

## **X. CONTRACT ROUTING AND APPROVALS**

### **A. Contract Package and Routing**

#### **1. Contract Package**

A Contract or Contract Amendment requiring one or more prior approvals beyond that of the Appointing Authority shall be circulated with the relevant supporting documentation required herein (“Contract Package”) to enable timely and accurate consideration of the requested approval(s). Only one contract package shall be circulated for approval.

Contract Packages may be circulated electronically, but only in accordance with a DII-approved electronic signature system. However, Agencies wishing to begin electronic submission to F&M after July 1, 2016, must first receive the permission of the Commission of Finance & Management, or designee. . Sending separate copies to the prior-approval parties or circulating electronically to all prior approval parties at the same time is not acceptable. All approvals required must be obtained sequentially, in the order shown on Form AA-14.

The Department of Finance & Management acts as the clearinghouse for contracts requiring signature by the Secretary. In such cases, F&M must receive the Contract Package, with all prior approval signatures necessary, at least two weeks before the planned execution date. If less time is available, a letter of explanation should be attached. However, for contracts taking effect on July 1, contracts should be submitted no later than June 1. F&M will forward the contract package and its own recommendation to the Secretary for final approval. If approved, the Secretary will return the package to F&M where a copy of the signed Form AA-14 will be retained; the remaining documents will be returned to the Agency.

#### **2. Content and Order of Package Documents**

To expedite the review and approval process, any request for approval of a Contract or Contract Amendment must consist of the following documentation, and the Contract Package, whether circulated in hard copy or via a DII-approved electronic signature system, must be assembled in the following order:

- a.** Form AA14;
- b.** Internal review or routing document, if used by the requesting Agency/Department (for example, BGS issues a Request for Review (RFR) document provides a quick summary of the contract, term, amount, and signatures);
- c.** DII Review Verification Sheet (if applicable) (see IT Guideline for additional information);
- d.** Cover memo or other document summarizing and/or justifying the requested Contract or Contract Amendment (for example, as applicable and appropriate, this document may be a Recommendation for Award, Sole Source Request, One-Time Waiver, or a Note to File);
- e.** Proposed Contract or Contract Amendment, including all Attachments (in alphanumeric order);
- f.** For any Contract Amendment, include the original contract, all prior amendments, and the corresponding AA14s in appropriate order.

### 3. Document Naming Convention for DII-approved electronic signature system:

Agencies circulating Contract Packages electronically for review and approvals should consider utilizing a standard naming convention, for example:

- Standard Contract Package (requiring signature on AA14 only):  
*“CONTRACT # AND AMEND# (IF APPLICABLE) VENDOR NAME AA-14 SIGN”*
- If Contract Package includes Sole Source Request (requiring signature on AA14 and Sole Source Memo) add “and Sole Source” to end of Standard Contract Package title:  
*“CONTRACT # VENDOR NAME AA-14 AND SOLE SOURCE SIGN”*
- If Contract Package includes One-Time Waiver Request (requiring signature on AA14 and Waiver Memo), add “and Waiver for XXX” to end of Standard Contract Package title: *“CONTRACT # AND AMEND# (IF APPLICABLE) VENDOR NAME AA14 and Waiver for XXXX SIGN”*
- For a One-Time Waiver made prior to RFP or Contract: *“WAIVER for XXXX Sign”*
- For Expedited Requests, begin title with the word “Expedite”. ONLY contracts, amendments, sole source requests and waivers that have urgency may be named using “Expedite” as the first word in the title. For example, a Standard Contract Package would be titled as follows:  
*“EXPEDITE CONTRACT # AND AMEND (IF APPLICABLE) VENDOR NAME AA14 SIGN”*

#### B. Approvals - Required Prior Approvals



**NOTE:** *The State shall not execute a contract requiring prior approvals until all such required approvals have been obtained.*

An Agency may be required to obtain prior approval of a contract from the Secretary, the Office of the Attorney General (AGO) (which includes in-house assistant attorney general), Chief Information Officer (CIO), Chief Marketing Officer (CMO), or Commissioner of Human Resources.

If documentation other than the Standard State documentation is used, Appointing Authorities should consult with Agency general counsel, in-house AAG or the AGO to confirm contract terms, particularly those in “small print” Vendor documents, are consistent with State law and policy. In the case of contracts in an amount less than \$25,000 (\$0 - \$24,999) which may pose substantial risk to the State, Agency general counsel or the Office of the Attorney General should be consulted to determine if modifications to Contractor forms are required.

#### 1. Attorney General Review

The Attorney General, or his/her designee, must give prior approval as follows:

- a. A Contract for Service valued at 25,000 or more must be certified by the AGO, as detailed on page [17](#) of this Bulletin and [3 V.S.A. §342](#).
- b. A Contract for Service valued at \$25,000 or more must be reviewed and approved “As to Form” to ensure that the agreement: (a) complies with all applicable

statutory requirements and State policy; (b) generally could be interpreted to be legal, valid, binding and enforceable; and (c) appropriately protects the interests of the State.

