

## **BILL ANALYSIS**

C.S.S.B. 1680  
By: Zaffirini  
Government Efficiency & Reform  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It is generally held that the manner in which state agencies engage and administer contracts with vendors is of vital concern for the state because it directly affects the use of state-appropriated financial resources and, in some cases, the termination of state employee positions. Legislative agencies continue to report that all three stages of contract solicitation, negotiation, and management must be skillfully managed to mitigate risk, contain costs, and ensure high quality. Interested parties contend that Texas would benefit from greater uniformity in state contracting management processes to ensure the best value for each dollar spent. These parties assert that improving the training processes for employees involved in contracting, improving contract reporting and oversight mechanisms at state agencies, and addressing contract amendments and extensions would consequently improve the processes by which the state solicits, negotiates, enters, and manages contracts with vendors. C.S.S.B. 1680 seeks to establish such improvements.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 1680 amends the Government Code to revise statutory provisions relating to the audit of a state agency by prohibiting a state agency from using appropriated money to contract with a person to audit the agency except under certain conditions and in accordance with provisions relating to the coordination of certain audits by the state auditor. The bill removes language prohibiting a state agency from using appropriated money except as provided by statutory provisions pertaining to the state lottery, pertaining to the Texas Department of Housing and Community Affairs, and pertaining to the Texas Turnpike Authority division of the Texas Department of Transportation. The bill includes the following among the costs the State Council on Competitive Government is required to consider in comparing the cost of providing a service: installation costs and any other initial costs associated with a contract with a private contractor; other costs associated with the transition to using a private contractor's goods or services; and cost savings to the state if a private contractor were awarded the contract.

C.S.S.B. 1680 redefines "contract" for purposes of statutory provisions and the bill's provisions relating to state contracting standards and oversight. The bill requires each state agency to determine and use a standardized method for maintaining all contracts for that agency, including sole-source contracts. The bill requires each state agency to maintain accurate records of all essential information relating to agency contracts, including information on a contract delay or changes to a contract in which total expenditures under the contract increase by more than 35 percent from the original contract amount and information on cost overruns, including a written explanation of why expenditures have increased under a contract. The bill, in regard to contract reporting, lists specified statutory provisions that prescribe reporting requirements for certain contracts, including construction contracts. The bill requires a state agency to procure

professional services in accordance with the Professional Services Procurement Act.

C.S.S.B. 1680 authorizes a state agency to use any forms developed by the comptroller of public accounts as templates, guides, or samples for contracts entered into by the agency and sets out the required provisions in each contract other than a grant. The bill establishes that, in any contract for the acquisition of goods and services to which a state agency is a party, a provision required by applicable law to be included in the contract is considered to be a part of the executed contract without regard to whether the provision appears on the face of the contract or whether the contract includes any provision to the contrary.

C.S.S.B. 1680 includes agency staff among the persons for whom each state agency is required by rule to adopt a policy that clearly defines the contract monitoring roles and responsibilities of the entity. The bill requires the policy to establish clear lines of accountability, staff roles and responsibilities, and decision-making authority for program staff, contract management staff, and executive management staff.

C.S.S.B. 1680 requires each state agency, after a contract is completed or otherwise terminated, to review the contractor's performance under the contract and, using forms made available to the agency, to report to the comptroller on the results of the review regarding a contractor's performance under a major contract. The bill authorizes a state agency to use any vendor performance tracking system available to state agencies to determine whether to award a contract to a person reviewed in the database. The bill authorizes a state agency, based on its own contractor performance reviews and on information in any vendor performance tracking system available to state agencies, to exclude a contractor from the solicitation process for a contract if the agency determines the contractor has performed poorly on a previous state contract without regard to whether the contractor has been barred from participation in state contracts that are subject to the State Purchasing and General Services Act.

C.S.S.B. 1680 requires each state agency that enters into contracts other than interagency contracts to establish a career ladder program for contract management in the agency and authorizes an employee hired as a contract manager to participate in procurement planning, contract solicitation, contract formation, price establishment, and other contract activities. The bill requires each state agency to determine, in consultation with the state auditor, the amount and significance of contract management duties sufficient for an employee to be considered a contract manager.

