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# Contract Management

## Best Practices

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# Introductions

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# Presentation Topics

- Contract management
  - What happens after the solicitation is over and the contract is approved
- Contract monitoring
- Identifying risky contracts
- Pricelist updates
- Sales reports
- Communication/Customer Service
- Questions and answers

# Contract Management

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# Contract Management Activities

- Contract management
  - Everything that happens after contract award
  - Is continuous throughout the contract term
- Contract monitoring
  - Activities vary depending on:
    - Commodities / services being procured
    - The terms and conditions specific to the contract

# Contract Management Activities

- Basic management for most contracts includes:
  - Ensuring compliance with contract terms & conditions
  - Maintaining required insurances
  - Ensuring vendor remains responsible
  - Timely submission of reports and fee payments, if applicable

# Contract Monitoring

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# Know Your Contracts

- Read and understand the contract
- Know the terms and conditions including due dates and requirements for:
  - Sales reports
  - Pricelist or reseller updates
  - Administrative fees



# Examples of Contract Monitoring Activities

- Sales reports
- Reviewing contractor and customer feedback
- Updating pricelists or product catalogs
- Monitoring risk and negative impacts

# Contract Monitoring Activities

- Monitoring Statewide Financial System (SFS) spend levels against contract values
- Ensuring compliance with Minority and Women-Owned Business Enterprise (MWBE) and Service-Disabled Veteran-Owned Business (SDVOB) goals, if applicable
- Tracking product delivery/billing issues
- Tracking “lessons learned”

# Tips for Contract Monitoring

- Use your Outlook calendar
  - Set reminders for yourself
  - Provide due dates to contractors for sales reporting or responding to inquiries based on contract terms
- Review performance reports submitted by customers

# Performance Report Sample

State of New York  
Office of General Services  
Procurement Services  
**Contract Performance Report**

Please take a moment to let us know how this contract award has measured up to your expectations. If reporting on more than one Contractor or product, please make copies as needed. This office will use the information to improve our contract award, where appropriate. **Comments should include those of the product's end user.**

**Contract No.:** \_\_\_\_\_ **Contractor:** \_\_\_\_\_

**Describe Product\* Provided (Include Item No., if available):** \_

**\*Note:** "Product" is defined as a deliverable under any Bid or Contract, which may include commodities (including printing), services and/or technology. The term "Product" includes Licensed Software.

	Excellent	Good	Acceptable	Unacceptable
• Product meets your needs				
• Product meets contract specifications				
• Pricing				

## CONTRACTOR

	Excellent	Good	Acceptable	Unacceptable
• Timeliness of delivery				
• Completeness of order (fill rate)				
• Responsiveness to inquiries				
• Employee courtesy				
• Problem resolution				

**Comments:** \_\_\_\_\_

# Other Things to Look For

- Headlines or stories in local news or trade publications
- Reports on acquisitions, mergers, or ownership changes
- Vendors in legal or financial trouble
- Any damaging material could be grounds for a responsibility review

# Risks of Not Monitoring Contracts

- Health and safety issues
- Poor performance leading to end user frustration, especially in the area of timeliness and quality
- Not meeting MWBE/SDVOB goals
- Incorrect pricing/missed opportunities for saving money
- Credential checks and licensing may not be completed

# Risks of Not Monitoring Contracts

- Unapproved resellers being used
- Ownership changes
- Inaccurate prime or reseller contact information
- Contractors not adhering to the terms and conditions; or selling products that are not in scope
- Increased potential for fraud

# Identifying Risky Contracts

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# What Can Make a Contract Risky

- Contract type
- Contract amount
- Vendor

# Other Risk Factor Flags

- Past issues with quality of products or services
- Current events
  - Material shortages
  - Sharp price increases
  - Areas of conflict or war
- Locations
  - Area of product origin
  - Location product is to be delivered to

# Pricelist Updates

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# Pricelist Updates

## Read the terms of the contract for:

- What is in scope vs. out-of-scope
- When can a pricelist be updated
  - Are pricelist updates/price adjustments permitted within the first year?
- Price increases
  - Are there consumer price index (CPI) or producer price index (PPI) considerations?
  - Is there a price escalation cap?

