Chapter 9

Post Award Activities

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# Chapter 9

## Overview

### Introduction

This chapter describes:

* The forms/documents used for competitive and non‑competitive purchase of non-IT goods and IT goods and services.
* The difference between a contract and purchase order (PO) in the Financial Information System for California (FI$Cal).
* The process for handling disputes
* How to receive and accept or reject in the system
* The policies and procedures for post award reporting requirements

# Section A

# Purchase Documents

## Introduction

DGS is the "owner" of the system-generated documents related to procurement and contracting functionality. FI$Cal functionality has replaced the need to fill out several forms that have been familiar to department buyers (e.g. STD. 65 and STD. 213).

## Topic 1 – Contract/POs

### 9.A1.0 State Standard Contracting Forms

State standard forms are not used in the system and therefore are not referenced on documents that are produced by the system.

In FI$Cal, a contract is defined as an agreement with a vendor based on an awarded solicitation.

A Purchase Order (PO) is the encumbrance mechanism and the order document sent to a vendor containing information on ordered goods and/or services.

### 9.A1.1 Contracts for Services

The system generates a Contract but without a standard number referenced (STD 213 is not used in the system). At the end of the acquisition process, the system will generate the Contract document. The buyer shall print the contract and obtain the necessary signatures from the department and the vendor. The signed document shall be uploaded into the FI$Cal system and appropriately work-flowed to any additional entities that need to review/approve the contract. Additional approvals shall occur in the system whenever possible.

### 9.A1.2 Contracts for goods

The system generates a Purchase Order (PO) but without a standard number referenced (STD 65 is not used in the system). The buyer has the option to either print the PO and mail or fax it to the vendor OR the buyer can email the PO directly to the vendor from the system.

### 9.A1.3 Agreement Summary for Service Contracts

The projected encumbrance of funds formerly facilitated by the STD. 215 Agreement Summary will occur in the system. Most fields from the STD. 215 are captured automatically as part of the Contract and PO forms. Fields that are not automatically captured are to be completed on the extension page that is linked to the transaction. Although the STD. 215 does not exist within the FI$Cal System, a report containing the same information will be available.

### 9.A1.4 Attachments Related to the Contract/PO

There is a generic attachment form available on the Requisition screen and the Purchase Order Screen that will allow the user to scan and attach any necessary documents related to the Contract/PO and note what type of document is attached.

### 9.A1.5 Contract and PO Approvals and Signature Requirements

Acquisitions conducted in the system will be work-flowed to individuals that have been designated by departments as authorized approvers. Approval authority in the system varies depending on dollar thresholds, what is being purchased, the acquisition method, etc. Only authorized personnel who are delegated signature authority by department management will receive acquisition documents in the system for approval. System approvals replace “wet” signatures on system generated POs, but are still required for contracts.

Approval must also be secured from the department’s accounting office verifying the availability and encumbrance of funds.

State Departments – Individuals Authorized to Approve and/or Sign Contracts and POs:

* Authority to sign contracts and POs is limited to those executive officers who either have statutory authority or have been duly authorized in writing by one who has statutory authority. Each executive officer who has statutory authority to sign contract and Contract/POs shall ensure that his/her agency maintains a current written record of agency employees authorized to enter into, approve (in the system), and/or sign Contracts/PO documents on behalf of that agency. This written record shall be subject to DGS audit.
* Anyone who signs or approves a Contract and/or PO should have knowledge in the procurement laws, policies and procedures pertaining to the goods or services being procured. If an individual with signature authority does not possess sufficient procurement knowledge and expertise, the individual should, prior to approving/signing, have the transaction and/or documents reviewed by someone who possesses such knowledge and expertise.
* Delegation of signature authority is a selective process and should be commensurate with experience with principles of sound contracting and procurement policies, demonstrated familiarity with the process of Contract/PO document formation, execution, and administration, and completion of applicable training and/or certifications.
* State Board's and Commission's Contract/PO documents in excess of $5,000 must be accompanied (scanned and attached) by a copy of the resolution approving the execution of the Contract/PO, unless by statute the executive officer may sign the Contract/PO.

Local Governmental Entities - Authority

* Contract/POs to be signed by a county, city, district, or other local public body must be authorized by a resolution, order, motion or ordinance for the Contract/PO. A copy of the authorization should be sent to DGS/PD with the Contract/PO.

Where performance by the local governmental entity will be complete prior to any payment by the State a resolution is not needed.

### 9.A1.7 Executing Contract/POs

A Contract or PO is not fully executed, until all the necessary approvals and/or signatures have been obtained and secured either in the system or on the Contract document as applicable to the purchase.

### 9.A1.8 Handwritten changes are not allowed

Handwritten notations and/or corrections are not acceptable methods to make changes to system generated Contracts or POs. All corrections and changes must be formalized by an amendment properly processed in the system.

### 9.A1.9 Requesting Changes to Acquisitions Submitted to DGS/PD

To request a change to a requisition submitted to DGS/PD or to a Contract and/or Purchase Order issued by DGS/PD, use the standard FI$Cal amendment work-flow to submit the Purchase Order/Estimate Change Request in the system.

### 9.A1.10 Contract and PO Numbering

To facilitate DGS/PD billing, supplier invoicing, and accurate tracking, each Contract and PO must have a unique number. The system will automatically generate a unique number when a transaction is saved. Change Order / Version Control numbers will be generated when applicable. The Change History will track any update made.

### 9.A1.11 “Bill to” Address

The “Bill to” address shown on the Contract and Purchase Order identifies where related invoices must be submitted for payment by the contractor. Most often, the address will be a department’s accounting office. This address is particularly critical to ensure invoices are not misdirected and to ensure prompt payment of invoices to avoid prompt payment penalties.

### 9.A1.12 “Ship to” Address

The “Ship to” address located on the Purchase Order identifies the physical location of where goods are to be delivered. Information must include the name of the department and address.

## Topic 2 – Amending Contracts and POs

### 9.A2.0 When Amendments are Necessary

Amendments to original Contracts and/or POs are necessary when there is any change or modification to the original Contract/PO as issued to the supplier. Examples of when amendments are required include:

* A change in shipping terms
* A change in supplier’s name
* A change in subcontractor(s)
* An increase or decrease of pricing/extended pricing/overall costs
* An addition or cancellation of an item or multiple items
* A change in the description, specifications or substitution of any product

### 9.A2.1 When Amendments are Not Allowed

If the Contract/PO is the result of a competitive solicitation (including solicitations conducted under a Leveraged Procurement Agreement), the price may not be increased unless specifically allowed in the original solicitation and evaluated for award. If not specifically allowed, departments must follow the instructions for non-competitively bid contracts provided in Chapter 6.

Letters or verbal notification between buyers/contract managers and suppliers cannot be used to modify the terms (scope of work, pricing, etc.) of a Contract/PO. Changes/amendments must be formally executed in writing (written, signed/approved in system, approved) to modify a Contract/PO.

### 9.A2.2 Degree of detail of an amendment

Amendments should clearly show what has changed from the original Contract/PO. It should also contain the same degree of detail for changes that the original transaction contained (i.e., increase or decrease in quantity, corrected model number, performance and environmental specifications, third party certifications and revised delivery date or change in delivery location, changes to contract language, etc.).

What is being deleted and/or added and the impact of the action to the overall transaction shall be identified.

