

# DIR Contract Process Overview

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# Introduction to Contracts - Overview

- Contracts are used to procure services for the State
- The rules and processes regarding State contracting are described in Public Contract Code, Government Code, and others
- State Contracting Manual (SCM)
- Rules are designed to protect the State, promote fairness and competition, and ensure public funds are spent appropriately



# Introduction to Contracts - General Rules

- No work should be conducted outside the scope or term of a contract
- Only pay for services in arrears. Advanced payment is prohibited except in certain cases - SCM Vol. 1, 7.32
- Payment of goods or services outside the Scope of Work can be considered a gift of public funds, which is prohibited
- Contract Managers are responsible for the ongoing administration and monitoring of a contract
- Promote and do not circumvent the competitive process
- Be aware of conflict of interest and other ethics issues
- Small Business and Disabled Veteran Business Enterprise goals



# Introduction to Contracts - Who can sign?

- Limited to those officers who either have statutory authority or have been duly authorized in writing by one who has statutory authority
- The following people have contract Signature Authorization:
  - DIR Director
  - Procurement and Contracting Officer/Admin Deputy
  - Chief, Business Services, Contracts and Procurement
- Never sign Contract documents or any contractor contract form on behalf of DIR



# Introduction to Contracts - Contract Types

There are different rules and requirements based on the type of contract. Some types of contracts include:

- Interagency Agreements
- Agreements with California State Universities and Auxiliaries
- Consulting Agreements
- Agreements with Public Entities
- Legal Services Agreements
- Personal Services Agreements
- Memorandum Of Understanding (MOU)



# Introduction to Contracts - Components of a Contract

A typical contract is composed of the following components:

- **STD 213 or STD 210** - The standard agreement cover page
- **Exhibits** -
  - Exhibit A - Scope of Work
  - Exhibit B - Budget Detail and Payment Provisions
  - Exhibit C - CA General Terms and Conditions (GIA and UTCs)
  - Exhibit D - Additional Provisions
  - Additional Exhibits or Attachments as needed

Programs help provide content (A & B), but preparing these documents is the responsibility of Contracts and Procurement



# Contracting Process

1. Identify Need for Services
2. Develop Scope of Work and Budget
3. Obtain quotes or solicit bids/proposals
4. Award the Contract
5. Develop Contract documents
6. Acquire Contractor Signature
7. Acquire DIR Signature
8. Obtain DGS approval if necessary
9. Notify Contractor to start work



# Contracting Process- Contract Requests in FI\$Cal

## Financial Information System for California:

- Combines accounting, budgeting, cash management, and procurement operations into a single financial management system
- Requisition --> Contract --> Purchase Order
  - Requisition - Initial request from Program for Purchases and Contracts
  - Contract - Contains contract information and attached documents
  - Purchase Order - Encumbered funds used for payment of invoices
- Contracts and Purchase Orders are created by the Contracts and Procurement Unit after the execution of a contract
- [fiscal.ca.gov](http://fiscal.ca.gov)



# Contracting Process - Required Documents Provided by Program

There are a variety of documents program must provide to begin the contracting process. Most importantly, Requisitions for contracts should contain the following:

- Scope of Work - Include Contract Representatives and Term Dates
- Budget Details - Contract Amount, Quotes, Cost Sheet, Rates, etc.
- Justification satisfying GC section 19130(b)
- Any additional provisions requested by Program to be included in the contract

Use the new [Requisition Checklist](#)



# Contracting Process - Scope of Work (SOW)

SOW development is a key responsibility of the Contract Manager. Although SOWs vary by contract, the approach to writing a SOW remains the same.

Fundamental information should include *who, what, where, when, why, and how*:

- Who will do the work?
- What type of services are being performed?
- Where is the work to be performed?
- When does the work need to be performed and how quickly does the contractor need to respond?
- Why is there a need for this particular service?
- How is the work to be performed?



# Contracting Process - Contract Budget

- Contracts should contain a detailed budget and/or cost rates for all services provided
- Budget is based on quotes, cost estimates, or formal bids provided by contractors
- Complexity can vary greatly - from lump sum payments to detailed labor, equipment, item, and travel rates
- Program must also provide the detailed funding information for the contract, including the allocation of funds over multiple fiscal years (if needed) and the fund coding - All provided in the Requisition

# Contracting Process - GC 19130 Justification

- Justification provided by Program for almost all services contracts - some exceptions, ex. Interagency Agreements
  - Document the reasons why the contract satisfies one or more of the conditions set forth in Government Code section 19130(b) and specify the applicable subsection:
- “Personal services contracting also shall be permissible when any of the following conditions are met:”**



# Contracting Process - GC 19130 Justification

The most commonly cited subsections are the following:

- (3) The services contracted are not available within civil service, cannot be performed satisfactorily by civil service employees, or are of such a highly specialized or technical nature that the necessary expert knowledge, experience, and ability are not available through the civil service system.
- (8) The contractor will provide equipment, materials, facilities, or support services that could not feasibly be provided by the state in the location where the services are to be performed.



