

*The following are responses from six previous presenters to follow-up questions from the Commercial Practices Working Group (CPWG).
The CPWG's questions are in the first column on the left in red and responses are listed (two at a time) in the columns on the right.*

This matrix was developed by the Acquisition Advisory Panel staff from individual responses to the questions in March '06

QUESTIONS	Neil Hassett, United Technologies Corp	Bhavneet Bajaj, TPI
<i>IN NON-COMPETITIVE ENVIRONMENT:</i>		
<i>1. Under what conditions or circumstance do you buy services non-competitively/sole-source?</i>	We are, of course, reluctant to purchase services on a non-competitive basis and when we do, those involved in the procurement must justify the choice of suppliers. The rationale we generally find includes factors such as 1) a supplier’s unique functional or technical knowledge (e.g., proprietary product or service), 2) a Supplier’s unique understanding of our business, 3) the same services not available elsewhere, and 4) a proven history of best-in-class service, quality, rates, or innovation ability. Many of the procurements that we consider to be “sole source” were actually competed in the past and we determine that the costs, including internal, are too high to justify a renewed competition.	We usually don’t advise our Clients to buy services on a sole-source basis in the commercial world. However, there are circumstances where we have to deal with a sole-source environment. This could be for the following reasons: a. Existing Client relationship with a current vendor and un-willingness to switch to a new vendor (satisfied with the current service) b. The only vendor with a viable service offering c. Client Management decision/mandate to work with a specific vendor d. Acquisition and divestiture support of an existing vendor
<i>2. Do you ever just accept a vendor’s rate quote? If so, under what circumstance? If not, what specific analysis do you perform to assure your company is paying a fair and reasonable price? Do you use people w/specific skill-sets to perform this analysis, and, if so, what sort of skill sets do they possess?</i>	A supplier’s price or rate quote is not accepted without analysis. Persons familiar with the market for the services in question use various information sources to accumulate pricing and market data to support negotiations or justify awarding on the quoted rate or price. These techniques vary but, in some manner, all result in gathering prices for similar services charged by other service providers. We use both in-house personnel, and consultants, who are well experienced in the industry. The skill set we look for is an intimate knowledge of the industry. Knowing that the supplier has a published price list is helpful in the analysis and we use a “most favored nations” clause to help “enforce” the level of the price.	Even if the environment is sole-source, we still expect the vendor to provide its rate quotes in a manner consistent with a competitive environment. We still expect to receive fixed prices for service components that are clearly defined. If so, under what circumstances? We will only accept a rate quote for areas where the requirements are not clearly defined and the Client does not know what it wants. In such a case, we would accept the rate quote for the services on a temporary basis, and the vendor will then be obligated to assist the client in defining the requirements. Once that is complete, we will then require a fixed bid. <i>[Q. If not, what specific analysis do you perform to assure your company is paying a fair and reasonable price?]</i> A. Any time a Client receives a sole-source bid, we advise that it should perform at least one of the following analyses: <ul style="list-style-type: none"> • Mark to Market – compare the vendor quote to the cost of service in the market, i.e., other vendors’ offering that service, irrespective of the industry and based on the scope, size and type of service offering • Benchmarking – what are other customers in your industry paying for the service • “Should Cost” – an internal analysis of what the cost of the same service would be from ground up – Do you use people with specific skills-sets to perform this analysis, and, if so, what sort of skill sets do they possess? • Mark to Market – specific companies that have data regarding the cost of services in the market are able to provide this kind of information in relation to the Client environment and service offering. Personnel with financial skills, familiarity with the particular services being analyzed, and access to the company database are required • Benchmarking – a formal process undertaken by a benchmarking firm that has specific data on the industry and the service offering • “Should Cost” – specific companies and people that have the Financial Architect role and understand the particular service offering and cost associated with such service offering are required