### 9.A2.3 General guidelines for amendments

Departments are advised to adhere to the following general guidelines regarding amendments:

* An amendment must be within the original scope of the solicitation and resulting Contract/PO; if it is not, it must be treated as a non-competitively bid transaction. Changes to quantity, pricing, products, performance, and environmental specifications or third party certifications, etc. are scope changes.
* An amendment must be issued in advance of contractor performance; this includes receiving any goods or services prior to an authorized amendment. Consequently, an amendment must be processed in a timely manner.
* An amendment that results in exceeding a department’s purchasing authority dollar threshold for any given transaction must be submitted to DGS/PD for review, approval, and execution. (See Chapter 6 - Non-Competitive Bid (NCB) Contracts for additional information regarding amendments).
* An amendment to extend a contract term:
* Must be processed, approved and issued before the contract expiration date, otherwise there is nothing to extend as the contract has expired.
* Retains the original contract start date and will only change the end date.

Example:

Original term: 02/01/10 – 06/30/10

Extended term: 02/01/10 – 12/31/10

### 9.A2.4 Amendment increasing or decreasing total amount

If the total amount of the Contract/PO is being altered, the original amount, the amount of the change, and the new total must be shown within the Contract/PO. Only the revised amount (either plus or minus) will be entered in the “Grand Amount” box. Lack of clarity in executing amendments may result in duplicate DGS administrative fee charges.

Example:

Original: $2,000.00

Amd #1: +100.00

Adjusted Total: $2,100.00

Total Amount Box shows

$100

### 9.A2.5 Amending a Statement of Work

The following shall apply when amending a Contract/PO that includes a Statement of Work:

* The Purchase Order number, amendment number, supplier name, and the date of the amendment shall be identified in the document header of each page.
* The items of work covered by the amendment should be clearly written as part of the Contract/PO :  
  Example:  
  “Attachment X, Statement of Work dated (Original document issue date) is hereby deleted and replaced with Attachment X, Statement of Work dated (Amendment Date).”
* Paragraphs being amended should be clearly identified.  
  Example:  
  Paragraph X is hereby amended to read: “The total amount of this Contract/PO is …”
* Paragraphs being deleted should be clearly identified:  
  Example:  
  “Paragraph X is hereby deleted and replaced by Paragraph X dated (Amendment date). All other terms and conditions of Agency Order XX-XX remain unchanged and in effect.”

### 9.A2.6 Canceling a Contract/PO

Canceling an executed Contract/PO requires issuing an amendment, with an amendment number.

The text on the Contract/PO must state what action is being taken by the amendment and address the expenditures as applicable to the action taken. If expenditures are being disencumbered as the result of the cancellation process, then negative values would be shown on the Contract/PO.

Amendment distribution is no different for a Contract/PO cancellation than a typical amendment.

A statement to the effect that the transaction is canceled in its entirety should also be included.

Example:

Amendment #XXX cancels Purchase Order #XXXXXX in its entirety effective 09/15/10.

# Section B

# Receiving, Inspection, Acceptance Testing and Acceptance or Rejection

## Overview

## Introduction

This section describes the policy and processes of receiving, inspecting, accepting and/or rejecting goods and services. Also included in this chapter is a discussion of asset management and the process of determining whether or not a service deliverable is acceptable.

## Topic 1 – General Process for Taking Possession of Goods and Services Purchased

### 9.B1.0 Receiving process

Each department determines whether or not the goods and services received are acceptable and conform to all of the terms and conditions of the Contract/PO. The entire receiving process consists of:

| **Term** | **Definition** | **Example** |
| --- | --- | --- |
| Receiving | The act of taking possession of goods in order to stage them for inspection or place them into inventory. Caution: Placing goods into inventory without inspection may waive future inspection rights and remedies. | A worker on the receiving dock who signs for goods provides the acknowledgement that the goods were *delivered*, not that they were “accepted.” |
| Inspecting | The act of examining goods that have been delivered to determine conformance to what was ordered via the Contract/PO. In some cases, the acquisition may require a person with specialized skills or expertise in examining the goods to determine conformance. | **For IT:**  The Department inspects computer goods and provides a clearance that the computer goods received conform to what is ordered via the Contract/PO.  **For Non-IT:**  The U. S. State Department of Agriculture or the California Department of Agriculture inspects fresh produce and provides a certification of inspection to the purchasing institution. |
| Acceptance Testing | The act of testing what is purchased, either all items delivered, or the first item delivered or by random sampling of some or all items delivered. Testing is conducted using standard test methods and determines that the goods and services, purchased are in conformance to the contract requirements as stated in the solicitation and Contract/POs, the supplier’s and/or manufacturers published technical specification and that the goods and services performs to a satisfactory level. | A department has purchased a printer. The solicitation document identified a 30-day acceptance-testing period, during which the printer would be required to run error-free from the first day of installation.  A department purchases materials, submits samples to an independent third-party laboratory for testing where testing is performed in accordance with stated standardized test methods. |
| Acceptance | The legal act of documenting that the goods and services conform to the requirements of the Contract/PO terms and conditions. | After completing an inspection or performance test, the department provides written notification to the supplier confirming that the inspection/test has occurred, the equipment, materials or goods passed the inspection/test and the department accepts the product. |
| Rejection | The return by the buyer of the goods and the recovery of the price. This right to reject is revoked once the goods have been accepted. | After completing the inspection, the product did not pass testing. The buyer would return the good to supplier at the supplier’s expense. |

### 9.B1.1 Separation of Duties

Departments should maintain sufficient separation of duties in order to reduce the risk of error, fraud, or conflict of interest. No one person should control all key aspects of an entire transaction or event. FI$Cal enforces separation of duties in the system, based on user roles. Refer to Chapter 1, Purchasing Authority, Role Mapping, for more information.

### 9.B1.2 Shipping multiple containers

The General Provisions instruct a supplier shipping multiple containers to identify the shipments as follows:

* Identify the number of the container and the total number of containers in the shipment; and
* Identify the number of the container in which the packing slip has been enclosed.

### 9.B1.3 Release of purchasing documents

Upon completion of a Contract/PO, buyers must promptly notify appropriate personnel involved in post-award activities such as receiving shipments, accepting goods or authorizing payments. These personnel should have a current, complete and accurate Contract/PO (including but not limited to technical specifications, any questionnaires the supplier filled out, product literature, post-consumer content form if applicable, etc.) to compare shipments received to what was ordered.

### 9.B1.4 Substitution of goods

Receiving staff must notify the buyer when the products do not match the Contract/PO. Product substitutions, over shipments or under shipments must not be accepted without being properly documented. A Contract/PO amendment must be executed. Refer to Chapter 8, Contract/PO, for information on processing a Contract/PO amendment.

At a department’s discretion, a receiver may be granted a PO View Role in FI$Cal which would allow the receiver to see the original PO quantity and is then able to notify the buyer of any over/under shipments. Without this role, the receiver counts the items received and enters the quantity into FI$Cal.

### 9.B1.5 Resolving disputes when state pays shipping

DGS/PD Transportation Management Unit (TMU) shall be contacted at (916) 376-1888 if a department encounters disputes with freight carriers or if filing lost, over, short or damaged shipment claims against shipping agents when the state pays for shipping. Refer to the State Administrative Manual (SAM) section 3861, accessible at the end of this chapter in the Resources Section.

### 9.B1.6 Follow-up on open orders

Departments’ policies and procedures shall provide a means for buyers, contract administrators, and receiving staff to follow up on purchases of goods and services ordered and not yet received.

## Topic 2 – Receiving Goods

### 9.B2.0 Questions to consider when receiving goods

In accordance with SAM section 3861, receiving staff should always consider the following questions before taking receipt of any shipment:

Includes a packing slip identifying a Purchase Order.

* Is it for this department?
* Is it damaged?
* Is the piece count correct?

In addition, the following questions should also be considered when receiving goods on behalf of the department:

* Does the item require special handling or contain hazardous materials?
* Is delivery significantly late, unsatisfactory or incomplete?
* Does the item comply with the specifications and packaging requirements as defined by the contract, General Provisions or any special provisions of the purchase order?
* Does the delivery require further inspection by another more qualified person?
* Have all the terms listed on the Contract/PO been met and properly documented?
* Are there any take-back requirements when goods are received?

