

# GSA Schedule Contract Compliance

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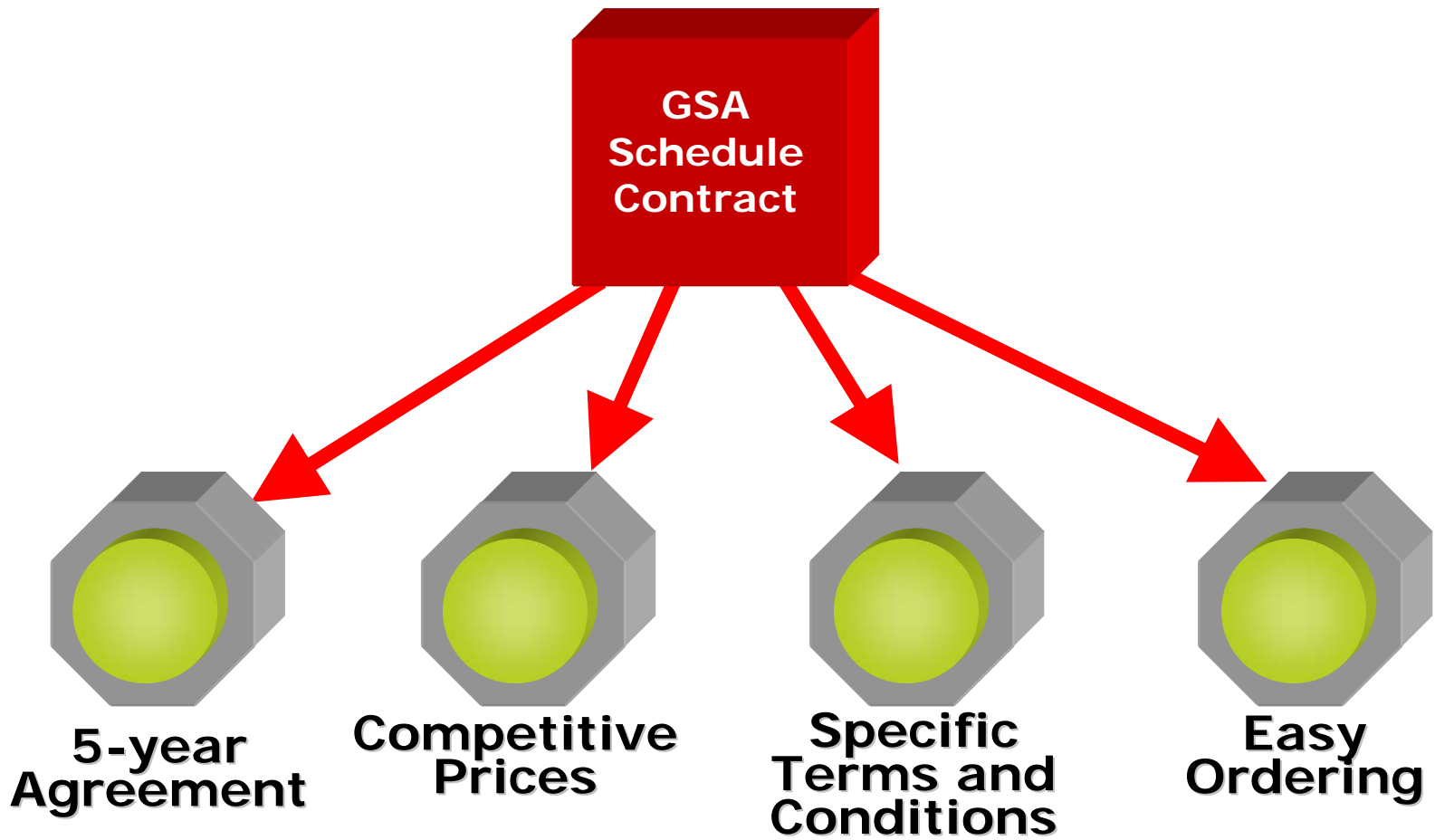
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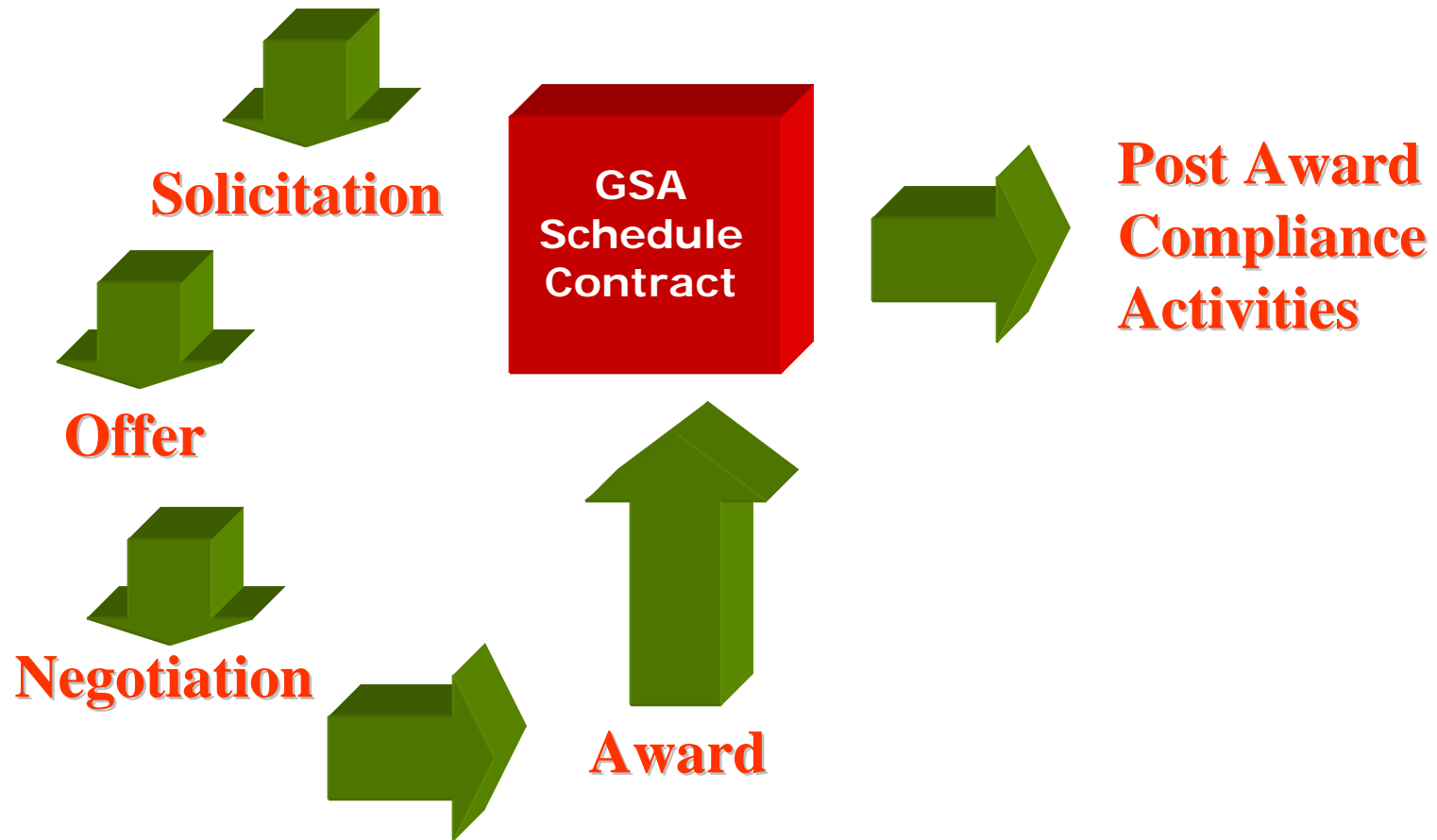
# Schedule Pricing Rules

- GSA Schedule contracts are based on your company's commercial practices
- When submitting an offer or modification you certify your practices
- Practices are represented through disclosure table(s) outlining customer types and discounts each receives
- A Basis of Award customer and discount relationship are agreed upon to set pricing
- Prices include an Industrial Funding Fee for GSA

