

# Spend Decision Governance™

## Board Capital Review Packet — Illustrative Competitive Benchmark Mode Example

Confidential – Illustrative Document

### BOARD ACTION

Approved

Deferred

Denied

Approval Date: \_\_\_\_\_

Recorded By: \_\_\_\_\_

**Institution:** [Institution Name]  
**Institution Profile:** Mid-to-Large Financial Institution (Illustrative)  
**Prepared For:** Board of Directors  
**Prepared By:** Executive Management  
**Review Date:** [Insert Date]  
**Project Reference:** [PR-2025-004]  
**Decision Mode:** Competitive Benchmark Mode

### FINANCIAL SNAPSHOT (BOARD SUMMARY)

**Initial Preferred Quote:** \$200,000  
**Observed Initial Bid Range:** \$182,000 – \$200,000  
**Observed Final Negotiated Range:** \$120,000 – \$150,000  
**Selected Vendor:** Vendor C  
**Final Authorized Amount:** \$120,000  
**Variance from Preferred Quote:** (\$80,000)  
**Pricing Realignment:** Approximately 40%  
**Scope Modified:** No

### Competitive Responses (Initial vs Final Negotiated)

Vendor	Initial	Final	Delta
Vendor A (Benchmark)	\$195,000	\$150,000	(\$45,000)
Vendor B (Benchmark)	\$182,000	\$138,000	(\$44,000)
Vendor C (Selected / Preferred Retained)	\$200,000	\$120,000	(\$80,000)

Note: Figures are illustrative. Negotiated amounts reflect documented market alignment discussions. Results vary by category, scope, timing, and vendor dynamics. No savings outcomes are guaranteed.

# 1. Executive Summary

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## Decision Overview

Management conducted a structured Competitive Benchmark Mode review for a proposed \$200,000 IT infrastructure acquisition supporting enterprise network resiliency and system performance optimization.

This review was conducted in accordance with the institution's material spend review threshold applicable to transactions exceeding [], consistent with internal governance standards.

## Scope Summary

The procurement involves enterprise-grade infrastructure components intended to:

- Support core systems reliability
- Enhance network performance
- Improve failover capacity and operational continuity
- Sustain current and projected transaction volumes

The acquisition is categorized as operationally significant infrastructure with cross-functional dependency.

## Pricing Alignment Summary

Structured competitive benchmarking identified observable variance between the initial proposal and prevailing market range.

The preferred vendor's pricing was materially realigned following structured market benchmarking (approximately 40% variance from the initial proposal).

The selected vendor remained unchanged, and scope integrity was preserved.

## Risk Posture

No elevated operational or financial risk indicators were identified following:

- Scope confirmation
- Vendor governance confirmation review (per internal policy)
- Contract review
- Market benchmarking analysis

The transaction aligns with the institution's documented spend evaluation and governance review standards.

## Executive Recommendation

Management recommends approval of the expenditure as realigned through Competitive Benchmark Mode review.

## Governance Affirmation Statement

Management affirms that:

- The transaction underwent structured market benchmarking.
- Pricing reasonableness was documented.

- Vendor due diligence was confirmed in accordance with internal policy.
- Decision ownership and documentation retention standards have been satisfied.

This review supplements — and does not replace — existing vendor management or third-party risk oversight programs. Alternate decision path templates available: Sole Source Justification Mode and Renewal Discipline Mode.

## 2. Scope & Criticality Assessment

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### Functional Role

The infrastructure supports enterprise network stability, redundancy, and secure data transmission across operational systems. It enables:

- Core processing connectivity
- Secure internal communications
- External service integrations
- Digital banking continuity

### Operational Dependency

The institution's operational environment demonstrates moderate-to-high dependency on this infrastructure layer. Failure or underperformance could result in service degradation, processing delays, or elevated operational response costs.

### Data Sensitivity

The infrastructure supports transmission of member/customer financial data, transaction records, and internal system communications. Data handling remains governed by existing institutional information security standards.

### Replacement Feasibility

Replacement is feasible but would require planned scheduling, coordinated cutover, and testing cycles. Transition risk is considered manageable within established change management procedures.