### 9.B2.1 Standard receiving package

A standard receiving package should, at a minimum, contain the following documentation and be accessible to both the accounting and purchasing offices for payment and procurement file documentation:

* The invoice or packing slip
* The receiving copy of the Contract/PO

If the freight terms required the consignee to pay the shipping costs (FOB Origin), the bill of lading/delivery receipt verifying shipping costs must be included as part of the receiving documentation.

### 9.B2.2 Packing slip

Packing slips must be included in all shipments received by a department. At a minimum and in accordance with the standard State’s General Provisions, the supplier must provide the following information on the packing slip to ensure departmental receiving staff can verify products being acknowledged as received:

* Purchase Order number as issued by the system
* Item number
* Quantity and unit of measure
* Product part number
* Description of the goods shipped
* Material Safety Data Sheets

### 9.B2.3 Receiving stock

The FI$Cal system allows departmental receiving staff to receive stock directly in the system. The receiving process in FI$Cal is considered an approved Contract/PO to record receiving information at the time goods are received. The receiver will enter the date received, the quantity received, and note any defect in the condition of goods. Once the goods or services are received and accepted, the information must be entered into the system and work-flowed to the accounting office on the day the goods are received.

A completely filled order is determined by carefully checking the quantity, description, and condition of the goods.

### 9.B2.4 Department Receiving Processor

The staff responsible for receiving, inspecting, accepting, and rejecting goods will be assigned the following roles in the system: Department Receiving Processor. The system will track and identify who processed the department’s receipt of the goods and services.

### 9.B2.5 Receiving partial deliveries

If a department elects to accept partial deliveries, the Department Receiving Processor will enter the items received from the Contract/PO into the system. The receiving processor staff inspecting and accepting the goods will fill in the:

* Date received
* Quantity received
* Note any defect in condition.

This process is followed for each partial shipment received through completion. The last stock received entry for an order must be marked or designated as “Complete” when the order is completely filled.

In no case shall payment(s) be processed for goods and services that have not been received. Services include take-back of goods as designated in Contract/PO.

DGS/PD recommends receiving staff notify the buyer whenever a purchase is received as a partial delivery, if the purchase transaction did not state whether or not partial deliveries are acceptable. Partial delivery documentation should be provided to the buyer on a timely basis to allow for any necessary communications between the buyer and the supplier to occur.

### 9.B2.6 Receiving goods at field locations

Departments allowing goods to be delivered at locations other than a headquarters site shall develop policies and procedures to inform pre-determined field staff of their responsibilities.

Staff assigned Department Receiving Processor roles in outlying locations will be responsible for preparing/compiling and providing documentation of the following:

* Correct shipper’s bill of lading and delivery receipt.
* Unit count noted on the bill of lading/shipping receipt matches the units actually delivered.
* When damage is evident, determine, if the supplier or the carrier caused it.
* Enter the following information in the system and work-flow the data to the headquarters’ contact person:
  + Contact name and phone number of person receiving goods.
  + Purchase Order number.
  + Documentation of what was actually delivered and inspected to verify compliance with the Contract/PO (including technical specifications), with clear notation and explanation of any discrepancies or partial shipments.
* Perform a timely inspection of received goods and report any issues according to departmental policies and procedures directly to the purchasing authority staff.

Buyers are advised to provide receiving staff in field locations with Contract/POs in a timely manner and review any special instructions directed by department policies and procedures to assist in accurately and efficiently receiving goods.

### 9.B2.7 Recommendations

DGS/PD recommends receiving personnel to:

* Keep Contract/POs open until suppliers have met all obligations and deliveries. This is particularly important when accepting any partial deliveries or staggered deliveries over a period of time or in future fiscal years.
* Report immediately to the buyer identified on the Contract/PO any problems or questions in delivery, receipt or discrepancies in equipment received inspected and accepted.

## Topic 3 – Standard Inspection, Acceptance and Rejection Requirements

### 9.B3.0 Inspection, acceptance and rejection standards

The State has standard inspection, acceptance and rejection requirements as described in the General Provisions entitled “Inspection, Acceptance and Rejection” to ensure these activities are conducted in accordance with State requirements.

### 9.B3.1 Inspecting a shipment

Departmental receiving and/or designated staff (dependent upon the goods received and whether or not staff with specialized expertise is necessary), should, upon acknowledging delivery of an order, conduct an inspection for the following minimum conditions:

* Verify that what was ordered conforms to Contract/PO documentation (Statement of Work, specifications, attachments, etc.), including the product description, model, brand and product numbers.
* Verify the quantity ordered against the quantity shipped or delivered.
* Inspect for damage or breakage.
* Check for operability/functionality.
* Confirm instructions regarding special handling or packaging were followed.
* Verify that the unit of measurement count is correct (e.g. if the unit of measurement on the Contract/PO is one dozen, count 12 in the unit package).
* Verify that delivery documentation (packing slip, certifications, etc.) is acceptable.
* Verify that packaging integrity is preserved (no leakages, damages, etc.).
* Verify that perishable items are in good condition and expiration dates have not been exceeded.

### 9.B3.2 Conduct timely inspections

Inspections should be completed in accordance with the terms and conditions identified in the General Provisions or as specified in the Contract/PO. If a department knows that the inspection will not be immediate, then the Contract/PO must provide when the inspection will occur and how it will be accomplished.

### 9.B3.3 Partnering inspections

Departments determining that an authorized person(s) other than a State employee will inspect the goods on the state’s behalf (this may occur in shipments to multiple field locations and where set-up and/or installation services are required), will describe in the documentation what activities will be performed. Upon notification by the supplier that the final “turn-key” product installation has been completed as specified in the Contract/PO s, the State will then determine the final acceptance of the goods.

### 9.B3.4 Documenting the results

Departments are advised to document all inspection results and enter the results in the system, accessible to the department procurement office.

The document should, at a minimum, identify what action was performed and inspection procedures when applicable, who was in attendance, both department and supplier personnel by name and title, when and where the inspection occurred, and the inspection results.

Documentation shall be retained within the procurement file.

## Topic 4 – Acceptance Testing and Inspection - Specialized

### 9.B4.0 Acceptance testing

Departments that require additional acceptance criteria over and above what is stated within the State’s General Provisions must describe the acceptance criteria and any specialized skills criteria for acceptance personnel in the Statement of Work and/or the solicitation document.

### 9.B4.1 Documenting the criteria

An acceptance testing period may occur over a period of time and that span of time must be documented within the competitive solicitation (including Leveraged Procurement Agreement solicitations) to describe how the performance will be measured and how acceptance of the good or service will be defined and accomplished. The acceptance requirement must also be carried through the purchasing process into the executed Contract/PO document.

### 9.B4.2 Acceptance

Departments shall give written notice of rejection of goods delivered or services performed within the given timeframe identified in the General Provisions. If the department does not provide such notice of rejection the delivery of goods and services will be deemed to have been accepted.