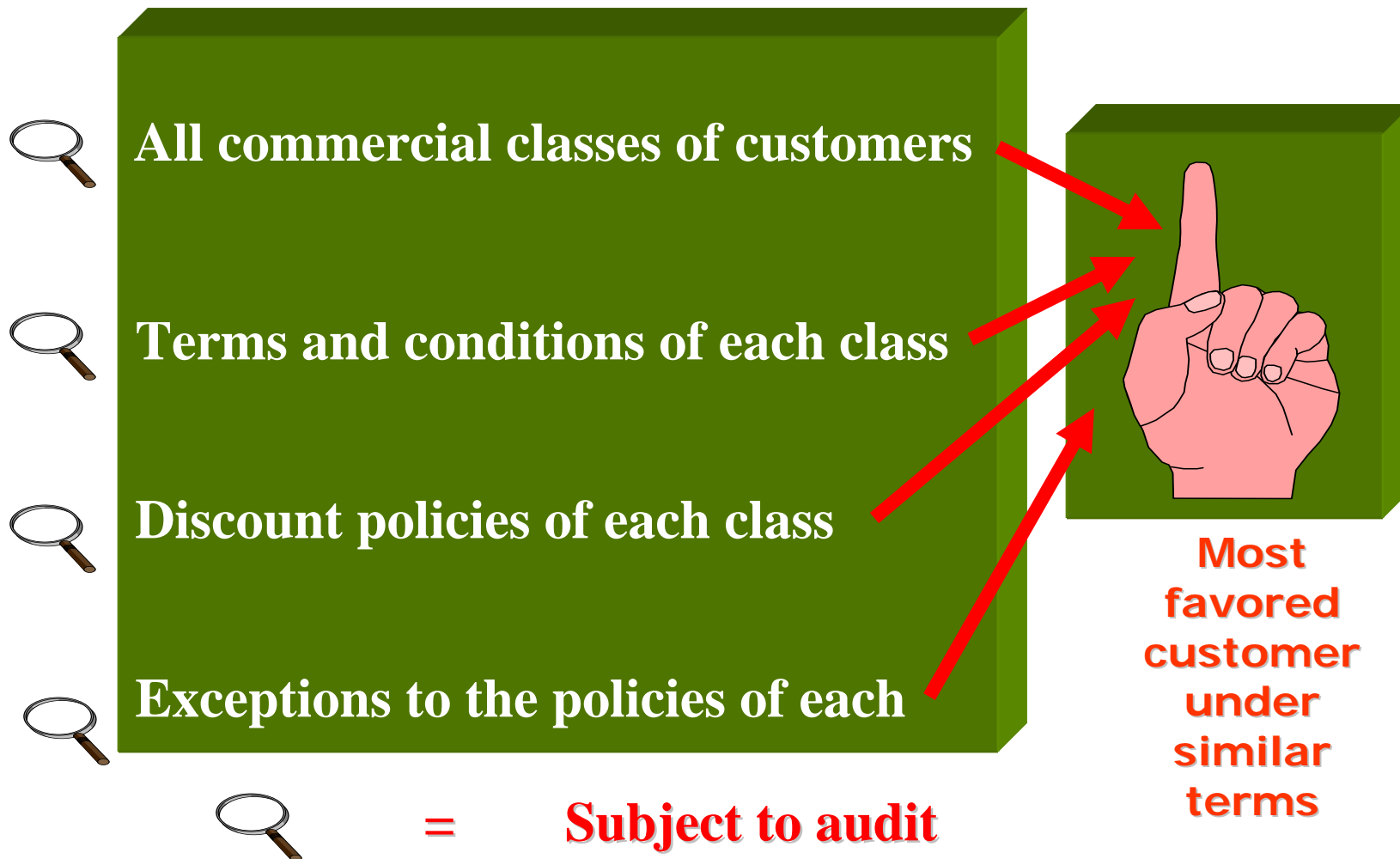


# Getting a Schedule

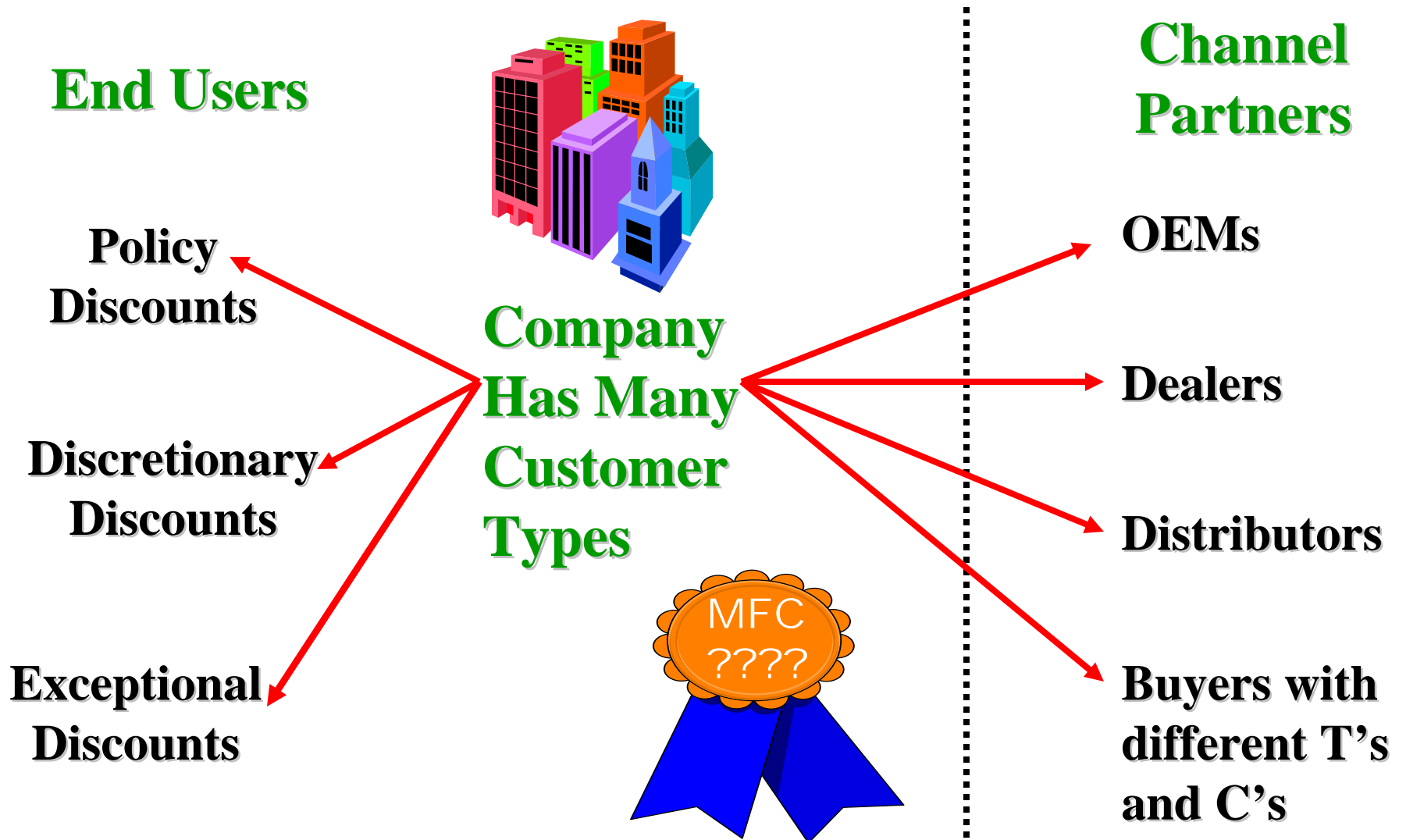
## The General Services Administration



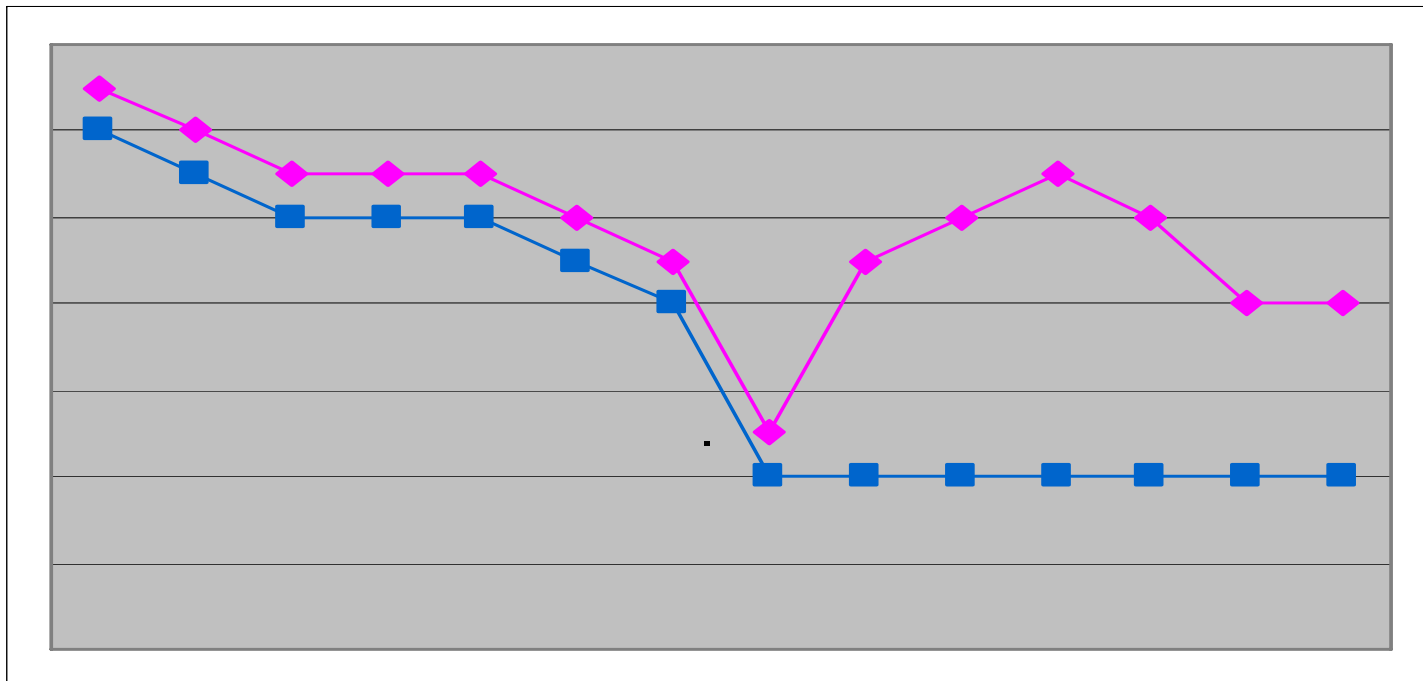
# Discount Disclosures



# Who is your Basis of Award?



# Price Reduction Clause

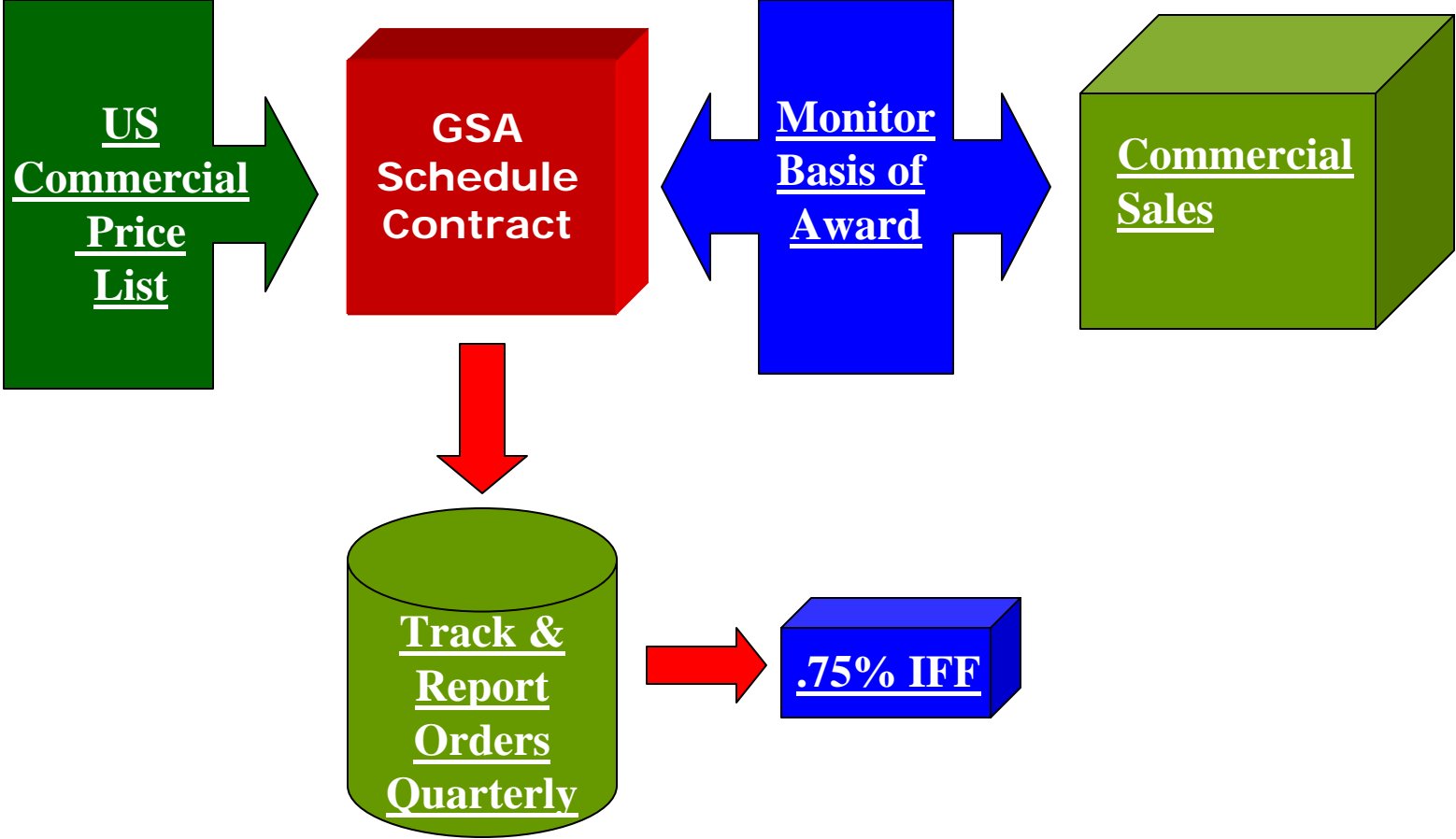


Price to Basis of Award

Price to Government

***The basis of award is often one or multiple direct customer types. A single transaction can disturb relationship and trigger reduction in