C.S.S.B. 1680 requires each state agency to establish formal guidelines regarding who may approve a contract for the agency and formal guidelines for contract planning and solicitation, contract negotiations, and contract management. The bill requires each agency to adopt a policy to establish a monetary threshold above which agency contracts and amendments to or extensions of agency contracts require written authorization by the agency executive director. The bill requires the agency executive director to authorize a contract amendment in writing for contracts valued in excess of \$1 million. The bill requires each state agency to annually report to the comptroller a list of persons authorized to approve contracts at the agency and requires the list to include each person's name, position, and supervisory responsibility, if any.

C.S.S.B. 1680 prohibits a state agency from negotiating a major contract that has a value of at least \$1 million, including a service contract, or a major contract renewal with only one employee engaging in the negotiation and requires a contractor's performance to be periodically reviewed throughout the term of a contract. The bill requires a state agency to ensure ongoing communication between executive management staff, contract management staff, and program staff of the results of the reviews with specific attention to contracts that are anticipated to be completed later than originally estimated or contracts that are expected to cost more than the amount that was originally budgeted.

C.S.S.B. 1680 subjects an extension of or amendment to a state agency contract, including a

change order, to the same agency approval processes as the original contract. The bill prohibits a state agency from extending or amending a contract unless the agency complies with the same agency approval processes for the extension or amendment as required for the original contract and the agency states in writing why the extension or amendment is necessary or advantageous to the state. The bill establishes that these provisions do not affect whether a state agency is required to undertake a new solicitation process in the manner required for a new contract in order to extend or amend a contract.

C.S.S.B. 1680 requires a state agency, if a proposed contract amendment or extension changes the monetary value of a major contract by at least 35 percent or \$1 million, to submit the amendment or extension for review to the Contract Advisory Team and the agency's executive director before the agency amends or extends the contract and makes this requirement inapplicable to a proposed contract amendment required by a state or federal statute. The bill requires the executive director to be timely notified of any unanticipated contract cost overrun and makes the bill's provisions relating to changes to contracts inapplicable to contract extensions that are specifically established as a component of the original procurement.

C.S.S.B. 1680 requires a state agency to require a contract manager to be trained under statutory provisions relating to a training program for contract managers developed or administered by the comptroller but does not require the contract manager to complete the training until September 1, 2015. The bill requires a state agency to maintain a list of contract managers who have completed the contract management training and authorizes the agency to develop qualified contract manager training to supplement the required training. The bill requires all members of the governing body of a state agency to complete at least one course of abbreviated training under statutory provisions relating to a training program for contract managers developed or administered by the comptroller but does not require a member to complete the training until September 1, 2015. The bill makes the training requirement for members of the governing body of a state agency inapplicable to a state agency that does not enter into any contracts. The bill establishes that a state agency is not required to comply with the bill's provisions relating to contract monitoring responsibilities policy requirements, state agency repository and records, information on contractor performance, the exclusion of a contractor from the solicitation process, contract managers, approval of contracts, the prohibition against negotiation of a major contract by a single employee, and contract review until September 1, 2015.

## **EFFECTIVE DATE**

November 1, 2013.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.S.B. 1680 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Subsection (a), Section 2113.102, Government Code, is amended.	SECTION 1. Same as engrossed version.
SECTION 2. Subsection (a), Section 2162.103, Government Code, is amended.	SECTION 2. Same as engrossed version.
SECTION 3. Section 2261.002,	SECTION 3. Section 2261.002,

Government Code, is amended to read as follows:

Sec. 2261.002. DEFINITIONS. In this chapter:

(1) "Contract" includes an agreement or other written expression of terms of agreement, including an amendment, a modification, a renewal, or an extension, for the purchase or sale of goods or services that is entered into or paid for, wholly or partly, by a state agency during a fiscal year and a grant, other than a grant made to a school district or a grant made for other academic purposes, under which the recipient of the grant is required to perform a specific act or service, supply a specific type of product, or both.

The term does not include:

(A) a contract that has been reported to the Legislative Budget Board under Section 2054.008, 2166.2551, 2254.006, or 2254.0301;

(B) a purchase order;

(C) an interagency contract;

(D) an interlocal agreement;

(E) a contract with a value of not more than \$50,000; or

(F) a contract paid only with funds not appropriated by the General Appropriations Act.

(2) "Contract manager" means a person who:

(A) is employed by a state agency; and

(B) has significant contract management duties for the state agency.

(3) "Executive director" means the administrative head of a state agency.

(4) "General counsel" means the general counsel of a state agency.

(5) "Major contract" means a contract, including a renewal of a contract, that has a value of \$10 million or more. The term includes a service contract.

(6) "State agency" has the meaning assigned by Section 2151.002.

