

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 28, 2015

TO: Honorable Gary Elkins, Chair, House Committee on Government Transparency & Operation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB543** by Zaffirini (Relating to certain requirements applicable to contracts entered into by, and the contract management process of, state agencies.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Government Code to require state agencies and institutions of higher education to conduct periodic audits of contracts. The bill would amend the Government Code to allow agencies to use appropriated funds to contract for auditing services in certain circumstances.

The bill would require agencies to adopt certain procurement related procedures and policies relating to the solicitation, negotiation, approval, management, oversight, and closeout of contracts. Agencies would be required to create a system for agency wide reporting on contractor performance and the monitoring of the status of each contract at the agency.

The bill would require each state agency to maintain a comprehensive list that identifies all contracts made with the agency and essential information pertaining to those contracts. Agencies with certain procurement volumes would be required to create a contract administration team to verify contract performance and to maintain agency expertise on contract management and oversight.

The bill would require agencies to make efforts to competitively re-bid contracts at least every four years.

The bill would also require the Comptroller of Public Accounts (CPA) to publish an annual report on the number and dollar value of sole source and emergency purchases made in the previous calendar year.

The bill would take effect November 1, 2015, but entities would not be required to comply with certain provisions until September 1, 2017.

It is assumed that costs for activities associated with the bill, including periodic contract audits, staff training, and development and maintenance of a central contract repository would not be significant and could be absorbed by agencies and institutions of higher education.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 302 Office of the Attorney General, 303 Facilities Commission, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources, 529 Health and Human Services Commission, 601 Department of Transportation, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

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