government price going forward***

# Post-Award Contract Requirements



# More Schedule Rules

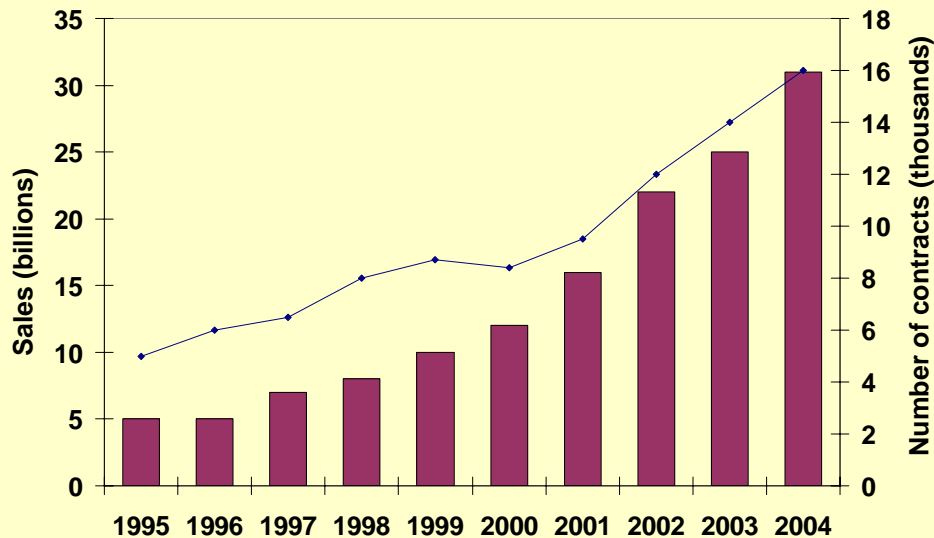
- Taxpayer dollars involved so human resource issues are involved
- Scope – the Schedules are organized around product and service types – Group 70 is Information Technology
- The Trade Agreements Act applies
- Small business subcontracting plans required
- Increasing emphasis on monitoring compliance with other Government mandates like Section 508 and Energy Star



