

## Threshold and SOW Quick Reference Guide

### Background

State agencies are required through Texas Government Code 2157 to submit Statements of Work (SOW) for certain services procurements to DIR and to meet bid threshold requirements for commodity purchases.

### Customer Exceptions

Requirements are for state agencies only. Threshold and SOW review and signature processes do not apply to any other eligible customer, including institutions of higher education, K-12, local governments, assistance organizations, or out-of-state customers.

### Program Exemptions

- Threshold requirements and Statement of Work processes do not apply to contracts procured through the Data Center Services program signed by the contracted vendors (e.g. Atos, Capgemini and Xerox Corporation). However, All Statements of Work that are being administered through the Data Center Services program as a Pass-through expense will be subject to State Procurement Rules.
- Threshold requirements and Statement of Work processes do not apply to agency customer agreements with the Texas.gov program, pursuant to its enabling statute (Subchapters F and I, Chapter 2054, Texas Government Code).
- Thresholds do ***not*** apply to contracts for telecommunications services, such as TEX-AN Services and Managed Services for Telecommunications.
- Managed Services for Telecommunications contracts have separate review process for approval of Statements of Work, but will ***not*** require DIR signature for executing the SOW.

### Threshold Requirements

#### Commodities (Hardware, Software and some services)

Contract Value	Number of Vendors
\$50,000 or less	May award directly to vendor of choice
More than \$50,000 but not more than \$1 million	3 (or all Vendors in a category with less than 3 Vendors)
More than \$1 million but not more than \$5 million	6 (or all Vendors in a category with less than 6 Vendors)

## SOW Requirements

Required	Excluded
State agencies procuring more than \$50,000 worth of services from the contracts list above.	Institutions of Higher Education
Data Center Services SOWs administered as a pass-through expense*	Data Center Services contracts that are signed by the contracted vendors (e.g., Atos, Capgemini and Xerox Corporation)
	Managed Services for Telecommunications (Excluded from this requirement but have a separate review process)
	Agency customer agreements with the Texas.gov program

\*DIR or DIR Customer may choose to pass through DCS related 3<sup>rd</sup> party services as long as the services are not within the DCS Service Providers' scope of work. The most typical reason for these "pass-through expenses" are for services or training related to a software purchase (in which the customer receives discounted prices for services when purchasing software). Software purchases are not allowed as a pass-through expense.

### Services

For service procurements with an estimated value more than \$50,000 but less than \$5,000,000, DIR contracts requiring SOWs include, but are not limited to:

- Deliverables-Based Information Technology Services (DBITS),
- Managed Services for Information Technology,
- IT Security Services,
- Cloud Services (when an SOW is executed)
- Comprehensive Web Development

## Statement of Work Review Process

The SOW Review Process has four phases: Draft Submission, Draft Review, Final Submission, Final Review and Execution.

Participants	Phase Steps
Agency & DIR	<b>DRAFT</b> Agencies will submit draft SOWs to DIR for review before offering SOWs to vendor(s). DIR will review the SOWs and consult with the agency as necessary to ensure the scope of the SOW aligns with the Master Contract being solicited. Comments, findings, and determination (approval/rejection) will be by email for record purposes.
Agency	<b>Preliminary</b> The agency will: Submit the approved draft SOW to vendors. Evaluate responses and negotiate the final version of the SOW. The agency and vendor execute their portions of the final SOW. The agency will send the signed version of the SOW to DIR for review.
DIR	<b>Final Review</b> DIR will review the final negotiated SOW to ensure it is still within the original scope and, when so, will execute the SOW and return to the agency.
Agency	<b>Executed</b> Once executed, the agency may issue a purchase order to the vendor. The agency must post the SOW on its website.