DEPARTMENT OF
SAVINGS AND
MORTGAGE LENDING

CONTRACTING GUIDE

FY2022

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1. INTRODUCTION

This Contract Management Guide has been established for all Department employees who request goods and services. This Guide will be updated periodically to reflect changes in procurement rules and policies. The purchaser stays current on all purchasing rules, policies, and regulations and should be your primary source to provide guidance on procurement processes. The purchaser coordinates all contracting activities closely with the Legal Section. The intent of this guide is to assist in understanding the processes that must be followed in order to adequately manage contracts. Any suggestions should be directed to the purchaser at (512) 475-1352 or rwright@sml.texas.gov.

2. CONTRACT OVERVIEW

A contract is a written document referring to promises or agreements for which the law establishes enforceable duties and remedies between a minimum of two parties. An original Contract, Amendment, Modification, Extension, Purchase Order (PO), Interagency Agreement, Inter-local Agreement, Inter-cooperative Contract, and a Memorandum of Understanding are all considered contracts.

3. PROCUREMENT AND CONTRACT SERVICES

The Purchaser is a part of the Department's Operations Section and is responsible for coordinating and managing all procurement and contracting activities for the Department. Purchaser is are available to assist Department staff with procurement and contracting needs and is responsible for facilitating the procurement and contracting needs for all types of purchases. Purchasing efforts are focused on the purchasing and contracting activities, which obtain the best value for the Department. The goal of the purchaser is to process purchases of goods and services for the Department at the right time, at the right price, consistent with laws, regulations, the Department's purchasing procedures (Appendix B), and sound business judgment.

4. STATE PURCHASING STATUTE AND RULES

The Texas Comptroller of Public Accounts (CPA) identifies a list of governing statutes and rules that state purchasing programs must follow:
http://window.state.tx.us/procurement/procedures.html.

All contracts involving procurements must adhere to these statutes, rules, and the State Procurement Manual.

4.1 PURCHASING AUTHORITY

Under the authority of the Statewide Procurement Division (SPD), SML can make a delegated purchase, which is subject to SPD rules and procedures. Delegated purchases are subject to competitive bidding requirements.

4.2 ENHANCED GUIDANCE FOR CONTRACTS OVER $1 MILLION

Under Texas Government Code § 2261.254, for all contracts over $1 million, the agency shall develop and implement contract reporting requirements that provide information on:

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

In addition, the Department shall verify the accuracy of any information reported by a contractor

and the delivery time of goods and services. All contracts over $1 million must be approved by the Department's governing body. As appropriate, the approval and signatureauthority may be delegated to the Commissioner.

Per General Appropriations Act, Article IX, Section 7.12 requirements, the Department must provide 10 business days' notice to the Legislative Budget Board (LBB) before paymentcan be made on any contract that is over $1 million that was awarded outside of the competitive process. This notice will include a certification, in the form prescribed by the LBB, from the Commissioner that the purchase complied with the contract management guide, procurement manual, applicable statues or the alternative process used and the name of the person directing that process.

4.3 ENHANCED GUIDANCE FOR CONTRACTS OVER $5 MILLION

Under Texas Government Code § 2261.255, for all contracts over $5 million, the contract management office or procurement director must:

- Verify in writing that the solicitation and purchasing methods and contractor selection process comply with state law and agency policy; and
- Submit information to the Department's governing body on any potential issue thatmay arise in the solicitation, purchasing, or contractor selection process.

4.4 ENHANCED GUIDANCE FOR CONTRACTS OVER $10 MILLION

Under Texas Government Code § 2262.101, all solicitations expected to result in contracts valued at $10 million and greater must be submitted to the Contract Advisory Team for review before the solicitation can be posted. The contract value is determined without regardto source of funds or payment mechanism.

Per General Appropriations Act, Article IX, Section 7.12 requirements, the Department must provide 10 business days' notice to the LBB before payment can be made on any contract that is over $10M. This notice will include a certification, in the form prescribed bythe LBB, from the Commissioner that the purchase complies with the contract managementguide, procurement manual, applicable statutes or what alternative process was used and thename of the person directing that process.

