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## Master Class

### Contract Compliance & the Assessment Process

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GSA, PSHC, Supplier Accountability Division





## **Contract compliance is critical to holding a GSA contract.**

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During this master class get an overview of Contractor Assessment Compliance Action Item Referral and resolution process initiative; learn about common IOA non-compliance findings that will provide you better understanding and minimize future challenges. We will also review the contractor data deletion procedure to address concerns regarding data security and post assessment deletion.

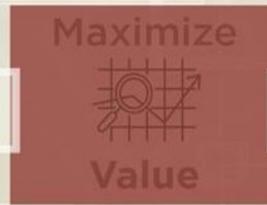




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## Today's Agenda:

- Contractor Assessments:  
Compliance Focus Areas and Review  
Typical Examples of Non- Compliance
- Records Management of Contractor  
Provided Data & Documents
- Action Item Referral & Resolution Process  
Initiative





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## Contractor Assessments

1. Assess and evaluate contractor internal controls and overall compliance with GSA Schedule contract Terms & Conditions
2. May be completed “Virtually” or “Onsite”
3. Performed for most GSA Schedule Contracts
4. Address questions and/or concerns





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# Contract Assessment Areas of Focus

Labor Qualifications		Scope of Contract	
Sales Reporting and Industrial Funding Fee Remittance		Contract Pricing	
Basis of Award		Prompt Payment Discounts	
Order Level Materials (OLMs)		Trade Agreements Act (TAA)	
Administrative Areas		(Other Compliance Areas)	



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# Areas of Non-Compliance



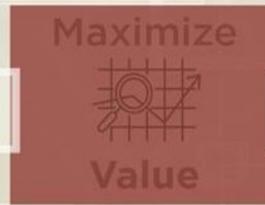
## 1. Professional Services Labor Qualifications:

- Minimum education and/or experience requirements not met
- Incorrect pricing applied to specific labor categories
- Contractor unable to “cross walk” task order to pricelist
- Substitutions provided when not part of the MAS Pricelist

## 2. Contract Scope:

- Not identifying the item/service as “open market”
- Offering non-contract items/services without identifying as such





# Examples of Non-Compliance

## Professional Services Labor Qualifications:



- **EXAMPLE:** Contractor was not using qualified labor. The review found a project with NOAA where the individual proposed for the Senior Professional VI position did not meet the minimum education and experience requirements for the position. The employee had 4 years of experience and two undergraduate degrees.
- **However**, according to their GSA pricelist, the position required a "Master's Degree with 22 years or more experience" or "six (6) years of **relevant** work experience may be substituted for the Master's Degree"

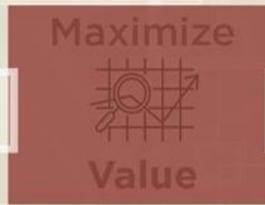




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## Examples of Non-Compliance (Cont.)

### 1. Sales Tracking System:

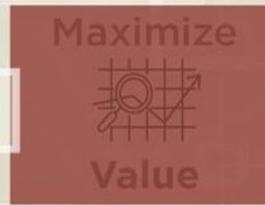
- Sales tracking system incapable of isolating MAS sales
- Turnover in contractor personnel results in missed sales
- Inability to distinguish between contract and non-contract items/services

### 2. Sales Reporting & IFF Remittance:

- Reporting & paying IFF on non-contract items/services
- Not understanding IFF is included in pricing resulting in IFF overpayment(s)
- Lack of understanding what constitutes a “reportable sale”



➤ **EXAMPLE:** Unreported sales totaled \$6,991,238.00. Root cause included a change in accounting software resulting in the contractor's inability isolate their GSA sales for reporting purposes



## Examples of Non-Compliance (Cont. 2)

### 1. Pricing:



- Customer BPAs authorizing higher pricing
- Arbitrarily increasing pricing to Federal customers without a contract Mod in place to support
- Volume or quantity discounts not honored resulting in overcharges

### 2. Basis of Award (BoA)

- Violating the BoA discount relationship without notifying the GSA CO within 15 days as required
- No corresponding reduction in GSA pricing



Note: BoA is not reviewed by the IOA if Mod. A509, Transactional Data Reporting (TDR), was accepted



