



Financial Services
Purchasing Section

Contract Management Guide and Procedures Manual

November 2025

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Section 1. General Requirements

1.1 Introduction

The Financial Services Division, Purchasing Section, developed this Purchasing and Contract Management Procedures Manual. The manual is designed to provide guidance for the Texas Real Estate Commission (TREC) purchasing staff when procuring goods and services, managing agency contracts, and receiving goods and accepting services in accordance with the Texas Comptroller of Public Accounts' Contract Management Guide.

1.1.1 Purpose of the Manual

The primary purpose of this manual is to set forth clear, effective, and efficient purchasing and contract management procedures for the TREC Purchasing Section. By offering a standardized framework, our goal is to streamline processes, ensure transparency, and confirm that TREC's procurement activities align with State of Texas procurement and contracting guidelines.

1.1.2 Continuous Updates

This manual is subject to change. As new processes and procedures are established or existing ones are modified, this manual will be revised to reflect the most current and relevant information.

The TREC purchasing team will use the content of this manual as a resource to procure goods and services for the agency.

Contact the Purchasing Manager with any questions regarding this manual. Input and feedback are welcome as we strive for ongoing improvement and excellence.

1.2 Additional Resources

The Purchasing Section has developed additional resources to ensure accuracy and consistency when procuring goods and services for the agency. The Procurement Desk Procedures are located on the Procurement SharePoint site at [Procurement Procedures](#).

Note: The desk procedures include the State of Texas Contract Management Guide.

1.3 Public Information Requests

Public Information Requests (PIRs or Open Records Requests) must be submitted in writing. PIRs are time-sensitive and must be addressed immediately. Purchasing staff should notify the Purchasing Manager immediately when a PIR is received.

The agency has created a public information request form. The form is encouraged but not required. For more information about public information requests, see:

- TREC: <https://www.trec.texas.gov/public/request-public-information>
- TALCB: <https://www.talcb.texas.gov/public/public-information-request>

If a PIR is sent directly to a purchaser, the purchaser should send the following note requesting the notice be sent directly to the agency's PIO office:

Sample Email

"The Texas Public Information Act requires that public information requests be submitted via email or fax directed to the public information officer for the agency. Please direct your request to public.information@trec.texas.gov or by fax to (512) 936-3798. The public information officer or the officer's designee will respond to your request."

Thanks,

Purchaser Salutation

1.4 Executive Management Review and Approval

The Purchasing Section includes the Purchasers, the Inventory Specialist, and Purchasing Management. Purchasing has the authority to sign all agency Purchase Orders (POs). All other documents must be reviewed and signed by the Financial Services Director or Executive Management.

1.4.1 Review and Approval Process

Purchasers and the Inventory Specialist are required to obtain approval prior to issuing certain documents, purchases, contracts, and reports submitted outside the agency. Purchasers should allow adequate time to route documents for approval or signature.

1.4.2 Document Routing System

Financial Services and Purchasing's electronic document routing and signature system is [DocuSign](#).

A. Document examples (include but are not limited to):

1. Vendor documents requiring signature
2. Two-party contract documents
3. Government documents requiring agency signature

B. Signature Authority

This section defines the areas within the agency that have authority to review and sign documents.

1. Purchasing – Purchase Orders
2. Financial Services Director – Agency reports and certifications
3. Executive Director and specified designees – Two-party agreements; vendor quotes; other vendor documents; agency reports and certifications

1.4.3 Signature Routing

A. All contracts requiring signature should be routed via DocuSign using one of the following templates:

1. Contract Routing Form – Agency Certification Document
2. Contract Routing Form – Formal Contract
3. Contract Routing Form – Vendor Documents

- B. To access DocuSign templates, go to the 3rd tab titled Templates within DocuSign. If a customized template is needed, contact the Purchasing Manager.
- C. The vendor or other signees should sign the document before routing to the agency's Executive Management. The Purchasing Manager, the Financial Services Director, and/or General Counsel must review before routing outside the agency.

1.4.4 DocuSign Routing Roles

A. The Purchaser will:

1. Confirm the signature order prior to sending or moving to the next step; and
2. Insert the (1) date, (2) title, and (3) initial or signature lines.

B. Other routing roles:

1. Allow to Edit – Purchasing Manager and Finance Director. *Do not change*. This feature requires action before the document can move forward.
2. Needs to View – FYI only.
3. Needs to Sign – The document approver/signee must sign to complete the process.

1.5 General Counsel Review

The General Counsel (GC) for TREC and TALCB plays a vital role in the contracting process. Purchasing should seek GC assistance in the following circumstances (including but not limited to):

1. Developing, updating, or reviewing agency terms and conditions templates
2. Negotiating contracts on behalf of the agency
3. Contractor documents that require agency signature
4. Providing approval or guidance for companies with a forfeited tax status
5. Reviewing formal solicitation documents that exceed \$100,000
6. Addressing vendor presentations outside of the procurement process

1.6 Authority to Process Purchase Orders

Purchasers must obtain either peer review or management approval prior to issuing a purchase order (PO) in accordance with the thresholds listed below. Management peer reviews are required on all reports.

This applies to all purchase orders, contracts, and internal and external reports. Purchasers should ensure sufficient time is allotted for document routing and approval/signature.

Approval Thresholds

- Purchases up to \$1,000:
 - Purchaser I–III: Peer review required on all POs over \$500*
 - Purchaser IV–VIII: Peer review required on POs \$1,000–\$2,000
 - Purchasers with knowledge of the specific purchase category may review and provide feedback on a fellow purchaser's work.
- Purchases over \$2,000: Management approval required.

* Note 1: New employees are required to have 100% peer review until management approval.

1.6.1 Approval Process

All approvals and peer reviews will be documented on the PCC Checklist, with a digital signature and timestamp. Approvers may include notes or highlight issues on the checklist that require attention.

Procedure

1. The Purchaser emails the Peer Reviewer or Management.
2. The Peer Reviewer or Management reviews the PO or report.
3. Upon review, the Peer Reviewer or Management sends feedback via email—either correction notes or a digitally signed PCC Checklist.
4. Once the PCC Checklist is signed off, the Purchaser processes the PO, attaching the approved PCC Checklist to both the PO in CAPPs and the PO purchasing file.
PCC Checklist Naming Convention
Save as: PCC X Checklist – 25-0162 SJ

1.6.2 Proprietary Purchases

All proprietary and sole source purchases must be reviewed and approved by the Purchasing Manager and signed by the agency head prior to proceeding with the procurement process or issuing the purchase order.

1.7 Email Templates

The Purchasing Section has established email templates for communicating with vendors and agency customers for purchasing, contract management, receiving, and asset management. Templates are located at: [Email Templates](#).

1.8 Ethics and Professional Standards

The Purchasing Section is responsible for the procurement of agency goods and services and is entrusted with maintaining the agency's financial integrity by adhering to the highest ethical standards in every purchasing decision. Therefore, ethical conduct and integrity are of the utmost importance. Purchasers are obliged to guarantee fairness, honesty, and accountability, while also taking proactive measures to prevent both the appearance and reality of any conflicts of interest. All purchasing staff are required to review, sign, and submit [Non-Disclosure and Conflict of Interest Certification.docx](#) each fiscal year.

1.8.1 Definitions

1. Nepotism. A form of conflict of interest that involves an explicit act of using one's position to favor a relative. Relationships between family members are classified by consanguinity or affinity.
2. Appearance of Impropriety. Purchasers must conduct all procurement activities in a manner that avoids both actual impropriety and the appearance of impropriety. An appearance of impropriety exists when a reasonable person, knowing the relevant facts, could question the purchaser's honesty, integrity, impartiality, or ability to act in the best interest of the agency. Purchasers are responsible for ensuring their conduct, decisions, and relationships uphold public trust and reflect the highest ethical standards.

1.8.2 Annual Certification Requirement

Purchasing staff must maintain current SPD certifications (CTCD/CTCM) as required by Texas Gov't Code § 656.051–656.053 and 34 TAC § 20.133. Each purchaser is responsible for completing all required training and renewal activities before their certification deadlines.

1.8.3 The SAO Fraud Hotline and Reporting Process

Reports of fraud, waste, or abuse involving state resources may be submitted to:

- Through the SAO website
- By phone at 1-800-TX-AUDIT (892-8348)
- By mail to:
State Auditor's Office
Attn: IAS
P.O. Box 12067
Austin, TX 78711-2067

Individuals who report fraud may choose to remain anonymous.

1.9 Vendor Communication Procedures

Communication between TREC staff and vendors is encouraged and can be a valuable resource for understanding market conditions and available solutions. However, all communication must be conducted fairly and consistently to ensure equal opportunity for all vendors and to avoid any appearance of favoritism.

TREC staff should contact Purchasing staff when interacting with vendors and should use caution when engaging in one-on-one communication with vendors prior to contract award, as these interactions are subject to heightened scrutiny to maintain a level playing field. When uncertain about the appropriateness of any communication, staff should consult with the Purchasing Team, the Purchasing Manager, or General Counsel before proceeding.

The Statewide Procurement Division (SPD) has established a Vendor Communication Model to guide appropriate interactions with vendors. TREC Purchasing staff are expected to follow this model and ensure all vendor communication aligns with state procurement standards.

NOTE: One-on-one vendor discussions during active solicitations are not allowed.

1.10 Vendor Responsibility and Compliance Checks

Prior to recommending an award, executing a contract, or issuing a purchase order, the Purchaser must ensure that the selected vendor meets all State of Texas responsibility requirements. These checks are mandatory and must be documented in the procurement file in accordance with the Texas Comptroller's Contract Management Guide, the Texas Government Code, and the Texas Administrative Code.

1.10.1 Warrant / Payment Hold Verification

Before award, the Purchaser must verify that the recommended vendor is not on warrant/payment hold with the Texas Comptroller.

Required Actions

- Check the vendor's warrant/payment hold status in the Comptroller's system.
- Save proof of verification (printout or screenshot) in the procurement file.
- If the vendor is on hold:
- Notify the General Counsel, the Purchasing Manager and the requesting division.
- Award may not proceed until the vendor resolves the hold with the Comptroller.

1.10.2 Mandatory Anti-Boycott and Restricted Vendor Checks

State law requires verification that vendors do not participate in certain prohibited boycotts. For applicable contracts, the following certifications must be completed before award:

- Boycott of Israel – Texas Gov't Code § 2271
- Boycott of Energy Companies – Texas Gov't Code § 2274 (Subchapter A)
- Boycott of Firearms or Firearm Trade Associations – Texas Gov't Code § 2274 (Subchapter B)

1.10.3 Required Actions

- Ensure all required certifications are included in the solicitation.
- Obtain signed certifications from the recommended vendor prior to contract execution.
- Verify that the vendor is not listed on any state-prohibited entity lists related to these statutes.
- Place all printouts, certifications and verification documents in the procurement file.

1.10.4 Restrictions

- The agency must not award a contract to a vendor identified on any applicable prohibited vendor list.
- For renewals or amendments, the vendor must continue to meet all certification requirements.
- Purchasers must run checks each renewal cycle.

