

BUDGET POLICY AND REPORTING MANUAL

<i>Date</i> 3/26/2008	<i>Subject</i> Statewide Policy for the Procurement of Technology and Technology Related Services	<i>Item</i> H-300
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1. Purpose and Scope

This Bulletin is intended to ensure that Executive agencies procure technology and related services with the overall goals of:

- Increasing the use of statewide centralized technology solutions when appropriate, rather than individualized agency approaches;
- Increasing vendor competition to ensure that the State gets the best value for its purchases;
- Increasing collaboration among agencies on shared technology solutions;
- Relying on the expertise of the Office of the Chief Information Officer/Office for Technology (OCIO/OFT) to ensure the cost-effective use of technology, compliance with State technology architecture, and contract terms beneficial to the State;
- Streamlining, simplifying, standardizing, and automating the procurement process to achieve increased administrative efficiencies; and
- Complying with the State's overall technology strategy established by OCIO/OFT.

To assist in achieving these goals, the OCIO/OFT procurement review and approval process has been substantially revised. The new Plan to Procure (PTP) process seeks to enhance the technology procurement process from the earliest stages, when a project scope is first defined. PTP reviews are intended to be conducted in parallel with the agency's own internal procurement development processes, providing early input on key statewide technology issues, so that both agency and statewide goals are met without the requirement for rework at the end of the process. In addition, this procedure will give OCIO/OFT and the Office of General Services (OGS) the ability to identify new opportunities for "enterprise contracts," e.g. aggregate-buys or enterprise licenses, and will allow the Division of the Budget (DOB) to more easily track actual expenditures for technology purchases.

PTP reviews will be conducted in accordance with policies and guidelines issued by OCIO/OFT (NYS IT Policy P08-001), and will be undertaken in conjunction with DOB and OGS.

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2. Definitions

“Technology and related services” shall include, but need not be limited to, information management, digital or electronic equipment, software, operating systems, interface systems, interconnected systems, data management, telecommunications, networks, network management, consulting, supplies, facilities, maintenance and training.

“Aggregate-buy contract” is defined as a negotiated agreement with a vendor, where due to extremely large projected volumes for purchase, the individual purchase price is significantly lower, providing agencies with an opportunity to receive a better volume discount than they would be able to obtain by independent negotiations.

“Enterprise license” is defined as a contract where any and all authorized users of a software package are treated as a single entity for the purpose of negotiating a contract for purchase of that software, often resulting in cost savings. These users can be from multiple agencies or departments. These licenses also often include software specifications and maintenance agreements.

3. Policy Guidelines

A. Initiation of Agency Plan to Procure (PTP)

As soon as an initiative moves beyond the conceptual stage, and work begins to define the scope of a specific project, State agencies must notify OCIO/OFT of any related plans to procure technology and related services. This notification -- the Plan to Procure (PTP) -- must be prior to any required advertisement in the Contract Reporter, the issuance of a Request for Proposal (RFP), or the submission of a purchase order to the Office of the State Comptroller (OSC). This review process is intended to run in parallel with an agency’s internal process to develop a procurement, adding value during that process rather than adding a lengthy additional review requiring rework at the end.

The PTP process applies to outright purchases, lease-purchases and leases, including those made from an OGS centralized contract, purchases using a purchase order, Invitation for Bid, RFP, or other form of solicitation. This notification requirement is also necessary for contract renewals and change orders. Please reference OCIO/OFT NYS IT Policy P08-001 for more information regarding PTP submission procedures.

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B. Review Thresholds

The PTP review process builds in new administrative efficiencies, through a new “fast-tracking” process which is anticipated to handle an increasing share of the transactions submitted by agencies. All purchase requests under an “enterprise contract” will be fast-tracked, acted on within 2 days by OCIO/OFT. Enterprise contracts developed by OCIO/OFT and OGS include aggregate-buy equipment contracts (e.g. desk-top and lap-top computers), consolidated service contracts, and enterprise license agreements. This is the preferred form of procurement, as these contracts leverage the State’s buying power and incorporate State technology standards. A list of approved contracts will be maintained by OCIO/OFT.

Requests under \$100,000 will be exempt, and reviews of remaining transactions will be guided by the thresholds outlined below:

1. Purchase requests between \$100,000 and \$500,000. Proposed procurements in this category will be subject to a standard review by OCIO/OFT for consistency with statewide policies and an evaluation of the potential for collaboration with other agencies. (Goal: OCIO/OFT action within 5 days)

2. Purchase requests of \$500,000 or more. This category of projects will be subject to both the standard OCIO/OFT review, as well as a peer review by other CIOs participating under the auspices of the CIO Council. This review process is intended to run in parallel with an agency’s internal process to develop a procurement, providing input during that development process, and is not envisioned to add to the overall length of time required to complete a procurement. (Goal: OCIO/OFT Action within 10 to 30 days)

3. **Major requests over \$1 million will be subject to a more intensive review.** Meetings will be held between OCIO/OFT and the agency project team to examine the scope and business justification of the proposed initiative, project timeline, critical success factors, risks and risk management strategy. DOB representatives will be included in these meetings, **and must approve all requests over \$1 million.**

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Based on performance and compliance with this Bulletin, in certain circumstances, OCIO/OFT and DOB may suspend the use of the fast-track processes for certain agencies.

C. Required Reporting

OCIO/OFT will report quarterly to DOB on procurement requests approved, and the associated expenditures anticipated by fiscal year.

D. Required Approvals

DOB approval is not required for a procurement to proceed, with the exception of major PTP requests over \$1 million which are subject to the more intensive review. OCIO/OFT will request approval from DOB prior to their final approval of such requests.

A certificate of allocation approved by DOB is required to verify available funding before an agency may proceed to the final stages of a procurement and encumber a contract.

OSC will not approve any requests for technology purchases that are not accompanied by the required authorizations.

4. Chief Information Officer/Office for Technology Review

The OCIO/OFT PTP process is expected to:

- Verify the utility of such purchases, both on an agency-specific and statewide basis;
- Assure coordination and consolidation, when appropriate, with other agencies' technology purchases;
- Assure technology requests represent best value and are appropriate for the purposes for which they are requested;
- Promote compatibility with State technology standards, including privacy, confidentiality and data security safeguards;

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- Ensure consistency with the statewide strategic technology plan and the requesting agency’s own technology plan; and
- Promote best practices.

OCIO/OFT will provide agencies with feedback related to their review, to afford the greatest opportunity for each project to be modified to achieve an approval to proceed.

5. Budget Division Review and Approval

For those projects requiring DOB approval as part of the PTP process, examiners should evaluate the:

- Sufficiency of available appropriations to fund the project;
- Reasonableness and affordability of the expected cost;
- Degree to which project costs are reflected within the agency’s approved spending plan or proposed budget;
- Relevance of the project to an agency’s operations and mission;
- Potential for the project to promote administrative or management efficiencies;
- Consistency of the project with the agency’s overall technology strategy and with other projects contained within the agency’s Annual Technology Plan; and
- Potential or need for collaboration with other State agencies, or other levels of government.

DOB will provide both OCIO/OFT and agencies with feedback related to their review within 5 business days of the receipt of a request for approval pursuant to the PTP process.