SECTION 4. Subchapter A, Chapter 2261, Government Code, is amended by adding Sections 2261.004, 2261.005, 2261.006, and 2261.007 to read as follows:

Sec. 2261.004. STATE AGENCY REPOSITORY AND RECORDS. (a) Each state agency shall maintain in a central location all contracts for that agency.

Government Code, is amended to read as follows:

Sec. 2261.002. DEFINITIONS. In this chapter:

(1) "Contract" includes an agreement or other written expression of terms of agreement, including an amendment, a modification, a renewal, or an extension, for the purchase or sale of goods or services that is entered into or paid for, wholly or partly, by a state agency during a fiscal year and a grant, other than a grant made to a school district or a grant made for other academic purposes, under which the recipient of the grant is required to perform a specific act or service, supply a specific type of product, or both.

(2) "Contract manager" means a person who:

(A) is employed by a state agency; and

(B) has significant contract management duties for the state agency.

(3) "Executive director" means the administrative head of a state agency.

(4) "General counsel" means the general counsel of a state agency.

(5) "Major contract" means a contract, including a renewal of a contract, that has a value of at least \$1 million. The term includes a service contract.

(6) "State agency" has the meaning assigned by Section 2151.002.

SECTION 4. Subchapter A, Chapter 2261, Government Code, is amended by adding Sections 2261.004, 2261.005, and 2261.006 to read as follows:

Sec. 2261.004. STATE AGENCY REPOSITORY AND RECORDS. (a) Each state agency shall determine and use a standardized method for maintaining all

(b) In this subsection, "contract" includes a sole-source contract. Each state agency shall maintain accurate records of all essential information relating to agency contracts, including information on:

- (1) a contract delay or changes to a contract in which total expenditures under the contract increase by more than 35 percent from the original contract amount; and
- (2) cost overruns, including a written explanation of why expenditures have increased under a contract.

Sec. 2261.005. CONTRACT REPORTING. (a) In this section, "contract" includes a construction contract.

(b) The following sections prescribe reporting requirements for certain contracts:

- (1) Section 322.020;
- (2) Section 2054.008;
- (3) Section 2166.2551;
- (4) Section 2254.006; and
- (5) Section 2254.0301.

Sec. 2261.006. CONTRACT MANAGEMENT. A contract manager, general counsel, or executive director of a state agency shall manage agency contracts.

Sec. 2261.007. PROFESSIONAL SERVICES. A state agency shall procure professional services in accordance with Subchapter A, Chapter 2254.

SECTION 5. Subchapter C, Chapter 2261, Government Code, is amended by adding Sections 2261.103, 2261.104, and 2261.105 to read as follows:

Sec. 2261.103. USE OF UNIFORM FORMS. A state agency may use any forms developed by the comptroller as templates, guides, or samples for contracts entered into by the agency.

Sec. 2261.104. ESSENTIAL PROVISIONS. The following are required provisions in each contract, other than a grant:

- (1) introduction;
- (2) scope of work;
- (3) indemnification or damage claims;
- (4) price;
- (5) specifications;
- (6) funding out clause;
- (7) antitrust;
- (8) payment;
- (9) affirmation clauses;

contracts for that agency.

(b) In this subsection, "contract" includes a sole-source contract. Each state agency shall maintain accurate records of all essential information relating to agency contracts, including information on:

- (1) a contract delay or changes to a contract in which total expenditures under the contract increase by more than 35 percent from the original contract amount; and
- (2) cost overruns, including a written explanation of why expenditures have increased under a contract.

Sec. 2261.005. CONTRACT REPORTING. (a) In this section, "contract" includes a construction contract.

(b) The following sections prescribe reporting requirements for certain contracts:

- (1) Section 322.020;
- (2) Section 2054.008;
- (3) Section 2166.2551;
- (4) Section 2254.006; and
- (5) Section 2254.0301.

Sec. 2261.006. PROFESSIONAL SERVICES. A state agency shall procure professional services in accordance with Subchapter A, Chapter 2254.

SECTION 5. Subchapter C, Chapter 2261, Government Code, is amended by adding Sections 2261.103, 2261.104, and 2261.105 to read as follows:

Sec. 2261.103. USE OF UNIFORM FORMS. A state agency may use any forms developed by the comptroller as templates, guides, or samples for contracts entered into by the agency.

