



VIRGINIA
IT AGENCY

**Information Technology
Continent Labor (ITCL)
Policy Revision**

Implemented 1 January 2024

Current 14 May 2024

VITA's Contract with CAI is Foundation of ITCL Program (VA-210625-CAI)

- In 2021, VITA held a competitive procurement and selected Computer Aid, Inc. (CAI) as its Managed Service Provider (MSP) for the ITCL Program
- Current contract expires on 25 June 2026
- Contract allows VITA, in its sole discretion, to renew the CAI contract for up to five (5) additional one (1) year renewal periods
- CAI is VITA's largest contract at \$200+M annual spend
- Contract and related documents may be found at <https://vita.cobblestonesystems.com/public/>

Benefits and Value of the ITCL Program

- Enables a common acquisition process for agencies and institutions to obtain IT staff augmentation services and deliverables-based SOW services through a managed service provider (MSP) program
- Provides 50+ improved and standardized IT job descriptions and “Not to Exceed” (NTE) billing rates for IT staff augmentation to reduce costs and create efficiencies for the Commonwealth
- Leverages competition so that agencies obtain highly qualified contingent workers at market rates
- Establishes the distinction between acquiring staff augmentation services vs. contracting for a deliverables-based project (turn-key approach)
- Provides a process for deliverables-based SOW procurements that reduce risks and costs to the Commonwealth
- Provides a gateway for SWaM firms to do business with the Commonwealth as a subcontractor in the CAI network

Revised ITCL Policy

- Data analysis showed:
 - 20% of staff augmentation engagements use "Exception" job title
 - 75% of SOW engagements name a resource or supplier rather than being competed through CAI's subcontractor network
- These purchasing behaviors are contrary to the competitive principles of the ITCL Program and Virginia Public Procurement Act
- Result in potential increased risks and costs to the Commonwealth
- ITCL Policy was revised to improve agency purchasing behavior in the ITCL Program and create potential cost savings

Revised ITCL Policy

- Became effective 26 October 2023; implemented 1 January 2024
- Three goals:
 - ✓ 1) decrease the number of Exceptions in staff augmentation;
 - ✓ 2) promote competition and negotiation in SOW engagements; and
 - ✓ 3) help agencies make better decisions and hold them accountable for the decisions they make
- Applies to all new staff augmentation and SOW requisitions initiated on or after 1 January 2024
- Only applies to Executive Branch agencies

Staff Augmentation: “Non-Standard Job Title (Niche)” and “Rate Exception – Standard Job Title” New Requisition Classes

- Under the former ITCL Policy, only one requisition class ("Exception") that an agency could select in Vector VMS for two different scenarios: 1) when there was an Exception to the Not to Exceed (NTE) Rate Card for an existing job title and 2) when a job title was not represented on the Rate Card
- Under the revised ITCL Policy, the single “Exception” requisition class was replaced by two new requisition classes: 1) “Non-Standard Job Title (Niche)” and 2) “Standard Job Title - Rate Exception”
- Breaking this into two requisition classes will improve reporting and provide better insight for potential ITCL Program changes

Use of “Non-Standard Job Title (Niche)” Requisition Class

- Situations where an agency requires a new category of IT skills not represented on the Rate Card
- These engagements will be tracked and reported to determine whether additional job titles are needed to support competition within the ITCL Program

Use of “Standard Job Title - Rate Exception” Requisition Class

- Situations where prevailing labor rates have changed for existing job titles represented on the Rate Card OR an agency requires a unique skill for an existing job title that requires a rate exception
- These engagements will be tracked and reported to determine whether adjustments need to be made to the Rate Card

Agency Head Approval Required for Staff Augmentation Exceptions

- Under the revised ITCL Policy, use of the “Non-Standard Job Title (Niche)” or “Standard Job Title - Rate Exception” requisition classes requires agency head approval
- An Exception Form must be completed and signed by the agency head and attached in Vector VMS before submitting the requisition to CAI
- The Exception Form must be signed by the agency head; this responsibility may not be delegated
- CAI will not release the requisition to subcontractors if the signed Exception Form is missing

Statements of Work: Named Resources or Suppliers

- Competition and negotiation are essential to obtaining reasonable pricing in any procurement transaction, including SOW engagements
- Using named resources or suppliers rather than competing the requirements in the CAI subcontractor network reduces competition, drives up costs, and increases risks to the Commonwealth
- Revised ITCL Policy requires agencies to negotiate all SOWs to ensure the price being paid is fair and reasonable
- Agencies should document these negotiations and keep the notes on file

Agency Head Approval Required for Named SOWs

- Agency heads should use the same Exception Form as Staff Augmentation to indicate their approval for named SOWs
- After the Exception Form is signed, it should be emailed, along with the initial Statement of Requirements (SOR), to the CAI account manager
- CAI will not release the SOW requisition to the named subcontractor if the signed Exception Form is missing
- Note: *There will be times when it is appropriate to have a named SOW. The revised ITCL Policy is intended to mirror the current process for other sole source procurements where agencies must document the business justification for sole source procurement decisions.*

ITCL Program Fast Facts

- CAI serves as the prime contractor on all staff augmentation and SOW engagements; CAI is VITA's MSP
- CAI subcontracts the work to the CAI subcontractor network
- SOWs are executed between the Authorized User (includes all VA public bodies) and CAI
- Currently over 500+ subcontractors enrolled in staff augmentation; enrollment for staff augmentation is always open
- Currently over 100+ subcontractors approved by CAI to do SOW work; semi-annual open enrollment periods for SOW vendors
- SOW program allows only for fixed-price, deliverables-based projects up to \$3M
- Time & Materials (T & M) SOWs are not included in the ITCL Program
- Projects **cannot** be broken into multiple SOWs to avoid the \$3M cap; VPPA does not allow for “order splitting” (*See § 2.2-4303.2. Job order contracting; limitations.*)

More ITCL Program Fast Facts

- To facilitate competitive responses to fixed-price SOWs, Authorized Users provide detailed scope requirements in their Statement of Requirements (SOR)
- Authorized Users struggling with defining the scope of their project may consider doing an initial SOR for a vendor to help them scope a project. Alternatively, Authorized Users can hire a business analyst from the staff augmentation rate card to scope the project. CAI can help an Authorized User determine what makes the most sense.
- The contractual terms and conditions included in the Master Agreement between VITA and CAI flow through to Authorized Users and to CAI's subcontractor network. SORs and the resulting SOWs should not include any additional or conflicting terms and conditions. The Master Agreement prevails if there is a conflict between the documents.
- The ITCL Program covers only IT services
- Non-IT projects and resources and IT hardware and software (including licensing) are not in scope to the ITCL Program
- All of VITA's governance thresholds/review activities apply to CAI staff augmentation and SOW engagements

Resources

- Contract and related documents at <https://vita.cobblestonesystems.com/public/>
- ITCL website at <https://www.vita.virginia.gov/procurement/it-contingent-labor/> - Overview of the Program and points of contact
- User Resources website at <https://www.vita.virginia.gov/procurement/it-contingent-labor/resources/> - Policy, CAI contract, Exception Form and instructions, Rate Card, Job Titles/Descriptions, etc.
- CAI website at <https://www.cai.io/services/contingent-workforce-solutions/virginia> - Staff Augmentation process, SOW supplier list, Supplier Performance Dashboard, etc.
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