

PROCUREMENT INFORMATION MEMORANDUM

Date Issued: July 11, 2018

Number: 18-003

Revised: August 21, 2019

Effective Dates: July 11, 2018-August 21, 2019

Subject: **Information Technology (IT) and Private Consultant Services Purchasing over \$150,000**

***Effective August 21, 2019, this PIM is retired (not in force) and is being replaced with *PIM 20-001, Information Technology (IT) and Private Consultant Services Purchasing Updates*

I. REFERENCE

Executive Order 288

s. 16.71(1), (1m); 16.77; 16.78, Wis. Stats

II. PURPOSE

On May 1, 2018, Executive Order 288 (hereinafter "Order") was published to require all state agencies as defined in Wisconsin Statutes 230.03(3) to obtain the approval of the Department of Administration (DOA) Secretary prior to making Information Technology (IT)-related and private consulting purchases over \$150,000.

This policy is intended to ensure each large IT/telecom and/or private consulting purchase:

- Aligns with enterprise information technology and telecommunications strategies established by the Information Technology Enterprise Steering Committee (ITESC) and the Division of Enterprise Technology (DET)
- Supports an established agency or enterprise need
- Does not duplicate services or activities that are otherwise provided by DET, STAR or another agency
- Will be procured, where possible, through a strategically sourced contract
- Is supported by an agency's Secretary's Office

III. SCOPE

This policy applies to state agencies as defined in §230.03(3), Wis. Stats. The policy does not apply to authorities, UW System or its campuses, legislative or judicial entities, or any local unit of government. Purchases made by DOA and its divisions are subject to this policy.

This policy applies to all IT and telecommunications hardware, software, related goods and services and private consulting (both IT and non-IT). [Attached](#) is a listing of commodity codes (i.e. NIGP codes) and categories in scope of this policy.



“Private Consulting” refers to consultants that have contractual agreements, in an advisory capacity, with an agency where they spend the majority (51% or more) of time *advising* rather than *performing* their chosen profession. Examples include hiring a consultant to review management practices or decisions, future purchases or operation systems. All purchases in the 91800 (Consulting Services) NIGP category codes and/or in account code 7700000.

“Purchases” refer to all spending conducted under the authority of Ch. 16, Wis. Stats., through all payment mechanisms and under all types of contracts (i.e., agency-specific, enterprise/statewide, piggyback, collective/cooperative, competitive procurements and non-competitive waivers). This policy also applies to IT purchases made pursuant to an exempted grant. See section VIII, FAQ.

“Critical Request” is defined as a request for:

- a) An application that is required to operate by State or Federal Statutes;
- b) An application that is the main support for a state service required by State or Federal Statutes;
- c) An application that citizens rely on for their statutorily required activities (i.e. taxes, child support, etc.);
- d) An application that citizens rely on for support (i.e. healthcare, unemployment, etc);
- e) An application that has multiple systems that rely on its function (see a through d);
- f) An application that substantially increases the efficiency of state services required by State or Federal Statutes;
- g) An application that modernizes an existing application that is required by State or Federal Statutes;
- h) An application that a 3-day outage would greatly impact the core services provided by the agency; or
- i) Hardware or software that critical applications cannot function without.

“Important Request” is defined as a request for:

- a) An application that supports a state service authorized by State or Federal Statutes;
- b) An application that a 3-day outage would not greatly impact the core services provided by the agency; or
- c) Hardware or software that Important Applications cannot function without.

“Value-Add Business Request” is defined as a request for:

- a) An application that supports agency business processes;
- b) An application that is a new project not related to a State or Federally required state service;
- c) An application that has not developed a clear purpose related to a State or Federal requirement;
- d) An application that a 3-day outage would not impact the core services provided by the agency; or
- e) Hardware or software that supports a Value-Add Business application.

This policy applies to purchases valued over \$150,000 carried over a full contract term (i.e., initial plus all renewals). For example, if an agency purchases the services of a private IT consultant at a value of \$100,000 annually and the purchase order, contract and/or underlying cost benefit analysis (CBA) has one renewal year option on it, the agency shall seek approval under this policy because the total possible spend is \$200,000.