1.11 Vendor Performance Reporting (Contracts ≥ \$25,000)

For all contracts valued at \$25,000 or more, the agency must complete a Vendor Performance Report in the Comptroller's Vendor Performance Tracking System (VPTS).

Required Actions

1. Submit a Vendor Performance Report at:

- Contract completion
- Contract termination
- Specified milestones, if applicable

2. Evaluate the vendor's performance based on:

- Quality of goods/services delivered
- Timeliness

- Cost control
 - Compliance with contract requirements
 - Responsiveness and customer service
3. Purchasing Manager Approval
 - Review and approval must be obtained prior to submission.
 4. Save a copy of the completed report in the procurement file.

1.12 Additional Reporting

A report must also be submitted if:

- The contractor exhibits poor performance
- Disputes arise
- Material scope changes require re-evaluation

1.13 Documentation Requirements

The following documentation must be included in the procurement and contract file:

- Proof of warrant/payment hold check
- Anti-boycott certification forms
- Verification against restricted vendor lists
- Completed Vendor Performance Reports (VPTS)
- Any correspondence related to vendor eligibility or compliance

No award or contract execution may proceed until all required checks have been performed, verified, and filed.

1.14 Records Retention

To protect the agency's interests and ensure compliance with state requirements, all procurement and contract records must be retained in the proper format for the legally required period. Proper retention preserves transparency, supports audits and investigations, and ensures that the agency can respond to public information requests, claims, or litigation.

1.14.1 Process: Records Retention Requirements

1. Responsibility for Retention

The Contract Manager, or another designated agency employee, must ensure that all contract and procurement documents are retained in accordance with:

- Applicable state laws
- Texas State Library and Archives Commission's State Records Retention Schedule (RRS)
- The agency's approved Records Retention Schedule

2. Electronic Document Requirements

- Contract solicitation documents created or received electronically must be retained in their original electronic form.
- Paper copies may be kept, but the electronic version must remain accessible, including all formatting, formulas, and embedded data.

3. Minimum Retention Periods

Retention requirements differ based on contract execution date:

- a. Contracts executed on or after September 1, 2015
Retain contract records for AC + 7 years
("AC" means After Close: contract completion, expiration, or final resolution of all related actions such as litigation, audit, negotiations, or open records requests.)
- b. Contracts executed before September 1, 2015
Retain records for AC + 4 years, or longer if required by the agency's approved retention schedule.

4. Litigation or Audit Holds

No contract record may be destroyed if it is involved in:

- Litigation or claims
- Audits or investigations
- Public information requests
- Administrative review
- Negotiations or disputes

Records must remain intact until all issues are fully resolved.

5. Longer Retention Periods

If the agency determines there is a business need to keep records longer than the minimum schedule, the justification must be:

- Documented in writing
- Maintained with the retention schedule or contract file

Section 2. Purchasing Methods

2.1 Introduction

The Texas Comptroller of Public Accounts' (CPA's) Statewide Procurement Division (SPD) is responsible for delegating purchasing authority to state agencies. While it is the duty of agencies to process orders and make award decisions, SPD establishes minimum requirements to ensure consistency. SPD maintains the authority to withdraw this delegation if agencies fail to adhere to established procedures. Therefore, it is important that Purchasing staff follow agency purchasing procedures and the guidelines laid out in the [Texas Procurement and Contract Management Guide](#). TREC implemented the CAPPs Financial System on September 1, 2020. CAPPs is a web-based eProcurement system that integrates various aspects of agency operations, including:

- Budget management
- Approval processes
- Procurement
- Accounts payable
- Asset management

The workflow begins with identifying the need and submitting a requisition. The requisition then follows the approval workflow, which may include:

- Budget coding
- Division Director approval
- Executive Management approval
- IT approval (when applicable)

Once the requisition is fully approved, it is assigned to a Purchaser and processed in accordance with the purchasing guidelines.

2.2 Procurement Determination

The Purchaser must identify the appropriate procurement method while considering relevant exclusions, exemptions, and other statutory or procedural requirements. For certain procurements, SPD and DIR delegate specific procurement authority to agencies. The Purchaser should select the appropriate procurement method as early as possible to support an efficient procurement process and reduce the likelihood of re-soliciting.

Purchasers should consider the following categories when determining the proper procurement method. If the purchase does not fit a particular description, proceed to the next category until the appropriate method is identified.

Procurement Method Categories

SPD Non-Delegated Purchases	SPD Delegated Purchases	Information Technology Services	Other Purchases
<ul style="list-style-type: none"> • Set-aside Programs <ul style="list-style-type: none"> – Texas Correctional Industries – State Use Program • Term Contracts • TXMAS • Printing Services 	<ul style="list-style-type: none"> • Under \$10K • Goods \$10K–\$50K • Services \$10K–\$100K • Direct Publications • Internal Repair • Emergency Purchases • Proprietary Purchases 	<ul style="list-style-type: none"> • DIR Contracts • DIR Exemptions • RFO Procurement Methods 	<ul style="list-style-type: none"> • Professional Services • Consulting Services • Interagency Contracts • Request for Qualifications

NOTE: SPD has the authority to rescind delegated purchasing authority for noncompliance.

2.3 Electronic Posting Requirements

The [Electronic State Business Daily \(ESBD\)](#) is managed by the Comptroller’s Statewide Procurement Division (SPD). It is the State’s online directory listing procurement opportunities. TREC is required to post procurements with a contract value greater than \$25,000 to the ESBD, regardless of funding source. The contract value for ESBD posting means:

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

Minimum ESBD posting requirements are outlined below (see the CPA Contract Management Guide for full details).

2.3.1 Fourteen (14) Calendar Days

If posting the entire solicitation package, including all parts, exhibits, and attachments, the minimum posting period is 14 days.

2.3.2 Twenty-one (21) Calendar Days

If not posting the entire solicitation package to the ESBD, a notice of procurement must be posted. The notice must include all information necessary for a vendor to prepare a bid, proposal, or expression of interest, including at minimum:

1. A brief description of the goods or services to be procured, including applicable state product or service codes
2. The last date on which responses will be accepted
3. The estimated quantity of goods or services
4. If applicable, the previous price paid for the same or similar items
5. The estimated date goods or services will be needed

6. Name, business mailing address, business email address, and business telephone number of the state agency contact for inquiries

Best Practice:

Although 14 days meets statutory minimum requirements, SPD recommends 30 days or longer whenever feasible. Posting periods that are not commercially reasonable may reduce vendor participation and competition.

2.4 Procurement Numbering Systems

2.4.1 Purchase Requisition Numbering

Requisition numbers are automatically assigned in sequential order in CAPPs. The numbering is continuous and does not reset with each fiscal year.

2.4.2 Purchase Order Numbering

A. General Numbering

Purchase Orders begin with the three-digit agency number, followed by the fiscal year, and a four-digit sequence number (e.g., 329-22-1234).

The last four digits reset each fiscal year and follow the structure below:

1. 0000 – All purchases except those listed below
2. 5000 – Interagency Purchases
3. 6000 – Credit Card Purchases
4. 9000 – Contracts only (No PO number assigned to the purchase)

B. Multi-Year Contracts

Multi-year contracts retain the same PO number throughout the life of the contract, when possible.

Example:

- Initial year: 21-0023
- 1st Renewal: 22-0023
- 2nd Renewal: 23-0023
- 3rd Renewal: 24-0023

Credit Card Purchase Order Numbering

PO numbers are assigned by Purchaser under their designated series:

Purchaser	One-Time CC Purchase	Contract Purchase
Sandy	FY-6100	xx-6101, 6102, etc.
Kim	FY-6300	xx-6301, 6302, etc.
Regina	FY-6700	xx-6701, 6702, etc.
Keyarria	FY-6800	xx-6801, 6802, etc.

2.4.3 Purchasing Number Series

1. Credit Card Purchases That Do Not Require a Contract

One-time credit card purchases are added as a line item to the Purchaser's primary payment card PO.

Example:

Sandy needs to purchase a notebook on her credit card → She adds the item to her existing credit card PO.

2. Credit Card Purchases That Require a Contract

Because CAPPs allows only one contract per PO, Purchasers must create a separate PO from their assigned credit card series for credit card purchases tied to a contract.

Example:

Purchaser assigns:

- PO Number: 22-6101
- Contract Number: C22-6101

This ensures correct linkage between the PO and contract.

2.4.4 Contract Numbering

Contract numbers are assigned by the Purchaser and must begin with "C" followed by a six-digit number (e.g., C24-0001).

For multi-year contracts:

- Year 1: Contract # matches PO #
- Subsequent years: PO # changes based on fiscal year
- Contract # remains the same throughout

Example:

- Year 1: PO 24-0001 → Contract C24-0001
- Year 2: PO 25-0001 → Contract remains C24-0001

2.5 Contracts with No Purchase Orders

Contracts that are established with a zero-dollar value must still be documented and tracked in the agency's contract management system. When a contract does not require a purchase order:

1. The contract must be created and processed in the Contracts Module.
2. A fully executed copy of the contract must be uploaded and saved in the Contracts Module as part of the official contract file.

This ensures proper tracking, reporting, and compliance with agency and statewide contract management requirements.

2.6 Solicitation Method Guide

Use the following table to determine the appropriate solicitation method for formal and informal bids or quotes.

Solicitation Document	Typical PCC Code	Examples	IT (DIR)	IT Non-DIR	Non-IT
Email	D, E, I, K	Spot purchases for goods/services	Under \$25K	Under \$5K	Under \$10K
Pricing Request	D, F, I, K	IT hardware, software, services	\$25K–\$100K	\$10K–\$25K	\$10K–\$25K
IFB	E, F, K, L, Q, S	Office equipment, services	—	—	\$25K–\$50K (goods), \$25K–\$100K (services)
RFO	D, I	IT hardware, software, implementation services	\$50K–\$1M	\$10K–\$1M	—
RFP	Q, S (Doc Type 9)	Exam services	—	—	\$25K and over
RFQ	PCC S (Doc Type 9)	Auditing services; appraisal review	—	—	\$25K and over

2.7 Procurement Determination

The Purchaser is responsible for determining the appropriate procurement method, dollar threshold, and required approvals based on the estimated value and nature of the acquisition. All determinations must be documented in the procurement file in accordance with:

- Texas Comptroller's Contract Management Guide
- Texas Government Code
- SPD Rules

2.7.1 Prohibition on Dividing Purchases

Purchases may not be divided, split, sequenced, or separated to:

- Avoid competitive thresholds
- Circumvent SPD delegation
- Bypass ESBID posting requirements
- Reduce oversight or documentation

Violations may result in revocation of delegated purchasing authority.

2.7.2 Best-Value Determination

Purchases must be based on the best value to the State of Texas. Documentation must include:

- Price
- Delivery terms/schedule
- Quality and suitability
- Vendor performance history
- Total cost of ownership
- Any solicitation-specific best-value factors

The documentation must demonstrate how the selected vendor provides the greatest value to the State.