Sec. 2261.104. ESSENTIAL CONTRACT PROVISIONS. The following are required provisions in each contract to which the provisions are applicable, other than a grant:

- (1) legal authority;
- (2) statement of work;
- (3) indemnification or damage claims;
- (4) consideration;
- (5) specifications;
- (6) funding out clause;
- (7) antitrust;
- (8) payment;

(10) technology access clause;  
(11) dispute resolution;  
(12) term of contract;  
(13) confidential information;  
(14) abandonment or default;  
(15) right to audit;  
(16) force majeure;  
(17) ownership of intellectual property,  
including rights to data, documents, and  
computer software;  
(18) independent contractor;  
(19) termination; and  
(20) buy Texas.

Sec. 2261.105. REQUIRED  
PROVISIONS. In any contract for the  
acquisition of goods and services to which a  
state agency is a party, a provision required  
by applicable law to be included in the  
contract is considered to be a part of the  
executed contract without regard to:

(1) whether the provision appears on the  
face of the contract; or  
(2) whether the contract includes any  
provision to the contrary.

SECTION 6. The heading to Subchapter E, Chapter 2261, Government Code, is amended.

No equivalent provision.

SECTION 7. Subchapter E, Chapter 2261, Government Code, is amended by adding Sections 2261.204, 2261.205, 2261.206,

(9) dispute resolution;  
(10) term of contract;  
(11) confidential information;  
(12) abandonment or default;  
(13) right to audit;  
(14) force majeure;

(15) independent contractor; and  
(16) termination.

Sec. 2261.105. REQUIRED PROVISIONS.  
In any contract for the acquisition of goods  
and services to which a state agency is a  
party, a provision required by applicable law  
to be included in the contract is considered  
to be a part of the executed contract without  
regard to:

(1) whether the provision appears on the  
face of the contract; or  
(2) whether the contract includes any  
provision to the contrary.

SECTION 6. Same as engrossed version.

SECTION 7. Section 2261.202, Government Code, is amended to read as follows:

Sec. 2261.202. CONTRACT  
MONITORING RESPONSIBILITIES. (a)  
As one of its contract management policies,  
each state agency that makes procurements  
to which this chapter applies shall establish  
and adopt by rule a policy that clearly  
defines the contract monitoring roles and  
responsibilities, if any, of agency staff,  
including internal audit staff and other  
inspection, investigative, or audit staff.

(b) The policy must establish clear lines of  
accountability, staff roles and  
responsibilities, and decision-making  
authority for program staff, contract  
management staff, and executive  
management staff.

SECTION 8. Subchapter E, Chapter 2261, Government Code, is amended by adding Sections 2261.204, 2261.205, 2261.206,

2261.207, 2261.208, and 2261.209 to read as follows:

Sec. 2261.204. INFORMATION ON CONTRACTOR PERFORMANCE. (a)

After a contract is completed or otherwise terminated, each state agency shall review the contractor's performance under the contract.

(b) Using forms made available to the state agency, a state agency shall report to the comptroller on the results of the review regarding a contractor's performance under a major contract.

(c) A state agency may use any vendor performance tracking system available to state agencies to determine whether to award a contract to a person reviewed in the database.

Sec. 2261.205. EXCLUDING CONTRACTOR FROM SOLICITATION PROCESS.

Based on its own contractor performance reviews and on information in any vendor performance tracking system available to state agencies, a state agency may exclude a contractor from the solicitation process for a contract if the agency determines the contractor has performed poorly on a previous state contract without regard to whether the contractor has been barred under Section 2155.077.

Sec. 2261.206. CONTRACT MANAGERS.

(a) Each state agency that enters into contracts other than interagency contracts shall establish a career ladder program for contract management in the agency.

(b) An employee hired as a contract manager may engage in procurement planning, contract solicitation, contract formation, price establishment, and other contract activities.

(c) Each state agency shall determine, in consultation with the state auditor, the amount and significance of contract management duties sufficient for an employee to be considered a contract manager under this chapter.

Sec. 2261.207. APPROVAL OF CONTRACTS. (a) Each state agency shall establish formal guidelines:

(1) regarding who may approve a contract for the agency;

(2) for contract planning and solicitation;

(3) for contract negotiations; and

2261.207, 2261.208, and 2261.209 to read as follows:

Sec. 2261.204. INFORMATION ON CONTRACTOR PERFORMANCE. (a)

After a contract is completed or otherwise terminated, each state agency shall review the contractor's performance under the contract.

(b) Using forms made available to the state agency, a state agency shall report to the comptroller on the results of the review regarding a contractor's performance under a major contract.