# Contracting Process - Competitive Bidding Methods

- Competitive bidding methods require public advertisement of bidding opportunities (\$10K or more)
- Programs provide a SOW, minimum qualifications, and evaluation criteria to develop solicitation document
- Solicitations are posted on [Cal eProcure](#) - min. 10 business days
- Evaluation teams follow strict requirements to evaluate bidders/proposers
- Results may be protested (PCC §§ 10341 - 10345 and Title 2 California Code of Regulations §§ 1195 - 1195.6)
- Timeline for award can be 4-6 months or more depending on the method, complexity, number of bidders, etc.

# Contracting Process - Competitive Bidding Methods - IFB vs. RFP

## IFB

- Simple, common, or routine services - Ex. Uniform Rental
- Bidders must meet min. qualifications and submit cost
- No oral interviews
- Public Bid Opening
- Award - Lowest responsible and responsive bidder

## RFP

- Complex and/or unique services - Ex. Auditing, advertising
- Often include interviews
- Proposals include timelines, goals, objectives, detailed methods and work plans
- Narrative proposals are scored - award is not solely based on cost
- Primary and Secondary



# Contracting Process - Exemptions from Competitive Bidding

- Contracts under \$10,000
- Small Business/Disabled Veteran Business Enterprise (SB/DVBE) Option
- Leveraged Procurement Agreements - CMAS, MSA, etc.
- Non-Competitive Bid (NCB)
- Emergency Contracts
- Exemptions based on types of services:
  - Equipment Maintenance
  - Legal Services / Expert Witness
  - Interagency
  - Departmental Memberships
  - Public Entities
  - Pre-Existing Non-IT Training under \$50K
  - Proprietary Subscriptions or Publications

Note: Additional rules/restrictions may apply. Please consult Procurement and Contracts



# Contracting Process - Timelines

Whenever possible, allow the following lead times for development of a contract, from submitted complete Requisition through contract execution:

Contracts under \$10,000: 1 month

Exempt Contracts under \$50,000: 2 months

Exempt Contracts over \$50,000: 3 months

Formal Competitive Procurements (IFB/RFP): 6+ months

Note: These are estimated timelines. Every contract is unique and can experience unforeseen delays, protests, delayed approvals etc

Pre-planning and development of the scope of work is not reflected in the above timelines.



# Contracting Process - Amendments

- Amendments can be for time, money, language clarification, changes in SOW, or a combination - However, there are restrictions
- Amendments must be entered into before the expiration of the original contract - Submit Requisitions as soon as possible.
- Does the statute supporting the original contract award for an exempt contract also support the exemption of the amendment?
- Clearly identify sections being amended and provide the same degree of specificity as the original contract
- Amendments to contracts approved by DGS must also be approved by DGS in most cases - Amendments can also trigger DGS approval
- Amendments can not be used to circumvent the competitive bidding process



# Contracting Process - Amendments - Competitively Bid Contracts

There are strong restrictions on amending competitively bid contracts. They can only be amended in certain cases:

1. The amendment options were anticipated and evaluated during the solicitation process
2. The amendment either adds time only to complete performance up to 1 additional year or adds not more than 30% (not to exceed \$250K) of the original contract (Additional restrictions apply)
3. The amendment is correcting incidental errors
4. NCB approval is required in all other cases



# Key Takeaways

- There are various contract types - most require some form of competitive bidding
- Only specific persons are authorized to sign contract documents on behalf of DIR
- There are limitations to amendment options
- Contracts cannot be amended once expired
- Critical to consider process timelines and submit Requisitions timely
- The Contract Manager is responsible for monitoring contractor performance, ensuring services are provided within the term and scope of the contract, and keeping within the contract budget



# Conclusion / Questions

Questions?

Resources including training slides, handouts, and an FAQ are posted on our [DIR Intranet page](#)

For general inquiries, please contact  
[Procurement@dir.ca.gov](mailto:Procurement@dir.ca.gov)

Thank you!

