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PROCUREMENT TRAINING INSTITUTE

Contract Compliance Monitoring & You

January 21, 2015

Presented by

Contract Compliance Division



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Overview of Presentation



- I. OBO's Contract Compliance Team**
- II. Core Functions**
- III. Departments' role in the monitoring process**
- IV. Opportunities for improved collaboration**

Contract Compliance: Core Functions

On behalf of City Departments, OBO's Contract Compliance Division monitors the compliance of Prime contractors and Subcontractors with governing, statutes, regulation & ordinances, by monitoring the following:

- ❖ Utilization on contracts with goals of :
 - ❖ Minority, Women, Small Business Enterprises (MWSBE)
 - ❖ Persons with Disabilities Business Enterprises (PDBE)
 - ❖ Disadvantaged Business Enterprises (DBE)
- ❖ Payment of Prevailing Wage Rates
- ❖ Equal Employment Opportunity Compliance
- ❖ Provide mediation services for disputes between Primes and certified Subcontractors



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Pre-Contract Compliance Functions



Preliminary Informational Meetings

Pre-Bid Meetings & Pre-Proposal Discussions

- ❖ Hire Houston First provisions
- ❖ MWSDBE Goal
 - ❖ Good Faith Efforts at bid/proposal time
 - ❖ Required forms for construction contracts
- ❖ Wages, if applicable
- ❖ Pay or Play (POP) bid requirements

Preliminary Informational Meetings

Preconstruction Discussions:

- ❖ MWSDBE commitment & deviations
 - ❖ Good Faith Efforts after award
- ❖ Prompt payment
- ❖ Retainage
- ❖ EEO requirements
- ❖ Prevailing Wage Rate requirements
- ❖ Visits to job sites by OBO

Preliminary Informational Meetings

Professional Services & Purchasing:

- ❖ MWSDBE commitment & deviation process
- ❖ Good Faith Efforts & documentation
- ❖ Prompt payment
- ❖ Retainage

Departments' Role



- ❖ Invite OBO to meetings in advance
- ❖ Provide OBO with specifics of contract
 - ❖ Goal for contract & estimated dollar value
 - ❖ Wages, if construction contract
- ❖ Provide OBO with a sign in sheet after meeting
- ❖ Provide OBO a point of contact for project
- ❖ Inform OBO of changes in scope of work throughout the contract



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Equal Employment Opportunity Monitoring



EEO Monitoring by OBO



- ❖ Site visits
- ❖ Bulletin board reviews
- ❖ Workforce composition
- ❖ Project & supervisory meetings minutes
- ❖ Employee complaints

Departments' Role



- ❖ Let us know what Subs are working on the contract
- ❖ Contact us when you get complaints from employees
- ❖ Let us know the work schedules
- ❖ Let us know when work has ended
- ❖ Encourage Prime to contact OBO with compliance questions
- ❖ Help enforce compliance with EEO requirements



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Prevailing Wage Monitoring



Prevailing Wage Rates Monitoring**

Monitor wages paid to employees by:

- ❖ Auditing payrolls for compliance
- ❖ Site visits to observe workers in action
- ❖ Complaints from employees
- ❖ Follow up on payment discrepancies
- ❖ Write underpayments & assess fine(s)

****For construction projects only**

Departments' Role



- ❖ Let OBO know what Subs are working on the contract
- ❖ Contact OBO when you get complaints from employees
- ❖ Let us know the work schedules of contract
- ❖ Let us know when work has ended or put on hold
- ❖ Encourage Prime to contact OBO with compliance questions
- ❖ Help us validate who worked on the project and the work performed



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MWSDBE Goal Monitoring



MWSDBE Goal Monitoring



- ❖ Goals monitored based on Request for Council Action (RCA)
- ❖ Notify certified firms of participation for goal credit
- ❖ Send confirmation letter to Prime of listed Subs
- ❖ Track efforts to use Goal Credit Subs
- ❖ Monitor MWSDBE Utilization Schedule
- ❖ Send letter and/or meet with Prime to discuss efforts if non-compliant



MWSDBE Goal Monitoring Contd.