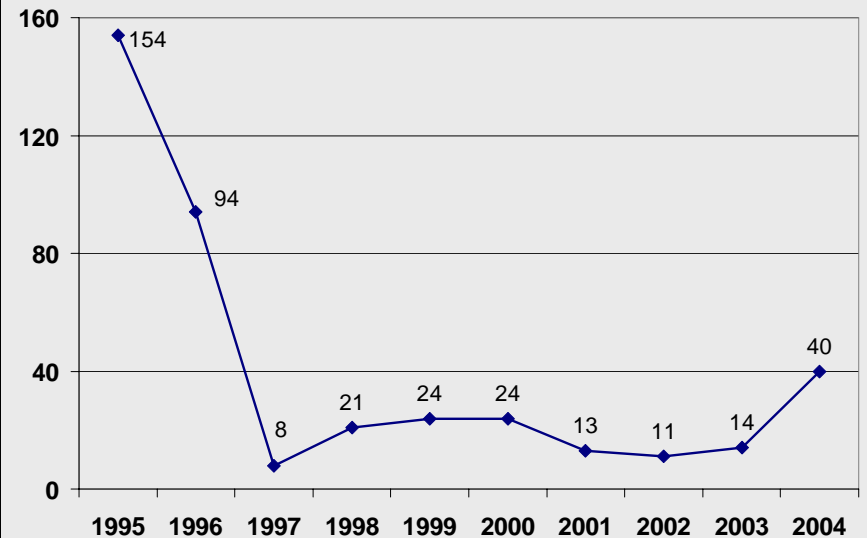
# GSA Schedule Contract Information

*(Congress concerned that audits are not keeping pace with spending)*

**Schedule Sales & Number of Contractors: FY1992-2004**



**Pre-award audits conducted: FY1992-2004**

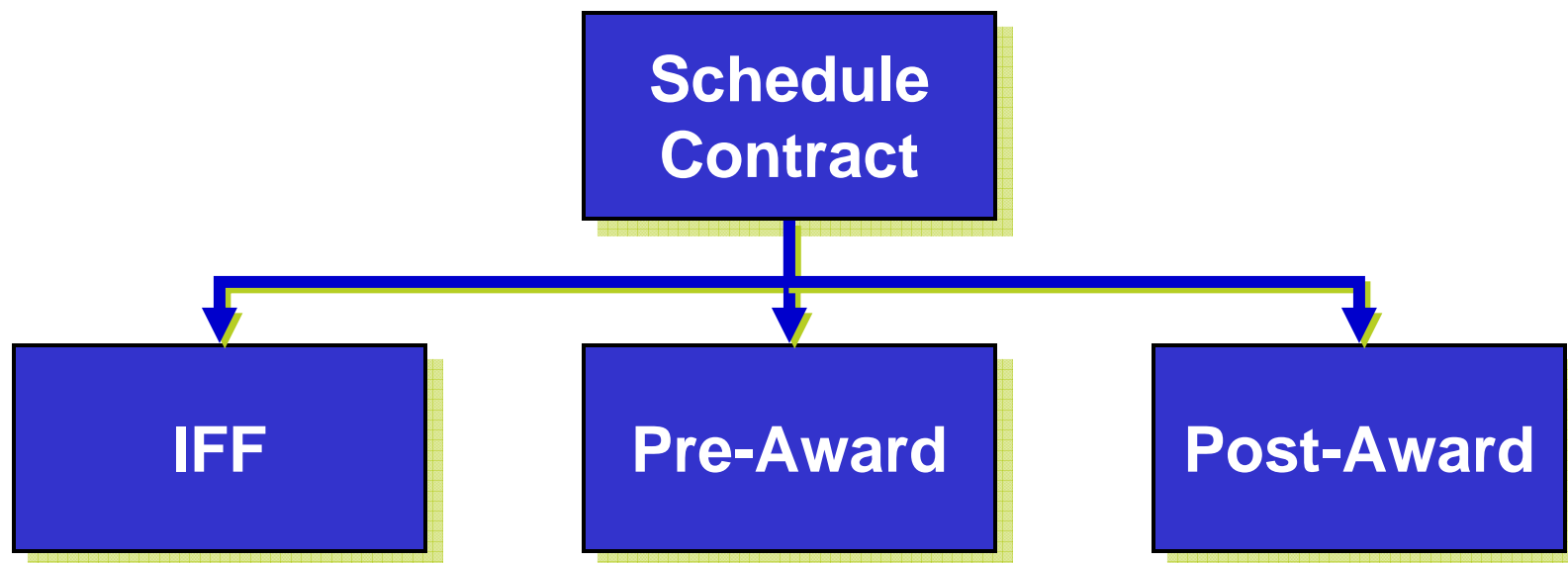


# VA and GSA FY 2004 Audit Rates Comparison

	VA	GSA
Schedules	8	43
Annual Use	\$6B	\$31B
# of contracts	1,400	17,000
Pre-award audits	20	40
Post award audits	20	14

***GSA OIG conducted 49 pre-award audits in first half of 2008. OIG says that for every dollar spent in audits, the government saves \$10.***

# Multiple Award Schedule (MAS) Audit Types



- (.75%)
- Review (no penalties)

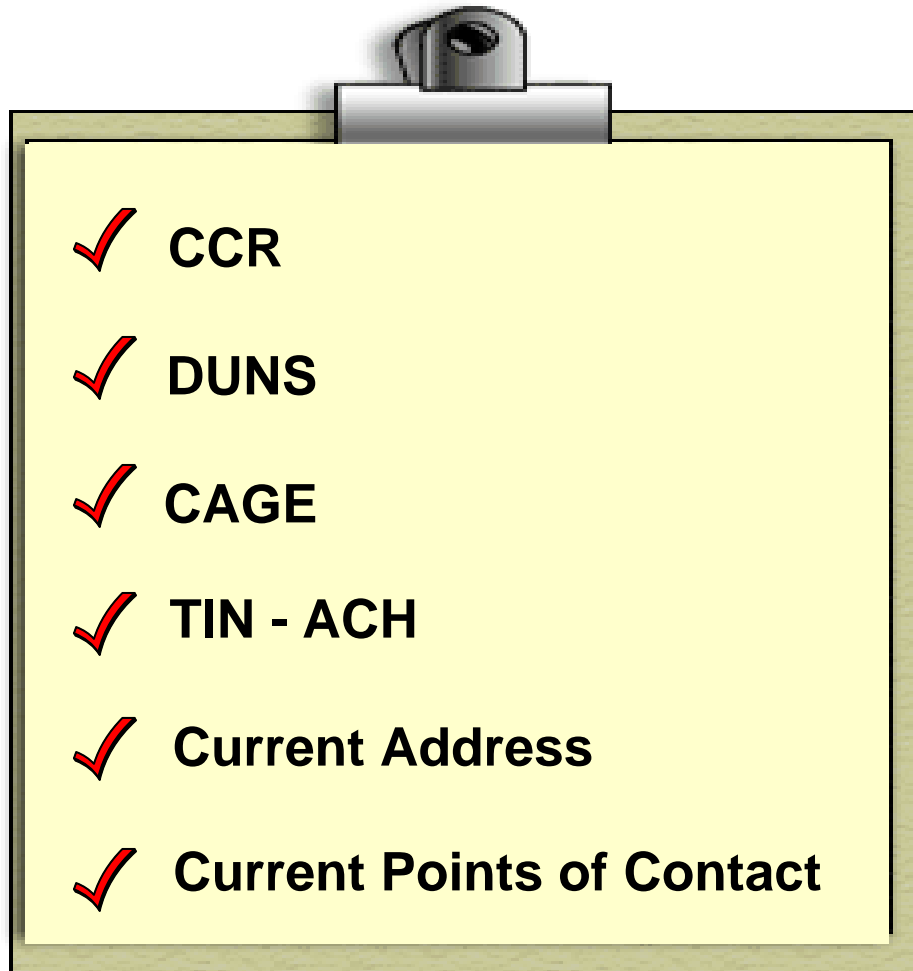
- Truth of disclosures
- No penalties, but can trigger post-award audit on prior period

- Compliance:
  - IFF
  - Price reduction
- Defective pricing
  - False disclosures
  - Treble damages

**One type of audit often leads to the next!**

# Administrative Matters

- Your company must be registered correctly:



