What's New

This section will be used to provide detail regarding any changes from the last release, and serve as a quick reference that directs the reader where to focus their attention.

Changes will be discussed during biweekly calls with SPEED Team, SIOA, and SC Teams.

V 4.0 Release Notes:

- New Section added to standardize Sampling Methodology.

Review Cycles

Updates to the IOA Manual and all associated guidance will be made as needed. This will limit the need for an IOA to monitor guidance updates on a continual basis, while allowing ample time for any proposed guidance updates to be reviewed. Proposed updates to guidance are made using the IDEA process.

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- Definitions
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- Interpersonal Communication
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- Specific Assessment Guidance by Topic
  - TDR Section
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Definitions

This document provides detail regarding IOA work standards for Contractor Assessments. These procedures will collectively be referred to as "The IOA Manual".

This document collects all of the existing IOA guidance into a single document and presents the information in a linear manner that follows the chronology of normal IOA work. The purpose of these procedures is to provide specific reference information to achieve operational consistency. This guidance provides consistent procedures on planning, preparing, and conducting a Contractor Assessment and completion of a Contractor Assessment Report.

Our Customer and their Expectations:
Supplier Management negotiates Partnership Agreements with the different Portfolios we support - The Office of General Supplies and Services (GSS), The Office of Integrated Technology Services (ITS), The Office of Travel, Motor Vehicle, and Card Services (TMVCS) and The Office of Professional Services and Human Capital Categories. ITS is Schedule 70, TMVCS emcompasses Schedules 23V, 48, 599 and 751, The Office of Professional Services and Human Capital Categories is PSS, and GSS is all the other schedules.

Contractor Assessments:
The purpose of the Contractor Assessment is to assess the contractor's performance through a review of process controls and past transactions. The assessment is a process review conducted as an interview and procedural evaluation. The discussions determine if the contractor has an understanding of contractual requirements. The IOA reviews the process/system to determine if the contractor has developed and implemented effective plans, processes, or systems to manage these requirements. The assessment findings are documented in a report within the On-Line Contract Management System (OCMS) database following the completion of the assessment.

The following are the types of assessments an IOA may conduct:

- Annual Assessments

    - 100% of contracts that are being utilized will receive an assessment every year, except for the year following an End-of-Term Assessment
        - Utilized = greater than $150,000 in reported sales over a four quarter period determined by each contract's anniversary date
    - Occur within a 9 month window beginning on each contract's anniversary date
    - Focus on recovery topics (sales tracking, pricing, and prompt payment discounts) and the Trade Agreements Act

- End-of-Term Assessments
    - Occur between the 36th and 45th month of each five-year period
    - Cover the entire range of compliance and recovery topics
    - Contracts with low or no sales will receive the following:
        - Zero sales for life of the contract - no assessment
        - Contractor has not met minimum sales requirement at year 4
            - Less than $50k in total sales after first 12 quarters of five-year period
            - No assessment
        - Contractor meeting minimum sales requirements at year 4
            - More than $50k in total sales after first 12 quarters of option
            - Scheduled for End-of-Term Assessment

- On-Demand Assessments
    - Scope of assessment determined as requested by a contracting officer or as directed by your SIOA
    - An SIOA is responsible for creating this assessment type

Assessment Reports

- The report completed by the IOA will be made available simultaneously to the contractor and the Administrative and Procurement Contracting Officers (ACO and PCO) once finalized
- IOAs have the ability to issue reports immediately upon completion of the assessment
- Reports are limited to documentation of any relevant findings and subjects which need explanation or special requests or concerns from the PCO and ACO

TDR and 72A Contractors

- Reference the TDR / 72A Locator on the VSC to determine if a contractor is a FPT contractor or SIP contractor

FPT and SIP Contractors

- Reference the FPT / SIP Locator on the VSC to determine if a contractor is a FPT contractor or SIP contractor

Ethical Principles

The ethical principles presented in this section provide the foundation, discipline, and structure, as well as the climate that influence the application of the IOA Manual. This section sets forth fundamental principles rather than establishing specific standards or requirements.

The expectation is that Supplier Management and IOAs who conduct their work in accordance with the IOA Manual follow ethical principles. Each of us sets the tone for ethical behavior throughout the organization by maintaining an ethical culture, demonstrating acceptable behavior, and creating an environment that reinforces and encourages ethical behavior throughout all levels of the organization.

Conducting IOA work in accordance with ethical principles is a matter of personal and organizational responsibility. Ethical principles apply in preserving IOA independence, taking on only work that Supplier Management is competent to perform, performing high-quality work, and following the applicable guidelines set forth in the IOA Manual. Integrity and objectivity are maintained when IOAs perform their work and make decisions that are consistent with the broader interest of those relying on the IOAs' work, including the public.

The ethical principles that guide the work of IOAs are:

- The public interest
- Integrity
- Objectivity
- Proper use of government information, resources, and positions
- Professional behavior
- Independence

<u>The Public Interest</u>

The public interest is defined as the collective well-being of the community of people and entities the IOAs serve. Observing integrity, objectivity, and independence in discharging their professional responsibilities assists IOAs in meeting the principle of serving the public interest and honoring the public trust. The principle of the public interest is fundamental to the responsibilities of IOAs and critical in the government environment.

A distinguishing mark of an IOA is acceptance of responsibility to serve the public interest. This responsibility is critical when performing assessments in the government environment. The IOA Manual embodies the concept of accountability for public resources, which is fundamental to serving the public interest.

<u>Integrity</u>

Public confidence in government is maintained and strengthened by IOAs performing their professional responsibilities with integrity. Integrity includes IOAs conducting their work with an

attitude that is objective, fact-based, nonpartisan, and non-ideological with regard to contractors and users of the IOAs' reports. Within the constraints of applicable confidentiality laws, rules, or policies, communications with the contractor and the PCO/ACO are expected to be honest, candid, and constructive.

In discharging their professional responsibilities, IOAs may encounter conflicting pressures from management of the contractor, various levels of government, and other likely users. IOAs may also encounter pressures to inappropriately achieve personal or organizational gain. In resolving those conflicts and pressures, acting with integrity means that IOAs place priority on their responsibilities to the public interest.

Objectivity

The credibility of performing assessments is based on IOAs' objectivity in discharging their professional responsibilities. Objectivity includes independence of mind and appearance when providing assessments, maintaining an attitude of impartiality, having intellectual honesty, and being free of conflicts of interest. Maintaining objectivity includes a continuing assessment of relationships with contractors and other stakeholders in the context of the IOAs' responsibility to the public. The concepts of objectivity and independence are closely related. Independence impairments impact objectivity.

Proper Use of Government Information, Resources, and Positions

Government information, resources, and positions are to be used for official purposes and not inappropriately for the IOA's personal gain or in a manner contrary to law or detrimental to the legitimate interests of the contractor or Supplier Management. This concept includes the proper handling of sensitive information or resources.

In the government environment, the public's right to the transparency of government information must be balanced with the proper use of that information. In addition, many government programs are subject to laws and regulations dealing with the disclosure of information. To accomplish this balance, exercising discretion in the use of information acquired in the course of IOAs' duties is an important part in achieving this goal. Improperly disclosing any such information to third parties is not an acceptable practice.

Accountability to the public for the proper use and prudent management of government resources is an essential part of IOAs' responsibilities. Protecting and conserving government resources and using them appropriately for authorized activities is an important element in the public's expectations for IOAs.

Misusing the position of an IOA for financial gain or other benefits violates an IOA's fundamental responsibilities. An IOA's credibility can be damaged by actions that could be perceived by an objective third party with knowledge of the relevant information as improperly benefiting an IOA's personal financial interests or those of an immediate or close family member; a general

partner; an organization for which the IOA serves as an officer, director, trustee, or employee; or an organization with which the IOA is negotiating concerning future employment.

Professional Behavior

High expectations for the IOA profession include compliance with all relevant legal, regulatory, and professional obligations and avoidance of any conduct that might bring discredit to IOAs' work, including actions that would cause an objective third party with knowledge of the relevant information to conclude that the IOAs' work was professionally deficient. Professional behavior includes IOAs putting forth an honest effort in performance of their duties and professional services in accordance with the relevant technical and professional standards, including the IOA Manual.

Independence

In all matters relating to IOA work, Supplier Management and the individual IOA must be independent.

Independence comprises:

- Independence of Mind - The state of mind that permits the performance of an assessment without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
- Independence in Appearance - The absence of circumstances that would cause a reasonable and informed third party, having knowledge of the relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of a member of the IOA team had been compromised.

IOAs and Supplier Management maintain independence so that their opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. IOAs should avoid situations that could lead reasonable and informed third parties to conclude that the IOAs are not independent and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the assessment and reporting on the work.

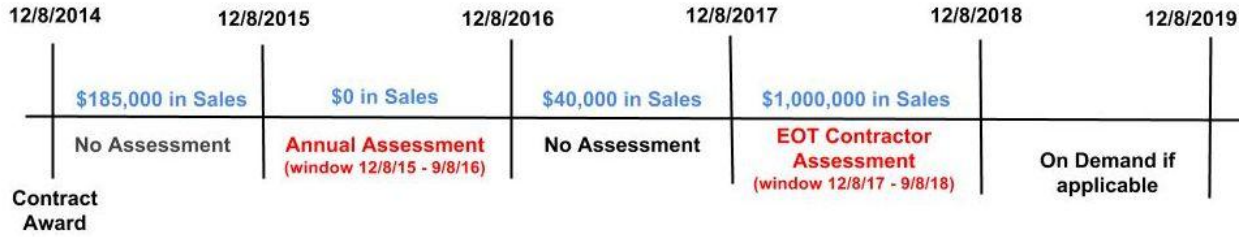
Assessment Scheduling

Contracts with higher levels of utilization - currently with annual reported sales of $150,000 and above - will receive IOA assessments each year that focus on recovery topics and the Trade Agreements Act. IOAs will conduct comprehensive compliance assessments during the fourth year of a contract period, as long as the contractor has met minimum sales requirements at that point;$50,000 or above in total reported sales for the first 5 year contract term and $75,000 or above for each subsequent contract term. Outside of annual and End-of-Term assessments,

Contracting Officers can request an assessment for any contractor, for any reason, at any time. Assessments may be completed in person or virtually as determined by the IOA.

New Assessment Plan for Eligible Contracts

Year 1 (None)	**Year 6 - Annual**	**Year 11 - Annual**	**Year 16 - Annual**
Year 2 - Annual	**Year 7 - Annual**	**Year 12 - Annual**	**Year 17 - Annual**
Year 3 - Annual	**Year 8 - Annual**	**Year 13 - Annual**	**Year 18 - Annual**
Year 4 - End-of-Term	**Year 9 - End-of-Term**	**Year 14 - End-of-Term**	**Year 19 - End-of-Term**
Year 5 (On Demand if applicable)	**Year 10 (On Demand if applicable)**	**Year 15 (On Demand if applicable)**	**Year 20 (On Demand if applicable)**



Year 1 - No Assessment
Year 2 - Annual Assessment Visit since over $150,000 in sales during the previous year.
Year 3 - No Assessment since sales under $150,000 during the previous year.
Year 4 - Compliance Assessment since minimum sales requirement met (>$50,000 through 12 quarters)
Year 5 - No Assessment

Notification of assessment to the Contractor:
The IOA should schedule and confirm an assessment by sending the contractor the standard confirmation letter. This letter should be sent at least two (2) weeks in advance of the assessment. The IOA should also call the contractor, prior to and/or after sending the letter. The goals of this call are:

- Discuss the information requested;
- Confirm the date and time of the review;
- Discuss the contractor personnel who should be in attendance; and
- Further prepare the contractor for the assessment.

Protocol Regarding Obtaining Sales Data in Advance of the assessment:
When appropriate, the IOA may request sales data from the contractor prior to the assessment; however, the IOA should never require that the contractor submit data in advance.

Note: Under no circumstances may sales data be released to any other party, federal or otherwise. If such a request is made, the IOA should decline the request, and elevate the request to his/her Operations Center Director using the chain of command.

Notification of Assessment to the PCO and ACO:
The IOA must enter the assessment date into OCMS as soon as possible once a assessment date is confirmed. Once an assessment date is entered into OCMS, the PCO and ACO will receive an automated message informing them that an assessment has been scheduled for that contractor. This notification provides the PCO and ACO an opportunity to inform the IOA of any concerns. The IOA should try to ensure the assessment is confirmed at least two (2) weeks prior to the assessment date in order to give the ACO and PCO enough time to provide comments to the IOA before the assessment.

Contractor Refusal to Establish an Assessment Date:
If repeated attempts to schedule an assessment with the contractor are unsuccessful, the IOA should refer the contractor's non-responsiveness to the ACO via email with the SIOA and PCO on copy. This email should chronicle the IOA's attempts to schedule a review through communication using email and/or phone. When necessary, the PCO or ACO will initiate formal follow-up actions such as the issuance of a Notice of Concern letter or other actions deemed appropriate. The IOA should follow-up with the PCO and ACO as necessary. This can also be utilized for contractors that continuously cancel already established assessments.

Assessment Intent Notice:
There were two reasons for this notice:

The first reason was the continued confusion that exists between Contractor Assessments and IG Audits. Many contractors do not understand the difference between the two. The second reason came from the Department of Justice (DOJ). They indicated that there had been some recent cases where they were attempting to recover monies from contractors who had overcharged the Government. The contractors used the assessments as a defense that GSA "audited" them and gave them a good report and if there was a problem it should have been caught then.

The DOJ indicated that depending on the judge, they have lost some cases, or at a minimum they had their negotiating position weakened significantly, costing the Government a significant amount of money. The DOJ felt this notice would go a long way to strengthening its position in the future.

The intent is for the IOAs to share the Assessment Intent Notice with the contractor, using email, to review, sign and return before each assessment (on-site or virtual). IOAs should use this email template when sending the document. The contractor will have the option to sign and return the signed notice prior to the assessment or provide a signed copy at the start of the assessment. Generally the individual listed as the Admin Rep is asked to sign the intent notice.

In the instance that a contractor might take exception to signing, the IOA is simply to note on the signature line "refused to sign", and then conduct the assessment as usual. After the assessment, the signed document is to be attached to the assessment Report using the standard naming convention “Signed Assessment Intention Letter Assessment MM.DD.20##.”

Virtual Assessments

A virtual assessment is one in which the IOA is at a different location than the contractor and is an option when the cost of an in-person assessment would outweigh the benefits. These are similar to all other assessments in that they consist of preparation, interviews, and analysis. However, the virtual assessment differs in the amount of preparation required and the cumulative duration from scheduling to finalization. The primary distinction is that a virtual assessment does not necessarily begin and end during the span of a few hours like a traditional assessment. The assessment begins once the contractor agrees to participate virtually and ends with the official close-out meeting, which could be several days or weeks later.