<p>3. When you buy services without competition, what specific types of financial or cost or pricing data do you get from the supplier? Do you seek any type of audit rights? If you do obtain audit rights, could you explain briefly what those rights consist of, who performs the audit, and any remedies?</p>	<p>We seldom obtain cost or pricing data of the type that the Government would obtain and focus on “price analysis” rather than “cost analysis”. The rare situations in which we might receive cost data involve a close relationship with the supplier with the arrangement including the sharing of cost savings through joint efforts. The audit rights we obtain in service contracts are related to what we directly receive, such as the number of hours worked and, in some cases, are related to a supplier’s use of our proprietary information. We do not have the right to audit “costs” or overhead rates per se.</p>	<p>Even when we are advising Clients who buy services without competition, we still expect the vendor to provide financial and cost data in a format no different than a competitive bid. The details include:</p> <ul style="list-style-type: none"> • Fixed price components – summary level • Fixed price components – detailed level including, service offering and any related components, geography, business unit etc. • Unit rates for adjustments in changes to resource consumptions • Fixed one time charges for transition and transformation activities – detailed breakout by components (e.g., hardware, software and labor) • Fixed charges for termination for convenience • Cost variance schedules to include scope expansions <p>Audit Rights: Typically, any commercial agreement will seek audits in the following areas:</p> <ul style="list-style-type: none"> • Records Retention • Operational audits • Security audits • Financial audits • SOX Audits • SAS 70 Type II Audits <p>See details below:</p> <p><u>Audit:</u> The Vendor will maintain a complete audit trail of financial and non-financial transactions resulting from the Agreement. The Vendor will provide to Client, its internal or external auditors, inspectors, and regulators access at reasonable times to facilities where either the Supplier or any of its subcontractors is providing Services, to personnel, and to data and records relating to the Services for the purpose of performing audits and inspections of either the Vendor or its subcontractors for any reasonable business purpose, including (i) the accuracy of charges and invoices; (ii) audits and examinations by Client’s regulatory authorities; (iii) for performance to the terms of the Agreement; (iv) for the conduct of Vendor operations and procedures relating to the Services or in Vendor’s performance of the Services; (v) the efficiency of the Supplier in performing the Services; and (vi) for examination by Client of data and records pertaining to Client’s compliance with the Sarbanes-Oxley Act of 2002, as amended from time to time</p> <p>With respect to any proposed adjustments in the charges in connection with a change in the Services, an Extraordinary Event or in termination charges, Client shall have the right to retain an independent Third Party to audit the Vendor's or any of its subcontractor's costs associated with such Adjustment</p> <p><u>Audit Follow-up:</u> The Vendor and Client shall meet to review each audit report promptly and to mutually agree upon an appropriate and effective manner in which to respond to the</p>
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<i>IN A COMPETITIVE ENVIRONMENT</i>		
<i>1. When you buy services, what specific types of financial, cost or pricing data do you get from potential suppliers involved in the competition?</i>	See the answer to number 3, above	Please see response to Question 3 above
<i>2. Do you seek any type of audit rights? If so, can you please explain as requested in Questions 3 above?</i>	See the answer to number 3, above	Please see response above to the audit question. In a fixed price competitive environment, we would negotiate away some of the above audit requirements.