(c) A state agency may use any vendor performance tracking system available to state agencies to determine whether to award a contract to a person reviewed in the database.

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Based on its own contractor performance reviews and on information in any vendor performance tracking system available to state agencies, a state agency may exclude a contractor from the solicitation process for a contract if the agency determines the contractor has performed poorly on a previous state contract without regard to whether the contractor has been barred under Section 2155.077.

Sec. 2261.206. CONTRACT MANAGERS.

(a) Each state agency that enters into contracts other than interagency contracts shall establish a career ladder program for contract management in the agency.

(b) An employee hired as a contract manager may participate in procurement planning, contract solicitation, contract formation, price establishment, and other contract activities.

(c) Each state agency shall determine, in consultation with the state auditor, the amount and significance of contract management duties sufficient for an employee to be considered a contract manager under this chapter.

Sec. 2261.207. APPROVAL OF CONTRACTS. (a) Each state agency shall establish formal guidelines:

(1) regarding who may approve a contract for the agency;

(2) for contract planning and solicitation;

(3) for contract negotiations; and

(4) for contract management.  
(b) Each state agency shall adopt a policy to establish a monetary threshold above which agency contracts and amendments to or extensions of agency contracts require written authorization by the agency executive director.  
(c) For state agency contracts valued in excess of \$1 million, the agency executive director must authorize a contract amendment in writing.  
(d) Each state agency shall annually report to the comptroller a list of persons authorized to approve contracts at the agency. The list must include each person's name, position, and supervisory responsibility, if any.

Sec. 2261.208. NEGOTIATION OF MAJOR CONTRACT BY SINGLE EMPLOYEE PROHIBITED. A state agency may not negotiate a major contract with only one employee engaging in the negotiation.

Sec. 2261.209. CONTRACT REVIEW. A contract manager shall:

(1) periodically review and report on a contractor's performance throughout the term of a contract; and

(2) submit, at a minimum, a quarterly report to the executive director of the agency on the results of the reviews performed under Subdivision (1).

SECTION 8. Chapter 2261, Government Code, is amended by adding Subchapters F and G to read as follows:

SUBCHAPTER F. CHANGES TO CONTRACTS

Sec. 2261.251. CONTRACT AMENDMENTS, EXTENSIONS, AND CHANGE ORDERS. (a) An extension of or amendment to a contract, including a change order, is subject to the same

(4) for contract management.  
(b) Each state agency shall adopt a policy to establish a monetary threshold above which agency contracts and amendments to or extensions of agency contracts require written authorization by the agency executive director.  
(c) For state agency contracts valued in excess of \$1 million, the agency executive director must authorize a contract amendment in writing.  
(d) Each state agency shall annually report to the comptroller a list of persons authorized to approve contracts at the agency. The list must include each person's name, position, and supervisory responsibility, if any.

Sec. 2261.208. NEGOTIATION OF MAJOR CONTRACT BY SINGLE EMPLOYEE PROHIBITED. A state agency may not negotiate a major contract with only one employee engaging in the negotiation.

Sec. 2261.209. CONTRACT REVIEW. (a)

A contractor's performance must be periodically reviewed throughout the term of a contract.

(b) A state agency shall ensure ongoing communication between executive management staff, contract management staff, and program staff of the results of the reviews performed under Subsection (a) with specific attention to:

(1) contracts that are anticipated to be completed later than originally estimated; or

(2) contracts that are expected to cost more than the amount that was originally budgeted.

SECTION 9. Chapter 2261, Government Code, is amended by adding Subchapters F and G to read as follows:

SUBCHAPTER F. CHANGES TO CONTRACTS

Sec. 2261.251. CONTRACT AMENDMENTS, EXTENSIONS, AND CHANGE ORDERS. (a) An extension of or amendment to a state agency contract, including a change order, is subject to the



approval processes as the original contract.

(b) A state agency may not extend or amend a contract unless the agency complies with the same approval processes for the extension or amendment as required for the original contract and a contract manager for the agency states in writing why the extension or amendment is necessary or advantageous to the state.

(c) This section does not affect whether a state agency is required to undertake a new solicitation process in the manner required for a new contract in order to extend or amend a contract.

Sec. 2261.252. LARGE CHANGE IN CONTRACT VALUE; COST OVERRUNS. (a) If a proposed contract amendment or extension changes the monetary value of a contract by at least 35 percent or \$1 million, the state agency must obtain review and approval from the Contract Advisory Team and the agency's executive director before the agency amends or extends the contract.