## Topic 5 – Rejecting Non-Conforming Goods

### 9.B5.0 Process for rejection of goods

The following process should be followed if the goods are not in conformance with any requirements of the Contract/PO (including technical specifications):

| **Stage** | **Description** |
| --- | --- |
| 1 | The person rejecting the goods must immediately communicate the problem(s) and rejection, via the system, to the buyer. |
| 2 | The buyer is responsible for notifying the supplier within the specified timeframe identified in the General Provisions after delivery or tender under UCC 2602, making arrangements to hold the rejected goods somewhere protected from damage, and taking reasonable care of rejected goods until the supplier can take possession of the goods and remove them from the site. |
| 3 | The buyer is responsible for providing a notice of rejection letter to the supplier describing the defect(s) that renders the delivery as non-conforming to the Contract/PO, what the delivery and inspection criterion was, and how the delivered product does not conform. |
| 4 | The buyer can accept any unit of measure (e.g., lot, case, and pallet) and reject the rest (UCC 2601).  IT Example:  A department executed a Contract/PO for 50 desktop monitors, but the supplier shipped 75 desktop monitors. The receiving staff may either reject the entire shipment or accept the 50 desktop monitors in accordance with the provisions of the Contract/PO. The remaining 25 desktop monitors will be rejected and returned to the supplier.  Non-IT Example:  A department executed a Contract/PO for 50 cases of bond paper, but the supplier shipped 150 cases of bond paper. The receiving staff may either reject the entire shipment or accept the 50 cases of bond paper in accordance with the provisions of the Contract/PO. The remaining 100 cases of paper will be rejected and returned to the supplier. |
| 5 | If the supplier, within a reasonable time period or as stated in the Contract/POs, does not remove rejected goods, the department buyer may:   * Ship products back to the supplier at the supplier’s expense. * Store the rejected goods with reimbursement required from the supplier for any incurred costs. |

### 9.B5.1 Return to Vendor

When the need arises to return a good to a supplier, departments will process a Return to Vendor (RTV) transaction in the FI$Cal System. The system will print a RTV label for the buyer to return the product. This shall be processed by the buyer and the buyer shall follow up with the supplier as necessary.

Suppliers may require buyers to obtain a return authorization before shipping goods back to the supplier.

Buyers should contact the supplier prior to returning goods to confirm and follow any return authorization processes as required by the supplier.

Refer to Section F, [Resources](#Resources), for a link to a job aid for processing a RTV.

## Topic 6 – Receiving Service Deliverables

### 9.B6.0 Accepting or rejecting services

Buyers, in preparing Contract/POs for services, must develop a clear, concise, and detailed description of the services to be performed. An individual or individuals must be assigned to monitor supplier performance. Any deviations or unacceptable performance levels shall be documented and provided to the buyer to assist in problem resolution.

Staff accepting written deliverables must provide the supplier with written documentation accepting the deliverable.

### 9.B6.1 Maintenance services

Departments acquiring equipment maintenance services should develop a uniform method for recording data relating to the repair or maintenance of equipment, which includes essential data pertaining to incidents of repair or maintenance. Essential data includes documenting goods and services information required by policy i.e. EnergyStar appliances, third-party certified carpet, SABRC compliance, etc.

### 9.B6.2 Tracking maintenance services

The following essential data is required in resolving disputes between the supplier and the department with respect to performance:

* The time the maintenance provider was notified by the State,
* The time the maintenance provider personnel arrived to repair the malfunction,
* The time the component and/or system was returned to service,
* A description of the parts (including manufacture and part number), goods or equipment used in providing the repair or service
* A description of the malfunction or incident; and
* Signature of the maintenance provider and a representative of the State.

A maintenance form should be prepared whenever a system or component is inoperative and left open until the repair is completed.

### 9.B6.3 Creating history

Developing a process for tracking maintenance levels creates a performance history that assists contract administrators in reviewing contract performance, and provides necessary information to determine when a system, or component, is covered under warrantee or needs replacement (end of useful life).

# Section C

# Disputes

## Overview

### Introduction

This section provides information regarding bidder/supplier disputes once a non-IT good or IT contract has been executed.

## 

## Topic 1 – Post Award Disputes

### 9.C1.0 Definition

A post award dispute is a disagreement or conflict between a contractor and a department after a Contract/PO has been executed. Most often, contract disputes arise due to contract performance issues on the part of either the contractor or the State.

### 9.C1.1 Occurrences

Disputes can occur in any purchasing category. It makes no difference whether the Contract/PO was the result of a competitive solicitation, or a LPA order.

Disputes may also result from not having a clear understanding of the State’s General Provisions, Contract/PO terms and conditions, Special Provisions, or when a Statement of Work is not clearly defined or contains conflicting provisions or ambiguities.

### 9.C1.2 Buyer responsibility

Department buyers are responsible for managing contract performance by monitoring compliance with contract requirements and communicating to department contract administrators the importance of communicating and documenting all performance issues. In the event of a dispute, documentation must be maintained of any performance problem, its resolution, or unresolved problems. The buyer is to use a cure notification process to start the resolution process.

### 9.C1.3 Dispute provisions

DGS/PD general provisions provide suppliers/bidders with the process for disputing after an award has been executed. This language is found in the General Provisions for Non-IT Commodities (GSPD-401), Article #38 Disputes, and for Information Technology (GSPD-401IT) Article #44. Disputes provide suppliers with the process for disputing contract administration after an award has been executed. For access to the General Provisions, refer to Section F, [Resources](#Resources), at the end of this chapter.

### 9.C1.4 Deal in good faith

Buyers should deal in good faith with suppliers/contractors when encountering a dispute and attempt to resolve potential disputes informally at the lowest level.

Whenever a dispute occurs, conflicts should be resolved as quickly and fairly as possible, as disputes are disruptive and can be expensive to all parties to the contract.

As stated within the General Provisions the contractor agrees to continue performance of the contract pending final resolution of the dispute. Failure to do so is considered a material breach of the contract (unless a stop work order is issued (non-IT goods)).

### 9.C1.5 Disputed Invoice

Disputes shall be documented in the procurement file. The most common form of a dispute that arises on the State’s side are invoice disputes. When informal discussions and negotiations fail to render a satisfactory resolution for all parties the following steps must be taken:

1. The buyer or contract administrator will check the “new dispute flag” checkbox on the Purchase Order (PO) page in FI$Cal to indicate a dispute exists. When the new dispute checkbox is checked, the system will put the PO on hold and prevent any further processing until the dispute is resolved. The dispute flag will also generate a notification to the buyer, DGS and the Accounts Payable (AP) Processor indicating a dispute exists.
2. A dispute hyperlink will be added in FI$Cal which will open a dispute information page and allow the buyer to enter the dispute information, including:
   * Reason code for dispute (mandatory field – DGS Dispute Appeal Process)
   * Dispute Date
   * Comments
   * Dispute resolved check box to track that dispute is resolved
   * Dispute Resolved Date
3. Discussions shall occur with all principals (contractor, buyer, contract administrator, project manager, etc.) involved in the conflict.
4. Dispute language contained within the General Provisions along with any special or additional contract provisions that may impact the dispute shall be reviewed.
5. Every effort shall be made to reach an agreement that is acceptable to all participants.
6. Written summaries of the major points of the dispute shall be prepared
7. The State cannot gift public funds, and must ensure that any monies or settlement are reasonable, legal, and justifiable.
8. Department management and/or department legal counsel shall be involved, as appropriate. For DGS/PD buyer, DGS/OLS attorney and DGS/PD/DR staff shall be involved.
9. If the dispute resolution:

* Requires clarification or change to the Contract/PO , an amendment to document the action shall be prepared and processed expeditiously
* Is unsuccessful, then the contractor must submit a written demand for final decision to the department director or designee. The contractor’s written demand must present all facts of the dispute and be signed by a company officer.

1. The department director or designee shall render a final decision not to exceed 90 days from receiving the supplier’s/bidder’s demand within a timely manner (for IT disputes a decision must be rendered within 30 days from demand receipt.)
2. If the supplier/bidder is not satisfied with the department’s final decision, then the supplier/bidder may appeal the decision to DGS/PD Deputy Director for resolution at any time in the process who shall render a decision.