For purchases tied to a purchase order with a term of less than one year, this policy applies if the total possible value of the purchase order at the time it is created is over \$150,000. This policy also applies if an original purchase order is under \$150,000 but a subsequent change order(s) increases the total to over \$150,000.



For purchases made using a state purchasing card (P-Card), agencies must ensure that IT purchases are not being split over a term if the collective spend in a year or less is over \$150,000. See [PRO-C-27](#) for more information on serial contracting.

This policy is intended to cover all large IT and private consulting transactions; therefore, blanket approvals for initiatives or projects that include ambiguous or future purchasing activity will not be allowed.

IV. IMPLEMENTATION AND SYSTEM ACCESS

Agencies use the rpa.wi.gov system to submit and obtain approval for these purchases.

Only authorized staff will be allowed to submit requests. Requests for access to the system must be made through an agency's delegated procurement director or main purchasing liaison (if CAPS agency). Security requests from delegated agencies will be made directly to doawispro@wisconsin.gov, containing the first name, last name, email address and IAM for the requested user(s). CAPS agency requests will be made to Steve Slawny or his designee via email containing the same information; requests that are approved will then be forwarded by CAPS to doawispro@wisconsin.gov for processing.

V. PROCEDURES

Regardless of the type of transaction or contract being used, agencies are expected to account for the following:

- A description of the product or service and why it is needed. Specify if the need is required by federal law, statute or contract.
- Impact of not making the purchase.
- Criticality of the request.
- A statement explaining whether the product or service is redundant of products or services otherwise available from DET or STAR or could be obtained from another agency.
- Identification of the contract or procurement method that will be used to purchase the product or service.
- The cost of the product or service and the intended funding source, including appropriation.
- Alignment with policies pursued by the Governor.
- Intent to use the state master lease program or other financing.
- Alignment with published DET IT strategies and standards for the enterprise.
- Whether the product or service is included in an approved DET project plan, and/or identified on the agency's annual IT plan as submitted to DET.
- Approval by the agency Secretary, Deputy Secretary or Assistant Deputy Secretary.

This policy will be activated as follows:



1. Existing Agency-Specific or Statewide Contracts

Attach the signed Approval Letter, form DOA-3311 (or a copy of the submitted request form DOA-3310 if request is not yet fully approved) to a requisition or purchase order. For purchases that will accumulate to over \$150,000 using a P-Card to pay, submit the completed form before the first purchase is made.

2. New Agency Contracts

Under current policy, agencies must submit procurement plans to obtain approval to perform certain procurement activities, namely official sealed bids and RFPs. The requirement to submit a procurement plan has not changed. However, at the point that an agency intends to use the subsequent contract, a completed Approval Letter, form DOA-3311 (or a copy of the submitted request form DOA-3310 if request is not yet fully approved) shall be attached to the requisition or purchase order.

3. New Non-Competitive Procurements (Waivers) and Collective Purchases

For general waivers and sole source waivers, agencies shall continue using existing form DOA-3046 and the RPA system for processing of waivers.

4. Piggybacking

For piggybacking requests, agencies shall complete the Request form DOA-3310 and submit as a request for \$150K approval. The agency will then attach the completed Approval form DOA-3311 (or a copy of the submitted request form DOA-3310 if request is not yet fully approved) to the piggybacking request that is sent to SBOP.

VI. APPROVAL PROCESS

DOA has established a goal of acting on agency requests within ten (10) business days of agency submissions of complete information in the automated system. Additional time may be required to work with agencies to address complex or unique issues, or to address questions from the Secretary. Emergency/expedited approval may be provided based upon critical needs as requested by an agency.

VII. COMPLIANCE MONITORING

Request form DOA-3310 requires the approval of an agency head (or designee) before it is sent to DOA for approval. Agencies with delegated procurement authority shall ensure compliance through their central delegated agent. Agencies supported by SBOP (consolidated through CAPS or otherwise supported) will monitor for compliance.

Approvals may contain stipulations or other conditions which will be identified on the signed Approval Letter, DOA-3311. Agencies must follow such stipulations or conditions in making subsequent purchases.

Any IT or private consultant purchase over \$150,000 that is made without proper approval may be considered an unauthorized purchase and managed accordingly. See [PRO-E-8: Prior Approval of Purchases/Unauthorized Purchases for more information](#).