(b) Subsection (a) does not apply to a proposed contract amendment required by a state or federal statute.

(c) The executive director shall be timely notified of a contract cost overrun.

Sec. 2261.253. CERTAIN CONTRACT EXTENSIONS. This subchapter does not apply to contract extensions that are specifically established as a component of the original procurement.

#### SUBCHAPTER G. TRAINING

Sec. 2261.301. TRAINING FOR CONTRACT MANAGERS. (a) A state agency shall require a contract manager to be trained under Section 2262.053.

(b) A state agency shall maintain a list of contract managers who have completed the contract management training.

(c) A state agency may develop qualified contract manager training to supplement the training required under this section.

Sec. 2261.302. TRAINING FOR GOVERNING BODIES. All members of the governing body of a state agency shall complete at least one course of abbreviated training provided under Section 2262.053. This section does not apply to a state agency that does not enter into any contracts.

same agency approval processes as the original contract.

(b) A state agency may not extend or amend a contract unless the agency complies with the same agency approval processes for the extension or amendment as required for the original contract and the agency states in writing why the extension or amendment is necessary or advantageous to the state.

(c) This section does not affect whether a state agency is required to undertake a new solicitation process in the manner required for a new contract in order to extend or amend a contract.

Sec. 2261.252. LARGE CHANGE IN CONTRACT VALUE; COST OVERRUNS. (a) If a proposed contract amendment or extension changes the monetary value of a major contract by at least 35 percent or \$1 million, the state agency must submit the amendment or extension for review to the Contract Advisory Team and the agency's executive director before the agency amends or extends the contract.

(b) Subsection (a) does not apply to a proposed contract amendment required by a state or federal statute.

(c) The executive director shall be timely notified of any unanticipated contract cost overrun.

Sec. 2261.253. CERTAIN CONTRACT EXTENSIONS. This subchapter does not apply to contract extensions that are specifically established as a component of the original procurement.

#### SUBCHAPTER G. TRAINING

Sec. 2261.301. TRAINING FOR CONTRACT MANAGERS. (a) A state agency shall require a contract manager to be trained under Section 2262.053.

(b) A state agency shall maintain a list of contract managers who have completed the contract management training.

(c) A state agency may develop qualified contract manager training to supplement the training required under this section.

Sec. 2261.302. TRAINING FOR GOVERNING BODIES. All members of the governing body of a state agency shall complete at least one course of abbreviated training provided under Section 2262.053. This section does not apply to a state agency that does not enter into any contracts.

SECTION 9. Section 2262.003, Government Code, is transferred to Subchapter C, Chapter 2261, Government Code, redesignated as Section 2261.105, Government Code, and amended to read as follows:

Sec. 2261.105 [~~2262.003~~]. REQUIRED [CONTRACT] PROVISION RELATING TO AUDITING. (a) Each state agency shall include in each of its contracts a term that provides that:

(1) the state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the contract or indirectly through a subcontract under the contract;

(2) acceptance of funds directly under the contract or indirectly through a subcontract under the contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds; and

(3) under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

(b) The state auditor shall provide assistance to a state agency in developing the contract provisions.

SECTION 10. Sections ~~2261.006~~, 2261.104, 2261.105, and 2261.208, Government Code, as added by this Act, apply only to a contract for which a state agency first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act.

SECTION 11. A contract manager is not required to complete the training required under Section 2261.301, Government Code, as added by this Act, until September 1, 2015.

SECTION 12. A member of a governing body of a state agency is not required to complete the training required under Section 2261.302, Government Code, as

SECTION 10. Substantially the same as engrossed version.

SECTION 11. Sections 2261.104, 2261.105, and 2261.208, Government Code, as added by this Act, apply only to a contract for which a state agency first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act.

SECTION 12. Same as engrossed version.

SECTION 13. Same as engrossed version.

added by this Act, until September 1, 2015.

SECTION 13. A state agency is not required to comply with Section 2261.004 and Sections 2261.204 through 2261.209, Government Code, as added by this Act, until September 1, 2015.

SECTION 14. This Act takes effect November 1, 2013.

SECTION 14. A state agency is not required to comply with Section 2261.202, Government Code, as amended by this Act, and Section 2261.004 and Sections 2261.204 through 2261.209, Government Code, as added by this Act, until September 1, 2015.

SECTION 15. Same as engrossed version.