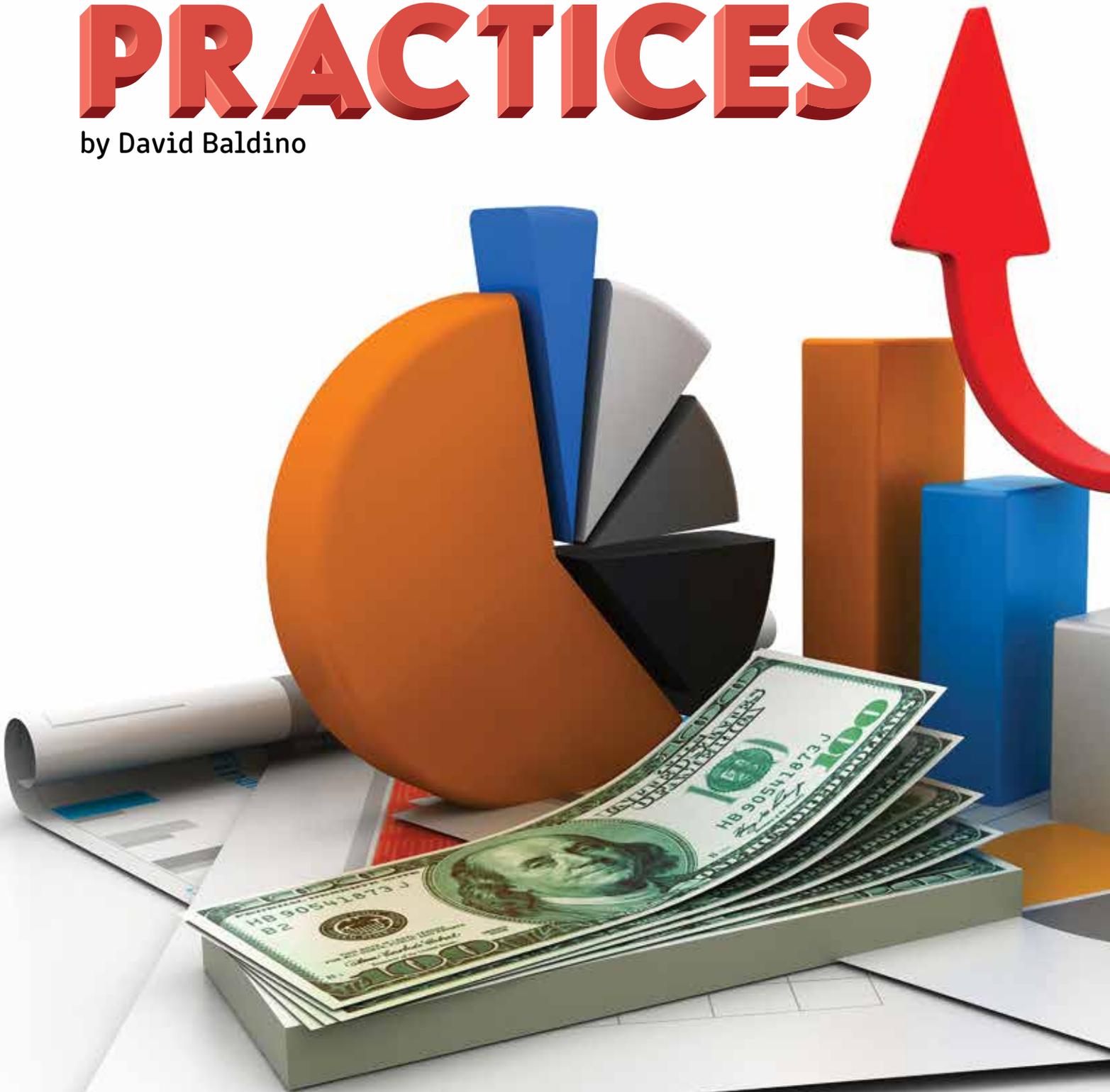


State and Local
Sales Reporting:

BEST PRACTICES

by David Baldino



Whether you are a federal or state and local contractor, you are required to submit a sales report to not only fulfill your contractual duty as a vendor, but also to pay an administrative fee.

This article explains best practices concerning state and local contract sales reporting—including an insider perspective of some of the nuances that occur with submitting, recording, and paying sales reports under state and local contracts.