- ❖ Discuss Good Faith Efforts with Prime if goal is unattainable
- ❖ Evaluate Prime's performance in making Good Faith Efforts to meet goal
- ❖ Perform MWSDBE verification, when requested by Dept.
- ❖ Conduct reviews to validate who performed the work or provided the goods or service

Changes to Listed Goal Credit Subs: Deviation Request Form



City of Houston
Office of Business Opportunity
DEVIATION REQUEST



To: The Office of Business Opportunity (OBO) Director
Date:
Prime Contractor:
Project Description:
Contract Number:
COH Project Manager:
OBO Compliance Officer:

Submitted By (Name and Title):		
Company Mailing Address:		
City:	State:	Zip code:
Contact Phone Number:		

Name of MWSBE Requested to Add	Name of MWSBE Requested to Delete

List subcontractors below that will be used as supplier or manufacturer on this contract.
(Please note that no more than 50% of the MWSBE goal can be satisfied using suppliers).

Summarize why you are requesting a change to you MWSBE participation plan.

What work will the proposed goal credit participant(s) be performing and the estimated payment to each of them?

MWSDBE Utilization Schedule

- ❖ A Schedule submitted by the Prime of projected utilization and projected payments to Subs over the life of the contract
- ❖ If Prime is non-compliant with Schedule, OBO will arrange a meeting to discuss their non-compliance

MWSDBE Utilization Schedule



	A	B	C	D	E	F
1	MWSDBE Utilization Schedule					
2		Status as of: <u>(enter date)</u>				
3		Project Name: <u>(enter project name)</u>				
4		WBS Number: <u>(enter WBS number)</u>				
5		Company Name: <u>(enter construction Company name)</u>				
6						
7						
8	Month	Total	Sub 1 (Enter Name)	Sub 2 (Enter Name)	Sub 3 (Enter Name)	Sub 4 (Enter Name)
9	<u>(enter NTP date)</u>	\$0	\$0	\$0	\$0	\$0
10	<u>(enter NTP date + 1 month)</u>	\$0	\$0	\$0	\$0	\$0
11	<u>(enter NTP date + 2 months)</u>	\$0	\$0	\$0	\$0	\$0
12	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
13	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
14	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
15	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
16	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
17	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
18	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
19	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
20	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
21	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
22	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
23	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
24	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
25	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
26	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
27	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
28	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
29	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
30	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
31	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
32	<u>(continue adding months)</u>	\$0	\$0	\$0	\$0	\$0
33		\$	\$0	\$0	\$0	\$0
34		%	0.00%	0.00%	0.00%	0.00%
35						
36						
37	Contract Amount:	\$1,000,000				
38	Goal %	24.00%				
39	Projected Goal%	0.00%				
40	Goal \$	\$240,000				
41	Project Goal \$	\$0				
42						
43						
44	***Note: Actual dollar amounts are assumed if the date is in the past, otherwise numbers reflect projected dollar amounts.					

MWSDBE Verification Form



- ❖ An assessment of the efforts made by Prime to meet goal
- ❖ Initiated by the Departments for Professional Services and Purchasing contracts
- ❖ Only if the contract is closed can a MWSDBE rating be assessed by OBO.
 - ❖ Departments must verify total paid to Prime
- ❖ Form found on City pointe

MWDBE Verification Form



Interoffice
Correspondence

Request for Verification of MWDBE Participation

To: Carlecia D. Wright, Director of the Office of Business Opportunity
From:
CC:
Date:

Prime Contractor:
Contract/ OA Number:
Start Date: _____ End Date: _____
Contract Description:
Prime Contact:
Prime Contact phone :
Prime Contact Email:
Scheduled MWDBE:
Scheduled MWDBE (\$): _____ Amount paid to Date(\$): _____
MWDBE Goal (%):

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Total MWDBE Amount Paid (\$):
MWDBE Part. Achieved (%):

MWDBE Rating: Outstanding Satisfactory Unsatisfactory

Comments

Departments' Role



- ❖ Remind Prime of the City's commitment to meeting or exceeding the goal
- ❖ If you send compliance-related letters, be sure to include assigned OBO contract compliance officer
- ❖ If meetings are held to discuss goal, be sure to invite OBO
- ❖ If Prime notifies you that they will not meet goal, please direct them to speak with OBO
- ❖ Review project in B2G system and contact OBO with questions about payments
- ❖ Let OBO know when the contract closes (total \$ paid) for compliance rating purposes



