

Contracting with State Agencies Frequently Asked Questions

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1. The solicitation that we want to bid on does not list faith- and community-based organizations as an eligible applicant/respondent, are we still eligible?

State Agencies do not typically outline who specifically may apply or respond to a solicitation. Instead, the solicitation is open to anyone who meets the qualifications and specifications as outlined in the solicitation, including Faith and Community Based organizations. If a specific eligible entity type is listed, it is usually for a grant related RFP that has restrictions limiting eligibility for the funding.

2. How can we find out about business opportunities with state agencies?

There are several methods you can use to search for business opportunities with the state, including:

Electronic State Business Daily (ESBD): The ESBD is administered by the Comptroller of Public Accounts. State agencies and local governments must use this system to advertise all solicitations for purchases exceeding \$25,000 regardless of source of funds used for the procurement. The ESBD is available on the internet at <http://esbd.cpa.state.tx.us/>

Texas Register: The Texas Register is used to advertise some procurements such as professional and consulting contracts and some building construction contracts. The *Texas Register* is administered by the Secretary of State's Office. (<http://www.sos.state.tx.us/texreg/index.shtml>)

Centralized Masters Bidders List (CMBL): You may also sign up for the CMBL. For a nominal fee, members of the CMBL receive emailed notices of new solicitations that cover the goods and services the entity has specified it is able to provide. Being on the CMBL saves the time of manually searching the ESBD. The Comptroller offers this service for an annual \$70.00 fee. For more information see: <http://www.window.state.tx.us/procurement/prog/cmb/>

State Agency Electronic Mailing Lists: Some state agencies maintain email list services on govdelivery.com through which you can receive timely notification about business opportunities. To access this system, you will need to sign up through individual agency websites. You can locate individual state agency websites through the following link: <http://www.texas.gov/en/Discover/Pages/agency-finder.aspx>

Newspapers: Sometimes state agencies advertise bid opportunities in local newspapers.

3. Often solicitations require information on tenure and number of years of experience. What can we do as a new organization to show that we have the qualifications?

Due to the size and complexity of many projects, the state needs experienced partners to ensure the work will be done on time and on budget. You should thoroughly document all relevant experience that makes your entity a qualified candidate for the project in your response to the solicitation. Also, even if your entity has limited experience, be sure to document any relevant experience of your individual employees.

If your organization is not able to meet the required experience requirements, you may consider pursuing subcontracting opportunities to acquire relevant experience.

4. Why do state agencies use different language and legal terms in their solicitations?

Each agency must adhere to various requirements, rules, statutes, etc. that support the agency's business needs. In soliciting goods and services, each agency must ensure these requirements are met and the agency is getting the goods and services needed to operate their programs. While there are some procurement terms that apply to all state agencies, the variations in requirements amongst agencies does not support fully standardized contract terms and conditions or solicitation instruments.

Also, frequently the solicitation document, which may include legal and technical language specific to the proposal becomes part of the executed contract once the award is made. There are several methods by which you can obtain clarification on language and legal terms or solicitation document in general, including: 1) contacting the person designated in the solicitation with your question**; 2) participating in a pre-solicitation conference (vendor call or bidders/offerers conference;) or 3) submitting your questions through the solicitation question and answer process.

**Staff including the designated contact person may be limited in the information they can provide orally. You may be instructed to submit your question in writing.

5. Often state contracts are limited to one-year term. Is it possible to have a multi-year contract?

Contract terms are based on and determined by the need of the state agency and their programs and often include options to renew. In establishing the length of the contract period, state agencies take into consideration factors such as applicable laws and regulations, funding levels, associated contract risk, etc.

Typically, the maximum time a state agency will contract for a competitively procured service without re-procuring is four years including any renewal or extension periods. However, individual business needs may dictate a shorter period.

6. Why is the application/bid process so different across state agencies?

There are fundamental elements required for each type of procurement. The agency must ensure that it complies with all established requirements for the type of procurement it is conducting and will develop additional procurement requirements to incorporate language and legal terms that accommodates the unique needs of the agency.

7. How are the deadlines to submit applications/proposals for state funding set?

Deadlines for responses to solicitations are set based on a variety of factors including the specific requirements of each agency, the complexity of the procurement, and the timing of when services are needed.

8. What resources are available to organizations with limited experience in writing proposals?

You could consider seeking technical assistance from peer groups that have successfully written proposals and been awarded contracts. You could also possibly obtain valuable information from attending pre-solicitation conferences. In addition, when responding to a specific proposal, you should research information available on the agency's internet site to gain an understanding of the agency's mission and the services they provide. See Contracting Resources document on this webpage (link pending).

9. How are contract monitoring and an audit different?

While similar in some respects, *contract monitoring* and an *audit of financial statements* (audit) have uniquely different goals. **Contract monitoring** usually consists of a variety of activities conducted by the funding agency that take place throughout the contract period either in the form of a desk review or onsite visit or both. The objective is to ensure contractor compliance with applicable state and federal regulations, agency policies and procedures, and the terms of the contract. Monitoring also provides an opportunity for agency staff to observe the work being accomplished by contractors throughout the state. In comparison, an **audit of financial statements**, is the verification of the financial statements of a legal entity, with a view to express an audit opinion. Typically conducted by an external firm of practicing accountants, the goal of an audit is to provide an "audit opinion" and reasonable assurance that the financial

statements of an organization are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework.

10. Why are contract monitoring and reporting requirements so different across state agencies?

Dependent upon the goals of the agency and the nature of its funding, each agency adopts the most efficient and effective monitoring and reporting practices necessary to ensure the quality and value of the goods purchased or services delivered by its contractors. In addition, as many state programs are funded by a variety of federal agencies, state agencies are frequently required to follow federal reporting guidelines and requirements.

11. When will we receive payment for the contract services provided?

Payments must be made in accordance with the Texas Prompt Payment law which requires that correct invoices be paid within 30 days from the date the correct invoice was received or the services/goods were received, whichever is later. You must work with the funding agency on issues with invoices, which may impact the 30 day timeframes. Ensuring a correct and verifiable invoice will result in more expedient payment.

12. How do state agencies establish administrative cost structures?

Administrative cost structures reflect both direct and indirect costs. The procurement evaluation process may take into comparative consideration the balance or proportion of direct versus indirect costs proposed. Dependent upon the type of project, higher or lower indirect costs may be anticipated: however, dependent upon the **funding source** there may be additional constraints or limitations on the indirect costs allowable.

13. How can our organization establish an indirect cost rate?

Your "cognizant" agency is responsible for negotiating your indirect cost rate and issuing the appropriate Negotiation Agreement. The Federal agency providing the majority of direct funding is usually your cognizant agency unless specifically assigned by the Office of Management & Budget (OMB). An organization would need to coordinate an indirect cost rate at the federal level, and once established can include that rate in proposals they submit for consideration. However, contract negotiations may lead to adjustments to the indirect cost rate to acceptable levels, dependent upon the project or **funding source**.

Grant writers seeking to learn more about how to establish indirect rates might want to visit the sites of some additional federal agencies' providing helpful information about their processes and guides for developing indirect cost rates:

[Department of Education](#), So You Want to Know About Indirect Cost Rates

[Department of Energy](#), Sample Indirect Rate Proposal

[Department of Health and Human Services](#), Program Support Center

[Department of Labor](#), Frequently Asked Questions – Cost Determination

[Environmental Protection Agency](#), “A Guide on How to Prepare an Indirect Cost Rate Proposal”