEXT

Copy From



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Step 8: You can search for requisition by individual criteria or multiple criteria. If you're not finding what you expected to find, use less criteria. A common search is to enter a Requisition ID to find the one you want to source. You can also go back to Manage Requisitions to view requisitions that are in Approved status and Budget is Valid.

Requisition ID	Requester
0001188	00010059541
0000819	00010013932

Step 9: Scroll down till you see copy to PO. Select all the items that should be sourced from the requisition to the supplier you have indicated. Select copy to PO.

Select Requisition Lines

Sourcing Requisitions Change Supplier Contract Information Item Substitution

Select	ePro Special Request Item	Supplier	PO Qty	PO UOM	Item	Description	Req ID	Line
<input type="checkbox"/>		CUMULUS SOLUTI	13.0000	EA		Zoom Licenses	0001188	1

Select All Clear All

Copy To PO

Save Refresh

Step 10: Required to add PO Reference – Use Requisition ID as the reference. This will help when searching PO's later.

*PO Reference



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Step 11: Go to Add Comments – Contract Identification (i.e. TXMAS contract number, Term Contract number), terms of contract, legal citations or any other essential information needed for the PO. Service contracts must always have Legal Cite and Term of Contract, no exceptions. For Software license, they must also have the number of licenses being purchased.

PO Header Comments
Help

Business Unit 36000 PO ID NEXT Supplier WORKQUEST-001

*Sort Method Comment Time Stamp *Sort Sequence Ascending Sort

Comments
1 of 1
View All

Use Standard Comments
Comment Status Active
Inactivate
+

REF: Term Contract 645-S1|

Send to Supplier
 Show at Receipt
 Email

Show at Voucher
 DLT Comment
 LBB

Add Attachment

Attachments

Attached File	User/Date Time	View	LBB Interface Date/Time	
1		View		

From -> PO 36000-NEXT

OK
Cancel
Refresh

Step 12: Go to HUB Bid Details to Add HUB Information.



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Header

*PO Date: 10/07/2020 Supplier Search PO End Date: Doc Tol Status: Valid

*Supplier: WORKQUEST-001 Supplier Details **TINS Check**

*Supplier ID: 1741976051 WORKQUEST Receipt Status: Not Recvd

*Buyer: 00010016148 Terry Perry *Dispatch Method: Print Dispatch

*PO: Austin Supplies **Amount Summary**

Reference: Header Details Activity Summary Merchandise: 1,703.00

PO Defaults Add Comments Freight/Tax/Misc.: 0.00 Calculate

PO Activities Add Ship To Comments Total Amount: 1,703.00 USD

Actions **HUB Bid Details** HUB Subcontracting

State Use Exception

Special/Priority Purchase Types:

Add Items From

Catalog Item Search

Purchasing Kit

Step 13: Choose No if the order is not competitive. Choose Yes if you want to record bids sent and received. Choose N/A if this is Not Applicable. Most times this will be N/A.

HUB Bid Details - Purchase Order Page

Override Competitive/Bid Information Update from RFQ

Competitive? N/A

Bid Information
N/A
No
Yes

Number of Bids Sent by Ethnicity/Gender

Asian Male	Asian Female	Black Male	Black Female	Hispanic Male	Hispanic Female	American Indian Male	American Indian Female	Disabled Vet Male	Disabled Vet Female	Woman Own	Non HUB
------------	--------------	------------	--------------	---------------	-----------------	----------------------	------------------------	-------------------	---------------------	-----------	---------

Number of Bids Received by Ethnicity/Gender

Asian Male	Asian Female	Black Male	Black Female	Hispanic Male	Hispanic Female	American Indian Male	American Indian Female	Disabled Vet Male	Disabled Vet Female	Woman Own	Non HUB
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Step 14: Go to the Special/Priority Purchase Types and Complete Purchase Type (if Applicable) and LLB Reporting (critical, see below).



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*PO Reference

Austin Meter Postage Nov 2020

[Header Details](#)
[PO Defaults](#)
[PO Activities](#)
[Requisitions](#)
[▼ Actions](#)

[Activity Summary](#)
[Edit Comments](#)
[Add ShipTo Comments](#)
[Document Status](#)

[HUB Bid Details](#)
[HUB Subcontract](#)

Special/Priority Purchase Types

Add Items From ?