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Contract Monitoring System

Contract Monitoring System



- ❖ The Contract Monitoring System (B2GNow) is the system used to monitor and track reported payments by the Prime to all Subcontractors
- ❖ This system stores Subcontractors and Prime contractors contact information, current certification status, and identifies if Subcontractor is included in goal
- ❖ The system will identify the OBO assigned contact
- ❖ All users who are granted access can review the Audit Summary which reflects the Prime's reported efforts to meet the goal and what they have paid their Subs

Accessing B2GNow



City of Houston -- Mayor's Office -- Office of Business Opportunity - Windows Internet Explorer

https://houston.mwdbe.com/TTN=houston

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www.houston.tx.gov > Office of Business Opportunity > Mayor's Office of Business Opportunity System

Mayor's Office of Business Opportunity System

Return Home

OBO Links

- About the OBO Director
- Bulletin Board
- Business Development
- Calendar of Events
- Certification
- Contract Compliance
- Current Contracting Opportunities
- Forms
- Directory of Certified Vendors
- One Stop Business Center
- Pay or Play (POP) Forms
- Publications
- Related Links

System Access Login

Username:

Password:

Login

Forgot Password
Account Lookup
Help/First Time Visitors

- MWDBE/...
- Apply for Certification
- Contact Us & Support
- Information for City staff
- Information For Vendors

The Mayor's Office of Business Opportunity, in conjunction with the Finance and Administration and Information Technology departments, maintains the Mayor's Office of Business Opportunity System. The web-based software system is accessible to all City departments, MWDBEs, contractors and the public; and includes the following key features:

- Enhanced online MWDBE Directory, with key-word search capabilities
- Communication with contractors via email and fax, regarding compliance issues
- Submission of contractors' monthly utilization reports online, and automated tracking of MWDBE goals
- Automatic MWDBE verification of payment notices
- Tracking of MWDBE certification applications from submission to completion
- Flexible reporting capabilities

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Done Internet | Protected Mode: Off 125% 9:32 AM 11/6/2012

E-Mail Address

Password

Searching For Contracts



Search: Contracts

Users | Vendors | **Contracts** | Concessions | Proposals | Outreach | Payments

Search your organization's contract database. Enter information into any of the boxes below and click **Search**. Some parameters are required.

Search First 20 Matches | Search All Matches | Clear Form

Search Parameters

Contract/Reference Number	<input type="text"/> <small>(Contract number, financial system reference, project number)</small>
Contract Title	<input type="text"/>
Containing Text	<input type="text"/> <small>(Contract description, summary, notes, comments)</small>
Contractor	<input checked="" type="radio"/> Prime <input type="radio"/> Subcontractor <input type="radio"/> Either
Buyer/Project Manager	<input type="text"/> <small>(Organization name, contact name)</small>
Compliance Officer	None selected

Search First 20 Matches | Search All Matches | Clear Form

Additional Search Parameters

Diversity Goal	From <input type="text"/> % to <input type="text"/> % <small>(enter values into either/both field(s))</small>
Department	None selected
Contract Type	None selected
Contract Category	None selected
Contract Status	All
Contract Secondary Status	None selected
Commodity Code	<input type="text"/> <small>ADD CODE</small>
Contract Value Range	From \$ <input type="text"/> to \$ <input type="text"/> <small>(enter values into either/both field(s))</small>
Time Frame (mm/dd/yyyy)	Between <input type="text"/> and <input type="text"/> <small>(enter values into either/both field(s))</small>
System Transaction Number	<input type="text"/> - <input type="text"/>

Search First 20 Matches | Search All Matches | Clear Form

Advanced Search Parameters

Contract Payments	<input type="checkbox"/> Calculate and display payments to prime contractors <input type="checkbox"/> Calculate and display payments to subcontractors
Contract Goal Status	<input type="checkbox"/> Calculate and display diversity goals and participation rates <input type="checkbox"/> Display only contracts that are <input type="text"/> missing goal by at least 3% and have been open for at least <input type="text"/> 6 months and prime contractor has been paid at least <input type="text"/> 25% of contracted amount.