Considerations for virtual assessments:

- Travel Costs: Would there be significant cost savings by either GSA or the vendor by performing this assessment virtually? Is this an overseas vendor?
- Reported Sales: Review FSS Online, FPDS, and GSA Advantage Sales Statistics to determine sales volume; low sales contractors are good candidates. However, high-volume product providers may be more difficult to conduct virtually.
- Past Performance History: Review findings from past assessments; a contractor with successful past performance history may be a good candidate.
- PCO/ACO Input: Did the PCO/ACO raise any concerns that would make a virtual assessment less desirable?
- Contractor Changes: Have there been any significant changes (additional Contract Administrators, new SINs, change to internal systems, etc) that would make a virtual assessment less desirable?
- Assessment Window Constraints: Will a Virtual assessment aid or inhibit the assessment window timeliness?
- Established Relationship: Does the IOA have an established relationship with the POC from previous assessments which could make the contractor more open to completing the assessment virtually? Did they provide sales data in advance during the last assessment?
- Was a previous assessment conducted virtually?

Although all of the criteria need not be fulfilled, they should all be considered when making the determination to perform an assessment virtually. The IOA should use sound business judgment in weighing the costs and potential benefits of performing assessments virtually. Work with your SIOA to determine frequency and appropriateness of performing virtual assessments.

The contractor must meet all three of the below criteria:

- Willingness: The contractor must be willing to conduct the assessment virtually. Virtual assessments are not mandatory, they are an option when it is in the best interest of both the contractor and the government.
- Capability: The contractor must possess the necessary technological competency required for the effective utilization of virtual tools.
- Availability of Documentation: The contractor must have all required documentation* available electronically to be either shared by email or viewed using virtual technology.

  **Required documentation means all documentation that would need to be available during an in-person assessment. This includes contract documents, sales data, and any internal documentation related to the maintenance of their contract.*

Once it is determined that the contractor meets all three of the above criteria, discuss the following details in addition to the standard pre-assessment scheduling data:

- Deadlines
  - Confirm dates for submission of all requested electronic documentation.
  - Confirm the date and time in which the IOA and contractor will have a close-out meeting.
- Virtual Assessment Confirmation Materials
  - The virtual assessment confirmation materials will delineate the requested items, highlight all deadline dates, and pinpoint the date/time for the close-out meeting.
- Official Assessment Date
  - Confirm the date of the close-out meeting and explain that it will serve as the official “Assessment Date”. This date is important because it will be officially recorded in the report and any future correspondence generated from the report.

Conducting virtual assessments utilizes a blend of four elements:

1. Correspondence with the contractor
2. Research and analysis
3. Virtual meetings
4. Close-out meeting

<u>Correspondence with the Contractor:</u>
It may be necessary to communicate with the contractor several times prior to any scheduled real-time discussion or close-out meeting in order to obtain all the necessary documentation. These documents need to either be provided to the IOA prior to the agreed-upon deadline, or made available during the scheduled virtual meeting. It will be critical to ensure that the contractor fully understands what is required, which means the IOA will need to be very specific in the request(s) for documentation. Set firm, realistic deadlines and reinforce to the contractor that any documentation received after these deadlines may not be considered. These deadlines are necessary to ensure the efficiency of assessment progression. The IOA can use his/her judgment in determining whether or not to consider any data received after the deadline.

The virtual assessment confirmation material informs the contractor that they will initially be required to submit a master sales report for a specified time period. From this report, the IOA will select a sample of reported sales and request additional detail for each transaction. This sample will be the basis for the compliance review.

Research and Analysis:
The IOA will perform the standard array of pre-assessment research and preparation prior to any scheduled virtual meetings. Once any requested documentation is obtained from the contractor, the IOA will analyze the documentation. This analysis can either be performed independently by the IOA or during the real-time virtual meeting(s) with the contractor.

Virtual Meetings:
A virtual meeting is any real-time interaction with a contractor, whether by phone or through virtual meeting technology. The number of virtual meetings is dependent upon the circumstances, IOA judgement, and agreements with the contractor. The objectives for virtual meetings should be to discuss the findings from an independent IOA analysis, or to gather additional data to aid the IOA's analysis.

Close-Out Meeting:
The close-out meeting is a critical part of the virtual assessment process because it is the IOA's opportunity to summarize all findings, address any issues the contractor may have, and explain what will happen in the future. The date of the close-out meeting also serves as the official assessment date.

Make certain that you review the following during each close-out meeting:

- Findings from the IOA's review and analysis
- Action items for both parties, including any commitments made by the contractor

During any virtual meetings, it is essential that the IOA pay special attention to the needs of the contractor. Virtually, it can be easy to overlook marketing and education, but these are essential topics that must be integrated into the assessment in manner that ensures effective communication. Plan the virtual meetings in a manner that facilitates discussion of all assistance topics in a logical manner.

Preparation

It is important that the IOA understands the contractor's current status to ensure issues can be addressed and educational factors can be tailored. IOAs should take proactive actions to establish familiarity with both the contract and contractor to encourage an efficient assessment and best tailor the assessment for the contractor.

There are a variety of websites and information the IOA must review in preparation for the assessment, such as:

- FSS Online information for the Super Inquiry
- Prior assessments in OCMS, including problems found
- Variance report in OCMS (as appropriate for for non-TDR contractors and information before transition to TDR)
- FAS Sales Reporting sales and payment history for TDR contractors
- Status of registration in the System for Award Management (SAM)
- Accuracy of information in eLibrary
- Schedule transactions found in Federal Procurement Data System - Next Generation (FPDS- NG)
- Mass Modification site (Check for Acceptance of FPT/TDR)
- Information and analysis of data provided by the contractor in advance.
- Any information provided by the PCO and/or ACO
- Overall observations such as the contractor's website including any references to GSA, the GSA contract, and/or GSA logo to assist with business development.
- Review the TDR / 72A Locator on the VSC

Bankruptcy:
If an IOA discovers a contractor filed for Chapter 11 bankruptcy, the assessment should still occur as planned. The IOA should contact the ACO and PCO immediately to inform them, and document the information regarding the bankruptcy in the Additional Information section assessment report. If the contractor proceeds to deliver against contracts while in bankruptcy, regular assessments will continue as scheduled and the Contracting Officer may request additional assessments to ascertain that progress is being made to fulfill contract requirements.

Contractor Points of Contact:
When contractors move their offices or have personnel changes, GSA records must be maintained accordingly. If an IOA comes across an inaccurate point of contact, the IOA should notify the appropriate individual within GSA and the contractor of the issue. Contractor point of contact (POC) maintenance is handled in a variety of ways depending on which field needs to be updated:

Authorized Negotiator
A modification is required to update the Authorized Negotiator. This modification is handled entirely by the PCO.

Admin Rep (Contract Administrator)
The ACO and PCO work together to maintain this field. Often, a modification is required to update the Admin Rep / Contract Administrator field. The PCO approves the modification. The ACO is responsible for updating the Admin Rep in OCMS after the modification is finalized.

IFF POC (formerly 72A Rep)

The contractor submits an Administrative modification request to update the “Industrial Funding Fee (IFF) POC” in eMod which will automatically update the 72A/IFF Rep field in FSSO and OCMS when the mod is approved.

Subcontracting Representative
A modification is required to update the Subcontracting Representative. The PCO is responsible for executing the modification, and the ACO updates the subcontracting representative in OCMS.

Records Location
The records location is initially populated by the ACO. If a change is required, the SIOA is responsible to update the Records Location. The IOA should inform the SIOA of the change when a contract administrator or authorized negotiator indicates in writing the new records location.

Performance and Documentation of Assessments

IOAs should thoroughly evaluate all aspects of the contractor’s processes, systems, procedures, records, etc. to properly answer the assessment questions. Narratives are only to be used to describe findings associated with issues discovered during the assessment. The phrasing and terminology used in the assessment should reflect impartiality and professionalism. While all findings should be documented, IOAs should use their judgment regarding findings of a minor or isolated nature (particularly if they are not systemic or repetitive).

The IOA should have a debriefing with all appropriate contractor personnel to review all findings and conclusions upon completion of the assessment. IOAs must be cautious during their conversations with contractor personnel not to direct or require any sort of corrective action on the part of the contractor. IOAs may advise contractors what actions may be taken to conform to the requirements of the contract, without directing the contractor to do so. Only PCOs and ACOs have the authority to require such actions.

IOAs should submit the assessment report in OCMS within five (5) business days of completion of the assessment. SIOAs should finalize completed assessments by the close of business the following business day after the IOA completes the assessment report.

Contractor Disputes an Answer to a Report Question:
Every attempt should be made during the assessment and exit interview to fully inform the contractor of what information will be contained within the report. However, if despite the IOA’s best efforts the contractor is still surprised by the answer to a report question, it will be up to the IOA to discuss with the contractor and explain the findings for that particular topic. The IOA may reissue a report on their own for simple issues (such as clerical errors and/or selecting the

wrong radio button). The IOA should consult with their SIOA for more complex issues. Such revisions should be limited to a 30 day period after the original assessment.

There is no further point to which a dispute to a report question can be elevated. The contractor is welcome to discuss the issue with their ACO or PCO, but the authority to revise a question rests with the IOA that conducted the assessment.

Interpersonal Communication

The importance of interpersonal communication skills, or soft skills, cannot be overstated. IOAs are essentially asking contractors to tell them everything they've done incorrectly. Contractors don't necessarily want to tell IOAs about all their mistakes (obviously), or give the government any more money. If a contractor wants to hide something from an IOA, they will...and there isn't anything we can do about it. If we had weeks to dig through records, maybe we could find every mistake - but we only have a few hours. This means the best way to find unreported sales is to get the contractor to tell us willingly through conversation.

<u>Build Rapport and Ease Tension</u>
After the initial introduction, dedicate a few minutes for "small talk". Talk about the weather, sports, pets, etc. Items around the contractor's office may give you clues to that individual's interests. Find anything of interest to the contractor and talk to them about it. At an appropriate point, transition the conversation into a discussion of the roles and responsibilities of each contractor attendee.

Set the tone through introductions, overview of assessment objectives, and a simple agenda for topics to be covered. Remain flexible and adapt to each situation, but the IOA has to remain in control of not just the conversation, but the entire meeting. Allow attendees to express areas of concern or any questions they would like answered.

The IOA can explain the purpose of the assessment to the contractor which is to "trust but verify" that the contractor is complying with the terms and conditions of the contract.

During the assessment, the goal is to obtain information from another person in response to a question. It's the most important form of data you can gather, but it is also the most difficult to obtain. Be direct in questioning and use words they understand, without talking up or down. Constantly gauge whether or not the message is being fully interpreted. The same message will need to be communicated differently each time, depending on the situation. The more direct and basic the questioning, the easier it will be for the contractor to understand the intent of the question. This will enable the contractor to more easily provide relevant answers and demonstrate compliance more quickly.

Effective Phrasing and Questioning

The actual phrasing of questions is absolutely critical. Use open ended questions that begin with who, what, where, when, why, and how. To get more information, follow up with: "and then what happens?" Avoid leading questions or questions that are designed to get a specific answer. Leading questions look like this:

- "So, you inform customers about open market items on the quote, right?"
- "I reviewed the last report - has your system changed since the last assessment?"
- "You train your salespeople on how to process GSA orders, right?"
- "Do you separate SINs for reporting?"
- "Are all of these made in the US?"
- "Is your BOA still Boeing?"

These are examples of what NOT to do. If a contractor knows the answer you are looking for by the way you ask the question, then the entire question becomes pointless.

The actual phrasing of the questions makes a major impact on the type of responses you will get. You will need to ask a variety of questions that are not directly related to an assessment topic in order to gain a better understanding of where you should focus efforts. Here are a few examples of phrases that have proven to be effective at opening a meeting:

- "We are here today to review your company's MAS contract and understand how you manage it and administer it to eligible customers".
- "This is an opportunity to review your processes and procedures for extending this contract and reporting contract sales back to GSA".
- "If there are any opportunities for improvement found in these processes and procedures you have the ability to correct these areas for better contract management."
- "This will be an open dialog meeting so please let me know if you have any questions, comments or concerns."

Here are examples of phrases that may help you gain a better understanding of the contractor's business:

- "How many customers do you do business with annually?"
- "What percentage of your customer base are federal government customers?"
- "Of your federal customer base how many orders are processed under your MAS contract?"
- "How much of your federal business is open market or comprised of items not on your MAS contract?"
- "What percentage of your commercial offerings are represented/awarded on your MAS contract? "
- "How do you go about generating business with government customers?"

Understanding the Contractor's Processes

You will likely be taking a lot of notes during the assessment, so be sure to let the contractor know this upfront. It also helps to explain what you are writing down as you write it. This helps make it an inclusive process and ease any tension or awkward silences. Paraphrasing and repeating information back to the contractor ensures you have a good understanding. These

notes can include checklists, flowcharts, diagrams, or anything else that helps you understand the big picture of what's going on. You know you have a full understanding of the process when you can answer these questions:

- Who does the job?
- What is the job?
- Where is the job done?
- When is the job done?
- Why is the job done?
- How is the job done?

The main way we provide assistance is by determining what needs to be corrected and giving contractor education necessary to ensure it does not happen in the future. However, to do that, you first have to determine the root-cause of the issue. Curing a symptom of a larger illness does little to ensure the long-term compliance of that contract. You arrive at the root cause of an issue by probing and questioning, but most importantly by <u>not assuming you know the answer</u>. No matter how experienced you may be, you cannot assume you have an understanding of the big picture until you have thoroughly probed and questioned the contractor.

<u>Here's a completely made-up example:</u>
IOA - Describe how you ensure GSA customers are charged the correct pricing?
Contractor - Our accounting system has pricing tables that automatically apply GSA pricing to GSA orders.

IOA - Ok, so the pricing table ensures the GSA pricing is charged. How does the system know which orders should utilize the GSA pricing table.
Contractor - All orders are coded by the sales reps with a customer code. GSA orders are coded as "GSA". The GSA coding signals the accounting system to apply the GSA pricing to the order.

IOA - Let me see if I understand this correctly, the GSA pricing table is applied to GSA coded orders, correct?
Contractor - Yes, that is correct.

IOA - How does the sales rep know which orders should be classified as GSA?
Contractor - The sales reps review all orders upon receipt. They have been trained to review the order to determine if the GSA contracting vehicle was used.

IOA - How do they know the contracting vehicle was used?
Contractor - They review the PO contract field to see if the contract number is in the field. They contact the customer directly and ask the customer if it is a GSA contract sale if the GSA contract number is not in the field. They also use OGP 4800.2I to determine if the customer is eligible to use the contract.

IOA - Ok, the part I do not understand is wouldn't the order already include the pricing when the rep receives the order? How does the GSA customer know the correct pricing when the order is created by the customer?
Contractor - Yes, the customer knows the correct pricing because the reps also provide the pricing in the quotes.