## Time for concern:

- Pre-award audit
- Annual review
- Post-award audit
- For each order

# Key Documents

- All official documents expected to be maintained and available



## Efficiencies gained when managed well

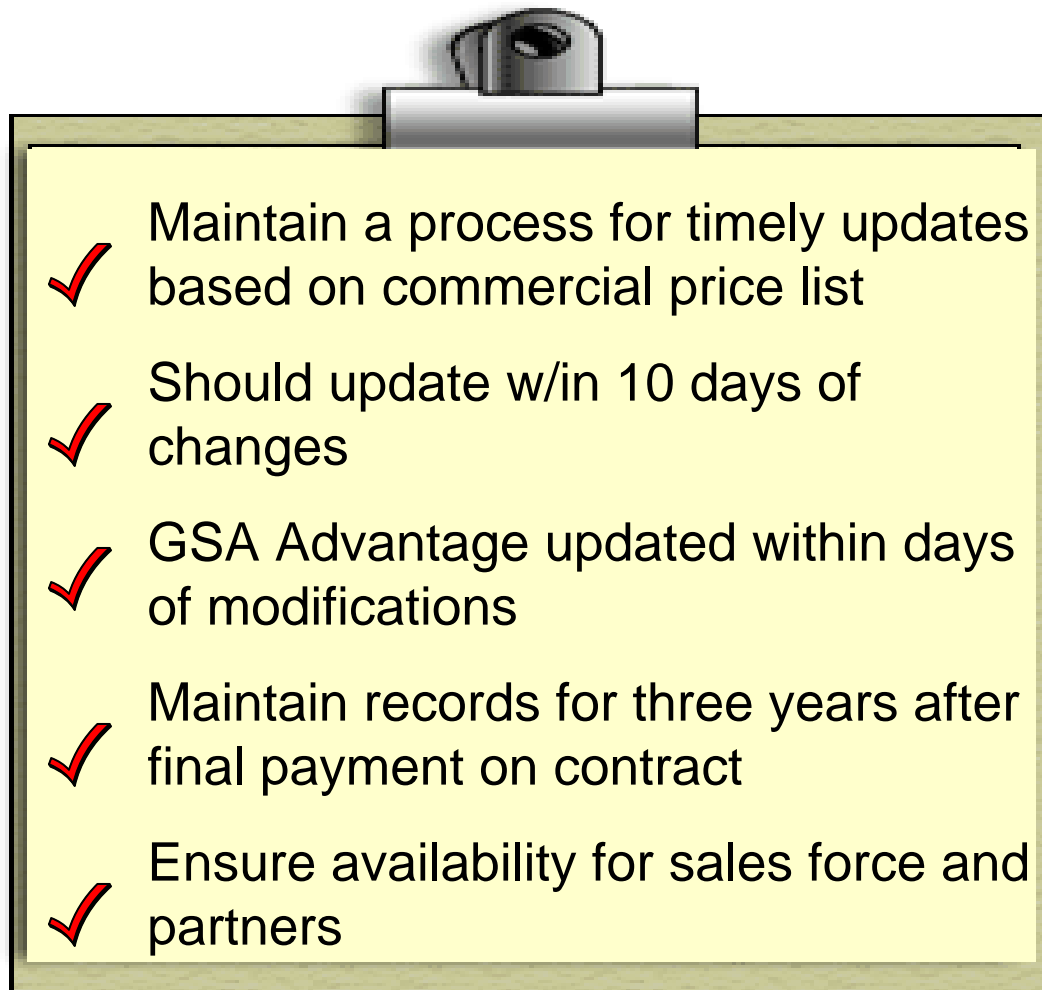
- No loss of time finding correct price list
- No rogue buying or selling
- Clear understanding of contract terms