5. STATE AND AGENCY ETHICAL STANDARDS FOR OFFICERS AND EMPLOYEES

All Department employees and officials who participate in the state procurement and contracting activities shall adhere to the Department's Conflicts of Interest and Employee Conduct policy.

Violation of this policy is subject to discipline, up to and including termination. All Department personnel involved in procurement or contract management must disclose any conflict of interest with respect to any contract with a private vendor or bid for the purchase of goods or services.

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

contract management personnel who are charged with the disposition of state funds. State personnel must adhere to the highest level of professionalism in performing their official duties.

The following paragraph is an excerpt from the Comptroller of Public Accounts' (CPA) State of Texas Procurement Manual Section 1.2 regarding ethics for personnel involved in purchasing:

"State officials and state employees are entrusted with the safety and welfare of the citizens of Texas. In return for their confidence in state government, citizens expect that state employees' private interests will not conflict with public business. The nature of purchasing functions makes it critical that all participants in the process remain independent, free of obligation or suspicion, and completely fair and impartial. Maintaining the integrity and credibility of a purchasing program requires a clear set of guidelines, rules and responsibilities to govern the behavior of purchasing employees. Credibility and public confidence are vital throughout the purchasing and contracting system."

Under Texas Government Code § 2261.251, a state agency may not enter into a contract with a vendor if any of the following Department employees or officials has a financial interest in that vendor:

- A member of the Department's governing body;
- The Commissioner, Deputy Commissioner, General Counsel, Director of Operations, other Directors or the Purchaser for the Department;
- A family member related to an employee or official described above within the second degree by affinity or consanguinity;
- Having a "financial interest" in this section is defined as a state agency employee or official that:
    - Owns or controls, directly or indirectly, at least 1% in the person, including the right to share in profits, proceeds or capital gains or;
    - Could reasonably foresee that a contract with the person could result in a financial benefit to the employee or official.
- A financial interest that is prohibited by this section does not include a retirement plan, a blind trust, insurance coverage, or an ownership interest of less than one percent in a corporation.

Under Texas Government Code § 572.069, state officers and employees who participated in a procurement or contract negotiation are prevented from accepting employment with the vendor for two years after the officer's or employee's service or employment with the agency have ceased.

6. CONFLICT OF INTEREST

All Department personnel involved in procurement or contract management activities must disclose to the Department any conflict of interest with respect to any new contract or renewal with a private vendor or bid for the purchase of goods or services. A Conflict of Interest Form (Appendix A) must be signed annually by any employee who participates in the development of contract specifications, solicitation documents, evaluations, negotiation, or contract monitoring activities. A violation of this provision is subject to discipline, up to and including termination. Any identified potential conflict of interest must be reported immediately to the Commissioner.

7. SIGNATURE AUTHORITY & APPROVALS

Prior to any contract execution, the Purchaser will document best value standards used for the contract and acknowledge in writing that the Department complied with this guide and the CPA's contract management guide.

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

The following individuals are authorized to sign contracts on behalf of the Department:

- Commissioner, Deputy Commissioner, Director of Operations, and General Counsel
- CAPPS generated Purchaser Orders will be signed and executed by the Purchaser, after receiving prior approval in CAPPS by the Director of Operations.

No other employee may sign a contract binding the Department without a delegation of authority to do so.

8. CONTRACT MANAGEMENT

Contract Management refers to the entire contracting process, which involves planning, forming, and administering contracts through closeout. Contract management activities include administering and monitoring the contract after the award and during contract implementation by measuring completed work, computing and approving payments, monitoring contract performance, incorporating necessary changes and modifications to the contract, and actively interacting with the Contractor. Purchaser and Department's staff will utilize this guide along with the CPA's State Contract Management Guide to achieve contract objectives.

9. CONTRACT REVIEW TEAM

The Department Contract Review Team (CRT) is comprised of the Purchaser, the Commissioner, the Director of Operations, and a representative from the Legal Division. Proposed contracts, agreements or purchase orders must be reviewed to ensure that they meet the criteria and requirements set by the Department. The CRT reviews significant procurements and contracts to help ensure efficiency, effectiveness, and best value and practices.