IOA - Well, how does the rep know the correct GSA pricing at the quoting stage?
Contractor - The reps access the pricing in the accounting system before the order. They have been instructed to use the GSA pricing table in the accounting table to create the quote pricing.

IOA – Ok, here is how I understand the pricing procedures. The reps use the GSA pricing table in the accounting system to create a quote for a GSA customer. Reps have been trained about how to identify GSA customers by recognizing the customer as a customer in OGP 4800.2I . Orders are received by the rep. The rep then enters the order into the accounting system and codes the order as GSA if the GSA contracting vehicle is being used. The GSA code applies the GSA pricing table to the order. Is this correct?
Contractor – Yes, that is a good summary.

IOA – I have one last question concerning pricing. How does the company ensure the GSA pricing table is current with the pricing on the GSA contract?
Contractor – I have the IT department upload a new pricing table to the accounting system after each MOD. I am the only person authorized to change the GSA pricing table.

IOA – Ok. Thanks. Let's move to another topic.

Sampling Methodology

Purpose:
It is the intent of this section to provide guidance on the minimum sampling requirement for Industrial Operations Analysts (IOAs) during Contractor Assessments. This minimum can be enhanced at the Acquisition Center level based on the needs of that program.

Background:
On October 13, 2016 the Office of Inspector General issued a report covering Audit A150131 of FAS's Contractor Assessments Program. In that report they recommended that FAS "Revise the IOA training manual to include details on a risk based sampling methodology in order to improve the consistency of report results". The following guidance is provided to address that recommendation.

Procedure:

ments when completing a Contractor
e minimum sampling that should

(b) (5)

[redacted]

ing guidance as a minimum and
re obtained through interview, past
reports and other informational avenues.

The following table defines what it included in the estimation of the population size for each category:

	Population (for review period)
Sales Tracking	Eligible User Orders (includes GSA and non-GSA)
Pricing, Prompt Payment, Scope of Contract and Delivery	GSA Contract Orders
Labor Qualifications	GSA Contract Orders (minimum sampling should also apply at order level if order has multiple labor categories)
Basis of Award (BOA)	BOA customer orders
Trade Agreements Act and GSA Advantage!	Number of Contract Products

Assessment time restraints and other factors might prohibit determining the exact population size in some situations. IOAs should estimate population sizes in these situations. IOAs can sample the same orders for the different Assessment topics when appropriate. Sample selections must be representative of the population.

The IOA assessment report should contain sufficient information to demonstrate the minimum sampling was utilized for the assessment topics. As a minimum, this should include:

- The total number of orders in the population.
- The number of orders sampled
- The unique identifier (order/invoice number) for each order sampled
- Noting in the various sections of the report if the same sample set or if a different set was used to assess the compliance area.
- For TAA and GSA Advantage! product sampling, include the products that were sampled.

The IOA supervisor should verify that the sample size provided by the IOA meets the minimum that is set forth in the sampling chart listed above.

In the event that deficiencies are noted, the IOA may use professional judgement to continue researching the nature and scope of the problem. This additional research is used for remediation of the problem to justify their report response.

Specific Assessment Guidance by Topic

The guidance from here on is organized according to the topics on the assessment report. Each topic includes the Background, Application and Documenting Findings related to the topic.

<u>Background</u>

- Explains the purpose of the topic and why it is important to the contractor and GSA.

<u>Application</u>

- Provides the instructions that guide IOA actions when assessing each topic. Will include process review steps and practical application tips with the goal of empowering the IOA to use professional experience and business acumen to arrive at consistent conclusions when addressing assessment questions.

<u>Documenting Findings:</u>

- Explains what and how to document in situations where the contractor has complied with requirements as well as where deficiencies are noted

Transactional Data Reporting (TDR) Section

Background

In the summer of 2016, GSA launched a pilot program referred to as Transactional Data Reporting (TDR). The Transactional Data Reporting (TDR) Rule requires vendors to electronically report the price the federal government paid for an item or service purchased through GSA acquisition vehicles and other data elements related to the transaction. For participating contractors, the highlights from this clause change (552.238-74, Industrial Funding Fee and Sales Reporting Alternate I Jun 2016) are:

1. Sales reporting transitions from the 72A website to the TDR website *FAS Sales Reporting*
2. Sales reporting is now due monthly
3. Required line item details or data elements for MAS invoices (transactions)
4. Eliminates the need to monitor basis of award for price reductions and the Commercial Sales Practice (CSP) form
5. Digital certificate required to report sales in *FAS Sales Reporting*
6. Negative amounts or credit memos not allowed (have to submit sales adjustment to original sales report)
7. Invoice and payment date are the only acceptable points to report a sale
8. No rounding of dollar amounts
9. Paper checks are no longer accepted for IFF payments (must use pay.gov)

Application

The TDR topic is addressed in both the Annual and End-of-Term Assessments. IOAs should review the TDR/72A Locator on the VSC to determine if the contractor is participating in TDR. Participating in TDR means the contractor has either accepted the mass mod or was awarded with the requirement built into their contract. Contractors who accepted the mass mod, but have not yet reached their final 72A reporting quarter are considered participating. The status of the locator on the day of the assessment should be used to answer this question.

Is the contractor participating in TDR? (Y/N)

Formatted Product Tool (FPT) Section

Background

Formatted Product Tool (FPT) is a functionality of system enhancement to eMod which changes changes how contractors submit mods and upload to GSA Advantage!®. It also changes the

format contractors will use to submit modification requests and adds additional information to a standardized template. FPT eliminates SIP as the method to update the pricelist on GSA Advantage!®.

Application

The FPT topic is addressed in both the Annual and End-of-Term Assessments. IOAs should review the FPT / SIP Locator on the VSC to determine if the contractor is participating in FPT. The status of the locator on the day of the assessment should be used to answer this question:

Is the contractor fully participating in the Formatted Product Tool (FPT)? (Y/N)

Note: For existing contractors who are considered FPT by the acceptance of mass mod A510, fully participating in FPT is a two step process. The contractor must accept the mass modification and then baseline their current MAS pricelist using the standardized template in eMod. The locator on the VSC will indicate whether or not the contractor has baselined if they have accepted the modification.

Sales Tracking and Reporting Section

Background

GSA relies on the contractor's sales tracking system to correctly identify, track, and report applicable sales, as well as remit the Industrial Funding Fee (IFF) in a timely manner. The IOA's role is to understand the contractor's sales tracking system and validate it is functioning properly - by accurately and completely identifying, tracking and reporting all appropriate sales. The IOA generally will gain an understanding of the contractor's system through discussions and then validate that the system is functioning as described by sampling transactions. The end goal is the IOA has confidence the sales tracking system is functioning properly. The IOA should exercise professional judgment and probe more deeply when red flags are present or issues are discovered. The IOA must use professional judgement to verify the contractor's sales tracking system is appropriate depending on the complexity and functionality required for the contractor's unique situation.

There is no specific contract requirement which outlines the elements of an acceptable tracking system; however, all Schedule contracts require the contractor to track and timely report sales made against the Schedule contract. Whether the contractor reports in TDR or 72A, the basics of the Sales Tracking system remain the same. The contractor's system must accurately and completely identify, track and report all MAS contract sales. The IOA's role overall remains the same to validate that the contractor's system is adequate.

GSA requires Schedule contract holders to recognize revenue against the Schedule contract in a manner which is consistent with its established commercial accounting practices. If the contract reports through TDR, the only acceptable points at which contract sales may be

reported are issuance of an invoice or receipt of payment. 72A contractors may recognize revenue at the following points

- Receipt of order;
- Shipment or delivery, as applicable;
- Issuance of an invoice
- Payment

All contract sales must be reported within 30 calendar days following the completion of each reporting period. For contractors participating in TDR, sales reports are due monthly. IFF is due 30 days after the calendar quarter ends for all contractors.

A Schedule contract is a source of supply and services for the federal government; however, other agencies, activities, and organizations are eligible to purchase from the Schedule contracts. GSA's Order OGP 4800.2I , Eligibility to Use GSA Sources of Supply & Services, provides detailed information regarding those agencies, activities, and organizations that have been determined to be eligible to use GSA sources of supply. The order is considered a reportable sale unless the purchase was conducted pursuant to a separate contracting authority such as Government Wide Acquisition Contract (GWAC), separately awarded FAR Part 12, Part 13, Part 14, or Part 15 procurement, 8(a) set-aside procurements, and/or a non-FAR contract.

What is a Reportable Sale?

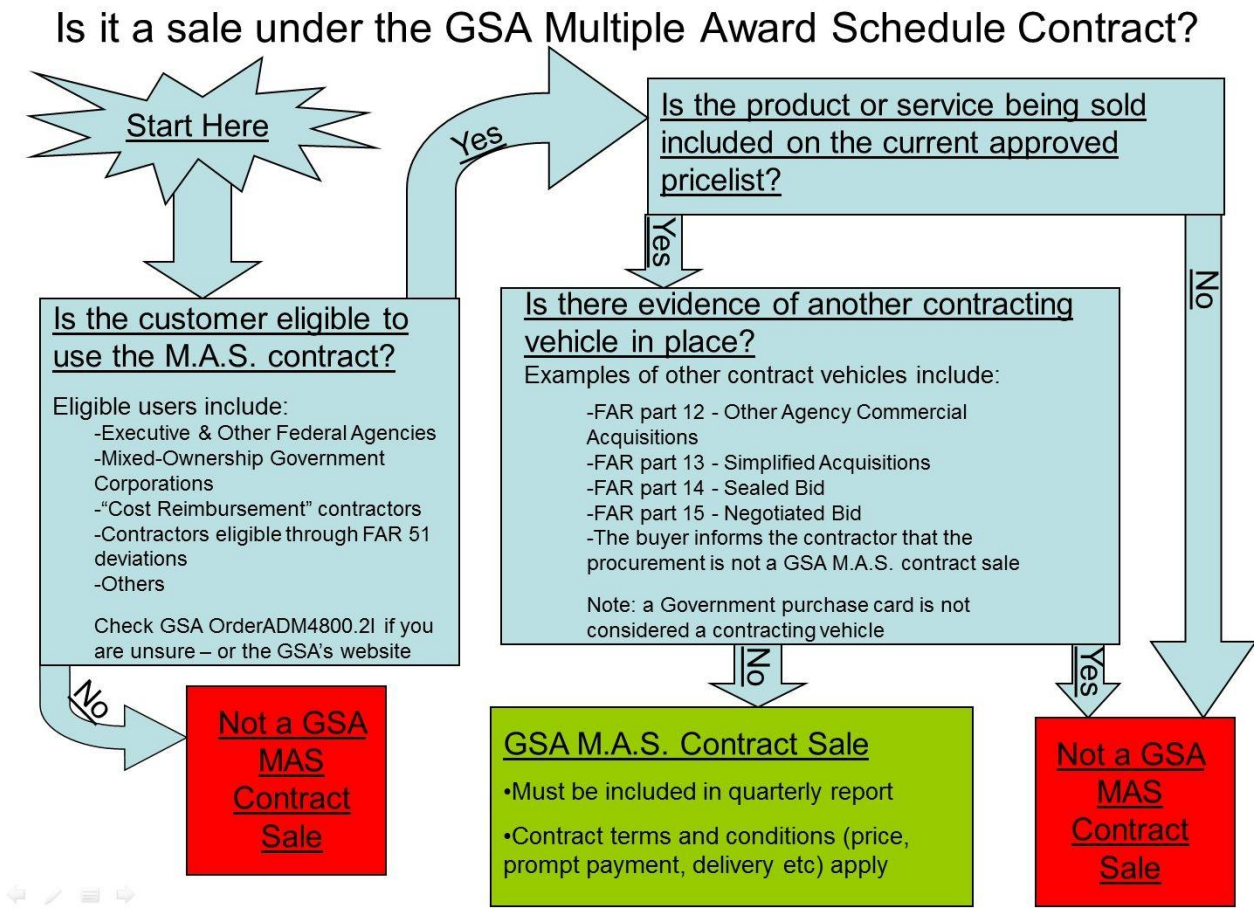
Sales reporting is governed by clause 552.238-74 Industrial Funding Fee and Sales Reporting. Every MAS contract has this clause, which mandates all contractors must report all sales of contract items to authorized users unless the purchase was conducted pursuant to a separate contracting authority (GWAC, FAR Part 13, etc...see above). Our working definition of a reportable sale comes from a variety of sources, including the clause, GSA Orders and precedent set by an array of case law. It is impossible to define every scenario entirely because every situation is different and will have to be evaluated accordingly. However, this guidance is intended to give you the background necessary to make informed and consistent decisions when faced with varying circumstances in the real world.

The first step is determining whether the customer was an eligible user as defined in GSA Order OGP 4800.2I, Appendix A, B, or C, or a customer eligible through a State/Local program like Cooperative Purchasing, Disaster Recovery, NVOADs, 1122, or a Government contractor utilizing a FAR 51 deviation. These groups have the authority to invoke the terms and conditions of the MAS contract by placing orders, but with different rules depending on which group:

- Eligible User - If contract items are sold, and there is no evidence of any other procurement vehicles in use, then it will be a reportable sale. In this situation, sales are reportable unless there is clear evidence otherwise.
- State/Local Program - This is basically the opposite of the guidance for eligible users - there has to be evidence that the customer intended to utilize the MAS contract. Absent

any explicit evidence, regardless of whether or not contract items were sold, it will not be considered a reportable sale.

Is it a Reportable Sale Flowchart



"Evidence" in this case begins with the delivery or task order. Let's look at a few scenarios to see how this could play out in the real world:

- **Scenario #1**: The MAS contract number is listed on the order, and contract items were sold. This is a clear indication that the customer intended to purchase items from the MAS contract. Reportable sale.
- **Scenario #2**: No contract number is listed on the order and contract items were sold. The fact that the customer did not indicate they intended to utilize the MAS contract is irrelevant. Any sale of contract items without affirmative evidence of another contracting/procurement vehicle will be considered a reportable sale. Note: Simplified Acquisition Procedures (SAP) orders will not include a contract number. As the procurement uses FAR Part 13 procedures, SAP orders are not orders placed against a MAS contract.

- **Scenario #3**: Mixed order of contact items and open market items (contract number may or may not be listed on order). The contact items are reportable, the open market items are not.
- **Scenario #4**: Contract items are sold, but the order lists a contract number that is not their MAS contract number. Investigation of the contract reveals it to be a NASA SEWP contract. This order was purchased using a different procurement vehicle (another agency's contract). Regardless of how it was quoted, it is not a reportable sale.

In short, the contract assumes that eligible users are either required to or entitled to use the schedule contract. However, the rules are essentially reversed for all other users (state/local/NVOADs, FAR 51).