### Criticality Classification

Classification: Tier 2 – Operationally Significant Infrastructure. The review was conducted using a risk-based approach proportionate to the operational significance of the transaction.

## 3. Market Review & Alternative Assessment

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### Competitive Benchmarking Summary

Management conducted structured competitive benchmarking to evaluate pricing reasonableness and alternative solution availability. The review included:

- Comparable infrastructure providers
- Functional equivalency analysis
- Observed pricing ranges
- Delivery timeline comparisons

### **Comparable Providers Identified**

Several market participants were evaluated for functional parity, scalability, support coverage, and enterprise suitability. Benchmark participants were used for pricing and range validation only and were not engaged as active vendors.

### **Range Observations**

Observed market range for similar scope configurations indicated a pricing spread materially below the initial proposal. The preferred vendor's original pricing was positioned at the upper boundary of the observable market band.

### **Neutral Assessment Statement**

No material functional deficiencies were identified in the preferred vendor's offering. The review focused solely on pricing alignment and documented market reasonableness.

## **4. Pricing Alignment & Reasonableness Review**

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### **Market Range Summary**

Comparable scope pricing range: \$115,000 – \$145,000. Initial proposal: \$200,000. The variance suggested opportunity for pricing normalization.

### **Observed Pricing Position**

The original quotation exceeded the central market band for similar functional scope.

### **Adjusted Outcome**

Final negotiated pricing aligned materially within observed market parameters (approximately 40% below the original quote). Scope integrity and implementation support remained intact. No reduction in service levels was accepted.

### **Non-Promissory Statement**

This outcome reflects documented pricing realignment based on observable market conditions. It does not represent a guarantee of similar future results.

## **5. Risk Assessment & Ongoing Monitoring**

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### **Operational Risk**

No material increase in operational risk identified. Infrastructure reliability standards maintained.

### **Financial Risk (High-Level)**

Realignment reduces expenditure exposure without introducing additional financial complexity.

### **Contract Considerations**

Contract review confirmed standard commercial terms, service level expectations, renewal provisions, and exit language consistent with institutional standards. No non-standard risk provisions were introduced.

## Monitoring Cadence

Ongoing monitoring will follow existing vendor management cadence, including performance tracking, renewal review, and periodic pricing reasonableness review where appropriate.

## 6. Vendor Governance Confirmation

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Management confirms:

- The selected vendor is an approved institutional vendor.
- Due diligence documentation is current per internal vendor management policy.
- No material deficiencies were identified during vendor governance confirmation review.
- Governance confirmation was completed prior to final authorization.
- Structured benchmarking participants were not engaged as active vendors.
- Benchmark participants were evaluated solely for pricing and range comparison.

This review supplements but does not replace institutional third-party risk management programs. No compliance certifications are implied.

## 7. Executive Decision Record

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**Decision Authority:** [Chief Executive Officer / CFO / Executive Committee]  
**Decision Date:** [Insert Date]  
**Authorized Amount:** \$120,000 (Final)  
**Board Approval Required:** [Yes / No – per institutional authorization policy]

### Rationale Summary

- Documented pricing alignment
- Preserved operational continuity
- Confirmed vendor standing
- Structured market validation
- Improved expenditure alignment within observed market parameters

### Next Review Date

Pricing and contract terms to be reviewed during the standard renewal cycle or earlier if material market conditions shift. Documentation retained in accordance with institutional record retention policy.

## 8. Supporting Documentation Index

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- Initial Vendor Proposal
- Competitive Benchmark Summary Worksheet
- Market Range Scan Documentation
- Functional Scope Confirmation
- Contract Review Summary

- Vendor Due Diligence Confirmation (per internal policy)
- Executive Approval Memorandum
- Capital Committee Minutes

Documentation retained in accordance with institutional record retention standards (minimum [X] years or per policy).

### **Closing Governance Statement**

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Spend Decision Governance™ Competitive Benchmark Mode provides structured documentation of pricing reasonableness, market validation, and decision ownership for material expenditures.

- Board transparency
- Executive clarity
- Decision continuity
- Institutional documentation discipline

It does not replace vendor management, procurement policy, or regulatory oversight structures. All decisions remain under designated executive authority and within established institutional governance frameworks.