2.7.3 Consequences of Noncompliance

Noncompliance may result in:

- Revocation or suspension of delegated authority
- SPD conducting purchasing on behalf of the agency
- Audit findings and required corrective actions
- Mandatory additional training

Purchasers must ensure compliance with all state procurement requirements.

2.8 How to Process a Requisition onto a PO

Purchasers should use the following steps as a guide to process purchase requisitions and issue purchase orders.

NOTE: This section does *not* address solicitation requirements.

FMX – CAPPs Step-by-Step Instructions: [CPA - CAPPs Training - Link](#)

Step 1. Review the Requisition

1. Review the requisition workload.
2. Identify the requisition line item(s) to be processed.

Step 2. Determine Procurement Method

Refer to Section 2.2 – Procurement Determination to confirm the appropriate purchasing method.

Step 3. Process the Requisition

1. Navigate to the specific category and type of purchase for processing requirements.
2. Determine whether the goods or services are available through a pre-established State Contract (SPD or DIR). Confirm quantity and unit of measure.
3. Determine whether bidding is required:
 - o If bidding is required, prepare an informal or formal solicitation.
 - o If bidding is not required, obtain a quote or process as a delegated or non-delegated purchase.
4. Verify that the requisition has adequate funding.
5. If additional funds are needed, contact the division to submit a new requisition with additional funding.
6. Log in to CAPPs: [CAPPs Login](#).

Step 4. Determine if a Contract Is Required

1. A CAPPs contract must be established if the purchase is for:
 - o Services with an associated period of time (e.g., subscriptions, maintenance), or
 - o A blanket contract for goods or services.
2. A contract is not required for:
 - o Training services
 - o Services lasting less than one month
 - o Purchases under \$2,500

If a contract is required, contact the Requisitioner to determine the Contract Monitor.

Step 5. Move Requisition Line(s) to the Purchase Order in CAPPs

1. Designate a vendor.
2. Pull the requisition line items into the PO.
3. Update the line-item description to match the bid, SmartBuy order, or solicitation description.
4. Include the vendor's contact name, phone number, and email.
5. Designate the appropriate PCC Code.
6. Verify and update the class and item codes.

7. Include the agency contact or contract monitor (name, phone, email), if applicable.
8. Add start and end dates, if applicable.
9. Ensure the quote and PO information, quantities, and dollar amounts match.
10. Ensure the correct delivery address is selected. (*Deliveries to the agency should be to the CRD address.*)

Step 6. Attach Backup Documentation to the PO File in CAPPS

Backup documentation may include:

1. Quotes
2. Bids
3. PCC Checklists
4. Email correspondence
5. Proprietary Justifications
6. Unauthorized Purchase Justifications
7. Any other verification documentation

Step 7. Process the PO

1. Attach TREC Terms and Conditions, when applicable.
2. Notify the Purchasing Manager as required (see Section 1.4 – Purchasing Authority).
3. Obtain appropriate approvals.
4. Upon approval, issue the PO.

Note: Purchasers must include language on the PO requiring an agency signature upon delivery for purchases over \$2,000. *Exceptions require Management approval.*

Step 8. Issue the PO

1. Send the PO and required backup documentation to the vendor.
2. Include the requisitioner and vendor contact on the email notification.
3. If a contract number is assigned, notify the Contract Monitor.
4. If a signed receiving report is required, include the Inventory Specialist.
5. Place a copy of the signed PO in the Purchase Order file and upload it into CAPPS.
6. If the purchaser has the invoice, they must forward a copy to Accounts Payable along with the PO.

Section 3. SPD Non-Delegated Services

3.1 Introduction

When procuring goods and services through pre-established contracts, several methods may be used. To ensure compliance with the statutory authority, rules, procedures, and processes outlined by the CPA's SPD and DIR, it is imperative to adhere to their specific guidelines. The sections below outline essential steps for procuring equipment, goods, or services through SPD's non-delegated purchase methods. NOTE: See Section 6 for DIR purchases.

3.2 Set-aside Programs

The Texas Legislature established special programs through WorkQuest and Texas Correctional Industries (TCI). Agencies are required to purchase certain goods and services through these programs.

3.2.1 Texas Correctional Industries (TCI)

TCI, a division of the Texas Department of Criminal Justice (TDCJ), manufactures goods and services primarily through offender labor for purchase by Texas governmental entities. Most goods are accessible through Texas SmartBuy.

If requested items are not listed on SmartBuy, they can typically be found in the TCI Catalog. In these cases, issue a purchase order (PO) directly to TDCJ at tcj@tdcj.texas.gov and include:

"The award was made under the Prison Made Goods Act and is non-competitive."

TREC/TALCB may decline procurement from TCI when:

1. TCI grants a waiver.
2. SPD determines a TCI good or service does not meet agency requirements.
3. SPD certifies the same good or service is available elsewhere at a lower price, after TCI is given a final opportunity to negotiate.

3.2.2 State Use Program Exception

The Texas Workforce Commission (TWC) oversees the Texas State Use Program, administered by WorkQuest (formerly TIBH Industries). Only products and services approved by TWC are eligible set-aside purchases for state agencies on Texas SmartBuy.

Exceptions may apply when:

1. A WorkQuest product/service does not meet the agency's reasonable requirements; or
2. The requisition cannot be reasonably fulfilled using products/services produced by individuals with disabilities.

3.2.3 How to Process WorkQuest or TCI Orders

PCC: A, C

Statutory Reference: Texas Human Resources Code, Ch. 122; Texas Government Code, Ch. 497 (TCI)

Purchasers must utilize WorkQuest or TCI contracts before other methods. If the commodity or service (including AIS purchases) is not available under these contracts, proceed with a different method.

Most WorkQuest and TCI products/services are available under state term contracts through Smartbuy. Search at [TexasSmartBuy](#).

3.3 Term Contracts

SPD establishes term contracts for the purchase or lease of goods and services. These are available through the Texas SmartBuy catalog and typically do not require competitive bidding. TREC should not purchase from the open market if available through a term contract, unless the required quantity is below the term contract's minimum order quantity. Notify the Purchasing Manager if term-contract items are bypassed.

3.3.1 SmartBuy

PCC: A, C, H, or X

SPD establishes statewide term contracts commonly used by agencies. Contract terms vary by commodity/service.

3.3.2 Types of Term Contracts

- Automated Contracts: Ordered through SPD's online system.
- Managed Contracts: Processed manually due to specialized goods/services.

View all SPD contracts: <https://www.txsmartbuy.gov/browsecontracts>

3.3.3 SmartBuy Instructions

SPD provides detailed SmartBuy guidance: <https://www.txsmartbuy.gov/systemguides>

3.3.4 TREC-Specific Requirements

When processing SmartBuy orders:

1. Purchasers cannot purchase items beyond their certification level.
2. Each purchaser must use their unique login credentials.
3. Record all SmartBuy orders in CAPPs.

4. Include this CAPPS PO Header Comment:
“This Purchase Order is for internal purposes only. The SmartBuy PO will be automatically generated and sent to the vendor by SPD.”
5. Add the SmartBuy PO number to the PO Header and enter in the “TxSmartbuy PO ID field in CAPPS.

3.3.5 Automated Contracts

TREC processes automated contracts via an online connection with CPA. Enter commodity codes and quantities on the electronic PO.

3.3.6 Managed Contracts

Managed contracts are processed manually by preparing and emailing a PO directly to the vendor.

3.4 TXMAS

SPD established TXMAS to use multiple-award schedule contracts competitively awarded by the federal GSA. After SPD authorizes use, TXMAS contracts appear on the SPD website.

Before using statewide term or TXMAS contracts, agencies must first assess availability under set-aside programs (TCI, WorkQuest). When multiple TXMAS vendors offer similar products/services, conduct a best-value determination by collecting information/quotes from vendors offering the same or similar items.

- Quotes are mandatory for procurements over \$50,000.
- If the procurement exceeds \$25,000, post an award notice on ESBD.

TXMAS orders may be processed as SPD Automated or Managed, through Smartbuy, depending on contract establishment.

3.5 Change Orders

A Purchase Order Change Notice (POCN) is generated when modifying an established order. Purchasers may edit quantity, delivery date, and shipping address in Texas SmartBuy. Both Purchaser and Contractor receive an emailed POCN copy.

POCN Header must include:

1. POCN number, date, and purchaser initials
2. Explanation of the change
3. Smartbuy PO ID number

Example:

POCN1: 10/10/2024, RBD – Update pricing for Line 1, Equipment Maintenance Service.

NOTE: Add POCN language at the top of the page.

3.6 Historically Underutilized Business (HUB) Program Requirements

The State of Texas encourages HUB participation to promote equal contracting opportunities. This section establishes procedures for HUB subcontracting, solicitation requirements, participation monitoring, and compliance with Comptroller HUB rules.

3.6.1 HUB Subcontracting Applicability

Applies to competitive procurements \geq \$100,000, including:

- IFBs, RFPs, RFOs, RFQs, and similar
- Multi-award contracts
- Amendments creating new subcontracting opportunities or increasing value
- Professional services, consulting services, and technology projects

3.6.2 Determining HUB Subcontracting Opportunities

For procurements \geq \$100,000, determine whether subcontracting is probable considering:

- Scope, complexity, deliverables
- Prior similar contracts
- Availability of HUB vendors for any portion
- Feasibility of dividing work into categories

Document the determination in the file.

3.6.3 HUB Subcontracting Plan (HSP) Requirements

If subcontracting is probable, require an HSP with the response. Reject as non-responsive if:

- HSP is required but not submitted; or
- HSP is incomplete/deficient/unacceptable.

The solicitation must include HUB requirements, HSP templates/instructions, good-faith effort requirements, and a statement that failure to submit an acceptable HSP will disqualify the vendor.

3.6.4 Good-Faith Effort Requirements

Respondents must:

1. Identify subcontracting areas
2. Notify at least three (3) HUBs per area
3. Allow 7 working days to respond
4. Use the HUB Directory and CMBL
5. Document all outreach

If self-performing, include justification in the HSP.

3.6.5 CMBL and HUB Directory Searches

For procurements \geq \$100,000, purchasers must:

- Search HUB Directory for HUB subcontractors
- Search CMBL with relevant NIGP codes
- Include HUB vendors on the vendor list
- Document searches in the file

3.6.6 HSP Review and Approval

The HUB Coordinator reviews each HSP for compliance with TAC rules, form instructions, and good-faith effort documentation. Approve before award/negotiation.

3.6.7 Post-Award Monitoring of HUB Participation

For contracts with an HSP:

- Contractor must follow the approved HSP
- Contractor submits PARs (monthly/quarterly)
- Agency verifies actual HUB participation
- Substitutions require prior agency approval

Noncompliance may result in corrective action, payment withholding, termination, or other remedies.

3.6.8 Amendments Affecting HUB Participation

If an amendment:

- Increases value by 20%+, or
- Changes scope creating new subcontracting opportunities, then: contractor must submit a revised HSP; agency reassesses probabilities; HUB Coordinator approves before executing the amendment.