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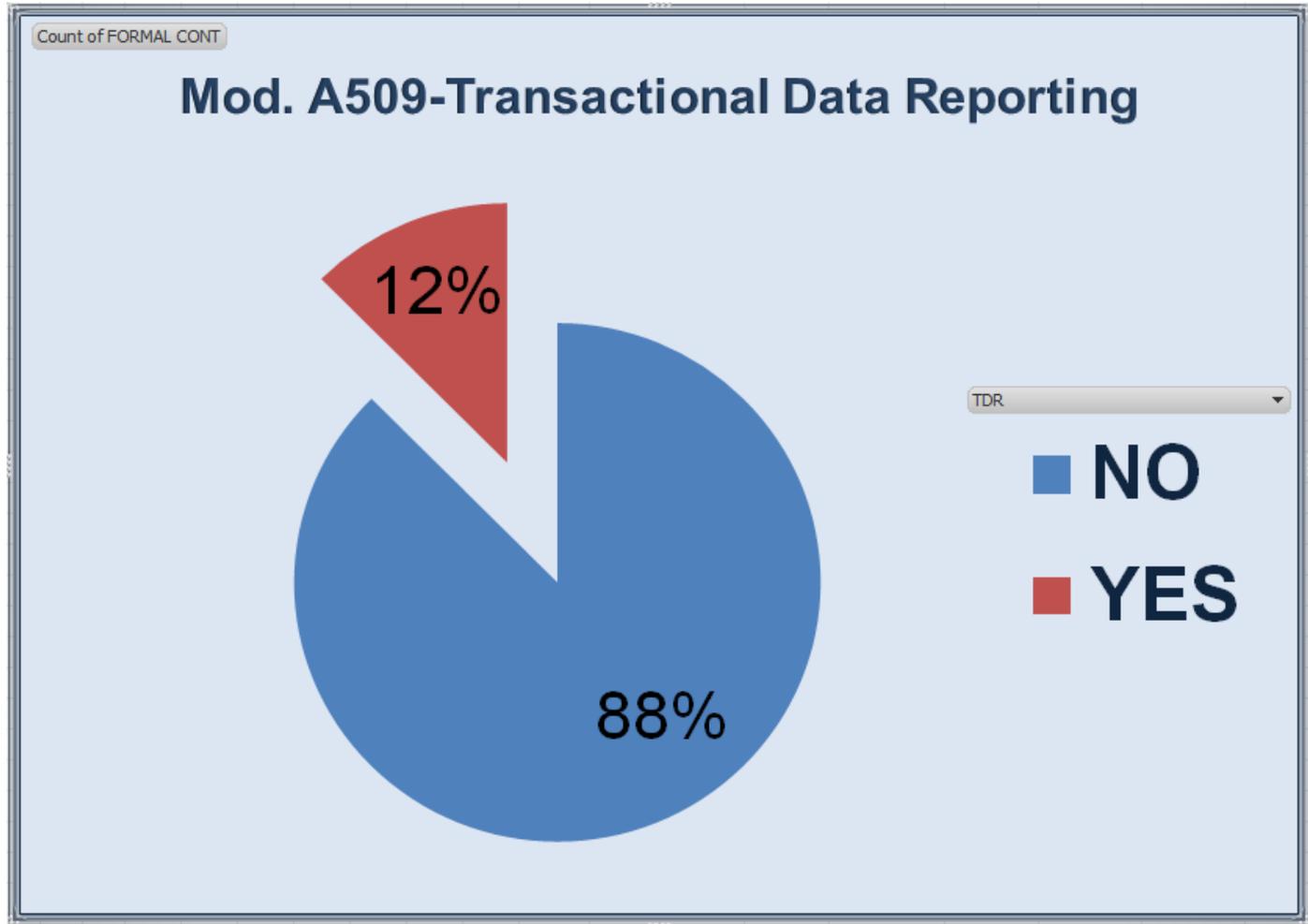
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# PSHC Contracts Accepting TDR Mod

**GSA'S  
PRICE REDUCTIONS  
CLAUSE VS.  
TRANSACTIONAL DATA?**

<http://www.gsa/sched/ules/services.com/blog>

TRANSACTIONAL DATA

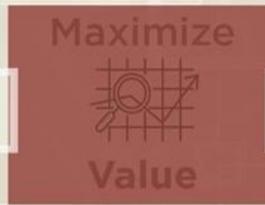




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## Examples of Non-Compliance (Cont. 3)

### 1. Prompt Payment Discounts:

- PPD terms not identified in electronic invoicing systems
- PPD terms not identified on customer invoices
- PPD terms incorrectly applied for GPC transactions
- Prompt payment overcharges



### 2. Trade Agreements Act (TAA):

- Inadequate method of tracking countries of origin
- Selling non-TAA compliant products
- Misrepresentation of countries of origin on GSA Advantage
- Mod A653, OLMs require TAA compliant order level materials



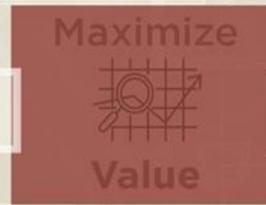
Note: Services contractors are TAA compliant by being headquartered in compliant countries.



