

Department of Information Resources Comptroller Procurement and Support Services Division

H.B. 2472 Cook (Birdwell)

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The Sunset review of the Department of Information Resources (DIR) and the Texas Procurement and Support Services Division at the Comptroller's Office (Division) resulted in changes that set the stage for a future comprehensive evaluation of and improvements to the State's overall approach to purchasing and contracting for goods and services.

House Bill 2472, the DIR and Division Sunset bill, maintains the State's two statewide procurement programs within the separate agencies, but requires more formal coordination between them to identify areas of overlap, and opportunities for collaboration and possible consolidation of state procurement functions. The bill also requires the collection and analysis of comparable procurement data to better inform future decision making. Using the data collected through this effort, the bill requires the Sunset Commission to conduct a comprehensive evaluation of the State's approach to contracting and procurement in 2021, which will coincide with the next Sunset reviews of DIR and the Division. This evaluation will provide the Legislature the opportunity to consider and make more meaningful, overarching changes to the State's highly decentralized procurement and contracting systems.

House Bill 2472 also enacts nearly all of the changes made to DIR through its 2010 Sunset review, which were adopted by the 82nd Legislature but ultimately vetoed by the Governor. These changes address concerns with DIR's oversight, management of administrative fees and costs, and contracting practices. DIR has mostly addressed and corrected these previous concerns, but H.B. 2472 contains the statutory changes needed to ensure their ongoing implementation.

The following material summarizes results of the Sunset review of DIR and the Division. For additional information see the *Department of Information Resources and Comptroller Procurement and Support Services Division Sunset Final Report with Legislative Action* available on the Sunset Commission website at www.sunset.state.tx.us.

Continuation, Coordination, and Future Evaluation

- Continues DIR for eight years and requires DIR to establish a customer advisory committee.
- Retains the Division's functions at the Comptroller's Office for eight years.
- Requires formalized coordination and improved data collection between DIR and the Division to allow for a more complete evaluation of their procurement programs in 2021.
- Requires the Sunset Commission to evaluate the State's overall approach to procurement and contracting in 2021 to coincide with the next DIR and Division Sunset reviews.

DIR Cost-Recovery Programs

- Requires DIR to establish clear procedures for setting, adjusting, and approving administrative fees for each of its cost-recovery programs as part of its annual budget process.
- Requires DIR to report its administrative fees and the methodology used to set them to the Legislative Budget Board annually, and post all fee information on its website.
- Establishes each of DIR's accounts in statute and limits expenditures to program purposes.

DIR Contracting Practices

- Strengthens and improves the Board's oversight of DIR's contracting functions.
- Establishes stricter conflict-of-interest provisions in DIR's statute.
- Requires DIR to consistently measure and report cost savings and project status for IT consolidation projects.
- Requires DIR to establish formal contract governance structures and management plans for each of its major outsourced contracts.
- Directs DIR to develop a clear policy governing the appropriate use of staff augmentation contractors and outside consultants.
- Requires DIR to better maximize the State's buying power through the agency's cooperative contracts program.
- Requires DIR to create a contract management guide to provide a clear, overall approach to managing its major outsourced contracts.
- Requires DIR to develop and implement an agencywide training policy for all staff involved in contract management and Board members.
- Requires DIR to respond to Contract Advisory Team feedback on solicitations.

DIR Internal Audit

- Requires DIR to establish an Internal Audit Division.
- Requires the DIR Board to maintain an audit subcommittee.

Standard Sunset Review Elements

- Applies the standard Sunset Across-the-Board requirement for DIR to develop a policy regarding negotiated rulemaking and alternative dispute resolution.
- Continues all of DIR's reporting requirements, but changes the due date for the Texas.gov reporting requirements.
- Abolishes the Division's report on Texas Correctional Industries products sold and continues the Division's other reports.

- Modifies the due date of the Division's Historically Underutilized Business (HUB) Education and Outreach Report and modifies the due dates and updates the recipients of the Annual and Semi-Annual HUB Reports.

Fiscal Implication

House Bill 2472 will not have a significant fiscal impact to the State.