3.6.9 HUB Reporting and File Documentation

Maintain complete HUB documentation, including:

- HUB opportunity determination
- CMBL/HUB searches
- All HSPs and good-faith documentation
- HSP approvals
- PARs and monitoring records
- Performance notes/issues
- Revised HSPs for amendments

Report HUB utilization as required by the Comptroller.

3.7 Proprietary and Sole Source Purchases

A purchase is proprietary when specifications/conditions are unique to a single vendor and no equivalent exists. Proprietary purchases include products/services under exclusive rights (patent, copyright, trade secret).

1. Proprietary under SPD Delegation by Rule: Maintain a Proprietary Purchase Justification in the file and provide to SPD upon request. Not required for procurements ≤ \$10,000.
Examples: back-issue magazine only from publisher; conference available only from sponsor.
2. Proprietary Purchases > \$10,000: A solicitation is required and must include:
“These specifications are being advertised under Section 2155.067, Texas Government Code. Only bids conforming exactly to these specifications, including brand name(s), make and model number(s) specified, will be considered.”
3. Proprietary Sole Source ≤ \$25,000: No competitive bidding required. A proprietary purchase may be sole source or competitive and must be posted on the ESBD.

The Purchasing Section will work with the division to evaluate proprietary status, as it limits competition.

3.7.1 Types of Purchases

1. Proprietary: Distinctive features not shared by competitors; may be sole source or competitive.
2. Sole Source: Only available from a single source. *Examples: back-issue magazine; conference from sole sponsor.*
3. Competitive: Available from multiple vendors. *Example: software sold through multiple resellers.*

Section 4. SPD – Delegated Purchases

4.1 Introduction

A delegated purchase is a purchase made by an agency under SPD authority and subject to SPD rules/procedures, per CPA rules or statutory exemptions. Delegated procedures exclude mandatory set-aside programs and purchases explicitly authorized by statute.

Refer to the CPA Procurement Manual (Procurement Method – SPD Delegated Purchases) for minimum requirements and steps for determining and processing delegated items/services. Note: Professional memberships, perishable goods, distributor purchases, fuel/oil/grease, and emergency purchases are excluded from Delegated Purchases.

4.2 Vendor Identification

Resources include:

1. CMBL
2. HUB Directory
3. Vendor mailings/catalogs
4. Minority Development Centers
5. Chambers of Commerce
6. Business card file
7. Local sourcing
8. Internet/industry sites
9. End-user recommendations

4.3 Delegated Purchase Categories

PCC: E, F, G, Q, S, T

Four types:

1. Spot Purchases – Immediate, one-time ≤ \$10,000
2. Informal Bids – Competitive but less formal
3. Formal Bids – Larger-scale goods/services
4. Delegated Purchases with Approval – Require approvals beyond routine delegation (excludes IT Commodity Purchasing Procedure)

TREC is subject to audits. Non-compliance may result in withdrawn delegation. TREC is responsible for all purchases made on its behalf.

4.3.1 Commodities

Commodities include supplies, materials, equipment (not real property or services). SPD delegates authority up to \$50,000. Purchases over \$50,000 require CPA review/approval.

4.3.2 Services

Services include skilled/unskilled labor (not professional services). SPD delegates authority up to \$100,000. Provide a clear scope. Purchasers must not sign vendor maintenance agreements or T&Cs; send to General Counsel for Executive signature.

4.4 Contract Duration & Renewal Limitations

Generally limit contracts to 4–5 years (including renewals/extensions), unless business needs justify otherwise. Consult General Counsel early for longer terms.

If a term crosses fiscal years, include termination for non-appropriation, plus termination for mutual agreement, convenience, and cause.

4.5 Franchise Tax Status

Verify franchise tax status for POs issued without SPD/DIR contracts using the Texas Comptroller's Taxable Entity Search. If a vendor is not authorized to transact business, consult TREC/TALCB General Counsel before proceeding.

4.6 Tax Checks

Texas Government Code § 2252.903 requires warrant-hold verification between the 7th day prior to and the day of contract execution for specified transactions (incl. payment card purchases > \$500). Treasury-held funds are exempt. USAS payments are automatically checked.

To perform the check, the purchaser must have BlueZone, and the Accounting Manager must create a USAS account.

4.7 Determining Contract Value

“Contract value” is the estimated total potential payments over the life of the contract, including renewals, extensions, amendments, and, for multi-award purchases, the total anticipated value across all contractors. Include third-party payments (fees/commissions) even if not paid directly by the agency.

Example: 1 year + 3 renewals @ \$4M/year = \$16M (requires CAT review).

4.8 Evaluation Criteria

4.8.1 Overview

Solicitations must clearly state evaluation criteria, weights, and basis for award. Criteria must reflect essential requirements and enable consistent evaluation.

A. Establishing Evaluation Criteria

- Criteria clearly stated and weighted
- Required response info aligns to criteria
- Committee can evaluate consistently

Only published criteria may be used.

B. Common Evaluation Factors

- Scope/Approach
- Experience/Past Performance
- Price

C. Evaluating Price

Specify method in the solicitation.

- Reasonableness assessment (consulting)
- Objective scoring for straightforward buys

Example: Price Score = (Lowest Price ÷ Evaluated Price) × Max Points

D. Evaluation Process

Before posting, finalize: criteria/weights, scoring matrix, Evaluation Committee, and a process description. Follow published criteria exactly.

E. Practices Not Allowed

- Considering information not requested
- Penalizing for info not required
- Changing criteria/weights after posting

NOTE: Deviations may result in protest or reissue.

4.9 CAT and QAT Review Requirements

4.9.1 Contract Advisory Team (CAT) – ≥ \$5M

Submit solicitations ≥ \$5M to CAT through the POD portal before ESBD/Texas Register posting. Value includes full life, renewals, and amendments. Do not divide procurements to avoid thresholds.

- A. Submission – Complete package via POD; request expedited review if eligible.
- B. Post-Review – Implement CAT recommendations or justify deviations. Resubmit if substantial changes (e.g., 25%+ value increase, major scope revision).

4.9.2 Quality Assurance Team (QAT) – Major IR Projects

Notify QAT when advertising a major information resources solicitation (e.g., development costs > \$5M, multi-agency, or significant impact).

Notification – Required at advertisement.

4.9.3 Procurement Plan

For major projects ≥ \$10M, complete a procurement plan (service levels, performance standards, monitoring) before issuing.

4.9.4 Cloud Computing Review

If cloud deployment is not feasible, submit a justification to LBB (AIS) or QAT (major IR) at least 14 days before issuance.

4.10 Spot Purchases
PCC: E

Spot Purchases are ≤ \$10,000, from one vendor, and not available through a pre-established state contract. Purchasers should use good faith criteria to utilize HUBs and ensure a reasonable price. Use the CMBL to identify vendors and certified HUBs.

4.11 One-Time Purchases of Goods – ≤ \$50,000

SPD delegates one-time goods (incl. resale items) ≤ \$50,000 to agencies. Purchasers must develop good-faith cost estimates to determine delegation applicability.

4.12 Informal Bidding Procedures (\$10,000.01–\$25,000)

PCC: F or Q

Obtain written pricing; promote competition and include at least two HUBs when available. Use CMBL to identify vendors.

4.12.1 Informal Bid Methods

- A. Email Request – Send written request to one/more vendors for simple, known goods/services.
- B. Pricing Request – Send to multiple vendors to validate market and competition.

4.12.2 Informal Bid – Pricing Request Procedures

- 1. Review requisition (funding, description, dates)
- 2. Identify NIGP codes
- 3. Develop specifications/scope (clear, nondiscriminatory)
- 4. Vendor search via CMBL “All Vendors” with NIGP codes (≥ three vendors; include ≥ two HUBs when available; document if not)
- 5. Supplement list (if needed) with Executive Director approval; may include prior vendor
- 6. Document vendor list (print/save with date; add to file and CAPPs)
- 7. Solicit responses (consistent specs/deadlines)
- 8. Receive/tabulate responses; evaluate best value (price, delivery, compliance)
- 9. Select vendor and process award (issue PO; include terms or incorporate request by reference)

4.12.3 Documentation Requirements (CAPPs File)

Upload complete informal bid file, including:

PCC Checklist

- 1. Pricing Request (or informal IFB)
- 2. Vendor list (HUB status marked)
- 3. Awarded vendor’s response (*retain other responses in solicitation folder*)
- 4. Response tabulation with vendor contacts
- 5. Final PO and any contract documents
- 6. Approved proprietary justification (if applicable)
- 7. Supporting vendor verification documents
- 8. Final PCC Checklist confirming completeness

4.12.4 Distribution and Retention

1. Distribute PO (to division and contract monitor, if applicable)
2. Retain PO and supporting documents in the purchase file and CAPPS

4.13 Formal Solicitations

Delegated Purchase of Goods > \$25,000; Services \$50,000–\$100,000; or where SPD granted delegation. Formal solicitations require issuing to all CMBL vendors. Use IFB, RFP, or RFO forms.

PCC: S

Note: Do not sign vendor maintenance agreements or T&Cs; contract attorney reviews; Executive Management signs.

4.13.1 Solicitation Methods

1. IFB – Competitive, price-focused; award to lowest responsive or best-value; no negotiations.
2. RFP – Competitive; negotiations/BAFO allowed; may consider factors beyond price (common for services/complex commodities).
3. RFI – Pre-RFP information gathering to identify qualified prospects.
4. RFQ – Professional services; evaluate qualifications only; negotiate price after selection. Vendor proposals must include mandatory requirements (including cost if the method allows), but price is not a factor until after selection for qualifications-based methods.

4.13.2 Formal Solicitation Procedures (IFB, RFP, RFO)

- A. Planning & Eligibility
 1. Emergency status/justification (if applicable)
 2. NIGP codes
 3. Procurement plan (\geq \$100,000)
 4. Needs/risk assessment (\geq \$100,000)
 5. NDAs/COIs for all team/evaluators
 6. Specifications/scope of work
 7. Proprietary/sole source justification & approvals
 8. HUB assessment (\geq \$100,000)
- B. Governance & Review
 1. CAT review (\geq \$5M) via POD; implement or justify; resubmit if material changes
 2. QAT review (major IR); plans \geq \$10M; cloud justification as needed
 3. SPD Delegation Review – Goods > \$50K (OMR); Services > \$100K (POD)
- C. Evaluation & Preparation
 1. Evaluation Committee (objective, COI-free, NDAs)
 2. Timeline (include SPD/CAT/QAT periods)
 3. Finalize solicitation (division/legal/PM approvals)
 4. CMBL search (HUBs included; statewide for services \geq \$100K)
 5. Supplement list (Exec Director approval)

6. Finalize evaluation & scoring matrix
- D. Posting & Management
1. ESBD posting (14 days full / 21 days' notice)
 2. Pre-bid conference (if applicable)
 3. Q&A addenda
 4. Receive responses (late not accepted)
 5. Public opening (IFB: names & pricing unless not in State's interest; RFP: names only)
- E. Evaluation & Selection
1. Admin review; HUB reviews HSP (if required)
 2. Evaluation packets (separate cost; procedures)
 3. Score per published criteria; reference checks
 4. Tabulation; decide on presentations
 5. Presentations (if applicable)
 6. Final scoring; recommended awardee
 7. Draft contract & negotiate (RFP/RFO)
- F. Award, Reporting & Documentation
1. Form 1295 (contracts > \$1M)
 2. Vendor compliance checks (SAM/debarment; payment hold; anti-boycott; VPTS ≥ \$25K post-award)
 3. PCC checklist
 4. Route/execute contract (vendor then executive signatures)
 5. Issue PO (reference contract; send to vendor & monitor)
 6. ESBD award posting (≥ \$25K within 2 business days)
 7. LBB submissions (e.g., IT > \$100K; Professional/Consulting > \$50K) within 30 days
 8. Finalize solicitation file in CAPPs (all docs listed)
 9. Schedule contract kickoff (with monitor & vendor)

Section 5. Other Delegated and Non-Delegated Services

5.1 Introduction

Other delegated and non-delegated services include purchases that follow specialized statutory or SPD requirements. SPD grants agencies limited delegated authority for **emergency purchases, internal repairs, and direct publication purchases**, all of which must follow CPA rules and applicable procurement guidelines.