10. CONTRACT MANAGEMENT ROLES

Per Texas Government Code § 2261.256, each state agency must develop and comply with a purchasing accountability and a risk analysis procedure that provides for establishing clear levels of purchasing accountability and staff responsibilities related to purchasing and contract monitoring. Provided below is a high-level description of key differences between the Contract Monitor and the Contract Administrator.

10.1 CONTRACT MANAGER

A Contract Manager must be assigned to every PO or contract. The Contract Monitor is responsible for the continual monitoring and day-to-day management of the contract's performance to ensure itscompliance with terms and conditions as well as the forecasting and planning for contract renewals, changes, and close-outs. The Contract Monitor must understand the procurement timelines associated with renewals, solicitations, and transitions and ensure that those actions are initiated andplanned by the division so as to start and finish within contract constraints.

Contract Managers are:

- Full time employees;
- Expected to monitor the contract for the life of the contract;
- Required to review vendor performance and report the review to CPA at the termination ofa contract;
- Responsible for their contract monitoring duties and may not delegate their duties to any other personnel; and
- Thoroughly familiar with the Department's Contract Management Guide.

10.2 CONTRACT DEVELOPER

A Contract Developer is responsible for facilitating the procurement and contract management to ensure compliance with state laws, policies, and guidelines.

Contract Development involves the activities prior to contract execution. The role of Contract Development is to complete the acquisition cycle, oversee the management ofthe contract, ensure Department needs are satisfied, and confirm the Contractor is fully compensated for services rendered or supplies provided per the contract terms and conditions.

11. VERIFICATION OF USE OF BEST VALUE STANDARD

The best value selection of a contractor is based on a determination of which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor. The award decision is made based on multiple factors, including: total cost of ownership, meaning the cost of acquiring, operating, maintaining, and supporting a product or service over its projected lifetime; the evaluated technical merit of the vendor's proposal; the vendor's past performance; and the evaluated probability of performing the requirements stated in the solicitation on time, with high quality, and in a manner that accomplishes the stated business objectives and maintains compliance standards.

For each contract for which the Department is required to purchase goods or services using the best value standard, the CRT must:

- Approve the contract;
- Ensure that the Department has documented the best value standard utilized for the contract; and
- Acknowledge in writing that the Department complied with its rules and policies and with CPA's contract management guide in the purchase.

12. VENDOR PERFORMANCE REVIEW

Any contract that is valued greater than $25,000.00 and is completed or otherwise terminated, the Department is required to review the vendor's performance by filing a report through the Vendor Performance Tracking System maintained by the Comptroller of Public Accounts per Texas Government Code Section 2155.089.

For each purchase of goods or services for which the Department is required to use the best value standard, the Comptroller shall ensure that the Vendor Performance Tracking System will include information on whether the vendor satisfied the best value standard.

13. OTHER CONTRACT STAKEHOLDERS

Legal Division

As requested, the Legal Division provides guidance, direction, and review to assist the Department in ensuring that the contracting and procurement activities are compliant with applicable state laws, policies, and guidelines.

Other Legal Division responsibilities include the following as requested:

- Provide guidance and direction through the solicitation, award, monitoring, and closeout processes to help ensure the Department is protected;

Help to ensure that Department contracts can be monitored and performance is measurable;

- Identify opportunities to improve clarity of responsibility and expectations documented in the contract;
- Provide "lessons learned" and feedback to determine where the Department can improve contract language to mitigate risk moving forward;
- Vet and recommend Commissioner action on two party contracts;
- Provide guidance and direction on dispute resolution; and
- Identify state remedies, as appropriate, when a vendor's performance is deficient.

Accounting

- Ensure compliance with prompt payment;
- Validate and approve use of funds identified on requisitions;
- Validate receipts are complete before issuing payments;
- Perform three way match before issuing payment; and
- Immediately report to the Purchaser, Director of Operations, and the Commissioner any of the following:
    - Conflict of Interest
    - Potential Conflict of Interest
    - Fraud
    - Potential fraud
    - Any incident that is an ethical problem
    - Any incident that may lead to ethical questions
    - Failure of a peer, self, contract monitor, or customer to abide by required purchasing and contracting rules, laws, or policies.

