Welcome to the Contract Payables Training Seminar

Fall 2017
Agenda

• Contract Monitoring
• Contract Monitoring Tools
• Required Documents for Payment of Contract Invoices
• A/P Process
• Department Approval
• Invoice Disputes
Agenda (continued)

- Contract PO’s
- Insufficient Funding
- Non Contract Work
- Change of Scope
- Contract Expiration
- Lump Sum Contracts
- Quotes for Contracts
- Audit
Contract Monitoring

The person approving an invoice must have a copy of the contract and be fully aware of the deliverables, terms & conditions

– What are the detailed specs
  • What is the vendor required to do in order to charge for services
  • Is there a set schedule for the vendor to be on campus
  • What services are covered
  • What materials are covered

– What are the rates and titles
  • What is the markup % if any
  • Are travel and/or reimbursable expenses allowed
Contract Monitoring

– Is there special licensing or certificate requirement
  • Collect copies of (NYS) professional licenses and/or certificates before services are performed

– What are the term dates of the contract
  • Contract term may not be the same as fiscal year
  • Construction contracts may have shorter terms (120 days)
  • If the contract has to be extended communicate with the contract officer

– What is the total contract ceiling
  • If additional funds are needed, communicate with the contract officer
Contract Monitoring Tools

Sign in sheet
- department must securely maintain a sign in sheet for all service contracts
- signing in and out must be supervised by university personnel, or monitored by security camera

Rate sheet
- know your rates, titles, markup and reimbursement eligibility
- if the work is outside of the contract specs, secure a non contract PO from purchasing. Remember to update your next bid spec to include any new services.

Purchase Order
- secure a PO each fiscal year by submitting a requisition to the contract officer
- ensure the vendor has the new PO and it is referenced on the invoice along with the contract number
- monitor your spending against your PO, if additional funding is required communicate with the contract officer
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Required Documents For Payment of Contract Invoices

- Contract Approved by Office of the State Comptroller (OSC)
- Purchase Order (new with every fiscal year)
- AC340: Encumbrance document
  - No “free balance” on Contracts
- Invoice referencing contract # and valid PO# material invoices, backup documentation
- Department approval to pay invoice
Certified Payroll & Lien Forms

A/P collects and maintains:

– Certified payroll for contractors and sub contractors that fall under Article #8 of the Labor Law

– Lien forms from Contractors that fall under Article #8
OSHA 10

• OSHA 10 Certification (Vendors):
  – Required for all Article 8 contracts that meet the following criteria:
    • Contract exceeds $250k
  – Department to collect from vendor before service is performed
  – Payment will be held if vendor does not submit
A/P Process

• A/P will review invoices against the contract rate sheets

• It is the departments responsibility to verify the actual hours worked and materials used, or ensure that the vendor adhered to all of the detailed specs.
Department Approval

- Department reviews and confirms:
  - Rates and titles agree with contract terms
  - Hours invoiced match actual hours worked
    - matches sign in sheet on file
  - Materials invoiced agree with actual used
  - For monthly, quarterly, annual fees
    - Has vendor followed contract specs
    - Are they billing before or after services rendered
Invoice Disputes

• If there is a discrepancy in the invoice, the department must....
  – Reject the invoice back to the A/P clerk
    • Prompt Payment Law states the vendor must be notified within 15 days of receipt of invoice in A/P
  – Provide a brief explanation of the issue
  – If applicable to the situation, the department should contact the vendor to discuss
• If A/P is not notified, interest penalties may accrue erroneously
• Once the issue is resolved, notify A/P of the resolution and advise how the invoice should be processed
Contract PO’s

• Requested by the department and issued by contract officer each fiscal year!
• Issued for tracking purposes only
  – Encumbrance is by contract, not PO
  – Department must have a new PO issued each fiscal year, (unless it is capital funding or accounts starting with a zero). Provide PO to vendor when requesting work
• Reduce the number of PO’s issued per dept.
  – Use multiple accounts if necessary
    • Reduce the number of change orders by estimating appropriately or use an interchange account
Insufficient Funding for Contracts

• Contact the contract officer

• Any increase or decrease to a contract will “lock” the contract for 5-7 days

• Increases that exceed the contract approval amount, require amendments
  – This could hold up payment for 3-6 weeks

• Many contracts are shared, so another department may “lock” you out of the contract
Non Contract Work

• What if, during a project, the vendor needs to provide a service or materials that is not covered by their contract?
  – Contact the contract officer immediately to discuss options based on the total dollar value
  – If a non contract PO is authorized, provide the vendor with the non contract purchase order number and advise them to bill charges separately
Change of Scope

• Contact the contract officer if services within your contract no longer reflect your department’s needs
  – Curtailment of services
  – Additional services needed

• All changes have to be formally ratified in a form of an amendment
Contract Expiration

Before your contract expires let the contract officer know if you:

A. Need the service
   • Extension of the contract
   • New contract

B. No longer need the service
   • Let the contract expire
Lump Sum Contracts

• Vendor’s invoice should reflect the lump sum amount
  – This allows you to verify the vendor is clear as to how much the job will cost
• If a change in scope occurs, an amendment MUST be done before the vendor proceeds and bills.
  – Just because there is room in the contract, does not mean we can pay for the change
• Does contract allow for reimbursement of expenses such as travel?
• Final payment
  – Close out documents
  – Punch lists
  – Warranty documents
• Don’t approve the invoice if vendor owes any reports
  – Notify A/P and we will note the file
Quotes for Contract Work

If a vendor provides a quote for contract work:

• Make sure the vendor knows they must bill the same way the contract is written

• Quote does not equal invoice, a separate invoice must be submitted
Audit

If and when an audit is conducted you will be asked to justify and support your claim that the services were performed. Therefore, make sure:

- You can clearly show the vendor’s services were performed and appropriate materials were used

- You can document with clear, detailed records when the vendor’s employees arrived to begin work and when they “clocked out” each day – use of sign in sheet
Contract Payables Contact Information

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- Beverly Sepaul ext. 2-9112
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- Sajish Anthoony ext. 2-6013