This section outlines procedures for these delegated items, as well as additional non-delegated services requiring specialized processing.

5.2 Emergency Purchases

PCC: D, F, Q, S, T

An emergency purchase responds to unforeseen circumstances requiring immediate action to avert a public threat or prevent undue additional costs. Lack of planning or impending fund expiration is not an acceptable justification. If the Governor issues a Declaration of Disaster, follow the CPA Contract Management Guide.

Responsibility for Declaration – TREC alone decides; include written justification in the file.

5.2.1 Procedure

1. Division completes emergency justification and submits with requisition in CAPPs.
2. Executive Management reviews and approves the requisition through the CAPPs approval process.
3. Purchasing Manager approves and files the justification.
 - a. Competitiveness – Strive to obtain at least three informal bids if ESBD posting is not feasible.
 - b. Posting – Emergencies > \$25,000 must be posted on ESBD; posting time may be adjusted.
 - c. Review/Duration – May trigger CAT/QAT depending on value; limit term to the emergency scope/duration.
 - d. Comptroller Requirements – Emergencies > \$25,000 require a written explanation and documentation to SPD.

Other Considerations

- a. Form 1295 for contracts > \$1M
- b. Save all backup documentation with the PO in CAPPs
- c. Post PO to LBB site (when applicable)

5.3 Internal Repair

An internal repair is the repair of state-owned equipment where the work cannot be reasonably defined until after disassembly/inspection. Initiated by unexpected service outages (e.g., sudden A/C failure requiring electrical repairs). Include labor and parts.

Required PO Statements:

1. "Internal Repair"
2. "Note to vendor: Not-to-exceed (insert limit) for repair services unless prior authorization is provided by the agency."

Other Notes

1. If > \$25,000, post solicitation and award to ESB.
2. If > \$100,000 and solicitation required, prepare a contract file.
3. Form 1295 (contracts > \$1M).
4. If additional funds are required, obtain a new requisition and issue a POCN. (*Competitive award is not required for internal repair.*)
5. Save all backup documentation with the PO in CAPP.

5.4 Direct Publications

Publications and professional memberships may be procured directly from the publisher if not available through a set-aside program, CPA term contract, TXMAS, or competitive bidding. Follow SPD guidelines. For direct publications > \$25,000, post on ESB for ≥ 14 days.

5.4.1 Direct Publication Declaration

Include on POs:

"Direct Publication/Professional Membership – Not available from any other source."

5.4.2 Examples of Direct Publications

Include, but not limited to:

1. Foreign publications
2. Out-of-print/rare publications
3. Back issues of magazines, journals, newspapers
4. Publications by professional societies
5. Audio/visual materials (films, audio presentations)
6. Computer software
7. Collections of the above; microfilm/microfiche
8. Library of Congress cards

For software to qualify, it must meet direct-publication criteria and be exempt from set-aside and DIR authority. Determine the appropriate method.

Note: Hardware and IT services may not be purchased as direct publications. SPD-delegated procurements remain subject to ESBDB posting and CAT/QAT requirements.

5.5 Statutorily Exempt

Certain goods/services are exempt from competitive bidding by statute. Reference the legal citation on the PO. See the Comptroller Contract Management Guide for details.

Consultation Requirement – General Counsel must confirm statutory exemption.

Processing – Exempt purchases are Document Type 9 with blank/“0” PCC. If not exempt under the GAA, Texas Government Code § 2151 et seq., or other statute, the purchase must be competed or supported by a proprietary justification.

Note: Doc Type 9 purchases are subject to post-payment audit (correct Doc Type/Object Codes).

Exempt Purchase Categories

1. PCC: None; Doc Type: 9
2. State Treasury Funds: Purchases with funds other than general revenue appropriations or funds not held in the treasury
3. Employee Payroll Exempt by Statute: Salary, FICA, FIT, health insurance

5.6 Legal Services

The OAG provides legal services to state agencies. Except as otherwise authorized, outside-counsel contracts must be approved by OAG and may require competitive procurement under OAG-prescribed conditions.

Unless exempted, publish an RFQ on ESBDB for ≥ 30 calendar days before selecting outside counsel, regardless of anticipated OCC liability.

See the CPA State Contract Management Guide for more information.

5.7 Volunteer Appraisal Reviewer (VAR) Process

TALCB utilizes experienced appraisers as Volunteer Appraisal Reviewers (VARs). The agency enters a two-year agreement (not to exceed \$2,800 for two years) to assist TALCB with appraisal reviews as part of trainee work-product applications.

VAR Procedures (*to be inserted/linked by agency*)

5.8 Interagency Contracts (IAC)

Interagency Cooperation Contracts are authorized by Texas Government Code, Ch. 771. They facilitate services (including technical), materials, and equipment.

Note: IACs are exempt from competitive bidding.

Requirements

1. Written Agreement signed by authorized representatives (unless exempt below)

2. Contract Specifications must define:
 - o Type/quantity of services/resources
 - o Basis for reimbursable costs
 - o Maximum allowed cost

3. Statutory Compliance certification that:
 - o Services are necessary/essential and align with agency functions
 - o Arrangement promotes efficient, economical administration
 - o Lowest-responsible-bidder requirements do not apply
 - o No party exceeds duties, responsibilities, or appropriations

Exemptions from Written IAC

1. Emergencies affecting civil defense/safety or planning for such emergencies
2. Governor-proposed economic development initiatives
3. Amounts < \$50,000

When exempt, document via letters of agreement or MOUs.

Best Practices – Include a fixed term/termination date to ensure periodic review of need, scope, and pricing.

5.9 Request for Qualifications (RFQ) Solicitation Method

An RFQ is used for professional services where respondents are evaluated solely on qualifications and skills. Price negotiations occur only after selecting the most qualified respondent.

Vendors submit qualifications for specified work; the agency reviews and requests a proposal (including cost) from the top-ranked vendor(s). Price is not a factor until after selection.

5.9.1 RFQ – Qualifications-Based Selection

The RFQ method selects the most qualified vendor based on demonstrated competence and qualifications. Pricing is not requested/evaluated until after selection. This process complies with the Texas Contract Management Guide, Texas Government Code, and SPD requirements.

5.9.2 RFQ Procedures

Qualifications-based procurement method used for Professional Services. Pricing is not evaluated until after the most qualified vendor is selected.

PCC: Q (or agency-specific code, if applicable)

Note: No cost evaluation occurs until after vendor ranking. Evaluators must avoid off-channel communication and maintain strict confidentiality.

A. Planning & Eligibility

1. Determine emergency status and prepare justification (if applicable)

2. Select NIGP code(s)
 3. Develop a procurement plan (when required)
 4. Review needs and risk assessment (as applicable)
 5. Require NDAs, COIs, and SAO nepotism disclosures
 6. Develop qualifications-based scope (no pricing; methodology descriptions permitted)
 7. Prepare proprietary or sole source justification and obtain required approvals
 8. Conduct HUB subcontracting assessment (\geq \$100,000); require HSP if probable; obtain HUB Coordinator approval before award
- B. Governance & Review
1. Establish Evaluation Committee
 - o Objective, impartial, free of conflicts
 - o All disclosures, NDAs, and COIs completed
 - o Members attend all applicable activities
 - o No off-channel vendor contact
 2. Determine whether a pre-proposal conference is needed
 3. Establish solicitation timeline (ESBD posting, Q&A, evaluation, negotiation, award)
 4. Finalize solicitation (Division, Legal, PM, and Committee review)
- C. Vendor Identification & Posting
1. Conduct vendor search (CMBL and HUB Directory); ensure HUB inclusion
 2. Document if fewer than two HUBs were found
 3. Print or save a dated CMBL list (file and CAPPs)
 4. Supplement vendor list as needed (Executive Director approval required)
 5. Determine whether Comptroller SPD review is required (rare for RFQs; only if non-delegated triggers exist)
 6. Confirm Evaluation Committee readiness (all disclosures complete)
 7. Post solicitation on ESBD (14 full days or 21-day notice)
- D. Solicitation Management
1. Issue solicitation to identified vendors
 2. Conduct pre-proposal conference, if applicable (record attendance and issue addendum)
 3. Respond to vendor questions via addendum only
 4. Collect responses by the deadline (late responses not accepted)
 5. Maintain confidentiality; RFQ responses are not publicly read
- E. Evaluation & Selection
1. Convene evaluation team; follow scoring procedures
 2. Conduct administrative review
 3. HUB Coordinator reviews HSP (if required)
 4. Remove any cost information submitted in error (segregate and exclude)
 5. Evaluate qualifications based on published criteria
 6. Perform reference checks
 7. Review tabulation and determine need for presentations or interviews
 8. Conduct vendor presentations, if applicable, and rescore when warranted
 9. Recommend the most qualified vendor

10. Notify selected vendor and begin cost negotiation
11. If negotiations fail, proceed to next-ranked vendor
12. Evaluate cost proposal (post-selection) for reasonableness and budget alignment
13. Draft contract (Purchasing and Legal)

F. Award, Reporting & Documentation

1. Maintain complete RFQ electronic file (responses, scoring materials, notes)
2. Form 1295 required for contracts \geq \$1M
3. Conduct pre-award responsibility checks:
 - Debarment (SAM)
 - Payment hold
 - Anti-boycott certification
 - Vendor Performance Tracking (VPTS)
4. Prepare PCC checklist (Doc Type 9 or applicable)
5. Route contract for approval (internal, vendor, executive)
6. Process award and issue PO referencing contract
7. Obtain appropriate approvals
8. Send PO to vendor, requisitioner, and contract monitor
9. ESD award posting (\geq \$25,000 within 2 business days)
10. Submit LBB reporting when required (IT \geq \$100K; Professional/Consulting \geq \$50K) within 30 days
11. Finalize CAPPs solicitation file, including:
 - RFQ and all addenda
 - Vendor lists
 - HSP documentation
 - Responses
 - Evaluation and tabulation
 - Responsibility checks
 - Negotiation documentation
 - Contract and PO
 - ESD and LBB confirmations
12. Schedule contract kickoff meeting (deliverables, expectations, reporting, monitoring)

Section 6. Automated Information Systems (AIS)

6.1 Introduction

Automated Information Systems (AIS) include hardware, software, cloud services, telecommunications, hosted systems, IT staffing services, and all information technology goods or services. State law requires agencies to procure AIS first through DIR Cooperative Contracts, unless the needed item is unavailable or an approved DIR Exemption (Waiver) applies.