QUESTIONS:	Ronald Casbon, Bayer	David Sides, Basell Polyolefins
IN NON-COMPETITIVE ENVIRONMENT:		
1. Under what conditions or circumstance do you buy services non-competitively/sole-source?	<p>A. The primary reason for buying services without competition is to obtain proprietary technology or know-how that is not available from competitive sources. In addition sole-sourcing may be based on past experience with a contractor and a desire to take advantage of contractor knowledge gained during prior work. Another reason for sole sourcing may involve a need or desire for standardization or even duplication of a process or work product.</p> <p>Finally, long standing relationships that involve a deep understanding of supplier capability, a history of open communications and flexibility in dealing with unforeseen circumstances, honesty and integrity and overall performance on past projects may be a reason for selecting a sole source path on a critical project.</p>	<p>We have a very limited number of preferred partnerships (5 or less) with IT service providers which are based on experience and past performance. These partners, we will use in non-competitive situations where we know the people they bring to the table are very familiar with our business processes (reduces familiarization time/cost of a new supplier); flexibility to negotiate their rates (even non-competitive) are well know; rates are generally more favorable as the supplier wants to maintain a longer term relationship; etc. We do not accept other suppliers on a non-competitive basis and we will always have a portion of the preferred suppliers business in competitive bids, but usually on less mission critical projects.</p>
2. Do you ever just accept a vendor's rate quote? If so, under what circumstance? If not, what specific analysis do you perform to assure your company is paying a fair and reasonable price? Do you use people w/specific skill-sets to perform this analysis, and, if so, what sort of skill sets do they possess?	<p>Q. Do you ever just accept a vendor's rate quote? A. Almost never.</p> <p>Q. If so, under what circumstances? A. On the rare occasions when we have no other options (usually due to proprietary knowledge or technology) we would at minimum evaluate proposals to insure "reasonableness" of quoted rates vs. market rates for similar offerings and negotiate all terms and conditions.</p> <p>Q. If not, what specific analysis do you perform to assure your company is paying a fair and reasonable price? A. Developing and maintaining a market knowledge data base for various types of service offerings that includes current rates in all major markets or geographical areas is helpful in conducting the "reasonableness" assessment. In addition, a carefully structured Request For Information (RFI) from suppliers prior to requesting proposals should include questions that would facilitate a high level analysis of the potential suppliers technical capabilities, efficiency and effectiveness on other engagements, cost structure, and profitability. All of these areas are important considerations in assessing reasonableness of price or rates being proposed.</p> <p>Q. Do you use people with specific skill-sets to perform this analysis, and, if so, what sort of skill-sets do they possess? A. The majority of our major sourcing efforts involve teams led by Procurement and include, Technical, Finance, Operating and End User representatives (and other specific skill sets that may be required) participate in the analysis and selection process.</p>	<p>Even with the preferred suppliers we very rarely just accept their rate quote. We employ IT staff skilled in each area we use the suppliers services, these employees will validate the cost against what is generally available in the market. These skills include Sr project managers who know the market consultancy rates, technical staff who know the cost of implementing a particular technical solution, contracts staff who know the market rates offered for various services; as well as outside firms to validate the cost such as Gartner, TPI, etc. We also perform annual benchmarking on our key service contracts, which each year forces a negotiation to close any gaps between their price and what is consider top quartile for those services.</p>

3. When you buy services without competition, what specific types of financial or cost or pricing data do you get from the supplier? Do you seek any type of audit rights? If you do obtain audit rights, could you explain briefly what those rights consist of, who performs the audit, and any remedies?

Q. When you buy services without competition, what specific types of financial and or cost or pricing data do you get from the supplier?

A. As mentioned above we would normally request an extensive amount of information through an RFI during the vendor qualification stage of a project that enables us to evaluate financial condition and cost structures of the potential suppliers.

Q. Do you seek any type of audit rights? If you do obtain audit rights could you explain briefly what those rights consist of, who performs the audit, and any remedies.

A. Yes. We always demand the right to audit with our own internal auditors or a third party auditor if appropriate. In some cases additional language is included requiring the supplier to reimburse the owner for the cost of the audit if the audit reveals overcharges exceeding an agreed to threshold. A "typical audit clause" included in virtually all of our agreements is shown below:

RECORDS

CONTRACTOR, its subcontractors, suppliers and consultants and its or their affiliates shall maintain a complete, correct and confidential set of records in connection with this AGREEMENT and all transactions related thereto and shall retain all such records for a period of not less than six years after termination or expiration of this AGREEMENT.

OWNER shall have the right, during regularly scheduled business hours, to inspect and audit any procedures, controls, records and accounting of CONTRACTOR, its subcontractors, suppliers, consultants and affiliates that relate in any manner to this AGREEMENT.