State and Local Programs

Cooperative Purchasing is a program for Schedule 70, Schedule 84, and the IT SINs on the Professional Services Schedule to allow state and local governments to purchase through certain schedules. Cooperative Purchasing sales must be kept separate from other MAS sales. Cooperative Purchasing sales are kept separate through the use of unique SINs marked with an "STLOC". GSAM 538.70, Cooperative Purchasing, prescribes policies and procedures that implement statutory provisions authorizing non-federal organizations to use Federal Supply Schedule 70; the PSS contracts containing information technology Special Item Numbers (SINs); and Federal Supply Schedule 84.

Disaster Purchasing is a program for all Schedules to facilitate disaster preparedness, relief or response. Disaster Purchasing sales must be kept separate from other MAS sales. Disaster Purchasing sales are kept separate through the use of unique SINS marked with an "RC". GSAM 538.71, Recovery Purchasing, prescribes policies and procedures to implement the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364) authorizing non-federal organizations to use Federal Supply Schedule contracts to purchase products and services to be used for recovery from major disasters, terrorism or nuclear, biological, chemical, or radiological attack.

National Voluntary Organizations Active in a Disaster (NVOADs) are also eligible to purchase products and/or services on all Schedules for the purpose of emergency preparedness and disaster relief under the Disaster Purchasing program. The NVOAD Network consists of approximately 100 U.S.-based non-profit organizations who have a focus on supporting communities prepare for and recover from disasters.

The GSA Programs for State and Local website provides information on the various programs available to state and local customers such as the 1122 Program, Public Health Emergencies Program, Cooperative Purchasing, Disaster (Recovery) Purchasing, etc. These are applicable as negotiated at the time of award or accepted under a Mass Modification. The rule for State/Local customers is that if the contractor is selling a contract item to an eligible State/Local

customer, the sale is not assumed to be a reportable sale unless the customer specifically states they are purchasing through the MAS contract.

FAR 51

FAR 51 Contractor Use of Government Supply Sources, prescribes policies and procedures under which contractors may use government sources of supply. A deviation to FAR 51.1 authorizes contractors to use GSA sources of supply, including Federal Supply Schedules. Items purchased using must be for ancillary supplies/services which are not the primary purpose of the work ordered. Here are the general guidelines:

- Contractors must have written authorization from the ordering activity to use these procedures
- Contractors must only place orders on a time-and-materials or labor hour basis (no FFP orders)
- Selling contractors are not obligated to accept orders placed by another contractor
- Contractors must place orders in accordance with the procedures in FAR 8.405-1,
- The FAR 51 deviation only applies to the federal government. It is not available to orders placed by state and local governments.

The IOA must determine whether the contractor received orders applicable to the FAR 51 deviation. If so, the IOA must determine whether the order contained a written authorization from the government. Orders placed by a buying contractor to a selling contractor are reportable sales for the selling contractor and must be at the contract price or lower.

Dealers

Contractors may elect to add an authorized dealer(s) to their contracts. All authorized dealers are added to the Schedule contract at contract award or through a formal contract modification. Clause 552.212-70 (c) (5) Preparation of Offer, provides the offeror guidance for utilizing participating dealers. Participating dealers are subject to either clause G-FSS-913 or 552.232-83, Contractor's Billing Responsibilities. The contractor is also required to maintain a current list of all participating dealers in the price list, in accordance with clause I-FSS-600, Contract Price Lists.

Contractors may have commercial "dealers", but may choose not to utilize dealers per GSA's definition for participating dealers. If the contractor performs all billings under their contract from one location, regardless of how many "dealers" they have, they are not utilizing dealers for administration of their contract. However, if their "dealers" performs billings from the dealer location, they are utilizing dealers and each one must be listed as an authorized dealer on their contract.

If the contractor has elected to utilize participating dealers, the IOA must ensure they have been formally added to the Schedule contract at the time of award or through a formal modification of

the contract. The IOA should further review the contractor's pricelist and GSA Advantage!® to ensure that all participating dealers have been incorporated into the contractor's MAS price list.

The Contractor and dealer(s) are subject to the Contractor's Billing Responsibilities clause (either G-FSS-913 or 552.232-83). According to the clause, the contractor is required to perform all billings made pursuant to the contract. In instances where the billing and payment process is an administrative burden, the contractor may obtain written agreements from authorized dealers outlining the dealer responsibilities.

During the assessment the IOA must review the process used by the contractor to ensure sales by authorized dealers are reported.

Application

The sales tracking topic is addressed in both the Annual and End-of-Term Assessments.

The IOA should review the contractor's sales process from order receipt to reporting through an interview process utilizing open-ended questions. The IOA should select a sample of transactions/orders for review to test elements of the sales tracking and reporting process for effectiveness and accuracy. The IOA should also attempt to recreate the contractor's reported data from original or raw accounting reports provided by the contractor. Certain SINs have additional reporting requirements beyond dollars; they have a transaction count. Schedule 599 SIN 599-2 has a separate reportable sales calculation of $1.50 per transaction. Schedule 48 SINs 653-1 and 653-5 has a separate reportable sales calculation of $325 per transaction.

If unreported or misreported sales are found, determine the cause and extent of the problem. If the contractor is reporting sales and/or remitting IFF late, determine the cause of the discrepancy and offer suggestions for resolving the issue (i.e. automated reminders and electronic payment).

Step 1: Conceptual Understanding of the Process

Preparing the Contractor and Yourself

Take the time for a verbal conversation with the contractor prior to the assessment to discuss the sales tracking process, explain the objectives, and answer any of the contractor's questions. A large focus of any assessment type is the sales tracking and reporting system review. The more the contractor understands your objectives, the more likely they are to provide you with the data you need in a timely manner - which benefits all involved parties. Remember, this initial sales tracking conversation happens during the scheduling phase, prior to the actual assessment, and is intended to clarify objectives and answer of the contractor's questions.

Requesting sales data in advance also benefits all involved parties. It's necessary if conducting a virtual assessment, but it can also be helpful for onsite assessments as well. It allows the IOA to perform a large portion of the review from their office, at a comfortable pace. Keep in mind, however, it is not mandatory the contractor provide any information in advance. It is up to the

IOA to ensure the contractor will either provide the correct information in advance, or have all necessary information available during the assessment.

Evaluating the Contractor's Processes

Gaining an understanding of the contractor's sales tracking system processes is a critical step during any assessment. This is essentially just asking questions. You need the contractor to describe every applicable function of their sales tracking and reporting process to you, from beginning to end, while you document it and look for areas of interest to focus on. Look for any uncertainty or ambiguity; if they are unable to describe something to you in detail, it is likely a red flag (see "Red Flag" issues below). Does what you're hearing make sense? Is there any room for error in the process? The answers to these questions will help you focus the sales data request and sampling.

Have the contractor show you the documentation and tools they utilize as part of their sales tracking process. Have them demonstrate how the system works in real time. If they are unable to show anything they just described, then it's likely a red flag issue.

Examples of Sales Reporting System "Red Flags"

These situations have historically been "red flags" that indicate a potential issue may exist. If you encounter any of the below, consider focusing efforts in that area to determine if an issue exists and the root cause of any potential issue.

- Contractor has changed from reporting their sales based on invoice to payment date or vice-versa
- Contractor has had a change in personnel to administer or report their GSA contract sales
- The "fresh GSA sales data" (or GSA sales data that was pulled today) doesn't match the amounts reported to the 72A system
- Contractor states "I report all government sales (or "everything") to GSA"
- Contractor states "I only report orders that are processed through GSA Advantage!® and or eBuy"
- Contractor states "I only report sales from GSA the agency"
- Contractor states "I don't report orders paid with the government credit card"
- Contractor states "GSA didn't bring us this business…" or "Agency X has been a customer with us for 50 years…any orders to them are not through my GSA contract"
- Contractor includes freight, travel costs, and/or open market items/services in their 72A or TDR reports
- Contractor doesn't train their sales staff or has a large sales staff
- Contractor does not have a process or single-point of contact for dealing with GSA contract orders and/or government customers
- Contractor has many GSA contract orders but no way of automating their GSA contract sales tracking
- Contractor reports transactional data manually when they have vast monthly transactions

- Contractor is not familiar with their GSA pricelist (ex: contractor doesn't know which items/services are on their GSA contract)
- Contractor doesn't have a method for identifying GSA contract orders received via their company website, phone, email, etc
- Sales tracking system is based purely on customer name, not order information. (Ex: Army is always "GSA order", while Navy is always "Non-GSA")
- Government customer names are not listed in a consistent manner in the accounting system (Ex: US Coast Guard, USCG, U.S. Coast Guard, The United States Coast Guard, etc) and some of the various version of the same customer names are "tagged" as "GSA" in the accounting system while other are not
- The contractor has an over-payment or underpayment of IFF that isn't the result of a Sales Adjustment
- The sales reporting history doesn't match the period of performance (contractor was issued an order for a two-year project, but didn't start reporting until the second year)

<u>Effective Phrases for Sales Tracking System Discussions</u>

- Explain your process for quoting, receiving, tracking, and reporting sales from government customers under your MAS contract.
- How many people have the authority to accept or process sales from government customers?
- What tools or systems are used in the order tracking process?
- How are the salespeople/customer service/order entry personnel trained to handle federal orders?
- How do you determine which sales are reportable and which are not reportable?
- Who is in charge of determining whether or not a sale is reportable?
- Who performs scope of contract validation and pricing validation?
- How are sales reported when the invoice includes a combination of GSA items/services and open market items/services
- Which customers receive your "GSA" pricing?
- How are these reportable sales flagged or tracked throughout the month/quarter?
- What sales tracking/customer relationship management/accounting software do you use?
- Can you explain any special procedures in place for federal sales and/or reportable sales?
- How are commercial sales, open market sales and reportable GSA sales classified?
- How are the reportable sales figures compiled for your monthly/quarterly reports?
- At the end of the month/quarter, how do you go about totaling the amount of reportable sales?
- Who is responsible for sales reporting?
- What type of validation is performed to ensure accurate reporting?
- How do you determine the reportable amount for each SIN?
- At what point does a transaction become a reportable sale?
- Who is responsible for creating/extracting/importing your data into the TDR/72A site?

- What types of records are maintained to support your reported sales?
- Can you give me a demonstration of your sales tracking system?

Step 2: Determine/Utilize Process Testing for Validation Steps

IOAs must utilize a combination of Process Testing and Data/Sampling Review to efficiently and effectively validate the sales tracking system. Utilizing Process Testing and Sampling is even more important when you perform assessments on companies with hundreds or thousands of transactions for the review period.

What is Process Testing?

Consider the IOA performing a sales tracking system assessment with a large contractor with millions of dollars of sales each month/quarter. The sales tracking system is highly automated. Each GSA customer is classified as "GSA" in the accounting system. Sales of contract items to "GSA" coded customers are captured for reporting purposes at the end of the month/quarter. The IOA identifies a crucial "red flag" that each GSA customer must be classified as "GSA" in order for the reporting at the end of the month/quarter to capture the sale. The IOA decides to review the contractor's customer list, identify GSA eligible customers and review in the accounting system how these customers are classified. The IOA in this case has tested an important process to the overall sales tracking system to gain confidence the overall system is operating correctly.

Step 3: Validation of the Process Through Data/Transaction Review

Once you have an understanding of the contractor's processes, you then need to validate that the process is functioning correctly. This is achieved through a review and analysis of sales transactions. The number of transactions that need to be reviewed will vary based on the IOA's confidence in the contractor's systems and processes.

Reviewing the data associated with the contractor's sales reporting system will involve considering data elements from a variety of sources and drawing conclusions based on what is ascertained. The guiding principle when reviewing data is to make a determination whether the evidence you review corroborates the contractor's reported data.

It is appropriate to select a smaller sample size if the IOA has a high degree of confidence in the contractor's systems. Conversely, it is also appropriate to select a larger sample size if the IOA does not have a high degree of confidence. The key here is that the IOA needs to use sound judgment and select a sufficient sample size that will adequately represent the capabilities of the contractor's system, and either validate its effectiveness or discover its shortcomings.

Review of Data from Government Sources in Advance

The following Government data sources should be reviewed as applicable:

- Variance report from OCMS and/or TDR System
- FPDS

    - Review the total FPDS order amounts loaded during the review period and compare that to the total sales reported to GSA. Major discrepancies should be reviewed further.
- Sales Adjustments
    - The IOA should discuss all sales adjustments the contractor has requested and validate the data related to the Sales Adjustment request and any implications this may have on the adequacy of the sales tracking system.
- GSA Advantage Archive sales reports

Review of Contractor's Data

IOAs will review data provided by the contractor, both individual orders as well as higher level reports and summaries. Often one good way to start is to review a contractor's record of reported sales - such as reported monthly TDR sales reports - and compare it to the variance report. Any discrepancies between the two could be a sign that the contractor's sales tracking system isn't functioning properly.

IOAs are also tasked with reviewing a list of all customers, including both commercial clients and government customers. Further discussion and review is required if any MAS contract eligible customers are noted on the customer list and the contractor's sales tracking system has not reported any sales for those eligible customers.

Generally, IOAs should limit the timeframe of their review to those orders placed (or otherwise became reportable) in the time span since the last review of the contractor's sales tracking system at the most recent contractor assessment. This doesn't preclude an IOA from reviewing any data that predates the last assessment to validate compliance, but the starting point should be the time frame since the last assessment.

IOAs should determine the appropriate sample size for the contractor considering their total number of orders and their confidence in their system. Some contractors may only have a small number of orders and reviewing every invoice is reasonable. Other contractors may have thousands of invoices and selecting a sample of orders is appropriate.

Review of Contractor's Data Process Suggestions

- Review a complete customer listing which shows every transaction for the time period, for all customers, federal or commercial
    - Have the contractor explain how reportable sales are identified on list
- Review those listed as non-GSA for any recognizable eligible users
    - From these, select a sample for further review
- Look for inconsistencies on identifiers, or by how customers are listed.
    - ex: not listed with "GSA" identifier, but salesperson listed as "GSA"
    - Orders accepted over the phone or through a contractor's website may use the customer first/last name instead of actual customer (John Smith instead of Army).
    - PO number field can help identify eligible users.
        - Government PO numbers look different from commercial - combination of number and letters, typically around 16 digits, easily recognizable, etc…

        - Check PO number field in their accounting software for government PO numbers
- Review the sales listed as reportable to make sure these were also identified correctly.
- For state and local programs (Coop. Purchasing, Disaster Recovery, etc):
    - Discuss with the contractor to gauge their understanding of reporting requirements.
    - Select a sample of transactions to state, local, and NVOAD customers for review.
    - Continuity of similar customers sales reported and not reported (eg. Texas listed as reported on one transaction and not on another). Select more Texas sales for further review.
- Compare those listed as reportable to the contractor's monthly/quarterly reports for accuracy
- Consider how the contractor would identify eligible users based on the interface with the customer (telephone, contractor website, retail location, etc) and analyze chances for errors in all the different interfaces the contractor could have with eligible customers

Understanding Inconsistencies

If an IOA notices a possible inconsistency, they should seek to gather documentation and a better understanding of the situation from the contractor. IOAs should have the contractor explain the situation - keeping in mind there may be a reasonable explanation. For example, if an IOA suspects a sale was not reported, it is possible that the sale was reported in a different month/quarter. The goal is to uncover the root cause of the issue, not just a symptom of a larger issue. Discovering the root cause enables the IOA to have a constructive discussion with the contractor about the risk of further noncompliance if the issue is not resolved. Understanding the root cause also helps the IOA determine if additional transactions need to be reviewed to determine if the issue impacts other transactions.