Purchasers must coordinate all technology procurements with the IT Division (IRM) before initiating any procurement activity.

PCC Code: I – DIR Procurement

6.2 DIR Applicability Requirement (Mandatory Pre-Step)

Before taking any procurement action—including quotes, delegated purchases, or formal solicitations—the purchaser must determine whether the requirement falls under any of the following DIR contract categories:

1. Cooperative Contracts (hardware, software, cloud, IT services)
2. Texas.gov Services
3. Data Center Services (DCS)
4. Telecommunications Services (TEX-AN)

AIS purchases must be procured through DIR unless:

1. The product/service is not available through any DIR contract; and
2. The agency obtains a DIR Exemption/Waiver or qualifies for a Blanket Exemption.

No delegated or formal procurement steps may begin until this DIR determination is documented.

6.3 DIR Quote Requirements

If a DIR contract is available and meets the need, the purchaser must obtain competitive quotes according to DIR thresholds:

Contract Value	DIR Quote Requirement
Up to \$50,000	Direct award allowed
> \$50,000 to ≤ \$1,000,000	Obtain 3 DIR quotes
> \$1,000,000 to ≤ \$5,000,000	Obtain 6 DIR quotes
> \$5,000,000 to ≤ \$10,000,000	DIR allowed; best pricing must be demonstrated (6 quotes recommended)
> \$10,000,000	DIR cannot be used

DIR contract numbers must be included on all quotes and on the PO.

6.4 DIR Requirements for Services and SOWs

6.4.1 Commodity IT (Quotes Only)

Examples:

- Hardware
- Software licenses
- Maintenance and support agreements
- SaaS subscriptions without customization

6.4.2 Services Requiring a DIR Statement of Work (SOW)

A DIR-approved SOW is required for DIR service contracts \geq \$50,000, including:

1. Cloud services
2. DBITS services
3. IT staffing services
4. Managed IT services
5. Cybersecurity services
6. Digital/web development
7. Custom development, complex integration, project-based system implementation

Requirements:

- Use the appropriate DIR SOW template.
- Submit SOW to DIR when required.
- Obtain DIR approval before execution.
- SOW must be executed before work begins.

6.4.3 SOW Reviews Not Required For:

- Shared Technology Services
- Communications Technology Services
- Managed Telecommunications Services (follow DIR-specific CTS process)

6.5 Coordination with IT & TX-RAMP

6.5.1 IT Coordination

Purchasers must obtain written IRM approval for:

- DIR applicability
- TX-RAMP requirements
- Compatibility and security concerns
- System integration impacts

6.6 TX-RAMP Certification (Cloud Services)

Gov't Code § 2054.0593 requires TX-RAMP Level 1, Level 2, or Provisional certification before award or renewal.

IRM determines applicability. Approval/denial must be included in the procurement file.

6.7 DIR Exemption (Waiver) Requirements

PCC Code: D

A DIR Exemption is required when:

- The needed product/service is unavailable via DIR; or
- DIR procurement is impractical (compatibility, integration, proprietary constraints).

DIR Exemption Request must include:

- Product/service description
- DIR search results
- Justification why DIR contracts cannot be used
- IRM approval

Processing Notes:

- Under \$10,000: If DIR is unavailable, purchaser may buy outside DIR using a Blanket Exemption reference on the PO.
- Over \$10,000: A formal DIR Waiver must be submitted and approved before bidding or issuing a PO.

6.8 AIS Procurement Bidding Requirements

When DIR does not apply, or DIR has issued an exemption, purchasers must follow the agency's delegated purchase and formal solicitation requirements.

The following applies to all AIS procurements performed outside of DIR:

6.8.1 Delegated Competitive Pricing

If AIS procurement is outside DIR and below formal thresholds:

Purchaser must follow the delegated bidding requirements, including:

1. Review requisition and confirm funding.
2. Identify applicable NIGP codes.
3. Prepare clear AIS specifications.
4. Conduct CMBL vendor search ("All Vendors" list).
5. Contact at least three vendors, including two HUB vendors when available.

6. Document vendor list and save with date/time stamp.
7. Request written pricing with consistent specifications.
8. Evaluate best value (price, delivery, compliance, security impacts).
9. Verify vendor eligibility (SAM, payment hold, anti-boycott).
10. Upload complete file and issue PO.

6.8.2 Formal Solicitation Requirements (Section 4.13)

AIS procurements that exceed delegated limits or require a formal competition must follow the steps in Section 4.13, including:

- A. Planning & Eligibility
 - Emergency status review
 - NIGP codes
 - Procurement plan and needs/risk assessment
 - Proprietary/sole-source justification
 - HUB assessment
- B. Governance & Review
 - CAT review (\geq \$5M)
 - QAT review for major IR (\geq \$10M)
 - SPD Delegation Review (Goods > \$50K, Services > \$100K)
- C. Evaluation & Preparation
 - Establish Evaluation Committee
 - Set timeline
 - Finalize solicitation
 - Conduct CMBL search and supplement list
 - Finalize evaluation matrix
- D. Posting & Management
 - ESBD posting
 - Pre-bid/pre-proposal conference
 - Addenda and Q&A
 - Receipt and validation of responses
 - Public opening when applicable
- E. Evaluation & Selection
 - Administrative review
 - HUB review of HSP
 - Evaluation and scoring
 - Presentations/interviews
 - Negotiation (RFP/RFO)
- F. Award & Documentation
 - Form 1295 (\geq \$1M)
 - Vendor responsibility checks
 - Route and execute contract
 - Issue PO
 - ESBD and LBB posting
 - CAPPs file completion
 - Schedule kickoff meeting

6.9 DIR and Non-DIR Documentation Requirements

The AIS procurement file must include, as applicable:

DIR Purchases

- DIR applicability determination
- DIR quotes
- Approved DIR SOW
- Best-value justification
- DIR contract number
- IRM approval
- PO referencing DIR contract

Non-DIR Purchases (Delegated or Formal)

- Vendor list and HUB outreach
- Price/evaluation tabulation
- Proprietary justification
- SPD/CAT/QAT documentation
- TX-RAMP verification (when applicable)
- Executed contract and PO
- Final PCC Checklist
- CAPPs upload confirmation

6.10 Additional AIS Requirements (> \$1,000,000)

For AIS contracts exceeding \$1,000,000:

1. TEC Form 1295
2. LBB reporting within 30 days
3. VPTS reporting at milestones or completion
4. Review for CAT/QAT triggers

6.11 Training Requirements

All purchasing personnel engaged in AIS procurements must complete:

1. DIR-certified Cybersecurity Training
2. Generative AI Training (HB 2060), if applicable

Certificates must be retained in compliance files.

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Section 7. Payment Card Program

7.1 Introduction

The payment card must be used per the State of Texas Procurement and Contract Management Guide, 34 TAC § 5.57, and TREC policy. It is a delegated purchasing method for low-dollar, non-recurring, or urgent needs when a PO is not accepted or an expedited process is required. Payment cards do not replace competitive requirements, vendor responsibility checks, or best-value obligations.

All purchases must comply with: state thresholds; prohibited vendor lists; warrant/payment hold (Gov't Code § 403.055); boycott restrictions (Israel, firearm entities, energy companies); vendor performance considerations; and TREC internal controls. Split purchases are not allowed.

7.2 How to Obtain a Payment Card

1. Employee completes the TREC Payment Card Application, obtains Division Director approval, and submits to the Division Director.
 2. Employee completes required payment card training.
 3. Issuance is contingent on training completion.
 4. Purchasing Manager issues the card (in-person or express mail).
- Note: Cards are issued only to Purchasers in Financial Services.*

7.3 Payment Card Agreement

Cardholders must sign the Acknowledgement of Receipt prior to activation and return it to the Purchasing Manager.

7.4 Requirements

Cardholders must: use the card only by the named cardholder; secure the card; use solely for official business; verify vendor eligibility; stay within single-transaction and monthly limits; reconcile charges and maintain a log; never bypass purchasing policy; never make personal purchases; and return the card upon transfer or termination. Noncompliance may result in discipline and loss of privileges.

7.5 Credit Limits

Monthly limits are set by the State Program Administrator. Changes require a Cardholder Maintenance Form with Division approval; Purchasing submits to US Bank.

7.6 Card-Not-Present Transactions

Verify vendor acceptance, confirm processing, and retain documentation.

7.7 Requisition Requirement

A requisition must be approved before any payment card transaction. A requisition not converted to a PO is unauthorized unless the Purchasing Manager authorizes in writing.

7.8 PO Assignments

Each cardholder has a unique PO; all card transactions for the fiscal year are logged to that PO. A new PO is issued annually.

7.9 Payment Card Website

Program information: <https://comptroller.texas.gov/purchasing/programs/charge-card/usbank.php>

7.10 Procurement Transaction Verification

Each transaction must:

- Be added to the PO with correct quantity/unit price/extension;
- Include backup: receipt(s), requisition/PO, vendor checks, warrant hold (> \$500), boycott certifications (if applicable);
- Be logged in the Payment Card Transaction Log;
- Be reconciled with the monthly statement.

Vendor Responsibility (retain in file):

- Not on Payment Hold (§ 403.055)
- Not debarred or on prohibited lists
- Not on boycott lists (Energy, Firearms, Israel)
- In good standing with the State

7.10.1 Transaction Log Template

Available at: [Transaction Logs](#)

7.10.2 Statement Reconciliation

Reconcile the log and statement; update entries; attach all receipts to the online PO folder; notify A/P of discrepancies.

7.11 Sales & Use Tax

Ensure tax is not charged; request correction if charged.

7.12 Capital/Controlled Assets

Not permitted without written Director of Finance approval. If approved, use correct asset object code and enter the vendor's TIN/PIN/VID in USAS (not US Bank).

7.13 Cardholder Security

Safeguard the card and number; do not post card info; the card is for the named cardholder only.

7.14 Prohibited Purchases

Per 34 TAC § 5.57(g) and CPA guidance: personal purchases; cash advances; consulting services (Gov't Code § 2254); items requiring prior approval from another state agency; purchases barred by Comptroller rules; purchases from vendors prohibited by statute (§ 403.055, § 2107.008, Educ. Code § 57.48/§ 57.482, Family Code § 231.007); GAA violations; automotive fuel; split purchases; items requiring CAT/QAT major IT oversight; firearms/ammunition/explosives; gift cards/food unless expressly authorized; unapproved recurring subscriptions.

7.15 Liability Requirements

(US Bank references preserved.) Lost/stolen cards must be reported immediately to US Bank (1-800-248-4553) and the Program Administrator. Liability limits remain as written.