Other Divisions

- Responsible for reviewing and evaluating requests and determining if they need to modify or approve specifications;
- Responsible for identifying to what extent and how their division will be impacted by the contract;
- Responsible for adhering to all procurement and contracting rules, policies, and procedures;
- Responsible for supporting the Contract Monitor and Contract Review Team;
- Immediately report to the Purchaser, Director of Operations, and the Commissioner any of the following:
    - Conflict of Interest
    - Potential Conflict of Interest
    - Fraud
    - Potential fraud
    - Any incident that is an ethical problem
    - Any incident that may lead to ethical questions

- Failure of a peer, self, contract monitor, or customer to abide by required purchasing and contracting rules, laws, or policies.

14. CONTRACT CHANGE CONTROL

A key aspect to effective contract management is the ability to manage change and have sufficient oversight to prevent scope creep, unauthorized work from being performed, and over billing. The Contract Monitor, Contract Administrator, and the end user all have a responsibility to ensure all contract changes are memorialized in the form of a modification, amendment, or change order. Changes not addressed through formal Modification, Amendment or Purchase Order Change Notice (POCN) are considered non-compliant. Contract Monitors should implement a change control system for major contracts and keep a log of all requested changes. The change control system should account for evaluation of requested changes and approvals/disapprovals of requested changes, and date change was executed if applicable. All changes must be within the scope of the original contract. Types of changes include work orders, administrative changes, substantive changes, and constructive changes.

Changes:

- Must be addressed in writing and must go through the Purchasing Section to be authorized; and
- Are not considered authorized until both parties have signed-off and the Purchaser has identified the item as being fully executed.

15. CONTRACT ISSUE MANAGEMENT

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

To prevent disputes, Contract Monitors will:

- Maintain regular communication with the contractor;
- Respond promptly to all contractor inquiries regarding contract concerns;
- Work with the Contract Administrator to develop a strategy to resolve issues and communicate to contractors;
- Thoroughly document all issues and communications pertaining to contract issues; and
- Use Corrective Action Plans to address issues that are impacting performance of the contract.

16. CONTRACT RISK MANAGEMENT

Each state agency must develop and comply with a purchasing accountability and risk analysis procedure that provides for:

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

Performing risk assessments helps to determine the level of degree of oversight and participation from the end user. The Department uses a Risk Assessment Matrix (RAM) tool to determine the risk level of the contract. Based upon the classification of risk, the contract will require enhanced levels of reporting. This assessment is completed to anticipate risks, mitigate or manage risks, and avoid or transfer risk in order to protect the Department. Performing a risk assessment is an ongoing process throughout the life of the contract. The risk assessment is conducted at the time the requisition is submitted to the Purchasing Section, at the time of award, and throughout the life of the contract as needed based on current circumstances. Risks to the contract must be reviewed and evaluated by the Contract Monitor on a continual basis until the contract is fully performed and final payment has been rendered. In addition to using the risk assessment tool, Contract Monitors should keep a log for all major contracts and major POs. This log should identify all risks to their contracts, the mitigation plan or strategy for addressing the risk and the outcome.

Under Texas Government Code §2261.253 and other provisions of Senate Bill 20 (84th Legislative Session) and General Appropriations Act Art IX, Rider 7.12 adopted by the 84th Legislature, Regular Session, the Purchaser has responsibilities relative to serious issues or risks on certain contracts.

The Purchaser shall notify executive management of any serious issues or risks on certain contracts.
Risk Assessment Matrix (RAM) - Appendix C

The RAM is a tool used by the CRT to identify areas of risk (the potential for loss, harm, or damage that may occur due to errors or problems associated with contractors' performance) for first time contract vendors. This tool also allows staff to identify specific areas that may need enhanced monitoring.

This tool should be used prior to: 1) awarding contracts from RFP proposals; 2) entering into new contracts with vendors; and 3) renewing existing contracts.