VIII. FAQ

General Questions

1. Is the \$150k calculated per transaction or as total FY equipment purchases for the same equipment? We purchase items throughout the year using multiple payment methods (PO's and P-Card) that accumulate over \$150k.

The \$150K is calculated over the contract term. For recurring purchases on a P-card or blanket PO, the amount is carried over the fiscal year.

2. Regarding software or service purchases: Is the \$150k calculated by supplier? Or by contract?

By contract.

3. Is this required for already established contracts expiring before 6/30/2019?

With the notable exception of VMS/IT services contractors, this does not apply retroactively to contracts entered into before August 1, 2018 and expiring on or prior to June 30, 2019.

4. How does this affect DFDM Project purchases?

The scope of this policy is goods and services procurement activity done under Ch. 16, Subchapter IV, Wis. Stats. It does not affect purchases that are done pursuant to official facilities.

5. Will there be a separate contract number or approval number of some kind assigned at the end of this process like there is with the RPA process, etc.?

No. The approval will be sent back to the agency in the form of the signed approval letter.

6. How do we use the flags? Also, currently checking a flag is not mandatory, should it be?

The request flags represent general subcategories of IT purchasing. Agencies should use their best judgment by flagging a request based on what is being procured. The professional services category dropdown must be used for professional IT services. Flags are not mandatory in the system, but if they are ignored completely, the request will be sent back for clarification.

7. If we get approval to do an RFP using the procurement plan process, why do we also need to request approval under this policy?

Procurement plans are used for initial planning purposes, and subsequent bidding activities do not always result in an awarded contract. This policy is intended to ensure that the final contract amounts, financing, and scope are in alignment with enterprise standards and objectives prior to payments being made.

Agencies will attach the approved proc plan to \$150K requests in the system to further justify the transaction.

8. How are requests edited or cancelled/deleted? For example, if a requestor selects the correct document type but upload the wrong document, can it be provided later?

An agency can override the upload of an erroneous document at the time the request is submitted, or it can



be provided to an approver to be uploaded as an attachment during the approval process. Approvers can send requests back to the Agency Revision phase. Agencies can also withdraw a request.

9. Will we receive an approval letter from DOA for each entry?

Yes, each request will generate an approval letter which will contain the results of all reviews (IT, procurement, budget) and any stipulations on the approval. An approved request will have a fully signed letter. A denied request will not be signed and the reason for denial will be provided back to the agency.

10. The character limit on the "Service/Commodity Description" field is only 100 characters. Can this be increased?

This is intended to be used as a concise title, not a paragraph. Specifically for VMS requests, this field will include the name of the contractor. For example, "Application Developer/Steve Smith".

11. If my agency obtains a grant exemption, is an approval through the \$150K process needed?

Yes. It is recommended that agencies time the \$150K submittal close to the timeline of receiving the grant exemption approval for efficiency.

12. In the procurement Authority drop down box, why is "Grant Exemption" an option here. By definition, if it qualifies for this process it cannot qualify as a grant.

See question 11 and section III, Scope. Even if an agency receives a grant exemption, this policy applies.

13. The NIGP codes allow entry of any codes. Can the list get pared down to only the relevant codes?

The NIGP code search table is shared between both \$150K requests and RPAs, so it will not be customized. However, agencies may refer to the attached code listing for this policy for ease of reference.

14. The Scope section lists only 91800 consulting services. If under another code, is this approval unnecessary?

See question 13. The code 91800 is a "parent" code which includes all types of consulting codes within it and they are all included.

15. Why can multiple vendors be entered and multiple IT subcategories be selected on one request?

The system was designed to accommodate requests which may have multiple categories associated to them. For example, if an agency is deploying new hardware at a facility and that hardware includes the purchase of operating software and one-time professional implementation services, an agency can account for that. Agencies will not use this functionality to submit multiple transactions on one request.

16. If my agency received approval at a specific dollar amount, and we now need to spend more than that, do we need to resubmit anything?

If the amount of overage is 10% or less, the agency is expected to retain documentation of why the increase is being accepted and why it could not be planned for. If the amount of overage is more than 10%, the agency



will submit a request to amend the original request and it will go back through the approval process.