7.16 Returns, Credits, Disputes

Credits must return to the same card; no cash refunds. Document in the log. Attempt vendor resolution; if unresolved, file a US Bank dispute within 60 days (use bank form if requested).

7.17 Reporting Fraudulent Use

Report immediately to: Director of Finance (512-936-0102) and US Bank (800-987-6591).

7.18 Separation/Termination

Return the card immediately; Program Administrator deactivates upon notice.

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Section 8. Contract Management

8.1 Introduction

TREC manages contracts in accordance with Texas Government Code Chapters 2155, 2261, and 2262; the State of Texas Procurement and Contract Management Guide (Version 4.0); the State Procurement Manual; DIR requirements; and all applicable statewide oversight and reporting mandates.

Contract management begins after contract execution and continues through performance monitoring, amendments, renewals, invoice review, reporting, and close-out. Purchasing oversees compliance, while requesting divisions serve as subject-matter experts and day-to-day Contract Monitors.

8.2 Conflict of Interest & Ethical Standards

All staff involved in procurement or contract management must avoid not only actual conflicts but also the appearance of impropriety (Texas Ethics Policy; Standards of Conduct; Penal Code Ch. 36 & 39).

Requirements include:

- Mandatory Non-Disclosure & Conflict of Interest Certifications for all participants (evaluators, purchasers, reviewers).
- Disclose any actual or potential conflicts immediately.
- Remove any individual with a conflict from the procurement or contract process.
- Report suspected fraud, waste, or abuse to agency leadership and SAO.

8.3 Overview of the Contract Management Lifecycle

Contract management covers all activities after award:

1. Planning & Risk Assessment
2. Kickoff Meeting
3. Monitoring & Performance Oversight
4. Invoice Review & Payment Approval
5. Change Management (Amendments)
6. Issue Resolution & Dispute Handling
7. Renewals or Extensions
8. Close-Out
9. Vendor Performance Reporting (VPTS)

Purchasing (CTCM-certified staff) leads compliance; Divisions appoint a Contract Monitor for daily operational oversight.

8.4 Contract Manager Responsibilities

Contract Managers must:

- Ensure contractor performance meets all deliverables, specifications, SLAs, and timeframes.
- Monitor compliance with reporting, security, privacy, and confidentiality requirements.
- Verify acceptance of goods/services; coordinate testing/inspection when required.
- Maintain the official contract file in CAPPs (fully documented).
- Perform and document risk assessments and enhanced monitoring when required.
- Coordinate with the Contract Monitor and legal counsel on issues, disputes, amendments, contractor failures, and terminations.
- Ensure VPTS reporting occurs for every contract \geq \$25,000.

8.5 Risk Assessment & Enhanced Monitoring

8.5.1 Initial Risk Assessment

Before contract execution, Purchasing performs a documented assessment evaluating:

- Contract value
- Contract complexity
- Technology/cybersecurity risks
- Payment structure (advance, deliverables-based, hourly)
- Contractor history (VPTS scores; past performance)
- Mission-criticality

8.5.2 Enhanced Contract Monitoring (ECM)

Required when:

- Contract value or complexity creates high risk
- Deliverables are mission-critical
- Contract is identified through internal risk procedures
- SAO assigned an “additional monitoring warranted” rating

Enhanced monitoring requires:

- More frequent reporting
- Meetings/inspections
- Additional documentation
- Notification to executive leadership

8.6 Post-Award Contract Kickoff Meeting

A mandatory Post-Award Contractor Conference must:

- Review SOW requirements, deliverables, and milestones
- Establish communication channels
- Review invoice requirements
- Confirm performance metrics
- Review change control and amendment procedures
- Address security, confidentiality, and access protocols

Minutes must be retained in the contract file.

8.7 Contract Monitoring Methods

Monitoring is ongoing and must be risk-based.

Acceptable Monitoring Tools

- Desk reviews (deliverable verification)
- Site visits (if relevant)
- Vendor reports (usage, SLAs, uptime, staffing)
- Testing/inspection of goods/services
- Financial capability checks
- Third-party validation (e.g., for IT security or data reporting)

Contract Monitor must document:

- Non-performance
- Corrective action plans
- Deliverable acceptance/ rejection
- Communications with the vendor

8.8 Invoicing, Payment, and Acceptance

Invoices must include required elements (vendor name, remit-to, PO number, description, quantities, dates, etc.).

Purchasing responsibilities:

- Verify correct pricing, contract terms, and deliverable completion
- Confirm acceptance by Contract Monitor
- Ensure no advance payments unless statutorily authorized
- Hold payment if deficiencies exist

Contract Monitor responsibilities:

- Validate deliverables or services were received
- Provide written acceptance to Purchasing
- Report disputes immediately

8.9 Change Control & Contract Amendments

Amendments must not be used to circumvent procurement rules.

Types of Amendments:

- Administrative changes (address, contact)
- Substantive changes (scope, price, term, deliverables)
- Constructive changes (resulting from agency action—must be corrected formally)

All substantive changes require:

- Legal review
- Executive approval (as required)
- Reassessment of risk, HSP, and monitoring needs

8.10 Dispute Resolution & Vendor Issues

Use progressive steps:

1. Informal resolution between Contract Monitor and vendor
2. Written notice of deficiency
3. Corrective Action Plan (CAP)
4. Cure notice (if required)
5. Escalation to legal counsel
6. Termination for cause or convenience

Documentation is mandatory at every step.

8.11 Extensions, Renewals, and Terminations

Renewals must:

- Be permitted by the original contract
- Be in the State's best interest
- Be reviewed for vendor performance, pricing, market conditions, and risk

Terminations must follow Guide provisions for:

- Mutual agreement
- Termination for convenience
- Termination for cause

- Termination due to non-appropriation

All actions must be documented and routed through legal counsel.

8.12 Vendor Performance Tracking (VPTS)

Required for:

- All contracts \geq \$25,000
- At renewal, completion, or termination

Scores influence future vendor selections and statewide vendor status.

8.13 Contract Close-Out

Close-out requires:

1. Verification that all deliverables were received and accepted
2. Final invoicing/payment completed
3. All property or data returned
4. VPTS reporting submitted
5. Contract file finalized in CAPPs with all documentation
6. Completion memo issued

No contract may be closed until all issues, claims, audits, and disputes are fully resolved.

8.14 Records Retention

Required retention (Gov't Code § 441.1855):

- AC + 7 years for contracts executed on or after 9/1/2015
- AC + 4 years for contracts prior to 9/1/2015
- Longer if litigation, audit, or claims are pending
- Electronic solicitation documents must be maintained in original format

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Section 9. Vendor Protest Procedures

TITLE 22, PART 23, CHAPTER 534 GENERAL ADMINISTRATION

The Texas Real Estate Commission (TREC)
adopts amendments to 22 TAC §534.7, Vendor Protest Procedures,
in Chapter 534, General Administration, without changes,
as published in the June 7, 2024, issue of the Texas Register (49 TexReg 4008).
Filed with the Office of the Secretary of State on August 22, 2024. TRD-202403885

Effective date: September 11, 2024

[§534.7. Vendor Protest Procedures](#)

Vendor Protest Procedures

(a) The purpose of this section is to provide a procedure for vendors to protest purchases made by the Commission and the Board. Protests of purchases made by the TFC on behalf of the Agency are addressed in 1 TAC Chapter 111, Subchapter C (relating to Complaints and Dispute Resolution). Protests of purchases made by DIR on behalf of the Agency are addressed in 1 TAC §201.1 (relating to Procedures for Vendor Protests and the Negotiation and Mediation of Certain Contract Disputes and Bid Submission, Opening and Tabulation Procedures). Protests of purchases made by the Statewide Procurement Division of the Comptroller on behalf of the Agency are addressed in 34 TAC Chapter 20, Subchapter F, Division 3 (relating to Protests and Appeals). The rules of TFC, DIR, and the Comptroller are in the Texas Administrative Code, which is on the Internet website of the Office of the Secretary of State, Texas Register Division at: www.sos.state.tx.us/tac/index.shtml.

(b) Any actual or prospective bidder, offeror, or contractor who believes they are aggrieved in connection with the solicitation, evaluation, or award of a contract may formally protest to the Agency. Such protests must be in writing and received in the office of the Chief Financial Officer within ten working days after such aggrieved person knows, or should have known, of the occurrence of the action which is protested. Formal protests must conform to the requirements set forth in subsection (c) of this section. Copies of the protest must be mailed or delivered by the protesting party to all vendors who have submitted bids or proposals for the contract involved.

(c) A formal protest must be sworn and contain:

- (1) a specific identification of the statutory provision(s) that the action complained of is alleged to have violated;
- (2) a specific description of each act alleged to have violated the statutory provision(s) identified in paragraph (1) of this subsection;
- (3) a precise statement of the relevant facts;
- (4) an identification of the issue or issues to be resolved;
- (5) argument and authorities in support of the protest; and
- (6) a statement that copies of the protest have been mailed or delivered to other identifiable interested parties.

(d) The Chief Financial Officer shall have the authority, prior to appeal to the Executive Director or the Executive Director's designee, to settle and resolve the dispute concerning the solicitation or award of a contract. The Chief Financial Officer may solicit written responses to the protest from other interested parties.

(e) If the protest is not resolved by mutual agreement, the Chief Financial Officer will issue a written determination on the protest.

- (1) If the Chief Financial Officer determines that no violation of rules or statutes has occurred, the Chief Financial Officer shall so inform the protesting party and interested parties by letter which sets forth the reasons for the determination.
- (2) If the Chief Financial Officer determines that a violation of the rules or statutes has occurred in a case where a contract has not been awarded, the Chief Financial Officer shall so inform the protesting party and other interested parties by letter which sets forth the reasons for the determination and any appropriate remedial action.
- (3) If the Chief Financial Officer determines that a violation of the rules or statutes has occurred in a case where a contract has been awarded, the Chief Financial Officer shall so inform the protesting party and other interested parties by letter which sets forth the reasons for the determination and any appropriate remedial action. Such remedial action may include, but is not limited to, declaring the purchase void, reversing the award, and re-advertising the purchase using revised specifications.