## Time for concern:

- Annual review
- Post-award audit

# Approved Pricelists

- Important to keep current and archived

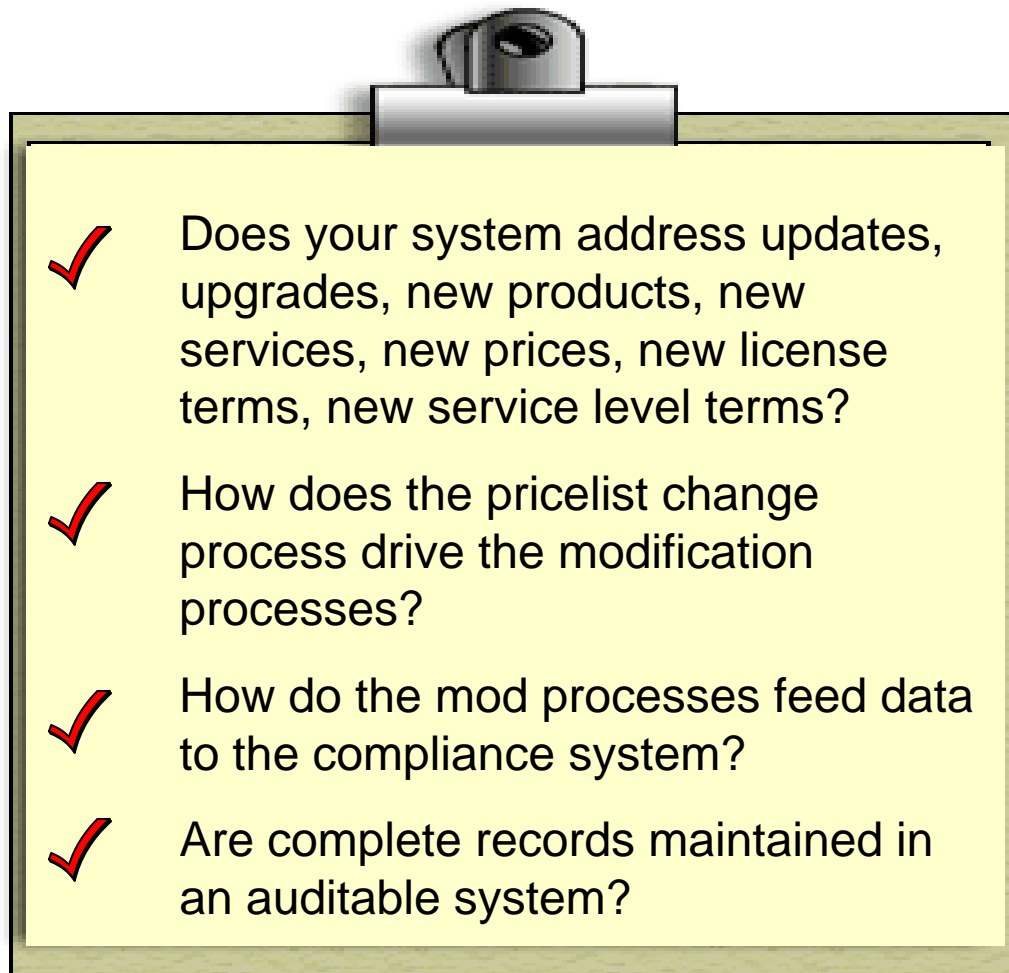


## Time for concern:

- Annual review
- Post-award audit
- For each order

# Contract Modifications

- Modifications must be submitted accurately & timely

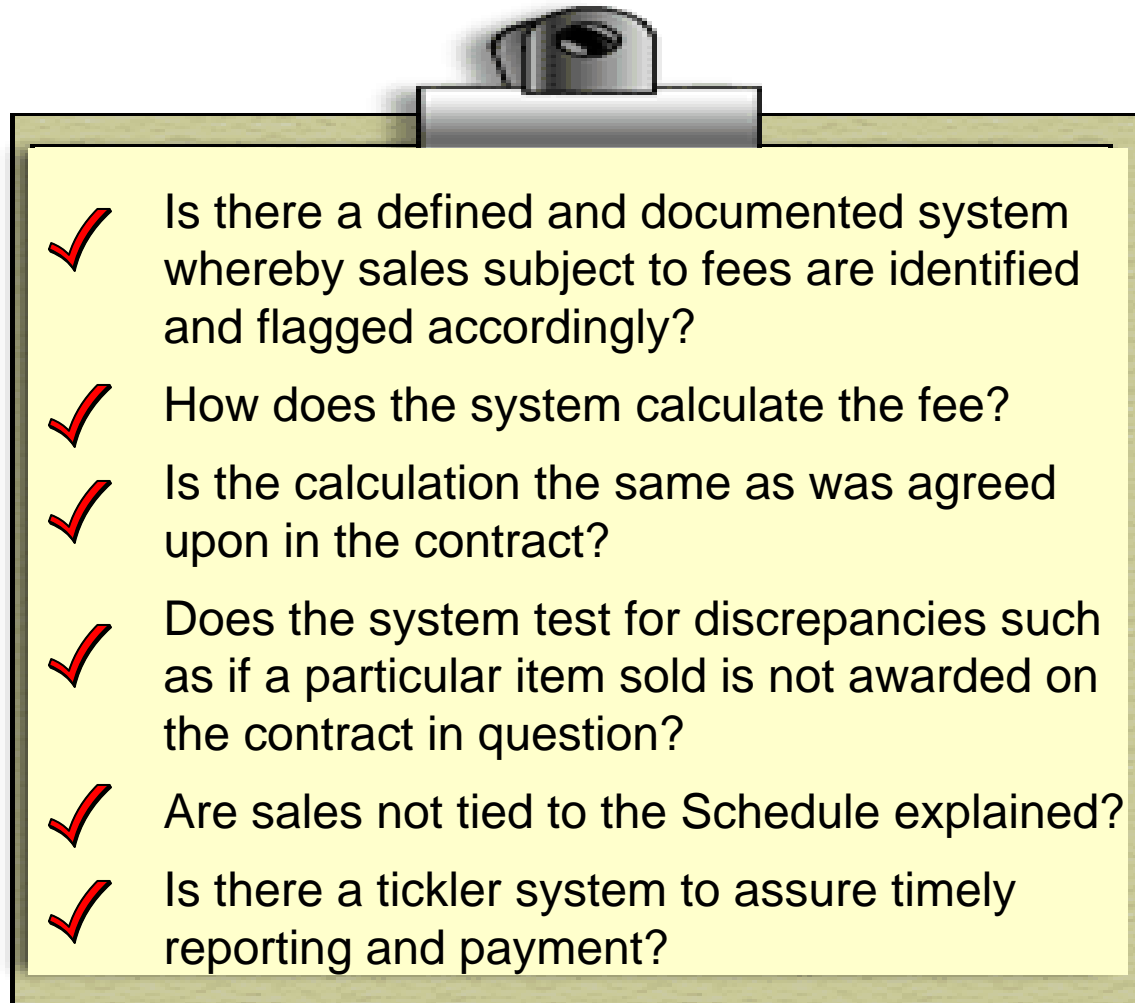


## Time for concern:

- Annual review
- Post-award audit

# Contract Fees

- GSA prices include a fee which must be paid quarterly

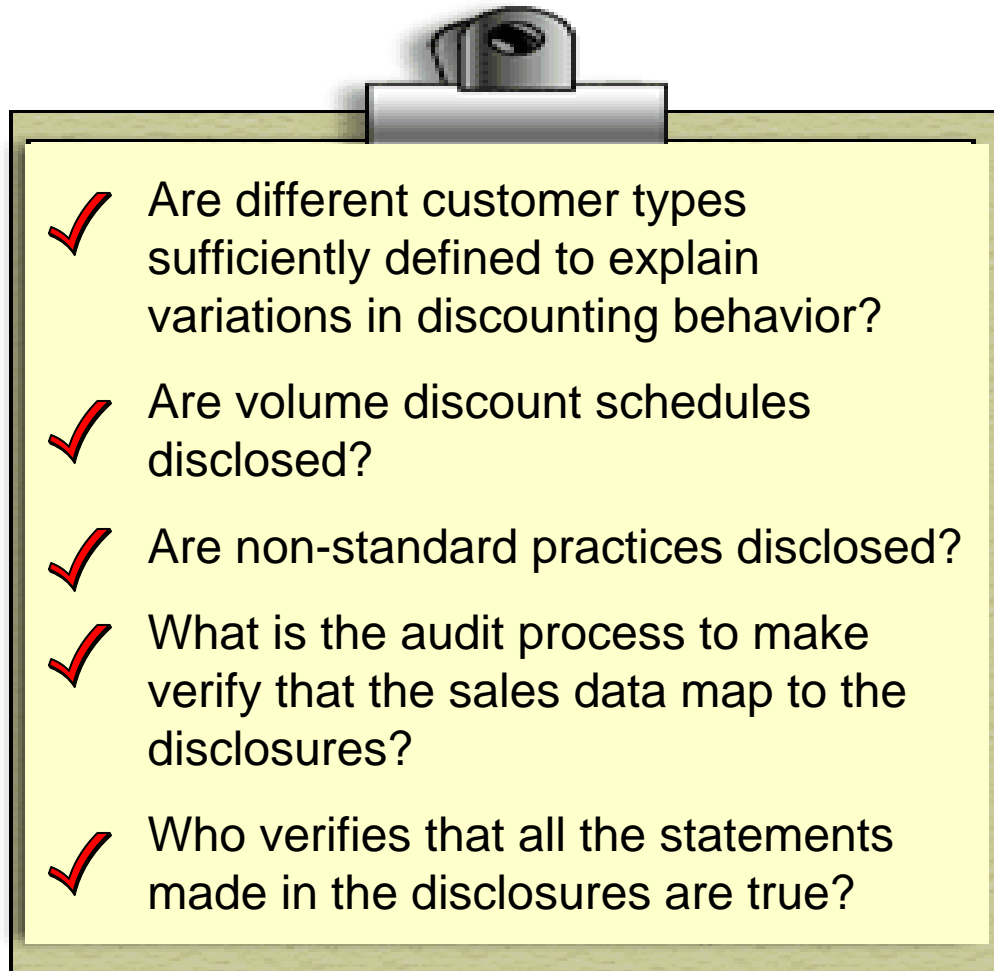


## Time for concern:

- Annual review
- Post-award audit
- For each order

# Commercial Sales Practice Disclosures

- Commercial sales practices are key to pricing and audits

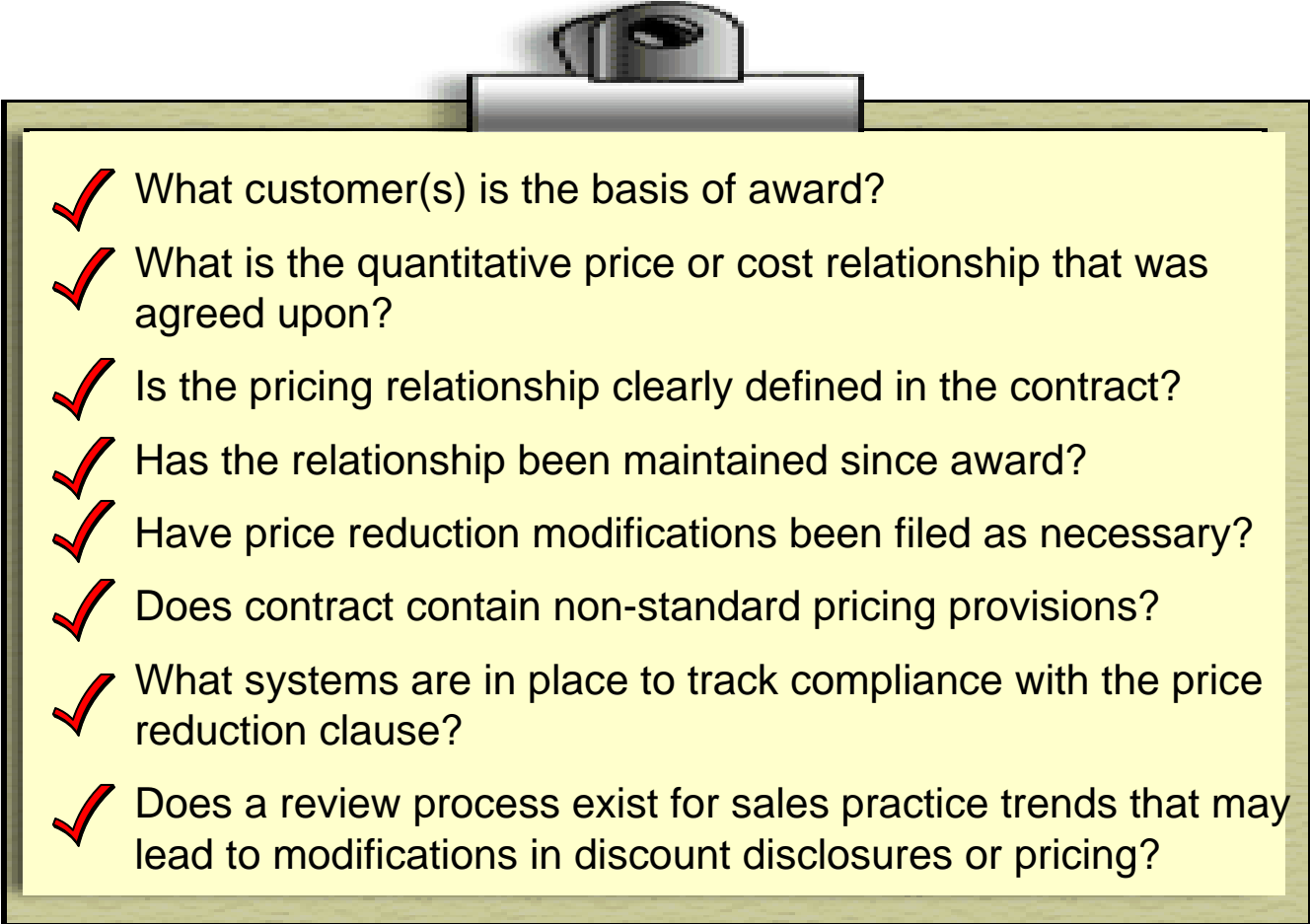


## Time for concern:

- Pre-award audit
- Annual review
- Post-award audit

# Price Reductions

- Pricing is dependant on the basis of award and a discount relationship

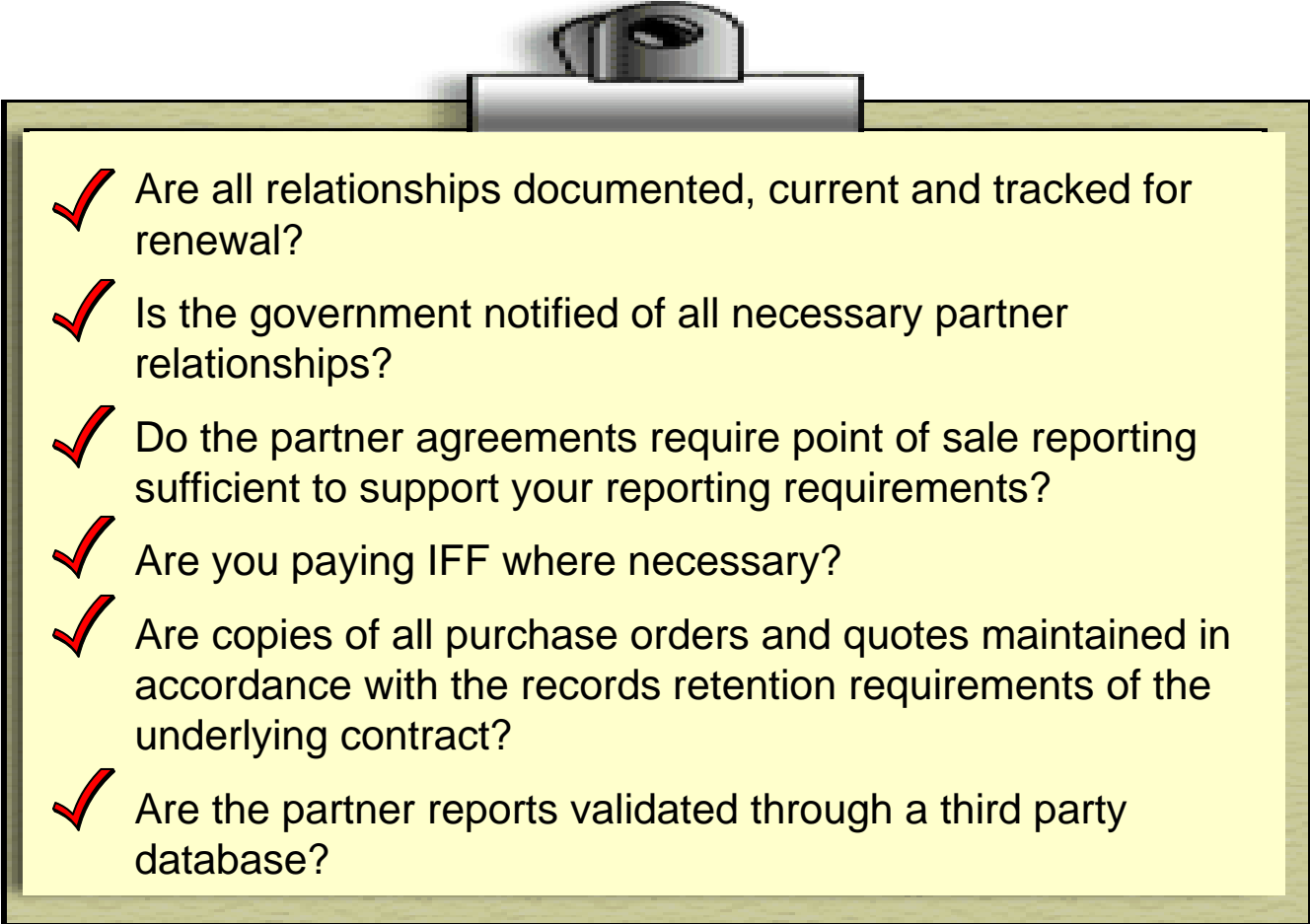
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- ✓ What customer(s) is the basis of award?
  - ✓ What is the quantitative price or cost relationship that was agreed upon?