The procedure to initiate a change to an approved request is to contact the SBOP analyst who worked on the original request.

Forms and Required Documentation

17. The only required document listed is DOA-3310. It reads as if it is optional to add the CA or CBA. Should it be mandatory for certain types of requests based on how the user flags them (e.g. VMS contractors)? How would that work for other types of purchases that qualify for a CBA exemption (e.g. software).

Because there are several exemptions in Ch. 16.705(2)(b), Wis. Stats. to doing a CBA or CA review, this cannot be a required document type for any given request category. For VMS contractors, CBAs and CAs are required and will be an attachment for those request types. Approvers will be reviewing for CBA/CAs on requests that should have them.

18. Will each form (DOA-3310, DOA-3819 (CA) DOA-3821a and DOA-3821b (CBA)) need to be signed individually?

Yes.

Form DOA-3310

The form is located on VendorNet in the [Forms tab](#).

19. Section 1 is always covered by the CBA. Aside from the description, are the other questions necessary? Can this form reference the CBA number?

Because not every request will have a CBA associated with it, agencies cannot forego completion of DOA-3310. However, if a CBA is attached to a specific request, an agency can reference that section to avoid duplication of entry effort.

20. Section 2, Q2, how does an agency verify if a specific request aligns with the Governor's policies? Doesn't the signature of the Agency Head confirm this?

Agencies should leverage their internal operating procedures to ensure this section gets completed.

21. Section 3, Q1 (is the product or service being requested in line with strategies and standards in place by DET?), how is this verified?

DET publishes standards and shares strategies for the enterprise online and with IT directors and agency CIOs. Here are links to policies, standards, the latest service catalog and compliance-related resources:

<https://det.wi.gov/Pages/EnterprisePolicies.aspx>

<https://det.wi.gov/Pages/Enterprise-Technology-Standards.aspx>

<https://det.wi.gov/security/Pages/Policy-Standards-Compliance.aspx>

<https://det.wi.gov/Pages/ServiceCatalog.aspx>

Agencies should leverage their internal operating procedures to ensure this section gets completed.



22. Section 3, Q3, why is approval needed if part of an existing pre-approved project?

This question is asked primarily to streamline the approval process.

23. Sections 2 and 3 will be difficult to load for this year. These questions may not have been asked previously and would require going back to each hiring manager. Is this what DOA wants us to do? Going forward, the form will be given to the hiring manager at the beginning of the process for them to complete as part of each contractor's packet.

Yes. The intent is to improve the strategic decision making and spending on IT purchases and private consultant engagements. Agencies should leverage their internal operating procedures to ensure this section gets completed.

24. Some of the questions seem quite broad, and the users may be looking for a bit more guidance on what information is needed, or what an exemplary response might look like. For instance, Section 2/Question 2 and Section 3/Question 1 can be interpreted in a variety of ways.

Agencies should complete the form to the best of their ability considering what is being procured.

25. Can a field be added for Vendor/contractors name and address, for NIGP code and for prior year expenditures and prior year date range? Can the form list drop down options and categories that are listed on the RPA site under "Request Flags"?

To reduce the need to key in information on both a form and in the system, these fields are only on the online page. Once they are filled in on the online page, a PDF of that information will be available on the Documents tab.

26. Can we have two different forms? One for IT Purchases. One for Private Consultants. The questions on the form do not lend themselves to private consultants.

If the request is non-IT private consulting, the IT questions can be skipped as not applicable. The remainder of the questions on the form are relevant.

27. Can the form include questions about prior years' spend/estimated spend? As it currently is, we have to do additional digging to address this portion.

Fields for spend have been added.

28. It looks like this form, DOA-3310, is not needed for general and sole source waivers. Is that correct?

Correct. If an agency has a sole source or general waiver request, it will follow the normal approval process and use the existing RPA-related forms.

Renewals

29. For a multi-year contract, do we have to go through the \$150K process at every renewal?



If the renewals were part of the original request/approval, no.

30. Should prior years be prior terms? Date range definition was unclear: single years, partial, several combined? Is total Expenditure for the named year or the entire project?