Risk factors are indicators that determine the risk of the contract or project objectives not being met. The risk factors in the RAM include:

- Type of contract purchase - what type of contract solicitation - competitive/noncompetitive;
- Payment type/structure - the type of budget included in the contract;
- The dollar amount of the contract;
- Essential department functions;
- Stability and experience of contractor's key management staff;

- Percentage of services performed by subcontractors;
- Compliance history;
- Past programmatic performance;
- Audit outcomes;
- Number of years in business;
- Performance measures;
- Deliverables; and
- Greater than $1 million dollars - amount of financial reporting required. Additional risk factors can be added as appropriate for the contract.

Rate each contractor on the risk elements using the range of Low (score 1-3), Medium (Score 4-7), or High (Score 8-10). Add up the scores in the Overall Risk Score field. The ranges for the overall risk scores are:

Low Risk procurement: 0 - 48
Medium risk procurement: 49 - 112
High Risk Procurement: 113 – 160

No objective or mathematical formula can be used to completely assess the risk imposed by a particular contract; risk is determined subjectively.

The RAM should be completed annually, but risk should be assessed on an on-going basis throughout the contract period. A new RAM should be completed when risk conditions undergo a substantial change (i.e., contractor's management or ownership changes). Contract management and monitoring activities should be adjusted to focus on the riskiest contractors during the entire contract period.

17. CONTRACT DISPUTES

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

- Identify the problem - many times what may appear to be a problem can be resolved by providing the contractor with information or clarification.
- Research facts -obtain all the information regarding the potential problem from all relevant sources.
- Evaluation -review all of the facts in conjunction with the requirements and terms and conditions of the contract. The Department should then determine the appropriate course of action.
- Corrective action - identification of problems early in the performance period, effectively communicating and formalizing the process in writing via a corrective action plan (contract performance is impacted) or less formal written procedure (contract performance could be impacted if not resolved), is essential.
- Document all information related to the informal dispute until the informal dispute is resolved. Resolution must also be documented.
- Email the purchaser and copy Director of Operations. The email should contain an overview of problem and actions taken towards resolution to date.
- The Operations staff will provide guidance and assistance and escalate issues to the Legal Division if needed.

- The Operations staff will facilitate resolution with all parties, with the assistance of the Legal Division.
- The Operations staff will facilitate completion of an internal Corrective Action Plan and/or require the contractor to provide a formal Corrective Action Plan (CAP).
- As requested, the legal division will provide guidance and direction on appropriate legal action if the vendor remains non-compliant.

18. CONTRACT REPOSITORY

All major POs and all Contracts will be stored within the Operations division.

Purchaser is responsible for ensuring the initial contract and major PO are labeled and filed appropriately. Additionally, Purchaser is responsible for ensuring that all amendments, modifications, and POCNs are filed and updated upon change. Additional responsibilities include checking the files, validating that all information for their contract or major PO is correct and up-to date, and resolving any discrepancies.

19. CONTRACT FILES

The Director of Operations will be responsible for maintaining an official contract file for all contracts that include the request, solicitation, responses, scoring, Best and Final Offers (BAFO), award documents, corrective actions, contract monitor reports, and change documents. The Contract Monitor is responsible for maintaining a working file that captures documents pertaining to the contract, issues, changes, risks, expenditures, invoices, payments, and correspondence.

20. CONTRACT RETENTION

The following is the required retention policy for all purchase order and contract related documentation: For contracts and purchase orders entered into after September 1, 2015, a state agency shall retain in its records each contract and related documents it enters into for a period of seven years after the contract expires, is terminated, or is completed, after all issues have been resolved. Along with the contract, all solicitation documents shall also be retained. For contracts and purchase orders entered into prior to September 1, 2015, the records retention period is four years.

21. POSTING CONTRACTS AND CONTRACT DOCUMENTS

The Department will also comply with all procurement and contract posting requirements, including those described by Sections 2157.068, 2261.253, and 2261.256 of the Texas Government Code and applicable sections of the General Appropriations Act. The Operations Division will be responsible for this compliance.

APPENDIX A: CONFLICT OF INTEREST STATEMENT

I am aware of proposed contracts for FY XXXX for various services to be entered into between the Department of Savings and Mortgage Lending (Department) and see attached list (Contractor(s)).

