

**SUBJECT:** DIR assessing risk, purchase transactions reports for certain purchases

**COMMITTEE:** State Affairs — favorable, without amendment

**VOTE:** 12 ayes — Cook, Giddings, Craddick, Farrar, Geren, Guillen, K. King, Kuempel, Meyer, Oliveira, Paddie, E. Rodriguez

0 nays

1 absent — Smithee

**SENATE VOTE:** On final passage, May 4 — 31-0, on Local and Uncontested Calendar

**WITNESSES:** No public hearing

**BACKGROUND:** Government Code, sec. 2157.068 requires the Department of Information Resources (DIR) to negotiate with vendors to obtain the best value for the state for purchases of software, hardware, and technology services. DIR maintains a list from which agencies can purchase these items under its cooperative contract program. Sec. 2157.068(e-1) requires state agencies contracting for these items to use the list to make purchases and establishes thresholds that trigger the number of requests for pricing that agencies have to obtain from vendors on the list.

Government Code, sec. 2155.502 authorizes DIR to develop a list of multiple award contracts from which state agencies may purchase goods and services. Multiple award contracts are awards of contracts for an indefinite amount of one or more similar goods or services from a vendor. Government Code, sec. 2155.504 authorizes state agencies and local governments to purchase goods and services directly from vendors under a contract on a schedule of multiple award contracts developed by DIR. These purchases satisfy state law requirements relating to competitive bids or proposals and satisfy applicable requirements in Government Code, ch. 2157 governing the purchase of automated information systems.

Questions have been raised over whether there should be more state

oversight of vendors and purchase reports in the cooperative contract program to ensure accuracy of the reports.

**DIGEST:** SB 262 would require the Department of Information Resources (DIR) to periodically assess the risk to the state in the purchase of software, hardware, and technology services from the list of these items maintained by DIR and used by state agencies. DIR also would be required, based on that risk assessment, to verify the purchase transactions reports of the monthly sales of the items submitted by vendors.

State agencies and local governments contracting to purchase an automated information system would be required to comply with certain provisions under the cooperative contracting laws. They would be required to comply with the thresholds for the number of requests for prices that agencies have to obtain from vendors. The bill would eliminate a requirement that purchases comply with "any applicable" requirement in Government Code, ch. 2157 covering the purchase of automated information systems.

The bill would take effect September 1, 2017, and would apply only to contracts for which state agencies or local governments first advertise or solicit bids on or after that date, contracts extended on or after that date, and contracts for which change orders are submitted on or after that date.