The Prior Years tab is asking for date ranges, so the entry should be in that format (e.g. 7/1/18-6/30/19, not "FY19"). If a request is related to a contract that is being renewed, the agency should account for all prior terms in accordance with how the contract has been managed to date.

For example, an agency is renewing a subscription-based contract for software. The subscriptions are renewed every year and the agency has been using the software for almost 3 years. However, the first "year" of the contract was partial because the purchase order was done in December. The request to renew the next year's subscription looks like this on the Prior Years tab:

12/1/15-6/30/16

7/1/16-6/30/17

7/1/17-6/30/18

31. What are you asking for in the renewal option, the number of available renewals, which renewal option is current, or the date of the next coming renewal? What is the relevance? Does this relate in any way to whether or not we check the "renewal" box for this request?

See Question #29. The Renewal box is a flag for an agency to identify that 1) a new request has a contract history prior to the implementation of the \$150K process and 2) for approvers to identify requests that have a history of coming through the system.

32. For the Contract option are you asking for the length of the original contract terms, the current renewal term, or the full contract length to date?

The Contract Term and Renewal Option fields on the Request tab will account for the full term.

VMS/IT Services Program

33. At what point in the TAPFIN process does this need to be completed?

Before the purchase order is dispatched. The cost benefit analysis (CBA) or continued appropriateness (CA) forms must also be attached to such requests.

34. Is the contract term the term for the VMS contract or for each individual contractor? If the term is for the contractor, should this be three years with two one-year renewals or should it be one year with no renewals? Since we are entering these every year, the assumption would be it is one year with no renewal.

The term should match the anticipated commitment the agency is making. If an agency contemplates that it will be engaging a contractor for a full term of 3 years (regardless of how those 3 years are managed and regardless of the fact that a new, annual purchase order must be done), that full term will be accounted for on the request.



For example, an agency does a request for service (RFS) on the VMS/IT Services contract for an application developer. The term is 3 years (1 year plus 2, one-year renewals). The agency selects John Smith at a rate of \$100,000 per year. The agency will submit a \$150K request for this contractor, because they may engage John Smith for \$300,000 over the course of the full term.

35. My agency has many IT contractors. Can we submit one consolidated request?

No, each contractor must be approved individually. However, agencies are encouraged to include documentation to demonstrate the “big picture” to further support individual requests. For example, if an agency is requesting to contract with 20 contractors on a specific project, the agency could provide a spreadsheet of the positions along with the individual requests.

36. On the Vendor tab, for an IT services contractor is the “Vendor” TAPFIN or the contractor?
The vendor that should be listed is the one the agency is issuing the purchase order to. In the case of the VMS program, at this time that is TAPFIN.

37. If I do a CBA or CA for a contractor, do I have to go through this process as well?

Yes, and the CBA or CA must be attached to an IT services request.



Appendix A: DOA Correspondence Dated March 27, 2019

Subject: Changes to \$150K IT and Consultant Purchase Policy

Wisconsin 2018 Executive Order #288 requires all IT and private consultant purchases over \$150,000 to be approved by the Department of Administration, Secretary's Office. Since this requirement has been in place, 911 requests have been submitted and of those, 382 are awaiting analysis.

DOA staff is dedicated to processing these requests as soon as possible. However, we also recognize the operational disruption that may be caused if timely approval is not provided. Therefore, effective today we are changing policy in two important areas.

First, agencies are no longer required to submit a \$150K request for any contract renewal if the original request included those renewal years. Current policy requires agencies to resubmit a request for every year of a contractor's term.

Second, agencies are no longer required to hold a purchase until a final approval letter is received (i.e. DOA-3311). It is now acceptable to make a purchase if a completed request form (i.e. DOA-3310) is attached, with a note that approval is pending. In the event that the request is ultimately denied or the amount needs to be modified based on the outcome of the approval, the agency would use applicable change order procedures or cancel the purchase order.

Published policy, PIM-18003: Information Technology (IT) and Private Consultant Services Purchasing over \$150,000, has been revised to include these changes.

We will continue to work with the agencies to meet this requirement in the most efficient and effective ways possible. More information on additional changes will be coming in the next few weeks.