I swear or affirm that neither I nor any family member related to me within the second degree of affinity or consanguinity have any ownership or control, directly or indirectly, of a financial interest of at least one percent in Contractor, including the right to share in profits, proceeds, or capital gains, or any other interest that could reasonably be foreseen to result in a financial benefit to me or my family member.

I understand that I have a continuing obligation to report any ownership or financial interest in or control of Contractor. Should I acquire any such ownership or financial interest or control subsequent to the execution of this Affidavit, I swear or affirm that I will disclose such interest or control to Agency within 30 days of acquiring such interest or control. I further swear or affirm that as long as I hold any such interest or control; I will not participate in any decision concerning Contractor.

_____
Signature

_____
Printed Name

_____
Title

_____
Date

APPENDIX B: INTERNAL PURCHASING PROCEDURES

General Purchasing Procedures

1. Generally, the process consists of the following steps:
    a. Planning – procurement activities include, but not limited to cost estimate research, need assessment development, writing of specifications for goods or services and verifying if resources are available to support cost.
    b. Initiation of purchase request via email correspondence from requesting department;
    c. Approval of purchase request from Director of Operations or Commissioner.
    d. Review of purchase request and procurement method determination, if applicable issue solicitation;
    e. Vendor selection and evaluation of contract documentation with compliance to applicable procurement law.
    f. Approval and issuance of a purchase order in CAPPS, and applicable, signature approval of contract agreement;
    g. Receiving of goods or services;
    h. Invoicing by the vendor;
    i. Voucher processing through CAPPS;
    j Issuance of state warrant or direct deposit order; and,
    k. Payment.

2. Purchase Email Request Required
    a. The acquisition of goods and/or services begins with a request made through a purchase email request.
        (1) The end user (Employee or Manager) of any department may initiate a purchase request by submitting email to the Purchaser.
        (2) Either the Director of Operations or the Commissioner must approve all purchase requests.
        (3) After receiving an approved purchase request, the Purchaser will evaluate the purchase request and determine the appropriate procurement method.
        (4) The Purchaser will verify that the selected vendor is in good standing with the state before issuing the purchase order. Vendor verification includes running checks through the System for Award Management (SAM) database, Vendor Performance Tracking System, CPA's Divestment's Statute Lists and Department Lists.
        (5) Purchaser may make purchases using the Department's purchasing card with a prior approval from the Director of Operations and after checking that the selected vendor is in good standing with the state. Such purchases must be supported by an approved email purchase request and are limited to $5,000 for any one transaction. The Purchaser will save supporting relevant documentation.

All purchases should be done in accordance with the CPA State of Texas Procurement and Contract Management Guide, Purchasing policy and Procedures issued by oversight agencies and follow the prescribed processes.

3. Purchase Orders Required
    a. Purchase orders must comply with state laws and Statewide Procurement Division (SPD) policies for the type and dollar amount of the purchase. The Purchaser is primarily responsible for compliance.
    b. The Director of Operations or the Commissioner must approve all purchase orders in the Centralized Accounting and Payroll Personnel System (CAPPS).
    c. Approved purchase orders are matched to the approved purchase requests and vendor proposals/quotes retained by the Purchaser.

4. Delivery Date(s) of Goods or Services Required
    a. Delivery or service date(s) shall be documented in the Receiving module in CAPPS to meet state accounting requirements.

5. Payment of Invoices Required
    a. Invoices must be matched against approved purchase orders, receipts, quotes and other supporting detail before they may be paid.
    b. Payment from statements is allowed when the statement serves as an invoice.
    c. Payment up to $5,000.00 may be made prior to 30 day from the time services/goods or invoice is received whichever is the last to be received.
    d. Payment of $5001.00 or more need to be made closer to the 30 days from the time services/goods or invoice is received; whichever is the last to be received.

Delegated Purchases

The CPA has delegated purchasing authority to state agencies for goods and services that are unavailable through established statewide contracts or that are subject statutorily specified exclusions or authorized exemptions from CPA and DIR purchasing authority.