Federal Contractors

For federal contractors—especially General Services Administration (GSA) contractors—the requirement to submit a sales report is a straightforward process. Sales are submitted on the U.S. government fiscal year calendar, October 1–September 30, every quarter. There is a 30-day grace period after the end of each quarter to submit your sales. These “reporting” months are:

- First Quarter–January,
- Second Quarter–April,
- Third Quarter–July, and
- Fourth Quarter–October.

THE 72A QUARTERLY REPORTING SYSTEM

The sales reports themselves are submitted through an online portal called the “72a Quarterly Reporting System.” In this portal, the awarded vendor logs in to its contractor page and inputs its total sales figure per awarded Special Item Number (SIN). Once this total sales figure is submitted, the 72a system automatically generates the “Industrial Funding Fee” (IFF) or “GSA’s Administrative Fee.” This fee equals 0.75% of the total sales under the GSA contract within each given quarter and is remitted back to GSA via the 72a system’s payment options. Once the IFF is generated, the system gives the vendor the option to pay immediately or to pay later. If the vendor decides to “pay now,” an option will be given to either pay via credit card or check. If “pay later or deferred online payment” is selected, GSA will send the contractor an email with further instructions on how and when it can pay the IFF. To verify the security of the email address, the contractor will be provided a passcode with the “deferred online payment” option, and this passcode will have to be provided when you decide to submit payment.

As stated previously, federal contract sales reporting is fairly straightforward. That’s because there are about four basic steps in order to submit quarterly sales reports:

- 1 | Log in to the 72a Quarterly Reporting System,
- 2 | Input your total sales within the reporting quarter (under each SIN),
- 3 | Submit these totals, and
- 4 | Confirm the IFF and submit payment.

These reports not only require knowing *when* to submit, but also *what* to submit, *how* to submit, and what to pay as your administrative fee.

In knowing these basic steps, it will become easier to submit sales reports at the state and local level.

State and Local Contractors

Vendors on the state and local side—specifically the National Association of State Procurement Officials (NASPO) Value-Point¹ vendors—have a few more requirements to meet in order to fulfill their contractual duties for sales reporting. These requirements not only have to be completed under the master contract vehicle itself, but also for each state the vendor has a “Participating Addendum” (PA) or separate contract with. Keep in mind that the four basic sales reporting steps outlined previously are applicable to state and local contracts; however, there are differences in the requirements for each of these steps—and another layer of the process needs to be incorporated as well.

Looking at the first layer of sales reporting, NASPO ValuePoint vendors must submit their sales reports directly to NASPO ValuePoint. Unlike GSA, NASPO ValuePoint operates on a calendar fiscal year: January 1–December 31. Similar to GSA, there is a 30-day grace period after the end of each quarter to submit sales reports. These reporting months are:

- First Quarter–April,
- Second Quarter–July,



- Third Quarter–October, and
- Fourth Quarter–January.

Unlike GSA, the IFF (or as it is better known in state and local contracting, the “Administrative Fee”) is due an additional 30 days after the end of the quarter, allowing the vendor to submit payment within 60 days. The NASPO ValuePoint Administrative Fee equals 0.10% of the total sales and is remitted back to NASPO ValuePoint by mailed check only.

Another difference is how the actual sales reports are submitted. The process of submitting NASPO ValuePoint sales reports can be more tedious than simply submitting sales numbers in an online portal and following the four steps previously mentioned. Specifically, NASPO ValuePoint requires three parts for its master vehicle sales reporting:

- **Summary Sales Report**—Total sales for each state the vendor has a PA with (not broken out by individual line item).
- **Detailed Quarterly Report**—The total sales for each state broken out by each individual line item.
- **PA Status Report**—Shows the status and completion of PA sales reports. (This third NASPO ValuePoint report is an overall picture of the individual reports, which vendors have to submit for each state.)

How vendors submit these three reports varies, and depends on the report as well.

THE SUMMARY SALES REPORT

Vendors are required to submit their report through the NASPO ValuePoint Administrative Fee Calculator.² On this webpage, the four basic steps previously discussed can be utilized:

- 1 | Log in to the NASPO ValuePoint Calculator system with your given credentials,
- 2 | Select the NASPO ValuePoint contract that pertains to you and select the quarter you are reporting,
- 3 | Input the total amount of sales in each state you have a PA with, and
- 4 | Keep the administrative fee total, which is automatically calculated for your records. (In addition, log the remittance address for payment.)