* For non-IT goods the complete dispute process must be finalized within 90 days after receipt of contractor’s demand. For IT the PD Deputy Director must render a decision within 45 days of receipt of the appeal for a final decision.

1. Upon a satisfactory resolution, the buyer will uncheck the dispute flag checkbox and the system will release the PO for continued processing and send a notification to the buyer, DGS and the AP Processor that the dispute has been resolved.

#### 

# Section D

# Contract Administration

## Overview

### Introduction

Contract/Purchase Order administration concentrates on the relationship between the department and the vendor from contract award to contract closeout ensuring the supplier delivers the product and/or service in conformance with the Contract/PO requirements. The contract administrator must completely understand all aspects of the Contract/PO. This chapter describes the requirements and recommended practices associated with contract administration activities. The term “contract” used throughout this chapter is used broadly and also covers transactions that may have been executed as Purchase Order.

## Topic 1 - Contract Administration Principles

### 9.D1.0 Contract Administrator

Personnel assigned to perform supplier performance and contract administration activities are often referred to as a “contract manager” or “contract administrator.” This chapter will refer to the person assigned to perform all contract administrative functions as a contract administrator.

### 9.D1.1 Buyers remain involved

Although contract administration assignments may be determined by departmental policies and procedures or the magnitude or complexity of the contract, it is critical that the buyer (aka “Procurement Official”) remains involved in the post award contract activities, including acting as the department’s contract administrator or as a liaison between the contracting parties and DGS as warranted.

### 9.D1.2 Expectations of the contract administrator

Regardless of the title used, the person assigned contract administration functions must be made aware of the expectations and requirements of the position. A contract administrator must:

* Have sufficient knowledge of contracting principles as it relates to their responsibilities in administering the contract.
* Communicate with both the buyer and supplier on contractual issues.
* Maintain records or logs to turn over to the procurement office at the completion of the contract.
* Before approving the final payment on a contract or purchase order that includes a commitment to use DVBE subcontractors, refer to SCM 3.A5.3 and follow the department policy and procedures regarding the receipt of the Prime Contractor’s Certification – DVBE Subcontracting Report (STD 817) and the associated withhold requirements.

### 9.D1.3 Establish the fundamentals

Once a purchase document has been executed, the buyer should communicate the contract administration responsibilities with the person assigned to the role. Any additional contract administration activities specific to the transaction should also be reviewed.

### 9.D1.4 Communication is key

A key factor in successful contract administration is communication. It is essential for contract administrators to understand the provisions of the purchase document, have the ability to communicate contractual obligations to all parties involved, and maintain control over the performance of the contract.

### 9.D1.5 Post award orientations

Buyers, prior to turning over contract administration functions, determine whether or not a post-award orientation with assigned contract administrators, project managers, and suppliers is warranted to achieve a clear and mutual understanding of all contract requirements and to identify and resolve potential problems prior to any contract performance.

### 9.D1.6 Post award orientation activities

Post award orientations should include the following activities:

* Providing a complete copy of the authorized Contract/PO with all attachments to the involved parties.
* Identifying the key department and supplier personnel contacts and their responsibilities and authority.
* Reviewing any internal policies and procedures with all parties.
* Reviewing any contract reporting requirements with the contract administrator and/or the supplier.
* For a contract or purchase order that includes a commitment to use DVBE subcontractors, referring to SCM 3.A5.3 and following the department policy and procedures regarding the receipt of the Prime Contractor’s Certification – DVBE Subcontracting Report (STD 817) and the associated withhold requirements.
* Reviewing the contract payment process, including review time, and processing time requirements to avoid payment penalties.
* Reviewing any acceptance criteria and review process as required by the contract.
* Reviewing the process for requesting an amendment/addendum/supplement/change.
* Reviewing the communication process for resolving disputes or any other contract issue.
* Reviewing documentation requirements for the Contract/PO audit files and retention.
* Reviewing and documenting supplier performance.

### 9.D1.7 Consider departments’ processes

In addition to information contained in the SCM, departments are encouraged to develop contract administration policies and procedures that are unique to their department’s business needs or processes.

## Topic 2 – The Do’s and Don’ts of Contract Administration

### 9.D2.0 Contract administration do’s

Effective contract administration activities include:

* Notifying the contractor to begin work.
* Monitoring contract activities for compliance with:
* Work progress to ensure services are performed according to the quality, quantity, objectives, timeframes, and manner specified within the contract.
* SB and DVBE contractors and/or subcontractors to ensure attainment of approved contract participation goals and ensuring no unauthorized substitutions occurs.
* Commercially Useful Function requirements by SB/DVBE subcontractors.
* Regulations and policy changes impacting contract goods and services.
* Progress reports, status reports, and timesheets as required.
* Approving the final product or services by submitting a written document accepting the deliverables within FI$Cal.
* Before approving the final payment on a contract or purchase order that includes a commitment to use DVBE subcontractors, refer to SCM 3.A5.3 and follow the department policy and procedures regarding the receipt of the Prime Contractor’s Certification – DVBE Subcontracting Report (STD 817) and the associated withhold requirements.
* Providing any documentation to the department’s procurement office.
* Monitoring expenditures, ensuring funding availability when contract extends over multiple years.
* Verifying accuracy of invoices and approving invoices for payment.
* Requesting amendments/addendums/supplements/changes and/or contract renewals in a timely fashion as determined by departmental policies and complexity of the request (often three – six months in advance).
* Verifying all work is completed and accepted by the department prior to the contract expiration date.
* Performing contract close out activities:
* Completing Contractor Evaluation Report (STD. 4) for non-IT consulting services contracts.
* Completing the Post Evaluation for IT Services Contracts (STD 971) for each completed information technology (IT) services contract totaling $500,000 or more AND related to an IT project (both delegated and non-delegated IT projects as defined by the State Administrative Manual).
* Notifying responsible parties when funds can be disencumbered.
* Reporting any contract disputes immediately to the department procurement office.
* Keeping an accurate auditable paper trail of contract administration.
* Knowing how to identify and address SB/DVBE Program abuse allegations.
* Involving early and working closely with the department SB/DVBE advocates when applicable.

### 9.D2.1 Contract administration don’ts

Contract administrators are not authorized to:

* Instruct the contractor to start work before the contract is fully executed.
* Change the scope of the contract without doing so through the formal Contract/PO amendment process.
* Direct the contractor to perform work that is not specifically described in and funded by the contract.
* Extend the time period of the contract without execution of an approved amendments/addendums/supplements/changes.
* Allow the contractor to incur any additional costs over the limit set by the contract.
* Sign a contract as the department’s authorized signatory unless authorized in writing.
* Sign any contractor’s contract form.
* Take any immediate actions against SB/DVBEs or prime contractors as a result of abuse allegations.

#### 

## Topic 3 – Supplier Performance

### 9.D3.0 Documenting performance

Departments, upon confirming that goods received and inspected are either in conformance with the terms of the Contract/PO or are to be rejected, shall document the results of the delivery and inspection.

### 9.D3.1 Supplier Performance Report (SPR)

The SPR may be used by the receiving staff to report on the quality and timeliness of a contractor’s delivery. Its purpose is to capture and track performance histories, preparing correction or cure notice(s), or use in future supplier development and subsequent source selection activities conducted by the department.

Refer to the resources section at the end of this chapter for access to the Supplier Performance Report.

### 9.D3.2 Access to information

The purchasing staff should upload completed SPRs into FI$Cal, providing all buyers access to the information by retaining the documents within the procurement files.

## Topic 4 - Ethical Decision Making and Contract Administration

### 9.D4.0 Work behaviors and awareness

Staff, other than buyers, that perform contract administration functions, not only need to understand how to administer a contract but are also expected to adhere to and conduct business by maintaining the same ethical standards as if they were a buyer.