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## Examples of Non-Compliance (Cont. 4)

### 1. Administrative Concerns:

- Out of date Pricelist
- Pricelist not published
- Digital Certificates
- Authorized Negotiators
- Mass Modifications
- Missing contract/Mod documents
- Personnel turnover/POC information not updated





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## Records Management: Contractor Provided Data & Documents

1. GSAM 552.215-71, Examination of Records by GSA (MAS) – is the basis for IOAs to access and to examine contractors records as part of our assessment process.
2. In FY-2019, 93% (82% in PSHC) of assessments are now accomplished in a virtual environment where contractors provide IOAs with large amounts of documentation
3. Contractors previously expressed concerns of retention and disposition of proprietary information and/or documentation following assessments
4. GSA is committed to ensuring our industry partners are confident the sensitive information and documentation provided are not retained beyond the necessity



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## Data & Documentation Requests

1. Onsite at the contractor's "Records Location"
  - Data/documentation may be requested/provided in advance
2. But how is documentation provided for "Virtual" Assessments?
  - Email attachments
  - Screen sharing
  - Secure File Transfer Protocol (SFTP)
  - Contractor provided secure file "drop-box"





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## GSA TSC Portal

1. GSA has implemented the “Telecommunications Services Category (TSC)” Portal.
  - A *secure* cloud-based repository managed by GSA
  - Resides in the GSA Business Services Platform
  - Accommodates any amount of data, at any time, from anywhere
  - Your IOA can provide you access

<https://tscportal.fas.gsa.gov/>





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## Data Management & Security

1. GSA/FAS has implemented a formal process procedure to address documentation retention concerns
2. Contractor provided sales data and other documentation are deemed Intermediary records and are used during the assessment process. Once the assessment and resulting action items are completed and the report is finalized:
  - Sales data and documentation no longer needed, are deleted from all devices and/or programs (TSC Portal, Google and Network drives, Gmail, etc.)

*Note: Any documentation (orders, data analysis, etc.) supporting a non compliance assessment finding(s) and/or the rationale of such finding(s), are attached to the assessment report and included in the contract file. This documentation supports an agency decision or action.*



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## Compliance Action Item Referral & Resolution Process

1. In FY-2019 the PSHC Portfolio initiated an Integrated Process Team (IPT) with the goal to improve the **“quality of referrals and the timely resolution”** of Action Items
2. The Action Item Portal is an internal GSA system created to track and improve the timely resolution of contract compliance challenges (Goal within 60 days)
3. The PSHC Portfolio is committed to resolving contract compliance deficiencies within a timely manner to allow Professional Services Schedule contractors to be successful in the Government marketplace
4. What does the process look like?





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# Non-Compliance Resolution Process

**IOA Performs Contractor Assessment and Closeout with Contractor  
Contractor should understand non compliance area, provide timeline for root cause analysis and proposed corrective action to the IOA**

**Assessment Report Completed and Distributed to the Contractor Admin Rep. and CO**

**Action Item(s) Created and Assigned**

**Action Items Assigned to:  
CO Owner**

**Action Items Assigned to:  
IOA Owner**

**CO/CS Action Owner Works  
w/Contractor to Resolve  
Issue(s)**

**Reassign Action  
Item(s) to CO for  
assistance &  
resolution**

**IOA Action Owner Works  
w/Contractor to Resolve Issue(s)**

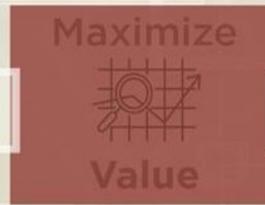
**Action Item Issue Resolved**



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# What Happens to Assessment Findings?

1. Communicating IOA observations and findings of areas of non-compliance are integral to the closeout meeting
2. Contractor should provide timeline for root cause analysis and proposed corrective action(s) to the IOA
3. IOA completes the “Assessment Report” and a copy is provided to the contractor and your GSA CO/CS
4. IOA will work with you to monitor resolution of monetary areas of non-compliance (Sales Tracking, Admin, IFF, Pricing Overcharges, PPD, etc.)
5. IOA will refer other areas of non-compliance to your GSA CO/CS for review and resolution

*Desired Outcome: A trusted and compliant MAS contract, and timely resolution of areas of non-compliance through contractor identification of root causes and implementation of corrective actions to resolve past deficiencies and prevent future occurrence*

Contractor Information

Contract #: GS 00F 0001X

(Vendors) How to change your company information

# Contract Clauses/Options:

(Vendors) How to change your company information

How to change

ABC SERVICES INC [GS-00F-0001X]

*Thank You*

**Professional Services & Human Capital Category (PSHC)  
Supplier Accountability Division**

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What are your questions?