  - ✓ Is the pricing relationship clearly defined in the contract?
  - ✓ Has the relationship been maintained since award?
  - ✓ Have price reduction modifications been filed as necessary?
  - ✓ Does contract contain non-standard pricing provisions?
  - ✓ What systems are in place to track compliance with the price reduction clause?
  - ✓ Does a review process exist for sales practice trends that may lead to modifications in discount disclosures or pricing?

## Time for concern:

- Annual review
- Post-award audit

# Channel Reporting

- Your partners are possibly your responsibility

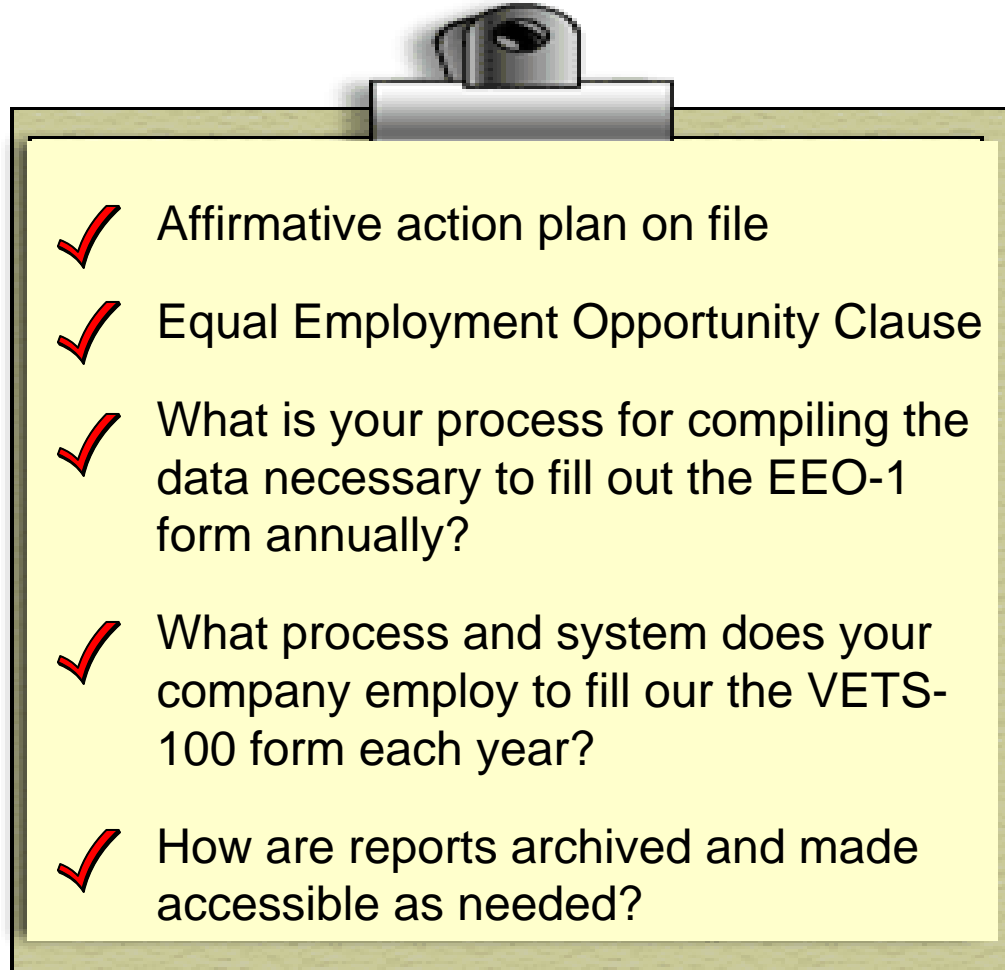
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- ✓ Are all relationships documented, current and tracked for renewal?
  - ✓ Is the government notified of all necessary partner relationships?
  - ✓ Do the partner agreements require point of sale reporting sufficient to support your reporting requirements?
  - ✓ Are you paying IFF where necessary?
  - ✓ Are copies of all purchase orders and quotes maintained in accordance with the records retention requirements of the underlying contract?
  - ✓ Are the partner reports validated through a third party database?