### 9.D4.1 Review contract principles

Buyers that are turning over the contract administration functions to a person unfamiliar with the acquisition process should review with that person the principles of conduct governing the acquisition process and its impact to the role of the contract administrator.

Contract administrators must:

* Conduct themselves in a professional manner, refraining from mixing outside friendships with business, not engaging in incompatible activities, conflicts of interest, or unethical behavior.
* Accurately account for expenditures and property received.
* Involve the department’s procurement and legal resources staff when questions arise regarding acceptable or unacceptable behavior when dealing with suppliers.

### 9.D4.2 Ethics review

Buyers and contract administrators are advised to review their department’s statement of incompatible activities, SAM section 3504 on ethics and prohibited practices, and refer to Chapter 2 – Procurement Planning.

Complete Form 700, Conflict of Interest Form, and department’s Statement of Incompatible Activities.

Additional information on ethics may also be found at the Fair Political Practices Commission. For a link to their website, refer to Section F, [Resources](#Resources).

## Topic 5 – Record Retention and Contract Administration

### 9.D5.0 Good record keeping

Departments are responsible for maintaining records in sufficient detail to allow anyone to review documentation and understand how the procurement was requested, conducted, awarded, and administered.

Buyers shall provide contract administrators with the necessary instructions to maintain good record keeping activities and ensure the records are turned over to the procurement office at the completion of the contract term. The records maintained by the contract administrator are incorporated into the procurement file and retained for compliance and/or auditing purposes.

### 9.D5.1 Setting up a contract file

Contract administration responsibilities may also include establishing the department’s procurement file dependent upon the department policies and procedures as to who performs the contract administration duties.

Consequently, contract administrators should organize documentation according to department procurement processes in addition to the DGS/PD recommendations.

The DGS/PD recommends creating files by:

* Developing a user-friendly filing system. File by Contract/PO number or supplier name.
* Establishing a separate hard copy file for each Contract/PO administered.
* Developing a log sheet for a diary of activities. This may include dates and times of discussion and subject matter discussed.
* Developing spreadsheets for tracking expenditures, invoices, and/or timekeeping for the life of the transaction.
* Creating file dividers for:
* Original Contract/PO and all amendments/addendums/supplements/changes
* Work Authorizations
* Deliverables
* Correspondence – acceptance letters, termination notices, etc.
* Invoices
* SB/DVBE participation, including department and DGS approved substitutions all related supporting documentation, the Prime Contractor’s Certification – DVBE Subcontracting Report (STD 817) and payments made by prime contractors to the DVBE subcontractors when provided.

The above information is specific to post award contract administration. Department purchasing authority transaction files will include all of the above as well as file documentation as referenced in Chapters 4, 5, and 6 dependent upon the specific purchasing category.

### 9.D5.2 Record retention requirements

The Attorney General’s Office has directed that in view of the need for purchase order and contract purchase files for antitrust litigation, such records should be retained for seven years from the end of the fiscal year in which encumbrance is liquidated. Destroy after the required seven years or when audited by the Bureau of State Audits or the Department of General Services, whichever comes first.

Since there are various sources that dictate records retention requirements (e.g. statute, policy, pending litigation, etc.) and the retention varies depending on document type and can vary by department, depending on their internal retention schedule, there is not a one size fits all retention rule. When in doubt, departments should retain for the longest period applicable.

Retain in the procurement file all records related to the Prime Contractor’s Certification – DVBE Contracting Report (STD 817) submittal, including payments made to DVBE subcontractors, for a minimum of six years from the receipt of the records.

## Topic 6 – Post Evaluation for IT Services Contracts

### 9.D6.0 Post Evaluation for IT Services Contracts

1. **Policy**

Pursuant to Public Contract Code (PCC) Section 12102.3, state departments must complete, file, and submit a post evaluation for each contract for the acquisition of Information Technology (IT) services related to an IT project and totaling five hundred thousand dollars ($500,000) or more.  The state department receiving the services must complete the form and submit the form in accordance with the procedures outlined below.

State departments are encouraged to use (complete and keep internally) the Post Evaluation for IT Services Contracts (STD 971) form for all other IT services contracts under $500,000.

For purposes of this policy and procedure, IT personal and consulting services contracts are collectively referred to as “IT Services Contracts”.

For purposes of this policy and procedure, “contractor” is defined as the prime contractor.

PCC Section 12102.3(b) requires that DGS and the California Department of Technology (CDT) jointly develop a standard form(s) and procedures to implement § 12102.3. Therefore, modifications to the STD 971 form and related processes cannot be made without prior agreement and approval of both the Department of General Services, Procurement Division (DGS/PD) and CDT.  DGS/PD and CDT shall jointly gather feedback from stakeholders in the IT industry prior to finalizing, approving, and implementing changes.

CDT shall act as a central depository for all state departments submitting post evaluations. CDT shall provide a copy of any post evaluation submitted pursuant to PCC 12102.3, including any contractor responses to the contracting manager or contracting officer of any state department, upon request. Failure by a state department to complete and submit a post evaluation to CDT’s central depository may be grounds for rejection of future delegation of IT projects pursuant to Section 11546 of the Government Code.

Completed STD 971 Post Evaluation for IT Services Contracts forms, as well as any contractor responses, are exempt from the California Public Records Act (PRA).  While other components of a contract file may not be exempt from the PRA, neither this post evaluation nor contractor response is a public record and therefore must not be provided in response to a PRA request.

1. **Procedure**

The procedures below apply to IT personal and consulting services contracts totaling five hundred thousand dollars ($500,000) or more, and acquired in connection with an IT project as defined in Section 4819.2 of the State Administrative Manual.

State departments must use form STD 971 Post Evaluation for IT Services Contracts and adhere to the following procedures:

| **Step** | **Task** | **Timeframe** |
| --- | --- | --- |
| 1 | Complete the STD 971 Post Evaluation for IT Services Contracts   1. Post evaluations are completed by the state department receiving the services.  If the DGS/PD or the CDT execute a contract on behalf of a state department, the state department receiving the services must complete the Post Evaluation for IT Services Contracts form STD 971 and adhere to the procedures identified herein. 2. Post evaluations shall include objective facts and be supported with program and contract performance data. Metrics appropriate to the nature of the IT services and project type shall be included. 3. State departments may attach additional sheets to the STD 971 form in order to provide details about the unsatisfactory performance. 4. The evaluator who signs the STD 971 Post Evaluation for IT Services Contracts confirms:   (1) That they are a public official and employee of the State of California.  (2) The accuracy of the information provided in the STD 971 and any attached document.   1. A public official is defined as the state employee performing the evaluation, also known as the “evaluator.” The evaluator is any public official who oversees the performance and payment of a contract. Examples of working titles that may apply to an evaluator include: the contract manager, project manager, program manager, etc. | Within 60 calendar days of the completion of the contract.  Contract completion is defined as the contract term end date, including all amendments. |
| 2 | Submit a copy of the completed STD 971 Post Evaluation for IT Services Contracts to CDT electronically to the address indicated on the STD 971 form. | Within 5 working days of the completion of the STD 971. |
| 3 | If submitting an unsatisfactory post evaluation to CDT, the department shall also send a copy to the contractor.   1. A copy must be sent electronically to the contractor. 2. The copy sent to the contractor serves as the notification. 3. The electronic notification must include the following information and instructions to the contractor:   (1) The notification is being provided pursuant to PCC Section 12102.3(f)(1)  (2) Pursuant to PCC Section 12102.3(f)(2), the contractor may comment on a negative post evaluation.  (3) There is no formal review, ruling, or appeal process for post evaluations.  (4) Negative post evaluation contractor comments shall be submitted to CDT at [Form971@state.ca.gov](mailto:Form971@state.ca.gov) and the state department receiving the services at the specified email address.  (5) Contractor is required to identify the contract number in all communications related to the negative post evaluation. | No later than 15 calendar days after STD 971 submission to CDT. |
| 4 | Post evaluations shall remain on file at the office of the state department receiving the services for a period of no less than 36 months following contract completion.   1. Contract completion is defined as the contract term end date, including all amendments. 2. After the 36-month period, a state department may remove the post evaluation for any reason (i.e. at the request of the contractor or in accordance with a records retention schedule). | No less than 36 months. |
| 5 | A contractor may comment on a negative post evaluation. Any contractor comments in response to a negative post evaluation shall be submitted to the state department and the CDT. State departments, upon receipt of comments from a contractor, must attach the comment(s) to the original STD 971 and keep on file. |  |
| 6 | A contracting manager or contracting officer desiring information on a contractor’s record shall submit their request through CDT’s central depository established for all state departments at:  [Form971@state.ca.gov](mailto:form971@state.ca.gov). |  |