Special Purchase Type

Special/Priority Purchase Types ×

[Help](#)

Purchase Type

Sole Source Proprietary Emergency After the fact Confirming Order Other - See Comments

Interagency/Interlocal Best Value Flag

Comments

[LBB PO Reporting](#) None CPA - TPASS PO#

Renewal Option

Click the LBB PO Reporting to ensure applicable Purchase Orders are reported to the LBB for Contract Reporting pursuant to the General Appropriations Act. This is where the interface will take the information and submit it automatically to the LBB Contracts database for review/submission.



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LBB PO Reporting x

[Help](#)

LBB Reporting Code(s)

- None
- Major Info Sys/Gen > \$100K
- Construction > \$14K
- Professional Services > \$14K
- Consulting Services > \$14K
- Purchases > \$50K
- Purchases > \$10 Million
- Non-Competitive Pur > \$1M
- Emergency > \$1M

OK Cancel Refresh



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When Purchase Orders are reportable to LBB, correctly marked, and are saved, it will indicate on the Purchase Order header:

Maintain Purchase Order

Purchase Order

Business Unit 36000 TxSmartBuy Purchase Order PO Status Approved
PO ID 21-0094 Budget Status Valid
Change Order 2 LBB Status Pending LBB Date 11/23/2020
Copy From [dropdown] Summary Document Type [dropdown] Hold From Further Processing

Step 16: Go to the Lines and select Class Items tab. Verify or correct the NIGP Class/Item that came from the requisition. Enter Purchasing Method and Purchasing Category Code (PCC). These codes can be found in the Legal Cites document in Finance > Procedures & Guides > Finance > Purchasing or the CPA's Contract Management Guide (Appendix 29). Although Purchasing Method 9 requires a legal citation, it is the agency's process to put a legal citation on all Purchase Orders.

Lines

Details Class/Item Ship To/Due Date Statuses Item Information Attributes RFQ Contract Receiving State Mandate Fields Texas Smart Buy

Line	Item	Description	NIGP Class	NIGP Item	Purchasing Method	Purchasing Category Code
1		Paper	645	33	AT	A

Step 16: If the order is a service, utility, or any request that will not be received (tangible), it must be marked Amount Only. It is the agency's process to make all Purchase Orders Amount Only, unless the agency is receiving a physical tangible item that will be received in the receiving module by creating a receipt. Be cautious as sometimes a requestor puts monthly utility requisitions in as 12 months, but this must be changed to 1, Annual amount and Amount Only. That may change the amount, just ensure the amount is the total annualized, not a single month.

To update the Amount Only indicator, go to the Attributes Tab and check the Amount Only checkbox. This will allow Total Received Quantity and Total Vouchered Quantity to exceed the PO Quantity of 1.

Lines

Details Class/Item Ship To/Due Date Statuses Item Information Attributes RFQ Contract Receiving State Mandate Fields Texas Smart Buy

Line	Item	Description	Physical Nature	Price Qty	Price Date	Amount Only
1				Sched	PO	<input type="checkbox"/>



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Step 17: Click on Save to save the purchase order.

Save Refresh

Note: The PO ID will display.

Maintain Purchase Order

Purchase Order

Business Unit 36000

TxSmartBuy Purchase Order

PO ID 21-0087

Copy From

Summary Document Type

Step 18: If this PO is for a TxSmartBuy purchase, you should have received an email with a TxSmartBuy PO attached from TxSmartBuy. You will need to add the TxSmartBuy PO number this purchase order.

Business Unit 36000

TxSmartBuy Purchase Order

PO ID 21-0087

TxSmartBuy PO ID

Copy From

Summary Document Type



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Purchase Order

PO No. 20065605

Order Date: 2/10/2020

Internal Tracking No.: PO 20-0148

Contractor Info
Mono Machines LLC dba Supply Chimp
12634995182
1133 Broadway Ste 706
New York, NY 10010

(800) 592-1306

Bill To
State Office of Administrative Hearings
300 W. 15th Street, Suite 504
PO Box 13025
Austin TX 78701

Ship To
State Office of Administrative Hearings
State Office Of Admin Hearings - 360
(512) 475-2517
300 W. 15th Street, Suite 504
PO Box 13025
Austin TX 78701

NOTE TO CONTRACTOR:

Disclaimer

The State of Texas is exempt from all Federal Excise Taxes except as noted in each contract.