## Time for concern:

- Annual review
- Post-award audit

# Human Resources

- HR considerations are important considerations

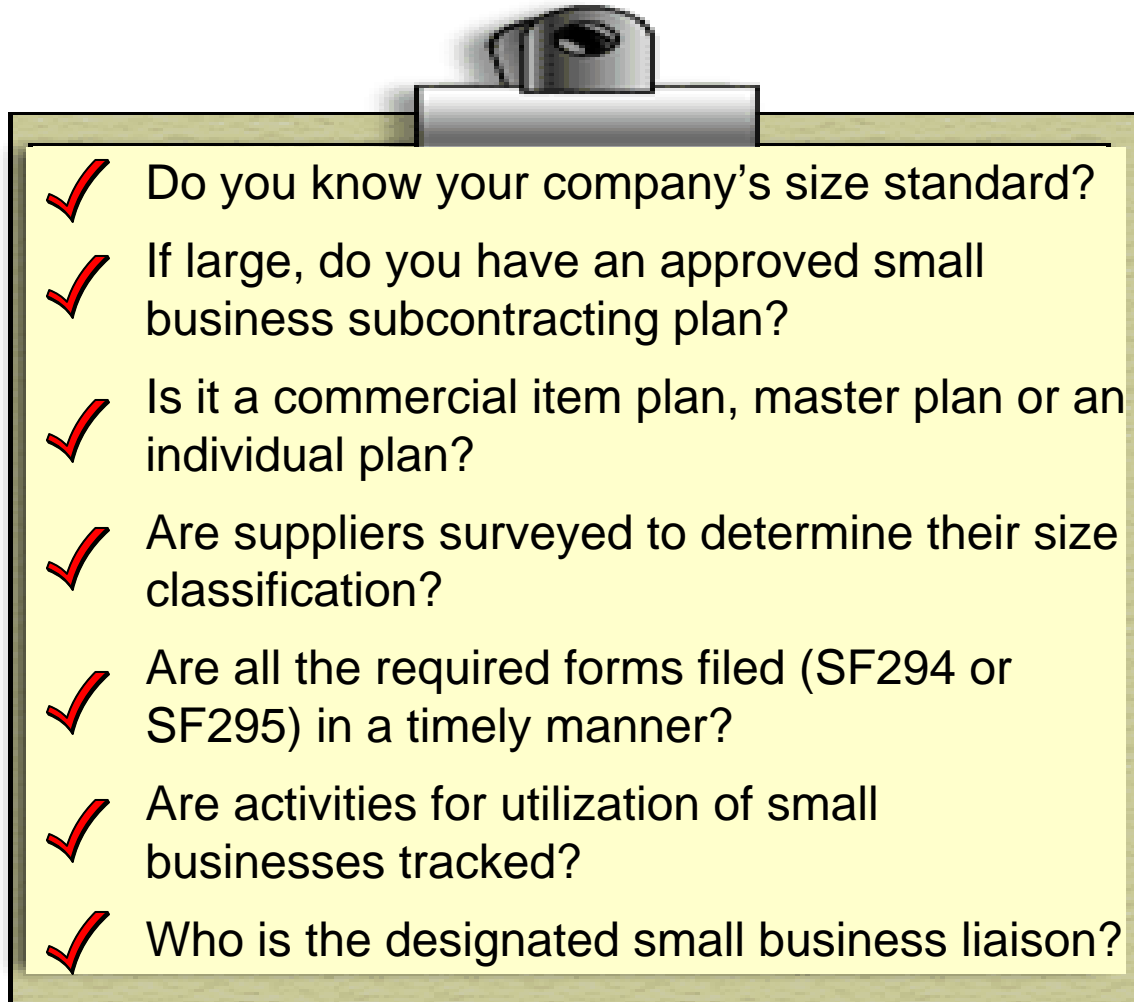


## Time for concern:

- Pre-award audit
- Annual review
- EEO Audits

# Small Business

- Large businesses must maintain a small business subcontracting plan



## Time for concern:

- Pre-award audit
- Annual review

# Terms & Conditions

- The terms & conditions of your schedule contract control all sales

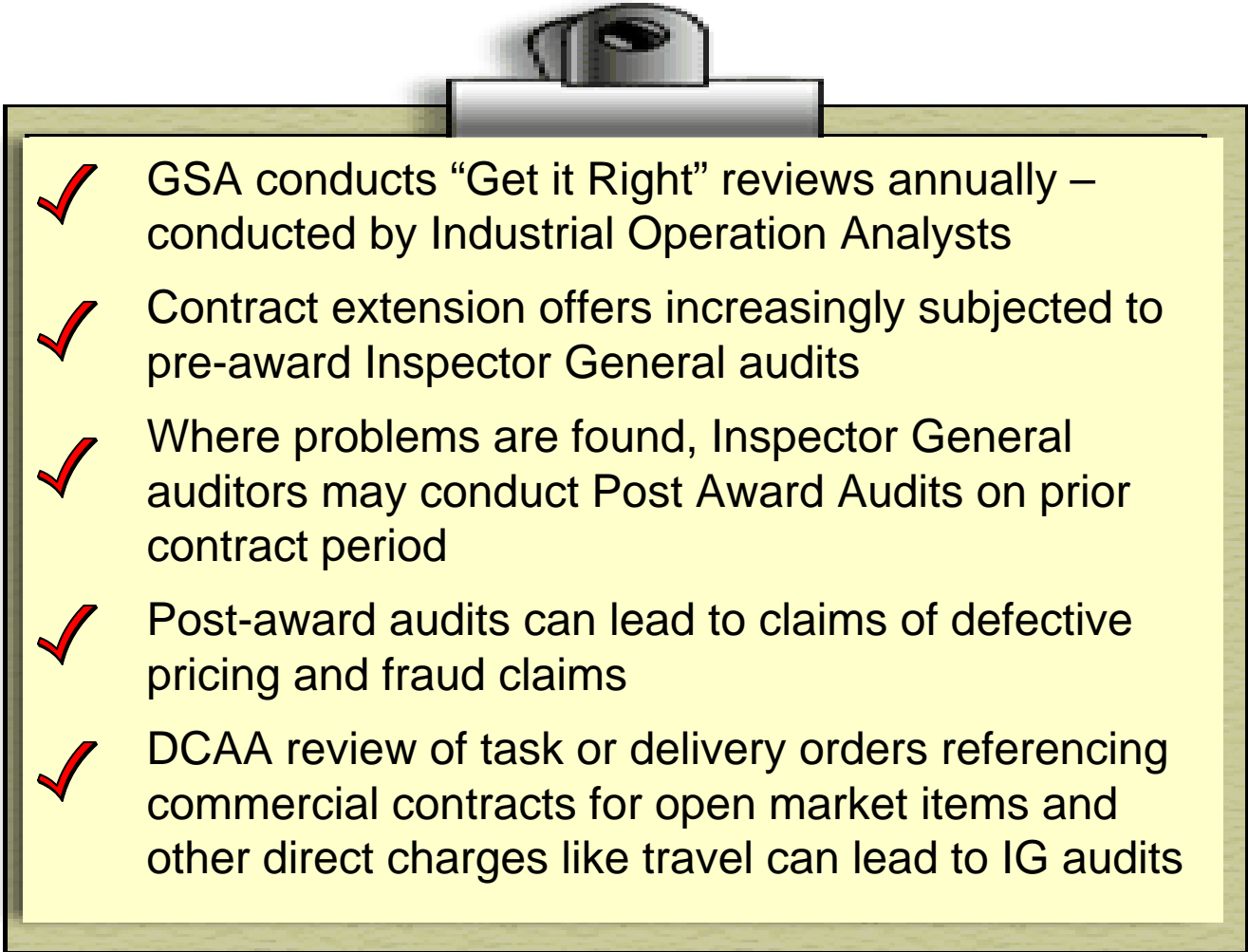


## Time for concern:

- Pre-award audit
- For each order

# Be Prepared

- Contractors should expect annual reviews and increased pre-award audits

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- ✓ GSA conducts “Get it Right” reviews annually – conducted by Industrial Operation Analysts
  - ✓ Contract extension offers increasingly subjected to pre-award Inspector General audits
  - ✓ Where problems are found, Inspector General auditors may conduct Post Award Audits on prior contract period
  - ✓ Post-award audits can lead to claims of defective pricing and fraud claims
  - ✓ DCAA review of task or delivery orders referencing commercial contracts for open market items and other direct charges like travel can lead to IG audits

## Time for concern:

- Pre-award audit
- Annual review
- Post-award audit

# Damages

- IFF
  - Owe fee on unpaid amounts
  - May owe interest
- Price Reductions
  - Owe return of overcharges
  - May owe interest
- Defective pricing/False Claims
  - Three (3) time damages
  - \$11,500 fine per invoice
- Small business subcontracting plan
  - Payment of difference between actual small business utilization and goals



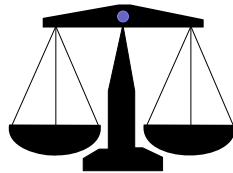
# Penalties and Consequences



**Administrative**



**Civil Fraud**



**Criminal**

# Conclusion

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