Sales Adjustments

IOAs may discover discrepancies between the sales amounts the contractor reported and the actual sales. The reported sales should match the actual contract sales and when a discrepancy is noted, the contractor needs to submit a Sales Adjustment request through the 72A or TDR system.

All discrepancies should be addressed with the contractor, however, special attention is required for total IFF Due in excess of $100, as these amounts may result in a claim if unpaid. The IOA should, if possible, confirm with the contractor during the assessment the total amount of IFF due.

The IOA should discuss the nature of the Sales Adjustment required, make clear to the contractor their follow up action is required, and determine an agreed upon timeframe for the contractor to do so. It may be appropriate for the contractor to submit the Sales Adjustment during the course of the assessment. IOAs should note the need for a Sales Adjustment in their report and follow up to confirm the contractor has submitted the Sales Adjustment in the agreed upon timeframe.

In the event the contractor has not requested the Sales Adjustment in a timely manner, the IOA should follow up with the contractor in writing with the contracting officer on copyl. While IOAs do not have the authority to mandate contractors take specific actions, contractors may voluntarily follow instructions provided by IOAs to resolve sales adjustments. If a contractor is unwilling to voluntarily resolve the sales adjustments, the IOA should refer the matter to the ACO, with the PCO on copy, and update the appropriate data tracking element (discussed in the Data Tracking Aspects section below).

The IOA should also discuss the IFF implication of the Sales Adjustment with the contractor. The contractor may need to remit additional IFF or be due a credit/refund. For non-TDR contractors, once the IOA applies the Sales Adjustment request in FSS Online, the IOA should send the contractor a copy of their Variance Report from OCMS with an explanation about additional IFF due or amount of credit the contractor can apply toward future quarters.

Documenting Findings:

The Sales Tracking and Reporting section is used to document the sample the IOA reviewed for Sales Tracking as well as delivery, scope, Prompt Payment (list all that apply). The IOA should always include one unique identifier (i.e. invoice number) and any additional information at the discretion of the IOA.

For all reports, list the following in this specific format:

- “Accounting system - (list name of accounting system)”
- “Revenue recognition - (state cash or accrual)”
- “Contractor identifies reportable sales using a(n) (automated or manual) process”
- “Time period reviewed - (list the date range reviewed for evaluation of their sales tracking system, ex: 01/01/2014 - 12/31/2014)”
- Sampled orders including at least one unique identifier (i.e. invoice number) and any additional information at the discretion of the IOA
- As applicable: “This sample was also the basis for the review of the Pricing, Delivery, and Prompt Payment Discount sections:”

If there are not any negative findings, state: “No issues/concerns”.

If there are negative findings, it is a best practice to document the following items:

- “Sales adjustments required:” (list using the format below, one for each SA required)
    - SIN: (ex: 874-1)
    - Quarter or Month/Year: (ex: Q4 2016 (Oct - Dec) or October 2016
    - Amount: Decrease/Increase sales by $ to $
    - Reason: (state the conditions that lead to this sales reporting issue)
    - Contractor’s plan to correct the issue: (list their stated corrective action plan to correct the current issue and prevent similar situations in the future. Include information about contractor self-audits as required)
    - Contractor-agreed timeframe for completion or if the adjustments were made prior to the report submittal

    - If the contractor has completed the required adjustments prior to the report submittal, a notation should made that no further action is required by the PCO or ACO to correct this issue

- "The IOA has determined this to be a (one-time anomaly, or systemic issue)" If known, and providing detail about the root cause and explanation particularly in the case of one time anomalies.
- "Total unreported sales found - ($xx)" If unreported sales are found (e.g. the contractor needs to report additional sales) the number should be positive in the sales data tracker.
- "Total over reported sales found - ($xx)" If overreported sales are found the number in the data tracker should be negative.

Data Tracking Aspects

The responsibilities related to reporting do not end once the report is finalized. If additional actions are required by the contractor - for example submitting a sales adjustment - the IOA is responsible to update the data tracking elements of the report when the contractor takes action, even if the report has already been finalized.

The following questions require updates if a contractor takes action that affects them after the assessment:

- Total Sales Adjustments Required as a Result of the Assessment
- Actual Amount of Sales Adjustments
- Date Sales Adjustments Completed by Contractor
- Date Sales Adjustments Referred to Contracting Officer for Resolution (if applicable)
- Resolution Status Comments

If unreported sales are found (e.g. the contractor needs to report additional sales) the number should be positive in the field: "Total Sales Adjustments Required as a Result of the Assessment".

If overreported sales are found (e.g. the contractor reported sales in error) the number in the data tracker should be negative.

In the data tracking element, the only characters that should be used are (a dash -) for a negative number, and (a period .) if cents are involved. Please do not put (dollar signs $) or (commas ,) as this is a problem for the system and will not save correctly.

If you have monetary findings, put in the initial dollar amount found. The second (Actual amount) and third (Date) fields are meant to be for the actual amount of sales adjusted and the actual date it was received. The actual dollar and date fields are filled out after the contractor has taken action, often times after the report has been finalized.

The Referred to Contracting Officer data tracking field requires the IOA to enter the date the IOA referred the issue to the Contracting Officer for final resolution if applicable. This field should only be used if the contractor refuses to resolve the issue in a timely manner after the assessment and you refer the issue to the Contracting Officer for resolution. The date should coincide with the date of the email notification to the ACO that you are requesting their assistance to resolve the matter.

The Resolution Status Comments data tracking field is available for IOAs to document and communicate the status or resolution of follow-up actions for the assessments. IOAs may document comments from the contractor Example: Acme company POC Jane Smith indicated she will submit the required sales adjustment on Friday 1/1/1900.

Once the sales adjustment has been submitted and processed by the IOA, a courtesy email should be send to the ACO and PCO to let them know the matter was resolved.

Pricing Section

Background:
MAS contract prices should be considered maximum prices or a price "ceiling". Contractors may discount below their contract price, but charging a price/rate above the contract price is a violation of the terms of the contract. The IOA's task is to determine if the prices charged by the contractor are within the contract pricing terms in effect at the time of the order.

It is critical for the IOA to have an understanding of the methods available to each individual contractor for properly increasing pricing and when those increases can be implemented by the contractor. This allows the IOA to properly evaluate contract pricing and explain the pricing terms to the contractor during the assessment. Review Economic Price Adjustment (EPA) clauses GSAM 552-216-70 and FAS clause I-FSS-969 for more information. Regardless of how economic price adjustments are incorporated into the contract, the IOA's responsibility is to identify the appropriate contract pricing and validate that contractors are charging the contract price or lower.

Prospective contractors are instructed in the GSA Schedule Solicitations to negotiate one of the following mechanisms for future price adjustments:

- I-FSS-969 Economic Price Adjustment - FSS Multiple Award Schedule
    - This contract clause allows for price increases based upon either an escalation rate or market indicator.
- 552.216-70 Economic Price Adjustment - Multiple Award Schedule Contracts
    - This contract clause is used when contract prices are tied closely to a commercial catalog or other pricelist. The pricing to the government is in part dependent upon publication of a commercial pricelist.

Key Differences between EPA Clauses

Clause	552.216-70*	I-FSS-969 (b) (1)	I-FSS-969 (b) (2)
Description:	Price increase effective upon approval by PCO.	Price increases effective on 12-month anniversary of contract begin date	Price increase effective upon approval by PCO
Applies to:	Services or Products	Most often for Services	Services or Products

**Not applicable to AbilityOne; price changes to AbilityOne products are managed by NIB/NISH*

Additional Price-Related Terms

The contractor's awarded pricing includes some additional price-related contract terms - such as shipping and prompt payment discounts. Product contracts are awarded as either FOB Origin or FOB Destination. FOB Destination CONUS means that shipping is included in the pricelist price to destinations within the continental United States. FOB Origin means that shipping charges are not included in the price, which means the contractor will likely charge a separate shipping fee to the customer (this would NOT be reportable). Overhead charged on top of carrier fees and restocking fees may be considered overcharges if not awarded on the contract. Contractors may offer additional considerations in these non-price contract terms to make their products or services more favorable to the government. However once included on the pricelist, the contractor cannot make the terms less favorable to the government. Additional charges for terms and conditions already included in the GSA contract price are not allowed and are considered overcharges.

Note: Prompt payment discounts are covered in the separate prompt payment discount guidance section.

Invoicing Requirements

Each GSA schedule contract has invoicing requirements included with the contract. The invoicing requirements for all GSA schedule contracts can be found under the "Contract Terms and Conditions - Commercial Items" clause 52.212-4. The invoice shall include the invoice date, invoice number, contract number, order number, contract line item and description, quantity, unit of measure, unit price and extended price of the items delivered. To ensure contractors do not misrepresent non contract items, they should differentiate and/or identify non-contract/open market items on the invoice (as well as the quote). Refer to the Scope of Contract section for more detail on proper representation of contract items.

If the contract contains prompt payment terms, the contractor must post the terms on the invoice. Additionally, the contractor must honor the terms. Prompt payment discounts do not apply to purchases made with the government purchase card. Refer to the prompt payment discount section for more information.

Application

The pricing topic is addressed in both the Annual and End-of-Term Assessments.

The IOA's goal when assessing pricing is to ensure that the prices charged by the contractor were allowable under the terms of the contract. The IOA should review both the base pricing charged, as well as any additional pricing increases, fees or discounts, such as:

- Economic Price Adjustments (EPAs)
- Quantity/volume discounts
- Prompt payment discounts
- Freight and/or handling charges

The IOA should compare the selected sample of proposals, orders/task orders, and associated invoices with the approved pricelist that was in effect at the time the order was placed to determine if the appropriate base price and additional fees / discounts were applied. IOAs should view the contract price as the maximum price since contractors have the option to discount below their MAS contract price.

Firm Fixed Price Orders (FFP)

Some Firm Fixed Price (FFP) orders, and the corresponding order documentation (task/purchase order, proposal, and invoices) may not display prices for individual labor categories. In this instance the ordering activity has assumed the responsibility to determine prices were fair and reasonable. It is a best practice to attempt to validate pricing on other orders (ie. Time and Materials-based pricing) that do detail the labor rates per individual.

How to Handle Overcharges

IOAs play a key role in resolving situations where the contractor overcharged the government. These overcharges may result from contractors charging the wrong price, prompt payment terms, failing to offer quantity discounts, shipping charges, etc. The IOA should do the following:

1. Document what happened and the current status in the appropriate section(s) of the report
2. Include the appropriate data tracking elements on the report
3. Work with the contractor to resolve the situation, if possible
4. Inform the contractor a Sales Adjustment is appropriate to revise the reported sales - this is of particular importance for TDR contractors as reports of prices paid are used for price analysis and business intelligence

While IOAs do not have the authority to mandate contractors take specific actions – contractors may voluntarily follow instructions provided by IOAs to resolve overcharge situations. If a contractor is unwilling to voluntarily resolve the overcharge situation the IOA should refer the issue to the PCO and support them until the situation is resolved. Generally most contractors are willing to work with the IOA to resolve the situation. When a contractor voluntarily accepts instruction from the IOA, the IOA should provide the contractor with the following options / instructions:

1. Return the overcharges to the agency by either credit or refund
2. Send a check to the Miscellaneous Lockbox:

   General Services Administration
   Miscellaneous Receipts for Non-Federal Claims
   Overcharges for GS-XXF-XXXXX (Formal Contract Number)
   PO Box 979009
   St. Louis, MO 63197-9009

The contractor should identify to the IOA which follow up action is to be completed:

1. Returning to the ordering agency
   a. The IOA should provide the contractor with the following Overcharge Notice of Concern (refund/credit) email after the visit.
   b. Credits: For ongoing projects, contractors may remedy an overcharge by providing a credit on the next invoice to the customer. The IOA is tasked with following up with the contractor and reviewing the adjusted invoice, and updating the data tracking section of the report as appropriate.
   c. Refunds: The contractor needs to have documented proof (this can be an email from the agency) of the refund,
2. Sending a check to the Miscellaneous Lockbox:
   a. The IOA should provide the contractor with the following Overcharge Notice of Concern email after the visit.
   b. This check should list in the memo “Overcharges for GS-XXF-XXXXX”. The contractor needs to provide the IOA with a scanned copy of the deposited check. This way the IOA can ensure the check will be properly located.

Once the contractor has remitted the overcharges to the IOA’s satisfaction, the IOA should email the contracting officer documentation showing the contractor took action to resolve the situation.

If a contractor either refuses to pay the overage, refutes the IOAs findings, or is uncooperative in determining all overcharges, then it should be elevated to the PCO for a final determination. Once referred to the PCO, the IOA should make good faith efforts to follow-up and determine the resolution to the overcharge issue for documentation in the data tracking section of the report.

NOTE: Overcharges can only be paid by check. Paying with a credit card is not an option. Since checks have to be mailed to a PO Box, they must be sent through the Postal Service. FedEx or UPS will not deliver to a PO Box.

Documenting Findings:

The report should substantiate the findings of the IOA assessment covering the areas reviewed in this section. The findings should identify the confirmed amount of overcharges found during the visit. The contractor may need to conduct a self-reconciliation (self-audit) of all potential overcharges if the findings indicate the discrepancies are not an isolated situation.

The Pricing section is used to document the sample the IOA reviewed to determine compliance with the GSA pricelist, including specific terms and conditions related to EPAs, volume/quantity discounts, and freight/handling charges. The IOA should use the appropriate GSA pricelist for each sample taken (i.e. pricelist(s) effective for older sales during the selected review period).

If there are not any negative findings, select "YES" and state: "No issues/concerns."

If there are negative findings, select "NO". It is a best practice to document the following items as necessary:

- Sampled orders including at least one unique identifier (i.e. invoice number) and any additional information at the discretion of the IOA
- Product/Service sold
- unit price listed on the GSA pricelist
- unit price charged on sale
- total in overcharges
- contractor's plan to correct the issue
- contractor agreed timeframe for remittance or credit of overcharges

In the event that pricing compliance cannot be verified (ie. the contractor has not reported any sales since the last assessment for review), select "N/A" and describe the reasoning behind the N/A selection. For example, it is a best practice to document findings by stating: "Compliance with the GSA pricing cannot be verified due to no GSA sales reported since the last assessment."