OWNER'S claims for omissions, corrections or errors in charges and credits for OWNER'S account and overpayment of amounts billed by CONTRACTOR, its subcontractors, suppliers and consultants and its or their affiliates may be presented anytime during course of the AGREEMENT and before expiration of twenty-four (24) months after termination or expiration of the AGREEMENT. A written response to OWNER'S claim for such omissions, corrections or errors in charges and credits for OWNER'S account shall be made by CONTRACTOR as soon as practical, but in no event later than sixty (60) days from date of presentation of any such claims.

Any amount by which payment to CONTRACTOR by OWNER exceeds the amount due to CONTRACTOR as shown by OWNER'S audit shall be forthwith returned to OWNER. Any amount by which payment to CONTRACTOR by OWNER does not meet the amount due to CONTRACTOR as shown by OWNER'S audit shall be forthwith paid to CONTRACTOR.

CONTRACTOR shall ensure that the foregoing provisions of this article are included in all contracts entered into with any of its subcontractor, suppliers, consultants and affiliates who shall supply any materials, equipment, labor or services to be provided under this AGREEMENT. CONTRACTOR shall require that each such contract provide OWNER the same rights it possesses under this article and that each such contract names OWNER an intended and third party beneficiary.

We are very adamant about time sheets and cost management with the suppliers. In many cases we have found it easier to agree to a base daily rate to cover expenses rather than try to manage details of those expenses. If requested we do get all detailed documentation on the cost and expenses. In many cases we structure fixed price agreements to avoid spending too much time trying to micromanage their cost details. We audit and we also request certification from their financial officers that we are receiving the correct pricing.

<p><i>IN A COMPETITIVE ENVIRONMENT</i></p> <p><i>1. When you buy services, what specific types of financial, cost or pricing data do you get from potential suppliers involved in the competition?</i></p>	<p>RFI' sent to suppliers in the vendor qualification stage of the project would include the following questions:</p> <table border="1" data-bbox="604 175 1868 634"> <tr> <td>Provide a copy of your latest annual report or year end financial statement.</td> </tr> <tr> <td>Detail your company business plan and budget/forecast for the current year and strategic plan for the next three years.</td> </tr> <tr> <td>What is your budget for research and development?</td> </tr> <tr> <td>What was your company's annual gross sales for each of the past three years?</td> </tr> <tr> <td>Describe the range of products/services available from your company.</td> </tr> <tr> <td>Detail your company's percent of sales revenue by general product/service category.</td> </tr> <tr> <td>List principal customers and their percent contribution to sales revenue.</td> </tr> <tr> <td>Provide an organization chart that outlines structure, key departments and hierarchy.</td> </tr> <tr> <td>Do you have any pending litigation against your company?</td> </tr> <tr> <td>Provide information on the supplier diversity program in place, if applicable.</td> </tr> <tr> <td>Describe in detail your support/technical help structure and resources.</td> </tr> <tr> <td>What is your total number of employees?</td> </tr> </table> <p>In addition potential suppliers would be asked to provide a breakdown of the components of quoted hourly rates.</p>	Provide a copy of your latest annual report or year end financial statement.	Detail your company business plan and budget/forecast for the current year and strategic plan for the next three years.	What is your budget for research and development?	What was your company's annual gross sales for each of the past three years?	Describe the range of products/services available from your company.	Detail your company's percent of sales revenue by general product/service category.	List principal customers and their percent contribution to sales revenue.	Provide an organization chart that outlines structure, key departments and hierarchy.	Do you have any pending litigation against your company?	Provide information on the supplier diversity program in place, if applicable.	Describe in detail your support/technical help structure and resources.	What is your total number of employees?	<p>In a competitive situation we try to create a level playing field by defining the key components of the bids. This includes unit prices, both current and forward pricing to build in efficiency gains; clear definition of services and service levels to be met; non-standard service rates; right to benchmark and adjust rates; exit T&C;</p>
Provide a copy of your latest annual report or year end financial statement.														
Detail your company business plan and budget/forecast for the current year and strategic plan for the next three years.														
What is your budget for research and development?														
What was your company's annual gross sales for each of the past three years?														
Describe the range of products/services available from your company.														
Detail your company's percent of sales revenue by general product/service category.														
List principal customers and their percent contribution to sales revenue.														
Provide an organization chart that outlines structure, key departments and hierarchy.														
Do you have any pending litigation against your company?														
Provide information on the supplier diversity program in place, if applicable.														
Describe in detail your support/technical help structure and resources.														
What is your total number of employees?														
<p><i>2. Do you seek any type of audit rights? If so, can you please explain as requested in Questions 3 above?</i></p>	<p>Audit rights are requested from all suppliers in a competitive environment as well as non competitive or sole source situations. The wording of the clause may vary from agreement to agreement but is generally includes the requirements described above.</p>													

