

## VII. Guide to Agency Programs (Attachment)

**K. If contracted expenditures are made through this program please provide:**

- **the amount of those expenditures in fiscal year 2006;**
- **the number of contracts accounting for those expenditures;**
- **a short summary of the general purpose of those contracts overall;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

In FY 2006, the Texas Department of Insurance (TDI) had 129 contracts for a total of \$7,249,439.88 in contracted expenditures. TDI defined contracted expenditures as expenditures with estimated values of \$10,000 or more and that require signature of at least two parties, with some exceptions\*. A comprehensive list of contracted expenditures by program is provided.

TDI uses the following process to ensure accountability for funding and performance of contracted expenditures.

Purchase Requests (PR) are generated to request the purchase of goods, services, seminars and training. All purchase requisitions are entered into the agency's automated purchasing system, routed through the budget office for approval and approved by a budget analyst. Purchase requests of \$2,500 or more and all Capital Budget requisitions require the Chief Financial Officer (CFO) approval prior to being forwarded to Purchasing. The Budget Director and the CFO's Executive Assistant have delegated authority to release PRs on behalf of the CFO. The Executive Assistant is also responsible for ensuring timely processing of PRs. In addition, all technology-related acquisitions must be approved by TDI's Information Resources Manager.

When the automated system reflects insufficient funds to process a requisition, the requesting program may ask that funds be moved from activity within the program or seek Chief of Staff approval for additional funds.

Once requisitions are approved, the purchasing staff must determine the appropriate procurement method. This may include purchasing directly from a vendor, purchasing from a pre-established contract, or going through a competitive solicitation process. After the contract is awarded, purchasers then determine if the awarded contract requires contract administration.

TDI's contract administration process ensures that contracts are in compliance with the specifications, terms and conditions of the final purchase order or contract established. Each program area designates a contract administrator, who is responsible for the general administration of the program's contracts. A subject matter expert or contract monitor is also designated and is responsible for the day to day communication and activities with the contractor. The contract administrator and/or monitor are required to monitor the contractor's performance throughout the life of the contract. This is accomplished by completing a Vendor Performance Questionnaire and submitting it to the Purchasing Division on a monthly, quarterly, semi-annual, or annual basis (depending on the requirements of the contract). Purchasing will track the progress of the contract using the questionnaires. If there are any issues with the vendor or the contract terms, Purchasing and/or Legal Services will work with the program area to resolve.

Upon receipt of invoice from a contractor, the Accounting Division confirms with the division that services have been rendered for the contract. The division certifies that services have been rendered through various means such as a purchasing system receipt report, an email describing the services received, or other documentation received with the invoice such as signed time sheets for temporary employees.

\*Contracted expenditures excluded the following purchase types: expenditures less than \$10,000; pre-established Texas Building and Procurement Commission contracts; pre-established Department of Information Resources contracts; Interagency Contract (two party signatures not required); leases; direct publications (two party agreements not required); utility services; postal services; and procurement card purchases.