Data Tracking Aspects

The following questions require updates if a contractor takes action after the assessment:

- Pricing Overcharges Found during the assessment
- Actual Amount of Pricing Overcharges
- Date Pricing Overcharges Remitted by Contractor
- Date Pricing Overcharges Referred to PCO for Resolution (if applicable)
- Resolution Status Comments

Select the Pricing Overcharges section of the assessment report and enter the total sum of the overcharges found. Pricing overcharges and PPD overcharges will always be a positive number.
The overcharges should be the sum of all issues - unit overcharges, quantity discounts, shipping issues, etc. The IOA responsibilities related to reporting do not end once the report is finalized, as some figures may not be available at the time the assessment report is submitted for review and/or finalized. In this case, once the final figures become available (i.e. after payment of overcharges is confirmed), the IOA should search for the assessment report in OCMS and fill in the remaining fields in the Pricing Overcharges section. After the IOA verifies pricing overcharges have been refunded or credited to the Government, a courtesy email should be send to the ACO and PCO to let them know the matter was resolved.

The Referred to PCO data tracking field requires the IOA to enter the date the IOA referred the issue to the Contracting Officer for final resolution if applicable. This field should only be used if the contractor refuses to resolve the issue in a timely manner after the assessment and you refer the issue to the PCO for resolution. The date should coincide with the date of the email notification to the PCO that you are requesting their assistance to resolve the matter

The Comments data tracking field is available for IOAs to document and communicate the status or resolution of monetary follow-up actions for the assessments. IOAs may document comments from the contractor Example: Acme company POC Jane Smith indicated she mailed check #9999 in the amount of $1,000.99 to the Misc Lockbox on Friday 1/1/1900.

Prompt Payment Discounts Section

Background
Some MAS contracts are awarded with prompt payment discount terms. If prompt payment discount terms are included in the contract, the contractor is required to display the prompt payment information on all MAS invoices. See FAR 52.212-4 Contract Terms and Conditions – Commercial Items and PIN 2011-03, for details invoicing requirements. The prompt payment discount (PPD) terms are required to be on the invoice to inform the customer about the opportunity for the discount if payment is received within the terms stated.

Any PPDs awarded under the MAS contract are binding for all orders placed under the contract. In the absence of discount terms incorporated into the contract, discounts can also be offered on individual invoices and are binding only for the particular invoice on which the discount is offered. See GSAM 552.232-8 Discounts for Prompt Payment. Contractors cannot negotiate prompt payment discounts away at the order level. Prompt payment discounts do not apply to government purchase card purchases.

Application
The Prompt Payment topic is addressed in both the Annual and End-of-Term Assessments.

Compliance with prompt payment discounts is evaluated during an assessment by following these three steps:

1. Confirmation of PPD terms (Preparation)
2. Identify how the contractor would be out of compliance and what to look for in documents
3. How to document and refer to COs

Step 1. Confirmation of PPD (Preparation):
Prior to the Contractor Assessment, the IOA should review the contract award documentation to determine if prompt payment discounts were awarded. Examples of contract award documents include: SF 1449, FPR, recent modifications updating or confirming terms, etc. Contract award documents can be found in the D2 Electronic Contract Management System (ECMS) and as provided by the contractor.

Step 2. Evaluate compliance through data/transaction review:
Once it has been determined that the contractor is required to offer PPDs per their contract award documents, the IOA will review a sample of invoices to verify that the PPD terms have been offered in the payment terms field **(PPDs do not apply to purchases made via the Government Purchase Card).**

Example: A Prompt Payment Discount of 2%-10, Net 30 means that the contractor offers a 2% discount if an invoice is paid within 10 calendar days of issuance, with no discount offered if paid 11 to 30 days after issuance. In reviewing a sample of invoices the IOA should confirm the Prompt Payment Discount terms are offered on the invoices as shown “2%-10, Net 30”.

If these Prompt Payment Discount terms are not being offered in the payment terms field of the contractor’s invoices and/or iRAPT (formerly Wide Area Work Flow) transactions, etc., then the contractor is considered to be non-compliant in regards to the Prompt Payment Discounts terms of the contract. (Information regarding iRAPT can be found here).

Step 3. How to document and refer to COs:
If prompt payment issues are identified during the Contractor Assessment, the IOA should initially identify and obtain a copy of all invoices in the sample in which the prompt payment discount was not properly extended. The IOA should then calculate the appropriate overcharges formula ($ sales affected * PPD = overcharges; eg. $89,301.39 * .02 = $1,786.03) detailing the discounted amounts that were not offered to the MAS customer.

The IOA should request that the contractor perform a self-audit of the remaining MAS orders, typically going back to the date of the last Contractor Assessment. If the IOA determines it to be necessary, the IOA has the contractual latitude to request the contractor reconcile their invoices back to the beginning of the previous option period. Records should be available for each full option and additionally after 3 years of the final payment under the applicable 5 year option (Could be 8 years total) per clause 552.215-71 Examination of Records by GSA. This authority shall expire 3 years after final payment. The basic contract and each option shall be treated as

separate contracts for purposes of applying this clause. This is done to identify any additional violations of the prompt payment terms requirements. If the IOA and contractor require more time to conduct a self-audit, the IOA should afford the contractor reasonable additional time (ideally not more than 5-10 business days), to complete this process and provide the IOA with results of the self-audit. The IOA should refer the issue to the PCO for resolution when the IOA believes a contractor self-audit is needed, but the contractor is uncooperative in performing the self-audit.

The IOA should document their findings in the Contractor Assessment Report and include results of the self-audit and any overcharges identified. The report should include detail regarding the contractor's proposed corrective actions, including how will they ensure all PPD terms are included on invoices and how they will ensure all PPDs are honored if paid on time.

Overcharges resulting from PPD issues are handled in the same manner as overcharges resulting from pricing issues. Refer to the overcharges guidance from the Pricing section of the IOA Manual for more detail.

Refer any problems, contractor disputes of IOA findings, and/or significant findings to the PCO in the Contractor Assessment Report.

If the contractor does not offer PPD per their GSA contract, Select "N/A" and state "Net 30 terms".

- If the contractor does offer PPD and they are being properly displayed on their invoices; Select Yes and state "No issues/concerns".
- If the contractor does offer PPD and they are not being properly displayed on their invoices; Select No. Describe below that the sales contained PPD overcharges due to the contractor not properly displaying PPD on the invoices and the customer remitting payment within the PPD allowable timeframe.
    - List the sales orders and the calculated overcharge; PPD overcharges will always be a positive number.
    - If the IOA has suggested the contractor to perform an internal self audit;

State agreed upon timeframe for internal self audit ex: (10/01/2014 – 09/30/2015)
Contractor agreed timeframe for completion.

- "The IOA has determined this to be a (one-time anomaly, or systemic issue)"
- "Total amount of PPD overcharges found - $XX"

Data Tracking Aspects

This section is internal to GSA and documents Prompt Payment Overcharges that were discovered during the course of the Contractor Assessment. Select this topic in Contractor Assessment module only if applicable.

The IOA responsibilities related to reporting do not end once the report is finalized, as some figures may not be available at the time the assessment report is submitted for review and/or finalized. In this case, once the final figures become available (e.g. after payment of overcharges is confirmed), the IOA should search for the assessment report in OCMS by internal short contract number and fill in remaining fields.

The following questions require updates if a contractor takes action after the assessment:

- PPD Overcharges Found During the Assessment:
- Actual Amount of PPD Overcharges:
- Date PPD Overcharges Remitted by Contractor:
- Date PPD Overcharges Referred to the PCO for Resolution (if applicable)
- Resolution Status Comments

After the IOA verifies prompt payment overcharges have been refunded or credited to the Government, a courtesy email should be send to the ACO and PCO to let them know the matter was resolved

The Referred to PCO data tracking field requires the IOA to enter the date the IOA referred the issue to the Contracting Officer for final resolution if applicable. This field should only be used if the contractor refuses to resolve the issue in a timely manner after the assessment and you refer the issue to the Contracting Officer for resolution. The date should coincide with the date of the email notification to the PCO that you are requesting their assistance to resolve the matter

The Comments data tracking field is available for IOAs to document and communicate the status or resolution of monetary follow-up actions for the assessments. IOAs may document comments from the contractor Example: Acme company POC Jane Smith indicated she mailed check #9999 in the amount of $1,000.99 to the Misc Lockbox on Friday 1/1/1900.

Trade Agreements Act Section

Background:

Multiple Award Schedule (MAS) contracts include the Trade Agreements Act (TAA) clause, 52.225-5. MAS contract holders may only offer end products manufactured in the United States or designated countries identified in FAR 25.003. In accordance with the TAA, the standard for determining country of origin status is either the growth or manufacture of an item in a designated country or the substantial transformation of an item in a designated country into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed - reference FAR 25.001(c)(3). The contractor is responsible for demonstrating compliance with TAA requirements.

FAR 52.212-3(g)(4), Trade Agreements Certificate requires the contractor to identify the country of origin for each contract line item. This certification takes place when the contract is awarded and during the option renewals. The contractor must immediately notify their PCO and remove non-compliant items if the country of origin changes to a non-designated country at any point of time during the contract term.

According to FAR 25.402(a)(2), the contracting officer shall determine the origin of services by the country in which the firm providing the services is established. For contractors who provide services only, the IOA should use the country where the contractor is established to determine compliance with the TAA. Leasing of goods and sales of software are considered services.

Note - the IOA cannot require the contractor to recertify that their contractual products/services are TAA compliant.

Application

The Trade Agreements Act (TAA) topic is addressed in both the Annual and End-of-Term Assessments. Ascertain whether the contractor has adequate information available to demonstrate compliance with TAA requirements.

For products - the contractor can demonstrate compliance by providing sourcing documentation (e.g. letters of supply), physical evidence (e.g. product in packaging), or an acceptable explanation of their manufacturing process (when they are the manufacturer or have a company manufacture on their behalf).

IOAs cannot require the contractor to show their manufacturing facility. If the contractor offers a tour of their on-site manufacturing facility, the IOA is encouraged to take the tour and use the observations to inform their answer to the TAA question. The facility tour should be viewed as a single piece of the overall TAA process, not the definitive answer to the assessment question.

The following are potential reasons for a negative response

- The contractor is unable to provide adequate documentation regarding the product's country of origin and/or a substantial transformation determination from Customs and Border Protection
- If the contractor is unable to provide sourcing documentation
- The documentation provided reflects a non-TAA designated country
- Physical evidence indicates noncompliance
- If other evidence exists which indicates that end items did not originate from designated countries
- For services the contractor's company is not established in a TAA compliant country

If there is evidence of TAA non-compliance, the findings must be documented in the assessment report and referred to the Contracting Officer for appropriate actions. The contractor shall not be provided with additional time to correct or resolve the TAA issues.

It is important to note that while GSA encourages contractors to have a control system or process in place to track the country or origin of all products, it is not a contract requirement.

IOA's should treat rentals as a service.

Documenting Findings:
If there are not any negative findings, state: "No issues/concerns".

If there are negative findings, state the nature of the TAA non-compliance in detail and attach supporting documents as needed; direct the reader to any attachments.

Scope of Contract Section

Background:
GSA eligible customers ordering from the MAS contract cannot make the correct procurement decision when they are led to believe open market items are Schedule contract items. "Scope" refers to the proper use of MAS contracts by contractors providing only those specific products and/or services approved for sale under their contract at the time of a contract purchase. The focus of the IOA's evaluation is on the scope of the actual items awarded versus the items sold, and how those items were represented to the customer prior to the purchase.

The contractor (all personnel within the company who have contracting and/or sales authority, including participating dealers if applicable) should:

- Know and be able to positively identify those items (products and/or labor categories) that have been approved to be supplied under their contract at any given time
- Understand their obligation to clearly identify awarded contract items on quotes issued for orders against their contract
- Ensure that their workforce is properly educated and trained

Items that are not on contract ("open market items") must be clearly and properly identified as such. The contractor is responsible for clearly identifying open market items on quotes, but the customer is responsible for properly identifying open market items on orders issued against the contract. Absent any positive indication that the contractor notified the customer prior to the sale, the inclusion of items other than those on contract at the time of the order should be considered to be a violation of the scope of contract requirement.

Services sold under orders issued against the MAS contract must be within the scope of the awarded SINs and also must be consistent with the contractor's awarded labor category descriptions. The services, as indicated on the contract order and as defined in the details of the SOW included with/within the order for services, should be compared to and should be consistent with the contractor's awarded SIN(s) and labor category descriptions.

Note: Ordering agency names or titles for service labor categories may not match those used by the contractor. The contractor should be able to satisfactorily demonstrate (crosswalk) how the agency labor category name and qualifications match up to the awarded MAS contract labor categories and qualifications.

The inclusion of services/labor categories other than those on contract at the time of the order should be considered to be a violation of the scope of contract. Labor categories awarded under a SIN must be used in accordance with the procedures outlined in each Schedule solicitation – e.g. positions which are clerical or administrative in nature should only be ordered in support of another professional labor category.

Properly Identified Open Market Items

For administrative convenience, FAR 8.402(f) allows for the addition of open market items to a GSA order or orders placed against a blanket purchase agreement (BPA) only when the buying activity meets other FAR purchasing requirements, and (most importantly for purposes of this question), only when those open market items are "clearly labeled on the order as not on the GSA contract."

Note: There is no quantity, percentage, and/or dollar value restriction on the addition of open market items.

A failure on the part of the agency to clearly label non-contract items as required by the above reference should not be held against the contractor. If the contractor can show any positive evidence (quote, e-mail, letter, etc.) before or after receipt of the order that they did not misrepresent non-contract items as on-contract, and/or have been forthright in their dealings with the customer in identifying non-contract items, they should be considered within scope.

Application

The Scope topic is generally addressed during End-of-Term Assessments. IOA's have the flexibility to review Scope as necessary during Annual Assessments if it is in the best interest of the government.

The IOA should be familiar with all applicable SINs and their detailed descriptions at the time of the assessment. The IOA should determine if the contractor has properly identified open-market items prior to all transactions.

During the assessment, the IOA should:

- Review the contractor's process/system/procedures to ensure open-market items/services are properly identified as such. Contractor personnel should be able to describe the system and processes for the identification thereof during the assessment.
- Select a sample of orders placed against the MAS contract and supporting documentation, e.g. offers (response to proposal), quotes, bids, purchase/task orders, Statements of Work (SOW), etc.
- Review the sample of orders and supporting documentation to determine if the contractor clearly and properly identified open-market items/services to GSA eligible customers prior to the sale. Items/services sold under contract, as included on the sample of orders selected for review, should be compared with the items/services awarded under the schedule contract in effect at the time of the sale. Attach any applicable problematic documentation (quote, proposal, etc) to the report.

Documenting Findings:

This section documents compliance with scope by reviewing the products/services offered as the contractor may sell only those specific products and/or services approved for sale under their contract. The IOA is asked to answer the following question: Did the contractor demonstrate compliance with scope of contract?

