

Senate Bill 20 – Procurement and Contracting Impact

Governor Abbott signed Senate Bill 20 into law, which creates several new requirements for state agencies and universities related to procurement and contracting starting September 1, 2015. Some of the requirements include:

- Retaining copies of contracts and associated solicitation documents for seven years after the contract expires or all legal issues related to the contract have been resolved.
- Posting a list of each contract and request for proposal (RFP) on the university's website, including the statutory justification for noncompetitive contracts. Contracts and RFPs are to remain on the website until the contract is completed.
- Requiring Board of Regents approval for all contracts over \$1 million and any previously approved contract that will be change, amended, or extended to be more than 25% of the original value, regardless of duration or type of contract. Currently, the UHS Board of Regents only approves non-construction contracts that will exceed \$1 million in a fiscal year and only approves construction projects that will exceed \$10 million.
- Providing contract information and documentation to the Comptroller's Office through a system identified by the Comptroller. The type of system that will be used and the type of information required has not been defined.
- Providing contract information to the Board of Regents on contracts over \$1 million. The information provided must include contractor compliance with financial provisions and delivery schedules in the contract, corrective action plans, and any liquidated damages assessed or collected.
- Requiring the Purchasing Director to verify in writing for each contract over \$5 million that the solicitation, purchasing method, and contractor selection process is in compliance with state law and university policy, and notify the Board of Regents if there are any potential issues with the solicitation, purchasing method, or contractor selection process for these contracts.
- Requiring university officials and employees involved in purchasing and contracting to complete state procurement and ethics training. This may extend to employees beyond the Purchasing and Contract Administration offices.
- Restricting former state employees from working for a business within two years after leaving state employment if the employee participated in contract negotiation or procurement with that business.
- Publishing a contract management handbook, contract review checklist, and purchasing accountability and risk analysis procedures that are consistent with the Comptroller's Contract Management Guide.
- Requiring Internal Audit to annually review specific rules and policies related to ethics, procurement and contracting to determine if each component university has properly implemented those rules and policies and to report their findings to the State Auditor's Office.

Action Items

- All contracts will be required to be encumbered on a PO beginning September 1, 2015.
- Finance will keep track of contracts over \$1 million for now for reporting purposes.
- Finance will consider implementing a contract management system.
- MAPPs and SAMs will be changed to reflect these changes.