1. **Legal Reference**

Public Contract Code (PCC) Section 12102.3

AB 971, Salas (Ch 496, Stats 2019)

1. **Related Policy, Procedures, & Resources**

Technology Letter (TL) 19-02

Broadcast Bulletin (BB) P-15-19

State Administrative Manual (SAM) Section 5230.3

1. **Attachments**

STD 971 Post Evaluation for IT Services Contracts (The STD 971 is located on the [Statewide Forms Directory](https://www.dgsapps.dgs.ca.gov/osp/StatewideFormsWeb/Forms.aspx) found through DGS’s homepage.)

# Section E

# Reporting Requirements

## Overview

### Introduction

The purpose of this chapter is to describe reporting requirements.

## Topic 1 - FI$Cal State Contract and Procurement Registration System (SCPRS)

### 9.E1.0 Purpose of FI$Cal SCPRS

The purpose of FI$Cal SCPRS is to collect contracting and purchasing information. It provides the State of California with a centralized database with information on state contracting and purchasing transactions, and demonstrates visibility and accountability. Transactions subject to DGS oversight must be reported in this system.

### 9.E1.1 Reporting Transactions in FI$Cal SCPRS

Refer to Section F, [Resources](#Resources), to access Management Memo 03-09, which lays out the registration requirements for the Start Contract and Procurement Registration System (SCPRS).

Refer to Chapter 2 for Policy on Acquisition Methods.

A summary of Acquisition Methods in available in Fi$Cal SCPRS is available in the [Resources](#Resources) section at the end of this chapter.

### 9.E1.2 FI$Cal SCPRS Additional Reporting Requirements

Beginning January 1, 2016, departments are required to report additional information with in FI$Cal SCPRS to identify Environmentally Preferable Purchasing (EPP) goods and services. By identifying an EPP purchases and recording EPP attributes within FI$Cal, as described in *Chapter 3 Section B EPP*, departments will be able to monitor their progress through FI$Cal reports. When reporting Buyers must list goods separately by item and from labor costs and record the following elements by line item within SCPRS:

* UNSPSC
* DGS Purchasing Standard
* Third-Party Environmental Certification(s)
* SABRC Compliant Product
* SABRC Category
* Postconsumer Recycled Content (PCRC)
* Total Recycled Content (TRC)
* Take-Back Program

Applicable EPP purchases made from Statewide Commodity Contracts with a master items list shall have corresponding EPP/SABRC data updated as part of the master item update process. Buyers when reporting Statewide Commodity Contract purchases within SCPRS must include information as reflected within the master item fields when recording these purchases.

### 9.E1.3 FI$Cal SCPRS Internet Site

To access the FI$Cal SCPRS, refer to Section F, [Resources](#Resources), at the end of this chapter.

If you have questions or require assistance, contact the FI$Cal Service Center at [fiscalservicecenter@fiscal.ca.gov](mailto:fiscalservicecenter@fiscal.ca.gov) or 1-855-FISCAL0

## Topic 2 – Annual Contracting Activity Report (STD. 810)

### 9.E2.0 Reporting to DGS/PD/OSDS

The Department of General Services (DGS), Procurement Division (PD) Office of Small Business and DVBE Services (OSDS) is the centralized entity to which consolidated contracting activity reports are submitted. The report provides fiscal statistical information on each department’s Small Business/Microbusiness (SB/MB) and Disabled Veteran Business Enterprise (DVBE) contracting activities to the Legislature. FI$Cal will capture the data and each department will be able to run reports as frequently as they want to ensure they are in line with their SB/DVBE participation goals. The reporting period is July 1 – June 30 and the report is due by August 1, each year.

When reporting these activities, state agencies must ensure the accuracy of this data by implementing and conducting a thorough review of the proposed report prior to submission to the DGS.  This review must also include a sampling of the state agency’s highest dollar value contracts that included DVBE, MB, Nonprofit Veteran Service Agency, SB, Small Business for the purpose of Public Works, and sub-contracting participation.  This sampling must verify and reconcile:

* The amounts awarded.
* The certification status at time of contract award.

State agencies must save and make available upon request to the DGS, a written statement signed by the PCO confirming completion of the review of the Contracting Activity Report, which shall include:

* An itemized list of the sampled contracts.
* A brief explanation of the review sampling methodology applied.

A contract is defined as the agreement between the state agency and a contractor regardless of the contract form used.

The table below provides more detail. Refer to Section F, [Resources](#Resources), at the end of this chapter to access the reporting forms and instructions.

| Title | Description | Requirement |
| --- | --- | --- |
| Contracting Activity Report  (STD. 810) | Departments are required to award 3% of State purchasing to DVBEs and 25% of purchases to SBs. | PCC section 10111 and Military and Veterans Code sections 999 et seq. require departments to report these activities. |
| Improvement plan | When a department does not meet the required state contracting participation for SB/MB (at least 25%) or DVBE (at least 3%) an Improvement Plan must be developed and submitted with the Contracting Activity Report (STD. 810). |  |
| Infrastructure Bond Activity (STD 810A) | This report provides statistical data on SB/MB and DVBE participation using the Infrastructure Bond funding. | GC 14838.1 and the Infrastructure Bond Acts of 2006 |
| Consulting Services  (STD 810C) | Departments are required to report all consulting services contracts that have been entered into, amended or completed during each fiscal year. | PCC Section 10111 |
| SB/DVBE Option and DVBE Incentive  (STD 810S) | Departments are required to report contracting activity using the SB/DVBE Option and the DVBE Incentive. | PCC section 10111(e)(7) |
| Ethnicity, Race and Gender, Sexual Orientation (ERGSO)  (STD 810E) | Departments are required to report voluntarily submitted information by business owners by race, ethnicity and gender. This report captures the level of participation for goods, services and construction contracts. The ERGSO will be returned to the departments via paper copy. The buyer will enter the information for each purchase/contract in the system, and the department will compile the information and submit to DGS annually.  The report shall also contain the sexual orientation of the business owners for the types of aforementioned contracts. | PCC section 10111  PCC section 10111(f) |
| State Department’s Contractor DVBE Subcontracting Consolidation Report  (STD 810D) | Departments are required to collect information from a prime contractor that committed to subcontract with a DVBE firm upon completion of an awarded contract. | MVC 999.5 (d) |

### 9.E2.1 Where to Submit

Departments are to submit these reports into the FI$Cal system, but will also have the option, for the first year after system implementation, to submit directly to the DGS Report Coordinator as follows:

*By IMS:*

DGS/Procurement Division

Office of Small Business and DVBE Services

Attn: Reports Coordinator

707 Third Street, First Floor, Room 400, IMS Z-1, MS 210

West Sacramento, CA 95605

*By Mail to:*

DGS/Procurement Division

Office of Small Business and DVBE Services

Attn: Reports Coordinator

707 Third Street, First Floor, Room 400, MS 210

West Sacramento, CA 95605

*Hand Delivered to:*

DGS/Procurement Division

Office of Small Business and DVBE Services

Attn: Reports Coordinator

707 Third Street, First Floor, Room 400

West Sacramento, CA 95605

## Topic 3 - Late Payment Penalties Paid Report

### 9.E3.0 Report Requirements

The Prompt Payment Act, GC section 927 et seq. requires departments to submit a late payment penalty report to DGS Director. This report provides information on late payment penalties paid during the fiscal year. This information will be captured in FI$Cal automatically for FI$Cal departments.