- (f) The Chief Financial Officer's determination on a protest may be appealed by an interested party to the Executive Director or the Executive Director's designee. An appeal of the Chief Financial Officer's determination must be in writing and must be received in the office of the Executive Director or the Executive Director's designee no later than ten working days after the date of the Chief Financial Officer's determination. The appeal shall be limited to review of the Chief Financial Officer's determination. Copies of the appeal must be mailed or delivered by the appealing party to other interested parties and must contain an affidavit that such copies have been provided.
- (g) The general counsel shall review the protest, the Chief Financial Officer's determination, and the appeal and prepare a written opinion with recommendation to the Executive Director or the Executive Director's designee. The Executive Director or the Executive Director's designee may, in their discretion, refer the matter to the Commission at a regularly scheduled open meeting or issue a final written determination.
- (h) When a protest has been appealed to the Executive Director or the Executive Director's designee under subsection (f) of this section and has been referred to the relevant Commission or Board by the Executive Director or the Executive Director's designee under subsection (g) of this section, the following requirements shall apply:
- (1) Copies of the appeal, responses of interested parties, if any, and the general counsel's recommendation shall be mailed to the Commission members and interested parties. Copies of the general counsel's recommendation and responses of interested parties shall be mailed to the appealing party.
 - (2) All interested parties who wish to make an oral presentation at the Commission's open meeting are requested to notify the office of general counsel at least two working days in advance of the open meeting.
 - (3) The Commission may consider oral presentations and written documents presented by staff, the appealing party, and interested parties. The chair of the Commission shall set the order and amount of time allowed for presentations.
 - (4) The Commission's determination of the appeal shall be by duly adopted resolution reflected in the minutes of the open meeting and shall be final.
- (i) Unless good cause for delay is shown or the Executive Director or the Executive Director's designee determines that a protest or appeal raises issues significant to procurement practices or procedures, a protest or appeal that is not filed timely will not be considered.
- (j) In the event of a timely protest or appeal under this section, a protestor or appellant may request in writing that the Agency not proceed further with the solicitation or with the award of the contract. In support of the request, the protestor or appellant is required to show why a stay is necessary and that harm to the Agency will not result from the stay. If the Executive Director determines that it is in the interest of the Agency not to proceed with the contract, the Executive Director may make such a determination in writing and partially or fully suspend contract activity.
- (k) A decision issued either by the Commission in open meeting, or in writing by the Executive Director or the Executive Director's designee, shall constitute the final administrative action of the Agency.

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Section 10. Reporting

10.1 Introduction

TREC must comply with statewide reporting requirements to ensure transparency, accountability, and proper oversight of purchasing and contracting activities. These requirements are in compliance with state law, CPA rules, DIR requirements, and LBB guidance. This section outlines all required procurement- and contract-related reporting, including what must be submitted, when it is due, and who is responsible.

10.2 Texas Purchasing from People with Disabilities (TPPD) – Monthly Reporting

Agencies must report monthly expenditures for goods and services purchased from WorkQuest by the 15th of each month, under Texas Human Resources Code Chapter 122 and Texas Government Code §2155.441.

10.2.1 Run WorkQuest Expenditure Report in CAPPs

1. Open Business Objects portal in CAPPs.
2. Navigate to: CAPPs Financials Reports > Purchasing > TIBH Procurement Report.
3. Enter Business Unit: 32900.
4. Enter date range for previous month.
5. Export to Excel.
6. Save as “Backup Data – MM.DD.YY” to *SharePoint – State Use Reporting*.

10.2.2 Run WorkQuest Class Code Report

1. Open Business Objects in CAPPs.
2. Select State Use Report: 15756501 (TREC-developed).
3. Select Design, then Edit Data Provider.
4. Enter reporting month dates.
5. Run query and export to Excel.
6. Save as “Exception Report – MM.DD.YY” to *SharePoint – State Use Reporting*.

10.2.3 Maintain Monthly Expenditure Tracking Log

1. Use the Expenditure Log to record all goods and services purchased through WorkQuest.
2. Contract monitors must provide consumption/usage information as applicable (e.g., shredding, temporary staffing hours).
3. Save and update the master log in *SharePoint – State Use Reporting*.

10.2.4 Submit Monthly Report in TPPD Portal

1. Log in to the Texas SmartBuy website.
2. Under My Account, select TPPD.
3. Enter totals for goods and services.
4. Mark “No Exceptions” if applicable.
5. If exceptions exist, report each exception individually, including required justification.

6. Save a screenshot of the submitted report to the *State Use Reporting > Posting Confirmation* folder in SharePoint.

10.3 Website Transparency Posting Requirements

Required by Texas Government Code §§ 2051.126, 2261.253, and 2155.083.

10.3.1 Contracts That Must Be Posted

For contracts not posted to the LBB Contracts Database, agencies must post on their public website the:

- Executed contract
- Statutory authority for non-competitive procurements
- RFP or solicitation document (for competitively bid contracts, posted through the end of the contract term)

10.3.2 Required Redactions

Redact confidential or protected information, including:

- Information excepted under the Public Information Act
- Social Security numbers
- Proprietary vendor information
- Information protected by state or federal privacy laws

10.3.3 Posting Timelines

- Contracts < \$15,000: may be posted monthly.
- Contracts ≥ \$15,000: post promptly after award.

10.3.4 Exemptions

- Interagency contracts
- Interlocal contracts
- MOUs
- Contracts already posted in the LBB Database
- Zero-dollar contracts
- Certain higher-education contracts less than \$15,000 funded by non-appropriated funds

10.4 Vendor Performance Reporting (VPTS)

(Required under Texas Gov't Code §2155.089)

Purchasing must report vendor performance in VPTS:

10.4.1 When to Report

- All purchases ≥ \$25,000
- Milestones for contracts ≥ \$5,000,000
- Annually for multi-year contracts
- Close-out of any contract ≥ \$25,000
- Immediately when a vendor demonstrates serious non-performance

10.4.2 What to Report

- Quality of goods/services
- Timeliness
- Financial management
- Corrective action plans
- Final score and narrative comments

10.4.3 Documentation

Supporting documentation (emails, deficiency notices, acceptance records) must be retained in the contract file.

10.5 HUB Reporting & Compliance

(Required under Government Code Chapter 2161 and 34 TAC §20.285)

10.5.1 Agency Responsibilities

- Track monthly HUB expenditures internally.
- Maintain adequate documentation identifying HUB and non-HUB spend.
- Identify subcontracting opportunities during solicitation development (HSP requirements > \$100,000).

10.5.2 Prime Contractor Requirements

- Monthly reporting of subcontracting payments
- Notice of any changes to subcontractors
- Notice of proposed substitution or termination
- Progress reporting if required by the contract

Purchasing must enforce compliance with the HSP and report to management any changes requiring HUB office review.

10.6 LBB Contract Reporting Requirements

(As required by Texas Government Code §§ 2054.008, 2261.254, and LBB instructions)

Report applicable contracts to the LBB Contracts Database within required timelines.

10.6.1 Reportable Contracts

Submit report if value meets or exceeds:

- Professional and Consulting Services: > \$50,000
- Information Technology Contracts: > \$100,000
- Amendments or renewals that cause the total value to exceed thresholds
- Emergency contracts, if applicable

10.6.2 Required Documentation Upload:

- Contract summary
- Solicitation documents
- Signed contract
- Amendments/renewals
- Attestations (if required)
- Required LBB forms

Purchasing must maintain confirmation of submission in the CAPPs contract file.

10.7 ESBD – Notice of Award Posting

(Required by Texas Gov't Code §2155.083 and 34 TAC §20.214)

10.7.1 Award Posting Requirement

Within 2 business days of award > \$25,000, Purchasing must post the Notice of Award to the ESBD.

Must include:

- Requisition number
- Class/Item codes
- Agency name
- Response Title/Description
- Award Amount
- Award Status
- HUB status
- Vendor name and address

10.7.2 Notice of Non-Award

If the solicitation resulted in no award, post a Non-Award Notice within 2 business days.

Retain posting confirmation in the purchase and solicitation files.

10.8 DIR Reporting Requirements (Applicable to AIS Procurements)

(Aligned with Section 6; Required by Gov't Code §2157.068)

For technology contracts purchased through DIR or DIR SOW processes:

- Maintain DIR quotes in the file
- Post award information if required by ESBD rules
- Upload contract records in CAPPs with DIR contract number
- Track and report usage if DIR contract requires usage reporting

DIR SOW documents are subject to the same retention, documentation, and posting requirements as standard contracts.

10.9 Additional Oversight Reporting

Depending on contract type or value, additional reporting may be required:

10.9.1 CAT Reporting (Contract Advisory Team)

For procurements ≥ \$5 million, submit solicitation to CAT and upload final contract documents following award.

10.9.2 QAT Reporting (Quality Assurance Team)

For Major Information Resource Projects (MIRPs \geq \$10 million):

- Submit required QAT deliverables
- Report project updates at defined intervals
- Document QAT approval in the contract file

10.9.3 SAO Reporting

Serious Contract Monitoring Failures must be reported to the SAO in accordance with Texas Government Code §2261.254.

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Section 11. Receiving

11.1 Introduction

This section outlines receiving procedures in CAPPs. Accurate and timely receiving ensures compliance with state requirements and the Texas Prompt Payment Act, supports asset tracking, and meets CPA Guide documentation standards. Receiving confirms delivery per PO/contract, supports accurate payment, and ensures value prior to payment.

11.2 How to Receive in CAPPs

Enter a receipt in CAPPs once goods/services are delivered per PO/contract:

- A. Receiving module → Add a New Receipt → locate PO;
- B. Verify line items/quantities/condition;
- C. Enter actual quantity received and relevant notes;
- D. Save and submit.

Important:

1. For partials, enter only what was received;
2. Do not enter undelivered quantities;
3. Enter receipts within 3 business days of delivery to comply with the Prompt Payment Act.

Agency Signature at Delivery

For goods over \$2,000, POs must state:

“Agency signature is required upon delivery. Deliveries must be signed for by authorized staff.”

Inform vendors during solicitation/ordering; ensure signed, dated delivery slips are retained in the file.

11.3 Inspection & Acceptance

Before receipting, inspect for conformance: quantity/model/specs; damage/defects; serials/assets; document acceptance or rejection. If rejected, notify the Purchaser and vendor promptly. A CAPPs receipt is official acceptance.

11.4 Receiving Services

Enter a receipt only after confirming that services are complete and acceptable: check service dates/deliverables; obtain written confirmation from the division; verify scope alignment; retain work logs/reports.

11.5 Asset & Inventory

If items meet asset/controlled thresholds: notify the Asset Manager; capture serials/models; complete tagging per policy (coordinate timing with Finance/Asset Manager); retain documentation.

11.6 Segregation of Duties

The requester/approver/receiver/invoice reconciler should be different individuals where feasible. If small staffing requires exceptions, Finance must approve compensating controls.

11.7 Voluntary Decrease in Invoice Amount

Situation: A/P receives an invoice lower than the PO.

Issue: Receipts Pending Aging report will not clear if a receipt is required and PO \neq invoice.

Solution: A/P notifies receiver to cancel the original receipt; receiver re-enters the receipt at the lower amount; A/P processes invoice and clears the item from the report.

11.8 Discrepancies or Damaged Goods

If damaged/incorrect/incomplete: do not receipt; notify vendor immediately; document the issue; notify the Purchaser for corrective action; retain documentation.

11.9 Documentation

Upload to the CAPPs PO folder: signed delivery receipt; packing slip; inspection notes; service completion verification; relevant emails; acceptance/rejection documentation.

11.10 Prompt Payment Act

The CAPPs receipt date starts the payment timeline. Enter receipts within 3 business days; late receiving can cause interest penalties. Do not receipt services before completion.

11.11 Warrant/Payment Hold Check

Before receiving high-dollar goods/services: Purchasers must run a warrant/payment hold check. If on hold, payment cannot be issued. Receiving must alert Purchasing if a delivery arrives from a vendor on hold.