QUESTIONS	Robert Miller, Procter & Gamble Company	Robert Zahler, Pillsbury Winthrop Shaw Pittman
<p data-bbox="88 237 594 264"><i>IN NON-COMPETITIVE ENVIRONMENT:</i></p> <p data-bbox="88 272 647 378"><i>1. Under what conditions or circumstance do you buy services non-competitively/sole-source?</i></p>	<p data-bbox="680 272 1567 391">We buy services from a sole source only when we have virtually no other options. This situation may be due to a supplier having a unique technology, service, capacity or skill, but otherwise, we look to the dynamics of the marketplace to yield the best results.</p>	<p data-bbox="1593 272 2507 667">Our consistent advice to our clients has been that, absent special circumstances, competitive procurements (rather than non-competitive or sole-source procurements) produce substantially better results. This means not only lower prices, but also more flexible terms and conditions, greater risk assumption by suppliers, and use and deployment of better, more creative and more talented supplier personnel. As a result, competitive procurements provide meaningful benefits to our clients, especially during times of significant business or technological change. These benefits are even more important when services are procured (rather than more definable products) because in such circumstances it often is difficult to understand the scope of services being proposed or the price to be charged in the absence of alternative, competitive proposals from multiple suppliers. Often the competitive procurement is a competition among differing technical and commercial solutions that cannot occur in a sole-source environment.</p> <p data-bbox="1593 699 2507 818">Having said all that, in a surprising large number of cases our clients (many of whom are very large and sophisticated organizations) nonetheless choose to procure these services in a non-competitive or sole-source manner. When they take this path, the reasons often provided include the following:</p> <ul data-bbox="1593 826 2507 1159" style="list-style-type: none"> <li data-bbox="1593 826 2507 883">• There is not sufficient time to prepare a request for proposal (RFP), solicit bids, evaluate the bids, select a winning supplier and negotiate a contract. <li data-bbox="1593 891 2507 972">• The work to be performed is similar to work already being performed by the supplier, or is a follow-on project, and it makes little sense to competitively procure the service. <li data-bbox="1593 980 2507 1037">• The service sought is unique, I already know with whom I want to do business, and there is no business benefit to conduct a competitive procurement. <li data-bbox="1593 1045 2507 1159">• The type of service relationship I am seeking is a close, collegial relationship, a single supplier and I need to work together to hand-tailor this relationship, and a competitive process will interfere with the “intimate” relationship I seek from the supplier. <p data-bbox="1593 1167 2507 1256">A corollary reason to that stated just above is that the service is to be provided by a joint venture I am forming with the supplier and in that context a competitive procurement is not relevant.</p> <ul data-bbox="1593 1265 2507 1354" style="list-style-type: none"> <li data-bbox="1593 1265 2507 1354">• The supplier has told me that if there is a competitive procurement they will not bid, or, alternatively, the supplier is prepared to offer me its best price but only if I do a sole-source procurement.

2. Do you ever just accept a vendor's rate quote? If so, under what circumstance? If not, what specific analysis do you perform to assure your company is paying a fair and reasonable price? Do you use people w/specific skill-sets to perform this analysis, and, if so, what sort of skill sets do they possess?