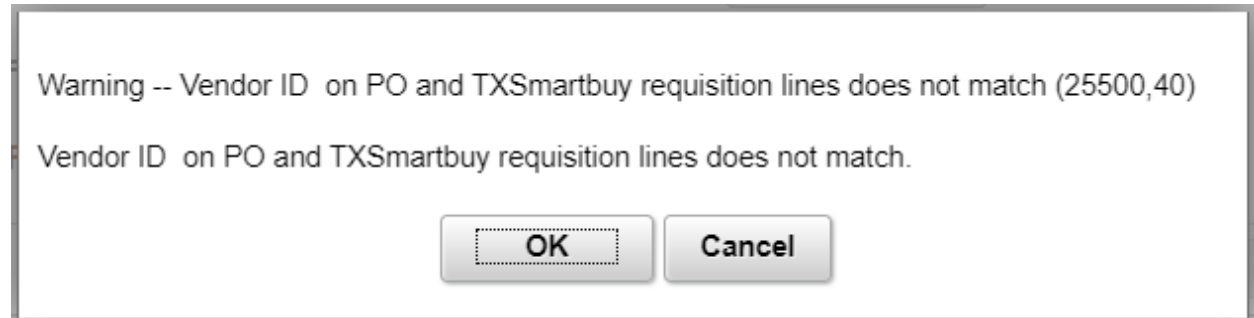
STATE AND CITY SALES TAX EXEMPTION CERTIFICATE:

The undersigned claims an exemption from taxes under Texas Tax Code, Section 151.309(4), for purchase of tangible personal property described in this numbered order, purchased from contractor and/or shipper listed above, as this property is being secured for the exclusive use of the State of Texas, or a Texas County, City, Special District, or Other Political Subdivision.

Bobby Pounds

Texas Comptroller of Public Accounts – Statewide Procurement Division

Note: You will likely get a Warning that the lines do not match. Click OK and continue on.



Step 19: Approve the Purchase Order by clicking on the green check mark.

PO Status Initial

Budget Status Not Chk'd

Hold From Further Processing

Step 20: Budget Check the Purchase Order by clicking on the magnifying class. This will process changes to the general ledger by canceling the pre-encumbrances (credit) established by the requisition and establish an encumbrance for the lines of the purchase order (debit). The encumbered lines are what Accounts Payable will process vouchers against.



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PO Status Open

Budget Status Not Chk'd

Note: The Purchase Order is ready to Dispatch as long there are no error message. Look over the purchase order one last time to ensure everything is correct.

Step 21: Click on Dispatch (Lower Right). There will be a couple of message pop up, select Yes on both.

Receipt Status Not Recvd

*Dispatch Method

Step 22: The PDF version of your dispatched POs are stored in the Administration Tab of the Report Manager. Go to Reports/Process on left side, right tab of Buy WorkCenter. Click on Report Manager, click on Administration Tab. The click on the first PO. You will see the PO, save this to the Finance > Purchasing folder for filing.

Buyer WorkCenter

Administration

View Reports For

User ID: 00010060809 Type: [Dropdown] Last: [Dropdown] 1 Days: [Dropdown] Refresh

Status: [Dropdown] Folder: [Dropdown] Instance: [Text] to: [Text]

Select	Report ID	Prcs Instance	Description	Request Date/Time	Format	Status	Details
<input type="checkbox"/>	7372971	7960013	TXCAP018 - TXCAP018.xlsx	11/23/2020 3:47:20PM	Microsoft Excel Files (*.xls)	Posted	Details

Step 23: Review the PDF and send to the supplier and copy the program area whom requested the goods/service.



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Step 24: Ensure the procurement file has all the items applicable for this purchase in the Purchasing Checklist. Ensure all applicable reporting is completed as well.

Purchase Order Change Notice (POCN)

A Purchase Order Change Notice (POCN) is required when amounts, quantities, or terms change on the Purchase Order. This requires the purchaser to adjust the amounts, quantities, or terms.

Step 1: Go to the Purchase Order that needs to be changed

Step 2: Click the Blue Triangle

Purchase Order [New Window](#)

PO Status	Dispatched	
Budget Status	Valid	<input type="button" value="Change Order"/>
LBB Status	N/A	LBB Date

Hold From Further Processing

Step 3: Make the necessary changes to the Purchase Order, click save.

Step 4: Approve the Purchase Order, Budget Check, and then dispatch following the same steps as issuing the Purchase Order above. Ensure to review the PDF before sending, save all documentation to the purchasing file, and ensure any applicable reporting is completed.

Finalizing/Un-Finalizing Requisition

When a Purchaser Order is dispatched, it needs to be finalized to inform the requisition that it is done with it. This releases remaining funds (pre-encumbrances), if the Purchase Order had not utilized all the funds from the requisition.