City of Houston

- Home
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- PO Payments
- Proposals
- Certification Apps
- Search Results >>
- Reporting >>
- Create >>
- Tools >>
- Settings >>
- Help & Support >>
- Logoff
- Show All Hide All

Logged on as:
Morris Scott,
City of Houston



Departmental Access to B2GNow

To gain access to the system, submit the following to any OBO contract compliance staff member:

- ❖ Name
- ❖ E-Mail Address
- ❖ Phone
- ❖ Fax
- ❖ Department

You will receive an e-mail from the system with your temporary password.

Contract Audit Summary



- ❖ Shows specific info about the contract:
 - ❖ Subs working on contract, including goal credit Subs
 - ❖ Total amount paid to Prime*
 - ❖ Total amount paid to Subs*
 - ❖ Subs certification type being used
 - ❖ How Prime is performing for goal compliance
 - ❖ Contact information for Prime and Subs

** OBO can edit amounts paid if inaccurate*

Contract Audit Summary



Browser navigation bar showing URL: https://houston.mwdbe.com/FrontPage/DiversityMain.asp?XID=6577. Includes navigation icons and window titles for City of Houston and Office of Business Opportunity.

Compliance Audit: Audit Summary for Total Contract

[Help & Tools](#)

Main | View | Settings | Subs | Docs | Change Orders & Task Orders | Alerts | Comments | Messages | Closeout
 Compliance Audit List | Compliance Audit Summary | Compliance Audit FY | Reviews | Site Visits | Reports

4600011295: Construction Management & inspection Services for Water Sewer Facilities Construction Projects. R-000020-00007-4 4600011295
 Prime: IDS Engineering Group, Inc.
 12/21/2011 - 12/21/2014

Status: **Open**
 Current Award: **\$2,126,330**
 Total Paid: **\$732,068**
 Goal: **24.00%**
 % Credit: **23.04%**
 For Credit: **\$168,649**

Audit Summary - Total Contract

	Current Award	Award Percent	Payments	Payments Percent	Difference (Payments - Award)
Prime Contract	\$2,126,330.00		\$732,067.70		
For Credit (3 subs)	\$510,319.20	24.000%	\$168,648.75	23.037%	0.963% below goal
For Credit to DBE Goal	\$0.00	0.000%	\$0.00	0.000%	Goal matched
For Credit to MBE Goal (3 subs)	\$510,319.20	24.000%	\$168,648.75	23.037%	0.963% below goal
For Credit to SBE Goal	\$0.00	0.000%	\$0.00	0.000%	Goal matched
For Credit to WBE Goal	\$0.00	0.000%	\$0.00	0.000%	Goal matched
Contract Progress		34%			
For Credit Progress		33%			

Award values may not match due to differences between overall contract goal and subcontractor assignments.

Not Meeting Goal Letter

Prime Contractor - Total Contract

Prime Contractor	Info	Cert	Inc in Goal	Contracted % Paid %	Paid TO Prime Prime's Share
IDS Engineering Group, Inc. Irene Meadows imeadows@idsengineeringgroup.com P 713-462-3178 Ext. 7180, F 713-462-1631	Info Payments Profile Email	No	No	68.76% 76.96%	\$732,068 \$563,419

Subcontractors - Total Contract (3 subcontractors)

Subcontractor	Info	Cert	Type	Inc in Goal	Contracted % Paid %	Contracted \$ Paid \$	For Credit \$
1 CAS CONSULTING & SERVICES INC Channy Soeur channys@casengineers.com P 512-836-2388, F 512-836-4515	Info Payments Profile Email	✓	Sub 100%	MBE	7.24% 1.88%	\$154,000 \$13,797	\$13,797
1 ISANI CONSULTANTS, L.P. Vincent N. Jacob vjacob@isaniconsultants.com P 713-747-2399, F 713-748-3748	Info Payments Profile Email	✓	Sub 100%	MBE	14.00% 7.79%	\$297,686 \$57,044	\$57,044
1 Kalluri Group, Inc. Ramesh Kalluri rkalluri@kalluri.us P 713-365-9288, F 713-365-0757	Info Payments Profile Email	✓	Sub 100%	MBE	10.00% 13.36%	\$212,633 \$97,808	\$97,808