We virtually never just accept a vendor's rate quote. We do have experts to negotiate, analyze and strategize as to what is a reasonable and aggressive price from a vendor. In some rare cases, we may end up accepting the vendor's original quote although this is only done after hard negotiations and thorough analysis that leads us to conclude this is the best arrangement possible.

For the types of outsourcing transactions we work on, supplier prices are usually stated on a time-and-materials (T&M) basis or on a fixed-price basis. For T&M work, the key pricing metrics are the position description, the rate associated with the position and the estimated price for the work. T&M bids also often include not-to-exceed prices (caps) that either are binding upper charges (almost like a fixed-price) or that require notice and approval before continuing work can exceed the cap. Hardly, ever do our clients accept T&M bids without further analysis and negotiation. This analysis and negotiation typically includes all the elements described above. Our clients review the position descriptions to make sure they understand and agree with the background, experience and seniority characteristics proposed by the supplier for each position. They review proposed rates for the various positions and compare them to comparable rates they may have received from the same supplier on a different project or to comparable rates they have received from different suppliers on other projects. And, they will look to entities like Pillsbury Global Sourcing to provide them some level of "benchmarking" of the proposed rates against general industry rates. Usually, T&M rates among various suppliers are fairly comparable.

Bigger differences in total cost arise from the number of hours estimated by the supplier to do the work and the mix of senior and junior people employed on the project. In the sole-source environment, it is especially difficult to review, analyze and (if appropriate) challenge the supplier's estimated hours for performing the work. In such cases our clients attempt to get comfortable with the total estimated price of the project based on other comparable projects the client may have performed or based on general industry data advisors like Pillsbury Global Sourcing can provide. People providing these types of reviews of T&M bids, whether in-house at the client or with outside advisors like Pillsbury Global Sourcing, are those who have experience in comparable transactions and can bring the pricing experience from those other transactions to the present procurement. In essence, clients reviewing T&M bids in a sole-source environment substitute the prior knowledge and experience of personnel working on comparable transactions for the comparisons among alternative suppliers that would take place in a competitive procurement.

For fixed-price work, the key pricing metric is the division of the project into a small number of well-defined deliverables for which a fixed price is assigned. In cases where the work to be performed has well-identified volume characteristics, the fixed price may consist of a fixed base price and a variable fixed-unit price based on volume. In those situations, it is important to define what is included in the fixed base price, what the volume metrics are, and what the fixed-unit rates (prices) are for each volume metric. Regardless of whether the fixed price is deliverable based or consists of a base charge and volume charge, our clients will hardly ever accept the proposed price without undertaking some level of analysis, review and potential negotiation. In some respects, doing this work on a fixed-price, sole-source bid is more difficult than for the comparable analysis for a T&M bid. This is because for fixed-price bids suppliers almost always will refuse to provide underlying cost data