Step 1: On Purchase Order select the Finalize Document (Red) to Finalize.



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Step 2: Run Budget Check

Or

Step 1: On Purchase Order select the Undo Finalize Document (Green) to Un-Finalize.



Step 2: Run Budget Check

Remember that Finalizing on the Purchase Order screen finalizes the Requisition.

Finalizing/Un-Finalizing Purchase Order

When the final voucher is matched to a Purchase Order, it should be marked final to inform the Purchase Order that it is done with it. This releases remaining funds (encumbrances), if the Purchase Order had not utilized all the funds from the requisition. You do have the option to finalize at the voucher header level, meaning all lines within that voucher will be finalized or un-finalized, or you can do it by each line.

Step 1: On Purchase Order select the Finalize Document (Red) to Finalize.



Or

Step 1: On Purchase Order select the Undo Finalize Document (Green) to Un-Finalize.



Remember that Finalizing on the Voucher screen finalizes the Purchase Order.



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Clearing Requisition (Purchase Order)

Occasionally an incorrect requisition is added to a Purchase Order while drafting OR needs to be removed to cancel a PO. To clear requisition details on a draft Purchaser Order, Click Schedule > ChartFields > Req Detail Tab. Use the eraser to clear the requisition details. I will prompt you to confirm. When you save, if you hadn't copied another requisition in, it will give warnings that the ChartFields are incomplete. This is normal, click ok. Then click cancel if you are canceling the Purchase Order or copy a new requisition to continue.

SpeedChart [Multi-SpeedCharts](#)

ion

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fields	Details/Tax	Asset Information	Req Detail	Statuses	Budget Information	▶	
status	Percent	Req BU	Req ID	Req Line	Req Sched	Req Dist	Open Qty
pen	<input type="text" value="85.0000"/>	36000	0001416	2	1	1	
pen	<input type="text" value="15.0000"/>	36000	0001416	2	1	2	

Cancel/Close Requisition

Occasionally a requisition needs to be canceled. Be cognizant that canceling a requisition is non-reversible. To cancel a requisition, go to Purchasing > Requisitions > Manage Requisition > Search the Requisition.

Select the drop down > Cancel > Go

BU	Date	Request State	Budget	Total		
36000	11/19/2020	Pending	Not Chk'd	258.77 USD	<input type="text" value="Cancel"/>	<input type="button" value="Go"/>

Should you need to close a requisition, it is performed on the Requester's Workbench. To close a requisition, if it is sourced to a Purchase Order, the Purchase Order must be closed first. Closing a Purchase Order is reversible as well so you can re-open, again through the Buyer's Workbench.

Cancel Purchaser Order

Occasionally a purchase order needs to be canceled. Be cognizant that canceling a purchase order is non-reversible. To cancel a purchase order, go to Purchasing > Purchase Order > Add/Update POs > Search the Purchase Order.

Select Change Order



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Select the Status field of each Line you wish to cancel. Cancel each line for the entire Purchase Order. The system will ask you a series of questions. The key is:

- IF you want to send the funds back to requisition(s) (pre-encumber), select that you want to re-source requisition(s). It may ask which lines or all.
- IF you want to send the funds back to budget (release encumbrance), you select that you do not want to re-source requisitions.

Lastly, run budget check and save.

Close Purchaser Order

Should you need to close a Purchase Order, it is performed on the Buyer's Workbench. Closing a Purchase Order is reversible so you can re-open, again through the Buyer's Workbench.

Critical Renewal/Year-End Steps

During the summer before the new Fiscal year has started, it is common for the agency to begin the procurement cycle for many renewals. In July or early August, the Budget is established in CAPPS to begin processing items for the upcoming fiscal year. It is imperative that certain dates are updated to ensure a smooth transition to the new accounting/budget year.

When requisitions come in for review/approval, you must update the Accounting Date and Budget date to 09/01/20YY of the new fiscal year. This will ensure that when budget check is ran, it creates encumbrances in the new fiscal year's accounting month, not August of the current accounting year. Only Budget and Purchasing staff can edit these fields once the requisition has been routed.

Requisition:

Step 1: Click Edit Requisition > Update the Accounting Date to 09/01/20YY

< Requisition **Edit Requisition - Review and Submit**

Edit Requisition - Review and Submit
Review the item information and submit the req for approval.