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Recap of Opportunities for Collaboration



Collaborative Efforts



- ❖ Invite OBO to discuss compliance issues at all preliminary meetings
- ❖ Provide OBO a point of contact for each project
- ❖ Provide OBO with specifics of each contract
- ❖ Provide the work schedules of contract
- ❖ Alert OBO if any information listed in the B2G system is incorrect (*contract, payments made, amount, end date, etc.*)
- ❖ Use Audit Summary to track goal participation
- ❖ Remind Prime of goal commitment
- ❖ If Prime alerts you of difficulties with the goal, notify OBO

Collaborative Efforts Contd.



- ❖ Provide OBO with correspondence sent to Prime regarding goal compliance issues
- ❖ Once OBO sends Prime non-compliance letters, assist with moving Primes towards compliance
- ❖ Inform OBO of changes in scope of work throughout the contract
- ❖ Let OBO know when work has ended or put on hold
- ❖ When contract is completed, submit MWSBE verification request with total paid to Prime and end of service date
- ❖ Assist in validating responses given by Prime for goal shortfalls
- ❖ Contact OBO with questions regarding goal attainment



Pay Or Play (POP)

Created to encourage contractors to either provide health care benefits to employees working on city contracts or pay towards assisting in the healthcare costs for the uninsured in our city.

Pay Option



- ❖ Contribute \$1.00 per regular hour of work performed per covered employee under the contract with the City
- ❖ Provide monthly report on the POP-5 Form listing the names of employees, hours worked, exemptions and amount owed to City
- ❖ Submit an initial report with the second invoice to the department

Play Option



- ❖ Provide health benefits to covered employees
 - ❖ The employer contributes no less than \$150 per covered employee per month toward the total premium cost.
 - ❖ The covered employee contributes, if any amount, no greater than 50% and no more than \$150.00 of the total month premium cost (single coverage only).

- ❖ Provide quarterly reports to the Contract Administrator showing continued proof of coverage on POP-7 Form

Contracts Covered



- ❖ Professional Services Contracts
- ❖ Construction Contracts
- ❖ Service Contracts
- ❖ Contracts valued at or above \$100K including contingencies, amendments, supplemental terms.
- ❖ Subcontracts valued at or above \$200K including contingencies, amendments, supplemental terms.

Exempt Contracts



Any contract in which the primary purpose is procurement of:

- ❖ Property
- ❖ Goods
- ❖ Supplies
- ❖ Equipment
- ❖ Inter-governmental contract, inter-governmental agreement or purchasing cooperative

POP Acknowledgement Form



City of Houston Pay or Play Program Acknowledgement Form

Form POP- 1



It has been determined that the project currently open for bidding meets the criteria of the City of Houston Pay or Play program. This form acknowledges your awareness of the Pay or Play program which is authorized by Ordinance 2007-534. Your signature below affirms that you will comply with the requirements of the program if you are the successful bidder/proposer, and ensure the same on behalf of subcontracts subject to the Pay or Play Program.

I declare under penalty of perjury under the laws of the State of Texas that if awarded this contract which meets the criteria for the City of Houston's Pay or Play Program, I will comply with all requirements of the Pay or Play Program in accordance with Executive Order 1-7.

***Fill out all information below and submit this form with your bid/proposal packet.**

Solicitation Number

Signature

Date

Print Name

City Vendor ID

Company Name

Phone Number

Email Address

Note: For more information contact your POP Liaison or the POP Contract Administrator. All contact information can be found on www.houstontx.gov → Departments → Office of Business Opportunity → Pay or Play.



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Department Involvement



- ❖ OBO provides a staff member who oversees the program
- ❖ Each Department has a POP Liaison to handle monitoring
 - ❖ Engage them as needed
- ❖ Refer to OBO website for additional information
- ❖ Upcoming program enhancements

OBO Contract Compliance Contacts

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832-393-0609

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832-393-0633

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832-393-0631



Questions?

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Thank You.

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