		<p>that they may have used to develop the fixed-price bid. And, it often is difficult for our clients to estimate what the supplier's reasonable costs may be to perform the work covered by the fixed-price bid. In comparison, it is much easier for our clients to estimate labor costs by labor category (or position) in a T&M bid and to make reasonable judgments about the appropriateness of estimated hours to perform the work. Nonetheless, where possible our clients seek to assess the reasonableness of a fixed-price bid. Where there is a significant history of providing similar services, then "benchmarking" data (either formal or more informal, anecdotal information) can and is used by the client to assess the reasonableness of the fixed-price bid</p>
<p><i>3. When you buy services without competition, what specific types of financial or cost or pricing data do you get from the supplier? Do you seek any type of audit rights? If you do obtain audit rights, could you explain briefly what those rights consist of, who performs the audit, and any remedies?</i></p>	<p>We generally seek as much financial, cost or pricing data as we can obtain from the supplier but what we are in fact able to obtain is often a function of the negotiating leverage of the parties and industry practices. Some vendors with agreements that are essentially cost plus arrangements will provide extensive data whereas most larger companies will not provide their own cost data.</p> <p>We do regularly seek audit rights to ensure that services are being properly rendered and we are being charged appropriately. We generally have in-house audit personnel that can do these reviews, but sometimes vendors will object to our internal personnel doing this work, and we then seek a mutually acceptable third party to do these reviews.</p>	<p>My response to Question 2 above describes the types of financial, cost and pricing data our clients typically review for both T&M and fixed-price bids. Audit rights in the private sector are, I believe, materially different from what is expected and required in the federal government sector. Most suppliers draw a very clear line between cost data (meaning their internal costs to produce the service) and price data (meaning the amount they propose to charge the client for delivering the service). In general, suppliers will resist attempts to provide cost data or to allow audit of cost data. In the very few cases where we have structured cost-plus type arrangements (and, I would add, most of such arrangements have had very unsuccessful implementations) then cost data with full rights to audit have been provided. In that case, the auditor is usually a well-respected, independent third party. In the more typical T&M or fixed-price bid, there usually is no right of access to cost data and obviously no right to audit such cost data. Rather, contracts having such pricing provisions will specify in some detail the information to be included in the monthly invoice. For a T&M arrangement, this likely will involve hours worked by employee, work performed, rate charged and total cost.</p> <p>There is, typically, a right to a financial audit meaning in the case of the T&M arrangement the right (if desired) to audit time sheets or other material establishing the hours worked by each person and, if expenses are added on, to audit the expenses and whatever markup (if any) was applied to those expenses. Client personnel are often permitted to perform this type of audit. In a fixed-price arrangement, the monthly invoice will include information on the work accomplished or deliverables provided and accepted, and, if there is a base charge and volume component to the charging mechanism, the units expended, the rate charged for each unit, and the total charge for that unit pricing metric. Rights to audit would include the right to audit that the work was in fact performed, or the deliverable was in fact accepted, or the volume-based units were in fact expended for legitimate client purposes. Again, client personnel would typically perform this type of audit. Sometimes, these agreements will include either a "most favored customer" clause or a benchmarking clause. In either case, rights akin to an audit typically allow a client to determine whether it is in fact receiving "most favored customer" treatment or if the amounts it is being charged need to be adjusted pursuant to the benchmarking provision. These types of audits are usually performed by independent third parties with recognized expertise in the area.</p>

<i>IN A COMPETITIVE ENVIRONMENT</i>		
<i>1. When you buy services, what specific types of financial, cost or pricing data do you get from potential suppliers involved in the competition?</i>	We seek to gather as much financial and cost information as is obtainable from potential suppliers which will enable us to do a thorough analysis to ensure we are getting the best combination of quality, service and pricing. This data enables us to do a deeper dive analysis and be able to rationalize and aggressively negotiate the supplier's bid.	In a competitive competition, we would work with our clients to ensure that a useful pricing worksheet is provided as part of the RFP so as to get pricing information in a form that makes comparisons among bidders as easy and straightforward as possible (without pricing ambiguities that make comparisons difficult). The information sought would generally be very similar to the information described in the response to Question 2 above. So for a competitive T&M bid, the pricing worksheet would describe labor categories or positions and seek rate information and estimated hours, resource loading and total price estimates. For a fixed-price bid, deliverables would be defined and prices for successful completion of each deliverable would be requested. Where a base price and volume unit pricing approach is followed, the worksheet would seek definition of what is included in the base price and would likely specify the unit pricing metrics (with very specific, detailed and hopefully unambiguous definitions for those metrics) and would seek information about unit rates and (if appropriate) baseline volumes above and below which the unit prices would apply.
<i>2. Do you seek any type of audit rights? If so, can you please explain as requested in Questions 3 above?</i>	We seek audit rights of the type outlined in #3 above.	Rights of audit for a competitive procurement typically would not be any different than the audit rights described in response to Question 3 above for non-competitive procurements. Especially during the procurement phase, the alternative prices being submitted by the competitors (rather than audit rights) would provide sufficient information to assess, analyze and negotiate price during the procurement process.