

EXEMPTION FROM APPROVAL BY THE DEPARTMENT OF GENERAL SERVICES

1215

(Revised 1/13)

1. All contracts must conform to the requirements for contracts as stated in statutes, regulations, and policy.
2. The law requires all contracts to be approved by DGS unless exempted or there is a delegation to an agency.
3. All contracts and interagency agreements (I/A) are subject to approval by DGS except:
 - a. Contracts of \$50,000 or less, unless subject to the provisions of SAM Section 1216. See Government Code (GC) Section (§) 14616.
 - b. Contracts with specific statutory exemption from DGS approval. See Public Contract Code (PCC) § 10295.
 - c. Amendment to a contract or I/A that only extends the time for completion of performance for a period of one year or less. A contract may only be amended once under this exemption. See PCC § 10335.
 - d. Any contract for which the agency has a specific exemption letter from DGS under GC § 14616, or PCC §10351.
 - f. It is an I/A over \$50,000 and less than \$1,000,000 that uses the current GIAs (including SAM 8752 and 8752.1 cost provisions) without modification and that has no direct or indirect subcontracting (GC §11256), subject also to the following:
 1. This I/A exemption does not apply when contracting with CSU, UC, or any other state agency that is a exempt from Division 2, Part 2 Chapter 2 of the Public Contract Code (PCC § 10290 et seq.);
 2. Agencies shall not use I/As to circumvent any state law or contracting requirements;
 3. Agencies shall not use I/As to obtain any third-party IT goods or services nor any third-party non-IT goods or services;
 4. DGS reserves the right to audit exempt contracts at the contracting agency's expense;
 5. If DGS determines an agency is failing to abide by the conditions of this exemption, DGS reserves the right to revoke the exemption such that that agency would then be required to submit to DGS for approval all I/As of \$5,000 or more (or such other amount as DGS establishes when revoking or reducing this exemption);
 6. DGS is establishing this I/A exemption on a pilot basis, and DGS will evaluate outcomes to determine whether to modify, continue, or discontinue the exemption.

Although these contracts do not require DGS/OLS approval, review/approval services are available on request for any contract, regardless of value.

4. Considerations Related to Exempt Contracts
 - a. No contract which exceeds \$75,000 will be exempt from DGS review, without specific statutory authority.
 - b. A copy of each exempt contract or I/A is to be retained in the agency's file for three years from the date of the final payment.
 - c. Where the performance is other than monetary, such consideration must be valued on a monetary basis for the purpose of determining whether approval of DGS is required.

(Continued)

SAM—CONTRACTS

(Continued)

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1215 (Cont. 1)

(Revised 1/13)

- d. Any state agency that enters into or expects to enter into more than one consulting services contract with the same individual, business firm, or corporation within a 12-month period for an aggregate amount of fifty thousand dollars (\$50,000) or more, shall notify DGS in writing and shall have each contract that exceeds an aggregate amount of fifty thousand dollars (\$50,000) approved by DGS.
- e. Splitting of contracts to avoid any monetary limitations is prohibited. If it is found that more than one contract has been awarded to a single contractor in any one year for work normally considered one undertaking, and the total of the contracts exceeds \$4,999, the agency may be denied the exemptions from DGS approval as granted in this and other sections of SAM.
- f. Revenue and reimbursable contracts are to be submitted to DGS under the same dollar categories as other contracts.
- g. Master agreements are to be submitted to DGS regardless of the dollar amount. Contracts or subscription agreements pursuant to a master agreement are to be submitted to DGS under the same dollar categories as other contracts.