NOTE:

It is important to note here that, as previously stated, and unlike the 72a reporting system, you must pay the NASPO ValuePoint Administrative Fee with a mailed check only. There is no option for late payment, as an additional 30 days is allowed to mail this check.

THE DETAILED QUARTERLY REPORT

NASPO ValuePoint provides vendors with an Excel file, which they must update manually to reflect sales by line item. Vendors must then send this Excel file via email to NASPO ValuePoint’s program manager prior to the end of the 30-day grace period for processing. This detailed report must reflect the total sales per state a vendor has a PA with. In addition, this report must show “in detail” the following information:

- The customer,
- The customer address,
- The purchase order number,
- The invoice number,
- The item(s) sold,
- A description of the item(s),
- The MSRP,
- The NASPO ValuePoint discount price, and
- The quantity sold.

THE PA STATUS REPORT

As with the Detailed Quarterly Report, NASPO provides vendors with an Excel file, which must be updated quarterly to reflect the current status of:

- The NASPO ValuePoint vendors’ PAs,
- The main point of contact for each PA, and

- The date upon which the PAs were executed.

Since a vendor can have a PA with multiple states, it is important to track this information because these contracts have different lifespans than NASPO ValuePoint contracts.

This report is submitted via email to the cooperative development coordinator for processing and must be submitted prior to the end of the grace period.

Nuances of Submitting, Recording, and Reporting Under State and Local Contracts

The second layer of state and local contract sales reporting—specifically under NASPO ValuePoint—can be found in the submission of PA sales reports. In addition to submitting NASPO ValuePoint master contract sales reports, each vendor is required, by state terms and conditions, to submit an individual sales report for each state the vendor has a PA with.

Therefore, depending on the number of PAs per vendor, each vendor will need to:

- Submit a report for each contract (via email or portal), and
- Pay a separate Administrative Fee or “Usage Fee.”

NOTE:

One important thing to note here is that the fee to be paid depends on the state it is associated with. Each state utilizes a different fee, and some states do not incorporate a fee at all. For example, the states of Hawaii, Montana, Nebraska, and Nevada do not have an Administrative Fee. In contrast, the states of Colorado, Missouri, and Utah have an Administrative Fee of 1%.

With state and local contract sales reporting, there are many moving parts. This is not only applicable to differing Administrative Fees, but to the actual reporting process as well.

PA sales reporting terms and conditions are separate from NASPO ValuePoint sales reports. The manner in which they are presented, either through an Excel spreadsheet or an online portal, varies from state to state. To make things more complicated, each state also operates on a different fiscal year. Specifically, the states of Alaska, Arizona, Florida, Montana, and New Mexico operate from July 1–June 30, while the states of Colorado, Hawaii, Missouri, Nebraska, Washington, and others operate on a calendar year.

In regard to when the Administrative Fee (or “Usage Fee” for Arizona, Minnesota, Missouri, and New Mexico) is due, this also varies by state. Unlike the NASPO ValuePoint master contract, all of the states require their sales reports and the Administrative Fee to be submitted and paid prior to the end of the 30-day grace period and after the end of the reporting quarter. As an example, for Missouri, the sales report is due 15 days after the end of the reporting quarter.

NOTE:

It is important to note these differences and create an organizational chart or calendar to help with all of these moving parts.

Unfortunately, when it comes to submitting these reports, the four basic steps previously mentioned do not exist. Instead, they are replaced by answering three questions:

- Is the report submitted via a portal or sent via email? (If sent via email, note the contracts official designated for the state or a general reporting email.)
- What template does the specific state require? This will be either a detailed sales report format (line item by line item) or a summary sales report format (total sales per state).
- What is the Administrative Fee or Usage Fee associated with the state, and when is the report due?

Summary

Understanding all of the variables involved in submitting state and local sales reports is extremely important, specifically when it comes to NASPO ValuePoint. There are many moving parts that can be easily overlooked if you do not understand the process completely. As this article explains, it is always important to utilize the best practices and develop internal steps to keep you current, accurate, and compliant with your state and local contract sales reporting. **CM**

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ENDNOTES

1. See David Baldino, “What is NASPO ValuePoint?” (May 15, 2015), available at <http://info.winvale.com/blog/gsa-schedule-contract-what-is-naspo-valuepoint>.
2. See <http://calculator.naspovaluepoint.org/adminfeecalculator/Calculator.aspx>.

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