Refer to Section F, [Resources](#Resources), at the end of this chapter to learn more about the Late Payment Penalties Paid Program.

## Topic 4 - Contract Award Report

### 9.E4.0 Requirement

Within 10 working days of a contract award, Title 2 California Code of Regulations (2 CCR) Section [11114](https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=I1CF55150D48D11DEBC02831C6D6C108E&originationContext=documenttoc&transitionType=Default&contextData=(sc.Default)&bhcp=1) requires a department to report the award of each contract over $5,000 to the Department of Fair Employment and Housing (DFEH).

## Topic 5 – Report of Independent Contractor(s)

### 9.E5.0 Reporting on independent contractors

California's Unemployment Insurance Code section 1088.8 requires businesses and government entities to report specified information to the Employment Development Department (EDD) on independent contractors. The information gathered as a result of this report assists EDD in locating parents delinquent in child support obligations.

### 9.E5.1 How to report

EDD must be notified within twenty (20) days of either making payments totaling $600 or more OR entering into a contract for $600 or more with an independent contractor in any calendar year, whichever occurs first.

Reports are currently generated by FI$Cal and sent to EDD every 15 days.

### 9.E5.2 Questions

Departments with questions regarding independent contractor determinations should contact either their department's human resources section or EDD for assistance. Departments should also review GC section 19130(c) for compliance.

Refer to Section F, [Resources](#Resources), at the end of this chapter for access to EDD’s webpage.

## Topic 6 - State Agency Recycled Campaign Procurement Report (SABRC)

### 9.E6.0 Report requirements

Departments are required by PCC sections 12200-12320 to report purchases annually to the Department of Resource Recycling and Recovery (CalRecycle) identifying total dollar amounts of all products purchased in each of the 11 reportable categories and the total amount spent on recycled-content products (RCP) in each reportable category.

### 9.E6.1 Reporting

Applicable SABRC purchases made from Statewide Commodity Contracts with a master items shall have corresponding SABRC data updated as part of the master item update process, and thus FI$Cal will automatically capture relevant SABRC activity on these types of purchases.

Purchases made without a master item will require the following SABRC fields to be populated:

1. SABRC reportable
2. SABRC category
3. SABRC subcategory
4. Postconsumer recycled content (PCRC)
5. Total recycled content
6. PCRC source

### 9.E6.2 Reporting tools

CalRecycle provides additional information, guidance, and tools to assist departments in reporting recycle content expenditures. Refer to the resources section at the end of this chapter for SABRC Reporting Guidance and SABRC Reporting Tools.

### 9.E6.3 Due date

Departments are to submit reports to CalRecycle by October 31st for the previous fiscal year purchasing activities and dollars spent, in the 11 reportable categories, for post-consumer recycled content products.

## Topic 7 – Environmentally Preferable Purchasing Report (EPP)

### 9.E7.0 Report requirements

Departments are required to measure, monitor and report progress of EPP purchases pursuant to Executive Order B-18-12 Progress is measured by capturing purchases that meet DGS requirements as referenced in *Chapter 3 Socioeconomic and Environmental Programs Section B, Topic 2 Environmentally Preferable Purchasing.*

### 9.E7.1 Reporting

A report is generated from the FI$Cal system for designated FI$Cal departments. Exempt and deferred departments will submit their purchasing data during their SCPRS upload as described in section 9.E1.2 FI$Cal SCPRS Additional Reporting Requirements. By recording EPP attributes within FI$Cal EPP/SABRC section departments will be able to monitor their progress through FI$Cal reports.

EPP attributes are item and/or contract specific therefore Buyers must list goods separately by item and separate from labor cost. To document an EPP purchases Buyers shall identify the purchase as EPP and record all applicable information:

* UNSPSC
* DGS Purchasing Standard
* Third-Party Environmental Certification(s)
* SABRC Compliant Product
* SABRC Category
* Postconsumer Recycled Content (PCRC)
* Total Recycled Content (TRC)Take-Back Program

### 9.E7.2 Reporting tools

The Department of General Services provides additional information, guidance and tools to assist departments in reporting EPP expenditures.

Refer to Section F, [Resources](#Resources), at the end of this chapter for DGS Buying Green Website and DGS Purchasing Standards.

### 9.E7.3 Due date

Departments are to submit reports through FI$Cal by October 31st for the previous fiscal year on purchasing activities and dollars spent for EPP designated purchases.

# Section F

# Resources – Chapter 9

**A**

Annual Contracting Activity Report Instructions [Link to Webpage](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

Contracting Activity Report (FORM 810) [Form](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

Infrastructure Bond Activity Report (FORM 810A) [Form](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

Consulting Services Report (FORM 810C) [Form](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

SB/DVBE Option & DVBE Incentive Report (FORM 810S) [Form](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

Ethnicity, Race, Gender and Sexual Orientation (ERGSO)

Report (FORM 810E) [Form](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

ERGSO Voluntary Statistical Data Sheet (VSDS) [Form](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Consolidated-Annual-Report)

**C**

Contact Us:

DGS – Buying Green [Link to Webpage](https://www.dgs.ca.gov/PD/Resources/Find-EPP-Goods-and-Services)

DGS – Purchasing Standards [Link to Webpage](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Engineering/Standards-and-Quality-Control-Program)

DGS – Transportation Management Unit [Link to Webpage](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/Transportation-Management)

Employment Development Department [Link to Webpage](http://www.edd.ca.gov/)

Fair Political Practices Commission [Link to Webpage](http://www.fppc.ca.gov)

**F**

FI$Cal SCPRS [Link to Webpage](https://www.caleprocure.ca.gov/pages/index.aspx)

FI$Cal SCPRS Acquisition Methods List [Excel](https://www.dgs.ca.gov/-/media/48AF5632093A4150982BB5D1525858B3.ashx)

**L**

Late Payment Penalties Paid Program [Link to Webpage](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-a-Late-Payment-Penalty-Paid-Report)

**M**

Management Memo 16-03 [Link to Webpage](https://www.dgs.ca.gov/-/media/Divisions/OSPPR/Memos/MM16_03.ashx?la=en&hash=CB2506D278426979AE2BA262EDBD1D2D8E32577E)

**S**

SABRC Reporting Guidance [Link to Webpage](http://calrecycle.ca.gov/BuyRecycled/StateAgency/)

SABRC Reporting Tools [Link to Webpage](http://calrecycle.ca.gov/BuyRecycled/StateAgency/Manual/default.htm)

State Administrative Manual [Link to Webpage](http://sam.dgs.ca.gov/TOC.aspx)

Supplier Performance Reports [PDF](https://www.dgs.ca.gov/-/media/D4EEDFD33E49456C83A0313517DEF659.ashx)

Surplus Property [Link to Webpage](https://www.dgs.ca.gov/OFAM/Services/Page-Content/Office-of-Fleet-and-Asset-Management-Services-List-Folder/Reutilize-State-owned-Personal-Property)