- c. Regardless of dollar amount, a Contract for Service must be reviewed and approved “As to Form” in any of the following circumstances:
- Vendor-required forms (for example, “small print” terms and conditions);
  - Privatization contracts;
  - Contracts including a Change Order process (a.k.a. task orders, change requests, see page [39](#));
  - Data Usage and/or Sharing contracts;
  - Financial Transaction Contracts;
  - Zero Dollar contracts.

Upon request, the AGO will review contracts “As to Form” for \$25,000 or less. Reviewing “As to Form” can help ensure project scope, project roles and responsibilities of the parties and payment provisions are clear and enforceable. This review “As to Form” is highly recommended for complex contracts.

The AGO may decline to approve contracts “As to Form” when a contract is not consistent with State law and policy or discretionary choices made by the Agency pose risk concerns unacceptable to the AGO or the Director of Risk Management. Should the AGO decline to approve a contract “As to Form,” the Agency may still request approval to enter into the contract from the Secretary, in accordance with Section VI.D.2.

## **2. Secretary of Administration**

The Secretary, or his/her designee, must give prior approval to:

- a. Contracts with maximum amounts over \$250,000;
- b. Sole Source Contracts of \$10,000 or greater;
- c. Privatization contracts;
- d. Contracts which include a Change Order process (a.k.a. task orders, change requests, see page [39](#));
- e. Financial Transaction contracts;
- f. Data Usage and/or Sharing contracts;
- g. Zero-Dollar contracts;
- h. Waiver requests other than Sole Source;
- i. All contracts which the AGO has declined to approve "As to Form".

## **3. Commissioner of Human Resources**

### **a. Privatization Contracts**

Special and stringent requirements apply to privatization contracts. Any contract that would result in the reduction in force of at least one permanent, classified state employee, or the elimination of a vacant position of an employee covered by a collective bargaining agreement is likely to fall within the definition of “privatization contract” (see [3 V.S.A. § 341](#) for complete definition). No Agency may enter into a privatization

contract unless it has first notified the Commissioner of Human Resources and subsequently worked with the DHR to follow the procedure specified in [3 V.S.A. § 343](#). The Agency shall be required to notify the Vermont State Employees Association (VSEA) of its intent to enter into a privatization contract 35 days prior to the beginning of any open bidding process, including an informal bidding process. Additionally, the Agency must demonstrate, by use of an accounting process specified in [3 V.S.A. § 343](#), that the proposed contract will result in cost savings to the State of at least 10% compared to the cost of having the service provided by classified state employees. DHR approval is required in addition to the normal approval(s) required based on the contract amount and/or waiver requested.

#### **b. Contracts with State of Vermont Employees and/or Retirees**

State Personnel [Policy 5.1](#) (Simultaneous Employment) prohibits employees from entering into a contract agreement or other employment which will result in concurrent payments from the State of Vermont under more than one employment category, unless approved by the Commissioner of Human Resources.

The Commissioner of Human Resources (DHR) must also review and approve any contract with a former State of Vermont employee or retiree executed within one (1) year of the employee's date of separation or official retirement date. DHR approval is required in addition to the normal approval(s) required based on the contract amount and/or waiver requested. The Commissioner of DHR shall maintain a list of all contracts, approved or rejected, with former State of Vermont employees.

#### **4. Information Technology Activities and Information Security Contracts**

All Information Technology and Information Security RFPs, regardless of dollar value, must be reviewed by the State Chief Information Officer (CIO) prior to posting. Further, State CIO approval is required for Information Technology and Information Security contracts as follows:

- a.** Contracts for cloud services (SaaS, PaaS and IaaS) regardless of dollar value (see IT Guideline for more information);
- b.** Information Technology and Information Security contracts which will involve the electronic processing, storing, or transmission of Confidential Information;
- c.** Sole Source Contracts for information technology activities and information security (must be approved prior to approval by the Secretary); and
- d.** Information Technology and Information Security contracts over \$500,000.

Agencies must follow CIO/DII standards for the management, organization and tracking of information technology activities. These standards may be obtained from the Department of Information and Innovation (DII) or found at <http://dii.vermont.gov>.

Certain IT Activities may require an Independent Review in accordance with [3 V.S.A. § 2222\(a\)\(9\) and \(10\)](#). Refer to the IT Guideline for additional information about Information Technology requirements and duties of DII/the State CIO.

#### **5. Marketing Service Contracts**

Any Contract for Service relating to marketing with a value greater than \$25,000 requires the prior approval of the Chief Marketing Officer (CMO). Vendors of marketing services must be on the CMO's list of prequalified Vendors. For marketing contracts valued at \$25,000 or less, supervisors must refer to and comply with applicable statewide marketing guidelines, policies, and standards issued by the CMO and available at: <http://cmo.vermont.gov/>.

[END SECTION X]