1. SPD Delegation by Rule:
    a. one-time purchases of goods that do not exceed $50,000;
    b. purchases of services that do not exceed $100,000;
    c. direct publications;
    d. purchases of perishable goods;
    e. distributor purchases;
    f. fuel, oil, and grease purchases;
    g. internal repair purchases; and
    h. emergency purchases.

Non-Delegated Purchases and Seeking Purchasing Authority

Non-Delegated Purchases include set aside programs and Term Contract, DIR as well as procurement for which SPD's purchasing authority has not been delegated to agencies by rule.

If the agency has a non-delegated purchase for services exceeding $100,000 in value, the agency must submit a delegation request in the Procurement Oversight & Delegation Portal for review. If request is denied, SPD will procure on behalf of the agency. If the value of the non-delegated purchase for services exceeds $1 million, than the delegation will automatically be reviewed by the Contract Advisory Team (CAT).

For non-delegated purchase requests for goods that exceeds the value of $50,000.00, the agency will complete an Open Market Request form and will email along with any supporting documentation to Open.Market@cpa.texas.gov. If request is denied, SPD will procure on behalf of agency.

Corporate Travel Charge Card Program

The Department's administrators for the program are Antonia Antov (primary) and Janie Recio (secondary).

Any travel purchases charged to the Departments Travel Credit Card are subject to the following guidelines:

1. The card may be used to pay for purchases that adhere to all purchasing rules and policies (See 34 TAC Chapter 20, subchapter F).
2. The card may be used to pay for air flights for Department's staff. Flights booked through the state contracted travel agencies, are automatically charged to the card. The Executive Assistant to the Commissioner, or administrative staff authorized and overseen by her is allowed to book flights through state contracted travel agencies.
3. Any other travel purchases, i.e. lodging, through other vendors need to be authorized by Director of Operations.

4. All charges need to be supported by credit card authorization forms, receipts from hotels, or from other vendors. If the travel charges are related to training they need to be backed up by an approved by the employee's manager Training Request. All documentation needs to be forwarded to purchasing.
5. Upon receipt of the credit card statement, all supporting documentation needs to be matched to the transactions listed in the statement and verified. Any discrepancies need to be researched and resolved.
6. The program administrators have online access to review and research transactions.

Corporate Procurement Charge Card Program

The Department's administrator for the program is the Director of Operations.

Any purchases charged to the Departments Procurement Credit Card are subject to the following guidelines:

1. The card may be used to pay for purchases that adhere to all purchasing rules and policies (See Contracting Guide Section 4. State Purchasing Statue and Rules).
2. All purchases have to be specifically authorized by the Director of Operations.
3. All charges need to be supported by credit card authorization forms, receipts, or other documentation, supporting the purchase and related approval. All documentation should be forwarded to purchasing.
4. Upon receipt of the credit card statement, all supporting documentation needs to be matched to the transactions listed in the statement and verified. Any discrepancies need to be researched and resolved.
5. The program administrators have online access to review and research transactions.

Training Purchase Requests

1. Agency employee researches available training. Employee will create request for training in the Web Application for Streamlined Processing (WASP) portal and send to the Training Coordinator.
2. Training coordinator reviews request and will evaluate if the request can be added on to an existing WASP request for similar training services.
3. WASP request is forwarded to Supervisor for approval and then submitted by to the Training Coordinator.
4. Training reviews WASP requests and determines payment strategy based on whether: vendor requires payment upfront or during time of registration, vendor requires purchase order or if training request requires the purchase of membership/subscription.
5. Training coordinator forwards request to Director of Operations for approval.
6. Once approved, Training Coordinator prints PDF record of the WASP request and emails the Purchaser for vendor compliance vetting or the creation of a purchase order.
7. Paying for training with Purchase Order Method
    a. Training Coordinator will register employee(s).
    b. Purchaser will create purchase order in CAPPS and once executed and approved in CAPPS, will email a copy to vendor and CC' Training Coordinator.
8. Paying for training with Credit Card Method
    a. Purchaser will email Training Coordinator that the vendor compliance checks have been completed for the selected vendor.
    b. Training Coordinator will register employee(s)
    c. Training Coordinator will submit credit card payment and email confirmation receipts to Accounts Payable and CC' Purchaser.
9. Training Coordinator emails employee with confirmation of registration, dates of training, and pertinent information related to the training.
10. Once agency employee has verified attendance of the training in WASP, Training Coordinator will close the WASP request.