# Pricelist Updates

## What to check for:

- Out of scope items or excluded items or services
- Decreased discount or excessive price increases
- CPI/PPI adjustments (are increases within the limit?)
- Calculation errors – formulas not working properly
- Duplicate products or stock-keeping units (SKUs)

# Pricelist Updates

## What to check for:

- Unfound item numbers or SKUs
- Are there any items requested by agencies that should be added?
- Excel to PDF conversions — is the pricelist ready for posting?

# Pricelist Updates

- Compare pricelist submission against currently approved pricelist
  - Look for price increases
- Can reasonableness of pricing be established for new products?
  - Comparable pricing from another state, GSA, NASPO, etc.?
- Manufacturer's pricing minus discount
  - Is it provided?
  - Is it correctly calculated?

# Sales Reports

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# What To Check for When Auditing Sales Reports

- Accuracy of pricing
- Make sure products are on contract/current approved pricelist
- Accuracy of discounts including volume discounts
- Are they using the appropriate format/template?

# What To Check for When Auditing Sales Reports

- Are the numbers accurate?
  - Is the math correct / are the formulas calculating correctly?
- Do they need more money in SFS?
- If they are using resellers, have they been previously approved?

# What Else to Be Aware Of

- Total sales volume of the vendors on contract
  - Compile data into a master spreadsheet for a bigger picture of contract sales
- Sales report time periods and due dates
- Sending reminders and following up

# What Else to Be Aware Of

- Use as leverage for update requests
- Confirm administrative fees paid are accurate, if applicable
- Occasionally check invoices the authorized users (AUs) or purchasing agents are getting to make sure contractors are not adding surcharges, interest, fees for delivery, etc.

# Communication/ Customer Service

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# Methods of Communication

- E-mails
- Phone calls
- Conference calls
- Face-to-face meetings
- WebEx/Microsoft Teams/Zoom

**No matter what: DOCUMENT, DOCUMENT, DOCUMENT!**

# Selecting a Method of Communication

- Not one size fits all
  - Email vs. phone call
- Written is best in many cases
  - Will leave a record of the communication that can be referred to later
  - However, written word can be misinterpreted
- Sometimes a call is faster
  - All calls should be followed up with an e-mail, repeating the key facts of the call

# Selecting a Method of Communication

- Verbal communication builds a relationship
- Verbal does not always have to be the hammer — a subtle suggestion can get them moving in the right direction
- Do not criticize, condemn, or complain
- CC supervisor, team leader, or proper chain of command if appropriate



# Customer Service Best Practices

- Respond in a timely manner
  - Answer or acknowledge receipt within 24 hours
- Answer the question completely and/or redirect to appropriate contract manager/purchasing agent
- Show them how to find the answer
  - Stick to the language of the contract
  - Provide the section number and title

# Customer Service Best Practices

- Encourage communication between the contract user and the contractor when possible
- Be accepting of contract user or vendor feedback for future procurements
  - Make notes for future contracts
- Always be patient, polite, and professional

# Resources

- New York State Procurement Guidelines
  - <https://ogs.ny.gov/procurement/nys-procurement-guidelines>
- Office of the New York State Comptroller (Training Resources)
  - <http://www.osc.state.ny.us/agencies/outreach/index.htm>
- OSC's Guide to Financial Operations
  - <https://www.osc.state.ny.us/agencies/guide/MyWebHelp/>
- XI.11.F – Contract Monitoring
  - <http://www.osc.state.ny.us/Agencies/guide/MyWebHelp/Content/XI/11/F.htm>
- Google Alerts
  - <http://www.google.com/alerts>

# Questions?

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