[My Preferences](#) [Requisition Settings](#)

Requisition Summary

Business Unit	36000	State Office of Admin Hearings	Requisition ID	0001254	Requisition Name	21 Knight Security Annual RNWL
Requester	00010013915	Laura M Lopez	*Origin	FTW	Accounting Date	09/01/2020
			Special/Priority Purchase Types	N/A	Currency	USD
					Priority	Medium

Track Batch 2

Step 2: Click Accounting Lines > Update the Budget Date to 09/01/20YY



State Office of Administrative Hearings Finance

Requisition **Edit Requisition - Review and Submit**

Shipping Line 1

*Ship To TX360-FTW Add Shipto Comments Quantity 1

Address 6777 Camp Bowie Blvd Add One Time Address Price 302.40

Suite 400

Ft. Worth, TX 76116

Attention To Laura M Lopez Pegging Inquiry

Due Date Pegging Workbench

Accounting Lines

*Distribute By Qty SpeedChart

Accounting Lines						Personalize	Find	View All	First	1 of 1	Last
Chartfields1	Chartfields2	Chartfields3	Details	Details 2	Asset Information	Asset Information 2	Budget Information				
Budget Status	Budget Date	Pre-Encumbrance Balance	Currency	Pre-Encumbered Base Balance	Business Unit Base Currency						
Valid	09/01/2020	0.00	USD	0.00	USD						

Step 3: Follow all the other standard steps for reviewing/approving the requisition (shown above).



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Similar to Requisitions, when you are creating a Purchase Order, you must make edits to update the Accounting and Budget dates as well. Unfortunately they do not source over from the requisition at this time.

Purchase Order:

Step 1: Click Header Details > Update the Accounting Date to 09/01/20YY

PO Header Details
x

PO Details
Help

Supplier **PITNEY BOW-002**

*PO Type Q

*Billing Location Billing Address

Origin Q Austin

Use One Ship To

PO Date 11/20/2020

Budget Status **Valid**

Tax Exempt

ID

Letter of Credit ID Q

Ship To TX360-AUS

Currency

Currency Code Exchange Rate Detail

Rate Date 01/01/1900

Rate Type CRRNT

Base Currency USD

Exchange Rate 1.00000000

Process Control Option

Dispatch

*Method v

Acknowledgements required for Not required

Template ID Q

Accounting Date 11/20/2020 v

Accounting Template Q

Terms and Conditions URL

OK
Cancel
Refresh

Step 2: To update the Budget Date, it must be done on the Line Details, Click on the Schedule box.

Ship To/Due Date	Statuses	Item Information	Attributes	RFQ	Contract	Receiving	State Mandate Fields	Texas Smart Buy	1-1 of 1 View All	
		Description		PO Qty	UOM	Price	Merchandise Amount	Status		
		Meter Postage November 2020		1.0000	EA	4,500.00000	4,500.00	Approved		
										Schedule

Step 3: Click on the Distributions/ChartFields

*PO Qty	Price	Merchandise Amount	Status	Price Adjustment	Miscellaneous Charges	Sched Sales/Use Tax	Distributions/ChartFields
1.0000	4,500.00000	4,500.00	Active				+ -



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Step 4: Click on Budget Information Tab > Update the Budget Date to 09/01/20YY

Distribution

Chartfields | Details/Tax | Asset Information | Req Detail | Statuses | **Budget Information** ||>

Dist	Status	Percent	Budget Status	Budg Dt	Encumbrance Balance	Currency	Encumbered Base Balance	Base Currency	Expensed To Date	Final
1	Open	100.0000	Valid	11/20/2020	0.00	USD	0.00	USD	4,500.00	<input type="checkbox"/>

Step 5: Follow all the other standard steps for issuing the Purchaser Order (shown above).

Note: If the Purchase Order has been budget checked with the wrong Accounting or Budget dates and has an incorrect accounting period (i.e. 12/new FY), the Purchase Order must be canceled and a new transaction entered.

Changing the accounting dates after the initial entry has been budget checked will result in the Commitment Control Ledger being out of sync and cause reporting issues.

CAPPS Statuses

Requisitions

Status	Description
Pending	Not fully approved
Approved	Approved by Final Approver, but no PO yet.
Denied	Will not be approved
Partially Dispatched	Some of the lines have a Purchase Order, some do not.
Received	All lines have been received via receipt.
Partially Received	Some lines have been received via receipt.
Completed	Purchase Order has been finalized and completely paid.

Purchase Orders

Status	Description
Approved	CFO has approved the Purchase Order and it is ready for the purchaser to dispatch
Dispatched	Purchase Order sent to vendor
Complete	Order is received and Purchase Order finalized
Cancel	Purchase Order has been canceled