Vendor Compliance Verifications

1. System for Award Management (SAM)
   Purchaser will review the SAM system prior to execution of any contract or purchase order in order to

verify the vendor is not named on U.S Treasury Department, Office of Foreign Assets Control's master list of Specially Designated nationals & Blocked Persons.

2. Vendor Performance Tracking System (VPTS)
   The contractor's performance is located in the Vendor Performance Tracking System on the CPA TxSmartBuy website. The Purchaser will run the report in VPTS before executing any purchase order, contract with a vendor.

3. Debarment
   The Purchaser will review the debarred vendor list posted on the CPA website to verify that the vendor has not been debarred by SPD. The Purchaser cannot award a contract to a vendor that appears on the debarred vendor list.

4. Divestment Statute List
   To meet contract meet contracting requirements referenced in Tex. Govt. Code 808.051, Tex. Govt. 2252.153, Tex. Govt. Code 2270.0209, and Tex. Gov. Code 2252.152, Purchaser will review the following Divestment Statute Lists: *Companies Boycotting Israel*, *Foreign Terrorist Organizations, Companies with ties to Foreign Terrorist Organizations, Companies with ties to Iran, Companies with ties to Sudan, Companies that Boycott Energy Companies,* and verify the potential awardee is not in violation of any of the requirements before executing the contract.

APPENDIX C: RISK ASSESSMENT MATRIX

#	Risk Factor	Risk level LOW Score 1-3	Risk Level MEDIUM Score 4-7	Risk Level HIGH Score 8-10	Justification/ Comments	Risk level Score
Pre-set Risk Factors						
1	Type of Contract Purchase	Interagency, MOU or Inter-local 25K	Contract Less than $25K	Consulting, Emergency Sole Source, Proprietary, or Construction		
2	Payment Type/Structure	Fixed price or contingency	Rate or Fee for Services	Cost Reimbursement		
3	Total Dollar Amount for FY	Less than $100K	$100K to $1 million	Over $1 million		
4	Essential Agency Function	Contract services are not critical for meeting SML's mission	Contract services are moderately essential to SML's mission	Contract services are essential to SML's mission		
5	Stability & Experience of Contractor Key Management Staff	No recent change and significant experience	No recent change, but not significant experience; or recent change but significant experience	Recent change and not significant experience		
6	Percentage of Services Performed by Subcontractors	No Subcontractor involvement	Subcontractors account for50% or less of contract work	Subcontractors account for more than50% of contract performed work		
7	Compliance History finding	No issues of non- compliance	Moderate instances of non compliance/ no history - never contracted with SML before	Substantial of non-compliance		
8	Past Programmatic Performance	Met or exceeded all output and outcome measures	Met 75% or more of output and outcome measures	Met less than 75% of output and outcome measures		

#	Risk Factor	Risk level LOW Score 1-3	Risk Level MEDIUM Score 4-7	Risk Level HIGH Score 8-10	Justification/ Comments	Risk level Score
Risk Factors-Financial						
9	Audit Outcomes	No audit required or no issues or finding in audit(s)	Moderate issues or findings in audit(s)	Substantial issues or findings in audit(s)		
10	Number of years in business	More than 5 years	1 year to 5 years	Less than 1 year		

Risk Factors - Contract						
11	Performance Measures	Contract contains multiple defined and measurable performance measures	Contract contains at least one clearly defined or measurable performance	No Performance measures included in contract		
12	Deliverables	Contract contains multiple deliverables that are clearly defined	Contract contains at least one clearly defined deliverable	No deliverables included in contract		
13	> $1 million- Financial Reports required	> $1 million- substantial financial reports required	> $1 million- minimal financial reports required	> $1 million- no financial reports required		

Overall Risk Score		Risk Category	

Summary of Risk Assessment:
Additional Risks
Risk Mitigation Plan