- If "Yes" to question and no violations were found, state: "No issues/concerns"
- If "No" to question, list the following in this specific format:
    - "The following orders/invoices contained non-contract items that were misrepresented as contract items: (list using the format below, one for each order/invoice containing scope issues)"
        - "Order number / invoice number - (state order/invoice number with scope issues)"
        - "Misrepresented items - (list each item from that order/invoice that was misrepresented)"
    - "The IOA has determined this to be a (one-time anomaly, or systemic issue)"
- Attach supporting documents as needed; direct the reader to any attachments
- Answer "N/A" if zero sales for time frame reviewed and no sample was taken

Basis of Award Section

Background:

A MAS contract holder is required to maintain a relationship between contract prices and specific non-contract commercial prices throughout the life of their contract. This relationship is known as "Basis of Award (BOA)". The customer (or category of customers) identified in this relationship is known as the BOA Customer.

At a minimum, contractors are required to maintain approved BOA discount relationships

established in the contract. The contractor is obligated to make the same reduction to their Schedule contract when the Contractor lowers prices to the BOA Customer with a few exceptions.

Price Reductions Clause 552.238-75 (d) 1-4 explains the few instances when the Contractor may grant additional discounts that do not affect the BOA relationship. The Contractor may make additional discounts to government/schedule customers with no impact on the Basis of Award relationship.

The intent of the BOA review and questions is to determine if the Contractor is aware of the BOA relationship, if they have a system or procedure to monitor the BOA discount relationship, and the evaluation/testing of the effectiveness of the process the Contractor utilizes to maintain that discount relationship.

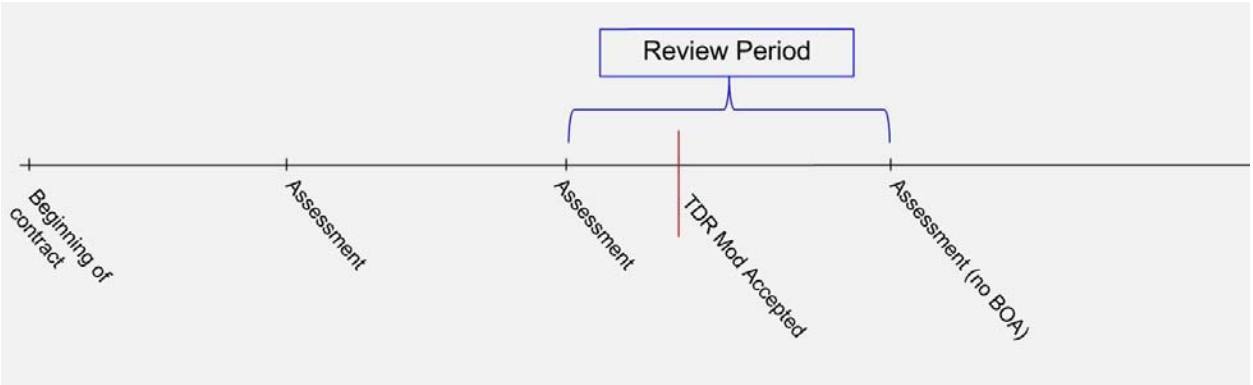
The contract document(s) contained within ECMS should clearly state the price/discount relationship between the Government and the BOA customer. If this key information is not clearly defined in the contract document(s), the IOA should communicate with the assigned Procurement Contracting Officer (PCO) or Contracting Specialist (CS) in order to determine the price/discount relationship of the contract. If the IOA is still unable to confirm the price/discount relationship at the time of the assessment and after communication with the PCO or CS, the IOA should answer “N/A” to the BOA question and describe the absence of these key terms in the contract.

The GSAM clause 538.272 MAS Price Reductions provides guidance to the Contracting Officer which is good background for the IOA to help in understanding the establishment and maintenance of the BOA. The FAR clause 552.238-75 Price Reductions provides clarity on the responsibility of Contractors in the area of price reductions. In accordance with clause Price Reductions, Contractors must contact the Contracting Officer within 15 days of the change in the price-discount relationship established in the contract.

Application

The Basis of Award topic is generally addressed during End-of-Term (EOT) Assessments for contractors who have not accepted TDR. If an EOT Assessment is for a contractor who is participating in TDR, the contractor does not have a BOA relationship, and therefore the IOA does not address BOA during the assessment, nor is the topic added to the report. For contracts without TDR requirements, the IOA may address BOA during an annual review if it is in the best interest of the government.

If the contractor has accepted the TDR mod or awarded with TDR requirements (contains clause 552.238-74 Alternate 1), the next assessment will not cover BOA, even if part of the review period included the BOA requirements. Note: The BOA does not apply to contracts containing Alternate I to contract clause 552.238-74, Industrial Funding Fee and Sales Reporting.



The IOA is tasked with assessing whether the Contractor is aware of their contract BOA, understands the BOA and Price Reduction requirements, and verifying the Contractor has a system or procedure in place to ensure ongoing compliance with the BOA discount relationship as defined in their MAS contract.

The following is a list of actions an IOA should use to successfully review the BOA questions:

1. Thorough examination of contract documents
2. Through interview of Contractor personnel to determine if the Contractor is aware of and understands the BOA customer and discount relationship identified in the contract.
3. Evaluate the Contractor's process for maintaining the BOA discount relationship.
4. Test the effectiveness of the Contractor's process for maintaining the BOA discount relationship.
    a. Sample orders from applicable Customer and/or Category of Customer as designated in the contract to determine if the discount relationship has been maintained when compared with the GSA orders. The review should include analysis and price discounting comparison of routine commercial sales transactions for identical items and/or labor category awarded under the MAS contract. If the discount relationship was changed the IOA should determine whether or not the corresponding discount was extended to GSA customers and if the Contractor notified the PCO as required by the contract.
    b. Report evidence which documents failure to maintain the BOA discount relationship.

The IOA should refer any negative BOA findings to the PCO and the contractor in the assessment report. Examples of negative findings to communicate in the report include discrepancies with the BOA monitoring process and any findings reflecting failure to maintain the BOA discount relationship.

Every contract is different and the contract dictates the BOA relationship. Here are two simple

examples to show how the BOA discount relationship can be potentially violated:

Example 1:
“ABC” customer is identified as the BOA within the contract which offers a 10% discount below the Contractor’s published list price. Through review of some transactions with ABC company, it is determined that they are receiving 15% discount below the Contractor’s published list price. The IOA inquired if the Contractor had notified their PCO of the changes to ABC company’s pricing structure or modified their GSA pricing for any reason. The Contractor indicated they had not notified the PCO or adjusted GSA pricing in any way since the award of the contract. The IOA reported to the PCO that the Contractor does not have an effective process or system in place to monitor the "Basis of Award" discount relationship, and would provide description of facts to provide evidence of the findings. Our guidance to the Contractor should be that they must notify the PCO in writing within 15 calendar days of the effective date additional discounts are given to the BOA customer per clause 552.238-75.

Example 2:
The final proposal revision (FPR) and contract award documents indicated the BOA is the class of customer identified as: “National and Corporate Accounts”.

The commercial pricelist is the basis for GSA pricing/discounts. The following table describes the relationship between GSA and BOA pricing and is reflected in the SF 1449:

SIN	GSA Discount	BOA Discount
132-32	50%	40%
132-33	50%	40%
132-34	10-18%	0%
132-50	25%	0%
121-51	25%	10%

The contractor provided a report showing the 35 companies they consider National and Corporate Accounts. The IOA reviewed 10 invoices from 3 of the companies listed on the National and Corporate Accounts report which indicated that for SIN 121-51, Company XYZ received a one-time 30% discount rate for a period of 30 days.
The GSA rate for this SIN remained 25% and did not change in that 30 day period.
The IOA reported to the PCO that the Contractor does not have an effective process or system in place to monitor the "Basis of Award" discount relationship, and provided description of facts in their Contract Assessment Report to provide evidence of the findings.

Our guidance to the Contractor should be that they must notify the PCO, in writing, of any additional discounts given to the BOA customer. This will allow the PCO to determine an appropriate course-of-action (e.g. a temporary reduction of pricing for similar products for the same period of time).

Documenting Findings:

The IOA is asked to answer the following question: Did the contractor demonstrate compliance with basis of award/price reductions requirements?

- If "Yes" to question and no violations were found, state: "No issues/concerns".
    - Contractors who lower their BOA prices and comply with the price reductions clause and notify their PCO and revise their MAS contract prices in a timely manner may be deemed to have complied with the basis of award/price reductions requirements.

- If "No" to question:
    - Provide detail regarding the contractor's understanding of their BOA customer/discount relationship, defects with their system for monitoring the BOA discount relationship, or details regarding any price reductions clause issues.
    - If potential violations of the BOA relationship are found, note if it is a one-time anomaly or systemic issue and what violation(s) were observed. Include details such as invoice/purchase order number, customer, part number/labor category, GSA price and price charged, etc.
        - Attach supporting information such as invoices to the report as needed to explain and support findings.

- An "N/A" answer to the question only applies to assessments in which the IOA was unable to confirm the BOA and associated discount relationship due to a lack of contract documentation available. In this case, provide a statement of the findings similar to the one below:
    - "The contractor and contract file in ECMS did not have the necessary contract documentation to adequately confirm and review BOA compliance."

- For all assessments, list the order/invoice numbers reviewed and provide a statement of your findings similar to one of the examples below, when applicable:
    - "This sample was the basis for the review of the Basis of Award (BOA)"
    - If the BOA customer is the federal government, state: "The contractor's Basis of Award customer is the federal government."
    - If the contractor did not have any orders involving their BOA customer during the review period, state: "The contractor did not have any orders placed by their BOA customer during the review period."

eCommerce Section

Background

The eCommerce section broadly covers how contractors represent themselves to potential customers. IOAs assist GSA in maintaining the reputation of the Schedules program by validating contractors are accurately representing their contracts.

Contract Promotion

Many contractors choose to promote their contract by utilizing GSA marketing material. Current GSA Multiple Award Schedules contract holders are authorized to use specific GSA registered star mark logos when paired with the words “Schedule,” “contract holder” and “GSA Advantage!®” The contractor must comply with GSA’s star mark logo policy guidelines and the provisions of clause 552.20371, Restrictions on Advertising. Utilizing this promotional material is optional for contractors, but any promotion must follow appropriate guidelines.

The IOA’s role in evaluating contract promotion is to not discover every instance of non-compliance with the GSA logo policy guidelines and the Restrictions of Advertising clause. IOAs should utilize these guidelines/requirements to justify noncompliance when customers could believe non-contract products/services are on the contract or could be misled to believe the GSA pricing is higher than the actual contract price because of a contractor’s misapplication of the GSA logo or advertising restrictions.

GSA Advantage!® and Pricelist

GSA Advantage!® is an online shopping and ordering service. Its mission is to provide a streamlined, efficient purchasing portal for customers to acquire goods and services. The purpose of creating this service is threefold. First to reduce the time, cost and bureaucracy in purchasing goods and services, second to ensure the most competitive price was obtained and third is to verify contractors are qualified to sell to the federal government.

In accordance with clause I-FSS-597, GSA Advantage!®, the contractor must participate in GSA Advantage!®. Further details regarding contractor participation can be found in clause I-FSS-599, Electronic Commerce.

The term “pricelist” not only includes pricing, but also requires displaying several contract terms and conditions. Thus, for the pricelist to be considered complete, both the awarded pricing on GSA Advantage!® and the contract terms and conditions on GSA eLibrary must be uploaded and kept current.

At the time of award, the PCO will provide the contractor instructions for submitting electronic contract data in a prescribed electronic format as required by clause 552.238-71, Submission and Distribution of Authorized FSS Schedule Price Lists. The required format for the pricelist is

provided in clause, I-FSS-600, Contract Price Lists. (Schedule 70 contractors follow I-FSS-600(b)(3) which has supplemental information).

The role of the IOA is to ensure that the contractor represents their contract accurately based upon awarded pricing, terms & conditions, and other representations, such as environmental attributes.

For additional detail on how prices change over time review the pricing section.

Application

The eCommerce topic is generally addressed during End-of-Term Assessments. IOA's have the flexibility to review eCommerce as necessary during Annual Assessments if it is in the best interest of the government.

Contract Promotion

IOAs should review the contractor's use of approved GSA registered star mark logos on the company website and other advertising and promotional materials if applicable. The IOA's responsibility is to ensure the contractor's promotion of the contract offerings and pricing accurately reflects only contract offerings and the correct contract pricing when utilizing the GSA logo and advertising materials covered by clause 552.203-71 Restrictions on Advertising and guidelines.

Advantage!® and Pricelist

For FPT contractors, IOAs do not have to review GSA Advantage!® for pricing and completeness. The IOA should still review GSA Advantage!® for appropriate use of voluntary environmental indicators. Additionally, service contractors are still required to upload a text file as FPT only applies to products at this time. For SIP contractors, the IOA should follow this guidance in its entirety.

The IOA should review the Vendor File Status report on the Vendor Support Center (VSC) website to verify the most recent file update is consistent with the latest modification in FSS Online. To access the report, enter the contractor's contract number and enter a password provided by your supervisor. The report will include a listing of all text/PDF and catalog file uploads, whether the upload was approved, validated, or rejected, and the date of each action.

The information reviewed should be the contractor's uploaded pricelist and the GSA Advantage!® catalog listing. For the most recent modification to the contract incorporated into the pricelist, the IOA should thoroughly review the following:

- FSS Online
- Electronic Contract File (in ECMS)
- Most recent modification documents available from the contractor
- Contract information provided by the PCO

For a contractor to be up to date on GSA Advantage!® all of the following conditions must be met as applicable.

- All currently approved products from the contract pricelist are posted
- All product pricing (including volume discounts) are accurately listed per the last contract pricelist modification
- No unapproved or deleted items are posted
- If applicable, the contractor is identifying items on GSA Advantage!® that have environmental attributes and the contractor possess evidence or rely on a reasonable basis to substantiate items identified with environmental attributes on GSA Advantage!®.

For both SIP and FPT contractors, the IOA also needs to review any environmental claims in the contractor's GSA Advantage!® catalog before the site visit. The purpose of the review is to get a broad overview of the contractor's green offerings and to identify any egregious inaccuracies or red flags. During the assessment, the IOA should discuss clause 552.238-72 Identification of Products That Have Environmental Attributes to ensure contractors are aware of the requirements and the importance of accurately designating products' environmental attributes. The IOA should also utilize a sampling of products, applicable supporting documents, and contractor processes to determine overall accuracy.

During the assessment, the IOA is to discuss with and ensure contractors are aware of the requirements and the importance of accurately designating products' environmental attributes. The Green Products Compilation tool provides product categories as well as the Schedules (including the SIN if applicable) that have environmental attributes. The IOA can utilize the Green Products Compilation tool to determine if the environmental claims are plausibly accurate or if attributes are available. The IOA should utilize samplings of products, applicable supporting documents and contractor processes to determine overall accuracy. If the contractor is not identifying products that are eligible to use the GSA Advantage!® Environmental Icons or if the contractor is incorrectly applying to GSA Advantage!® Environmental Icons to ineligible items, then the IOA should note the negative findings to the eCommerce section of the report.

Energy Star and EPEAT are environmental attributes that contractors do not have the ability to select. This declaration is based solely on approved manufacturer's product codes. If the contractor has established their own product coding system they may miss being identified with these attributes .

Documenting Findings:

If there are not any negative findings, state: "No issues/concerns".

If there are negative findings, it is a best practice to document the following items as applicable:

Contract Promotion

- Where the contractor misrepresented their contract (website, printed material, etc)
- Nature of the misrepresentation

- Exact problem or concern with pricelist, terms and conditions statement, or GSA Advantage!®
- Environmental icon concerns (misrepresentation or missing supporting documents etc)

Delivery Section

Background:
Per 552.211-78, the MAS program adopts commercial delivery practices provided by the contractor. The contract was awarded with various contract clauses to determine the type of delivery is available (domestic, overseas, etc), in addition to the minimum order requirements for delivery purposes. The contractor negotiates many of their own delivery terms at the time of award. Eligible activities are also provided the opportunity to negotiate other delivery terms; however these must be stated in the delivery/task order. This means that not only is each contract different, but each order could potentially contain different delivery terms.

These orders can reference Mil Std 129 or Fed Std 123, both of which provide guidance on packaging, packing, and marking. There is an agreement between GSA and DOD/DLA that GSA will provide our Military customers with the marking information needed to track, store, and ship products worldwide by citing in our GSA contracts marking clause GSAM clause 552.211.73. Therefore, when shipping products to a Military base or Military Consolidation and Containerization Point (CCP), contractors shall reference Mil Std 129 for specific guidance on compliance with these standards.

Delivery terms also include a distinction of either FOB origin or FOB destination. In terms of delivery, FOB destination CONUS means that the contractor is required to deliver products to destinations within the continental United States by the due date. FOB Origin means that the products just have to leave the contractor's facility by the due date.

Application
The Delivery topic is generally addressed during End-of-Term Assessments. IOA's have the flexibility to review Delivery as necessary during Annual Assessments if it is in the best interest of the government.

The contractor should be able to demonstrate they are meeting the contract specific delivery terms. The contractor personnel should be able to provide selected order/shipment/delivery documentation for all customers purchasing items under the MAS contract. For service contractors, the delivery terms are negotiated with the customer. The contractor may be able to provide project timelines, progress reports, and/or milestones.

It can often be difficult for contractors to know the exact date of delivery for FOB destination orders. The IOA can use his/her judgment when using transit time estimates to calculate overall timeliness for FOB destination orders.

The IOA should sample a reasonable amount of sales to determine if the contractor's processes are ensuring the contract delivery terms are being met on a consistent basis. IOA's are required to use their judgment when determining if any late deliveries are indicative of a systemic issue or a one-time anomaly, and frame their conclusions accordingly.

Note: Overcharges for shipping should be detailed in the Pricing section comment block of the report.

Documenting Findings

This section documents compliance with delivery requirements including delivering on time. The IOA is asked to answer the following question: Did the contractor demonstrate compliance with delivery requirements?

- If "Yes" to the delivery question, state "No issues/concerns found"
- If "No" to the delivery question, list the following in this specific format:
    - "The following orders were not delivered timely:"
        - Order number
        - X days late
    - "On-time percentage - (list on-time percentage from review)"
    - "The IOA has determined this to be a (one-time anomaly, or systemic issue)"
- Answer "NA" if zero sales for time frame reviewed and no sample was taken

Labor Qualifications

Background:

IOAs encounter two types of service labor: Service Contract Act labor and professional services labor. Service Contract Act (SCA) labor is bound by Wage Determinations, meaning that the employees must be paid prevailing wage and benefits. These prevailing wages (or wage determinations) are set by the Department of Labor, and vary depending on locale. Administrative services found under Schedule 736 (Temporary Administrative and Professional Staffing – TAPS) and janitorial services found under Schedule 03FAC (Facilities Maintenance and Management) are examples of services typically subject to the SCA.

Professional Services labor is made up of employees that are considered exempt from the SCA, such as those who qualify as executive, administrative, or professionals under the definitions of 29 C.F.R. Part 541. These employees generally must be salaried employees not paid on an hourly basis, and either supervise others, make decisions of importance and significance using

independent judgment and/or perform work primarily requiring advanced knowledge and schooling. Labor offered under Schedule 70 SIN 132-51 (Information Technology Professional Services) and the Professional Services Schedule PES and MOBIS SINs are examples which are typically considered professional services.

Each contract/schedule/SIN is awarded differently. Some labor categories are bound by the Service Contract Act (SCA), others are not. It is up to the IOA to determine through conversations with the contractor and review of documentation which labor categories are bound by the SCA. A labor qualifications review is only necessary for contractors providing professional services. Contracts utilizing only labor categories subject to the SCA will not be subject to a labor qualifications review.

Application

The Labor Qualifications topic is generally addressed during End-of-Term Assessments. IOA's have the flexibility to review Labor Qualifications as necessary during Annual Assessments if it is in the best interest of the government.

This process review only applies to contracts providing professional services. This does not apply to contractors providing SCA services.

Professional services contracts are awarded with labor categories which describe the minimum qualifications required of the person serving in that capacity. These minimum qualifications are established by the contractor - they are not standard criteria. This means each contractor's labor categories will be unique to their particular contract.

For example, a contractor may have a labor category titled Network Engineer, which requires a bachelor's degree and 10 years experience. The IOA's job is to ensure that the person serving as the Network Engineer actually meets the qualifications that the contractor has stated. This will involve first determining the actual personnel that were used to perform the work associated with each labor category. This is done through conversations with the contractor, along with a review of timesheets, invoices, and/or billing records. Once you've identified the actual personnel that performed the work, obtain resumes for those employees and compare their experience and education to the minimum qualifications required for the labor category in question.

IOAs are to document the actual findings, not try to determine which labor category the individual in question was actually qualified for, or attempt to determine any potential overcharges. If the labor category required x qualifications, then try to determine if x qualifications were met by the individual who performed the work under that labor category. IOAs will gather data and report any findings to the PCO - not attempt to determine overcharges.

Firm Fixed Price orders may not display individual labor categories. In this instance the ordering activity has assumed the responsibility to determine whether qualified labor was provided.

Terms like “similar/related experience” will require the IOA to utilize their judgement in determining qualifications. Similarly, some labor categories are written very specifically, while other are very broad. If the determination is not relatively obvious through conversations with the contractor, the IOA will need to use their investigation and analysis expertise to arrive at a conclusion.

It is common that a contractor will use functional labor category titles that match up to the requirements from the customer's RFQ. In these instances, have the contractor demonstrate how the functional titles match up to their awarded labor categories. Once you have identified which labor category the functional title is mapped to, you can then examine resumes for qualifications applicable to the labor category in question.

If there are no qualifications listed on the contractor’s pricelist, the IOA should note in the “Internal Use Only Supplemental Information" section of the report that labor qualifications were not reviewed during the assessment because the GSA Schedule pricelist did not contain labor qualifications. However, be sure to check ECMS to see if the contractor’s pricelist has been uploaded, and if so, whether it contains labor qualifications.

Documenting Findings:

The IOA is asked to answer the following question:
Did the contractor demonstrate compliance with labor qualifications?

If “Yes” document the following in the text box for Question 18 “Describe labor qualifications findings:”

List of orders/invoices reviewed, along with the labor category title(s) for that order

If “No” document the following in the text box for Question 18 “Describe labor qualifications findings:”

The contractor could not demonstrate that qualified labor was provided and billed to the customer on the following:

- Purchase order number(s), invoice number(s), customer name(s), and dates(s)
- Labor category, education/experience/other relevant qualifications (only provide the person’s name if more than one person was billed for that labor category on that order)
- Unmet education/experience qualifications by the person provided

Any unqualified labor findings should be referred to the PCO for follow-up action.

If “N/A” document by using the applicable statement below in the text box for Question 18 “Describe labor qualifications findings:”

If education and/or experience requirements are not found in contract documents or listed on the contractor’s pricelist, the IOA should note, “Labor qualifications were not reviewed during the assessment because the MAS contract documents did not appear to incorporate any minimum education and/or experience labor qualifications .”

If all labor categories billed are SCA labor categories, the IOA should note, “All labor categories are subject to the SCA, no labor category analysis was completed.”

If the contract does not have any labor categories approved in the pricelist (i.e. products only), the IOA should note, “Contract does not contain any labor categories.”

Additional Information Section

The IOA should utilize this section to provide additional information that was not previously covered by a specific question. In addition, to provide a highlight of any recommended follow-up to the appropriate party(s).

Documenting Findings:
Select this topic in the Contractor Assessment module only if applicable.
Document additional findings and action items that do not fit into another section of the report. Examples include, but are not limited to:

- Pending Mass modifications
- Inactive SAM account
- Bankruptcy (If an IOA learns a contractor filed for bankruptcy, the assessment should still occur as planned)
- Pending or recently completed Novation agreement or
- IOA inability to obtain a signed copy of the Contractor Assessment Intent Notice.
- Subcontracting Issues
- Document any special requests by the PCO/ACO or concerns relayed by these parties, including any gathered information or conversations with the contractor which relate to the request or concern
- Issues related to maintaining accurate points of contact in GSA’s records
- Any other issues as appropriate

Additional details about Point of Contact Maintenance
Provide details of any out-of-date POC information listed in FSS Online and e-Library in this section. The IOA should notify their SIOA via a separate courtesy email if the Records Location requires updating (if the contractor has an approved modification). The IOA should notify the ACO in a separate courtesy email if the Admin Rep field requires an update (if the contractor has an approved modification).

The IOA should obtain written correspondence (email notification, etc.) from an approved Authorized Negotiator which requests or documents that their "Records Location" has changed. The contractor should provide the address for the new location and any applicable new contact point information. The IOA should forward a copy of the contractor "request" to their SIOA.

Internal Use Only "Supplemental Information"

The IOA should utilize this section to provide additional information that was not previously covered by a specific question - this information is internal to GSA, and not shared with the contractor. The system will not automatically email the PCO any information from this section, however it is available via OCMS. Supplemental Information should also be emailed to the ACO and PCO as applicable.

Documenting Findings:
This section is internal to GSA. This section documents any additional information for review by only the PCO that was not previously covered by a specific question. Select topic in Contractor Assessment module only if applicable. This information is only shared with PCO and ACO.

Assessment Attendees

- List contractor personnel participating (including name and title)
- List any consultants participating (eg. Jane Doe, consultant)
- List GSA personnel participating

Attachments

The purpose of the attachments section is to include documents, images, etc that cannot be included in the text of the report. Policy and Procedure (PAP) directive 2016-06, Schedules Electronic Contract File Compliance and Standardized Naming Conventions dictates naming conventions for documents in the electronic contract file or ECMS. Report attachments are uploaded directly into ECMS. IOAs must utilize the assessment date in the attachment file name to ensure each document can easily be associated with a particular assessment.

Examples include but are not limited to:
- Contractor Assessment Intent Notice (mandatory for all assessments)
- Invoices
- Photographic evidence
- Screenshots
- Contractor records

Currently attachments are not sent to the contractor or the PCO/ACO via email, but are available to the PCO/ACO in ECMS.

Sales and IFF Management Duties

Sales Adjustment Processing

Contractors can submit sales adjustments (SAs) at any time, not just during a reporting period, using the 72A system. However, the 72A system doesn't communicate the SA data to FSS Online, so manual intervention is required to ensure that a contractor's variance remains accurate.

The following process will need to be performed on a continual basis,This is a data entry process - we will accept all SAs as they come in without interference unless the adjustment does not make sense (for example a contractor submits an adjustment for a future quarter or it contradicts findings from an assessment). Any issues can be investigated during the next assessment , or by using an on-demand assessment (at the IOA discretion). For reference, here is a brief tutorial showing how a contractor submits a SA.

1. Review the "Sales Adjustment Tracking List"
    a. This list is updated twice weekly - on Tuesdays and Thursdays
    b. All rows that show a "Sales Adjustment Amount" (column K) require action
    c. The spreadsheet will be separated into months based on when the SA was requested to keep the data manageable
2. Enter the SA into FSS Online as they come in, using these instructions
    a. All SAs need to be processed within five business days of the latest report date to ensure data integrity
    b. Record SA request date (column L) into FSS Online "Justification" field - ex: Sales Adj Date 1/27/2014
3. Note on tracking spreadsheet when process has been completed in FSS Online
    a. "S.A. Date Complete in FSS Online" (Column M) = date entered and saved in FSS Online
    b. "Completed by" (Column N) = the name of the individual who did the data entry into FSS online
4. The IOA should send the contractor a copy of their Variance Report from OCMS with an explanation about additional IFF due or amount of credit the contractor can apply toward future quarters.
5. IOAs will not need to process sales adjustments for TDR participating contractors. These will be submitted by the contractor in the TDR system without the need for IOA intervention.

Sales Adjustments from Scope Issues

A contractor should only report GSA reportable items. These items should be on the approved pricelist at the time of the order. If a contractor has reported sales on line items that are not on the approved GSA contract pricelist at the time of order, they should be advised to complete a sales adjustment to remove these items from their reporting.

IFF Reimbursement

IFF reimbursement can be provided to the contractor in the form of a credit or a refund. No action is needed for a credit. The IOA should emphasize that it is preferable to apply an IFF credit to a future quarter. The TDR system will allow participating contractors to view any credits on that contract without intervention from the IOA.

Contractors should request a refund if:

- The contractor has a history of low sales and it would take years to use the credit
- The contractor would suffer financial hardship if a refund is not processed
- The contract is either near completion or has ended and there is no other Schedule contract to apply the credit toward

If the contractor chooses a refund, he/she must submit the request in writing to the ACO since it is a claim against the Government. Instruct the contractor to copy the IOA on all such requests. If it is anticipated that the contractor will request a refund, the IOA should alert the ACO via email of the potential reimbursement claim. IOAs should be prepared to respond to any questions regarding the reimbursement and conduct any zone-determined visits if further detailed reviews are requested or deemed necessary. No additional IOA action necessary for IFF reimbursement.

It is the contracting officer's discretion whether or not to approve the contractor claim. The contracting officer will respond to the contractor with a final decision per FAR subpart 33.2, following the ACO guidance for IFF reimbursement.

Appendix

This section contains the various assessment confirmation materials that are used to schedule, confirm, and request data for different types of assessments. These include:

- Annual Assessments:
  - Annual Assessment w/ sales data request
  - Annual Assessment w/o sales data request
  - Annual Assessment virtual materials
- End-of-Term Assessments:
  - End-of-term Assessment w/ sales data request
  - End-of-term Assessment w/o sales data request
  - End-of-term Assessment virtual materials
- Contractor Assessment Intent Notice
  - Email Template
  - Contractor Assessment intent Notice