

The RAP

A Summary of Conference Call Highlights and Other News

The Auction 88 pre-bid teleconference was held on October 14, 2010, with 28 contractors and QA's Bill Wong. A Synopsis of the teleconference is available on RAP's website. Click here: http://www.hud.gov/offices/reac/products/pass/pass_reverse_auction.cfm

Partnership in Progress

It's **October** and for the Reverse Auction Program and its business partners that means it's the beginning of a new fiscal year and time to reconcile outstanding billing issues from Fiscal Year 2010.

Overall, there were fewer billing errors in Fiscal Year 2010, which we attribute to several factors: better communication between RAP Staff and contractors; increased usage of the Global eProcure website by RAP contractors to manage inspections and a streamlined process that reduces the time required from billing to payment.

In FY 2011, our goal is to continue to improve our business processes and reduce the number of billing errors and the time it takes to reconcile accounts.

Internally, we have implemented a more cohesive operational structure. Each week, RAP staff and two Billing Specialists assigned to our Program meet to assess the accuracy and timeliness of the week's billing cycle.

Improvement in the accuracy of the information displayed on the Global e-procure website is just one of the positive outcomes of our weekly collaboration with our billing department. When reports of billing errors and inaccuracies are emailed to: REACReverseAuctionProgram@hud.gov, this collaboration enables us to resolve most issues within 48 hours. We hope our internal efforts to improve our accounting and reporting systems will positively impact the ability of our RAP contractors to experience success with our Program in FY 2011.

The Reverse Auction Program

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The Coordinator's Corner
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Rejected and late inspections don't serve the interests of HUD or our business partners. Contractors should ensure inspectors are knowledgeable of recent changes in protocol, i.e., new protocol relating to bed bugs by regularly checking RAP's website at: <http://www.hud.gov/offices/reac/products/prodpass.cfm>. Contractors can access REAC's *Physical Inspection* website from the left border of RAP's website.

HUD is not responsible for notifying contractors of billing errors. Contractors are expected to access Global e-procure on a daily basis and look for a "Rejected with Balance" status in the "Pay Decision" field, which means a credit is due to HUD. Credits should be posted back to HUD within 48 hours.

The federal fiscal year ended September 30th and we are proud to report, that with your help, we procured 4,598 multi-family inspections and 4,718 public housing inspections through RAP. We extend a sincere thank you to all contractors.

We are working with our partners in HUD to continue to improve the Program. For example, we are working with Multi-family to better identify and track properties that are in need of inspection. More auctions are being planned for FY'11. At this time, there are no planned dates beyond Auction 88. Check the website for announcements. We look forward to a successful and busy FY'11.

The Six Most Common Billing Errors

Billing errors cost contractors, inspectors and HUD money, time and unnecessary frustration. Unresolved billing errors can lead to the suspension of billing privileges and exclude a contractor from participating in upcoming auctions. Even though billing errors can result in hefty financial consequences, they are easily avoidable. The following are the six most common billing errors:

The Missing POS. HUD requires the inspection ID as the required authorization code for processing payments. The inspection ID serves as the **point-of-sale identifier** throughout the billing process and should be populated in the appropriate Level 2 data entry column when billing.

Double Dipping. Duplicate billing errors occur when contractors use the same POS identifier (which for billing purposes, is the inspection's ID number) more than once. Contractors should only bill one-time per inspection number, i.e., POS identifier unless reconciling a billing error.

The Mis-matched POS. The POS identifier and the bid amount awarded in the purchase order must match. Wrong billing amount errors occur when contractors bill for an amount that differs from the purchase order.

The Six Common Billing Errors Continued....

Combined Billing. Contractors cannot bill by lots but must bill per inspection. For example, Contractor X completes purchase order 99-10, which includes: inspection 398989 for \$135; inspection 398990 for \$155; and inspection 398991 for \$160. He bills HUD \$450 using 398989 as the POS identifier. Wrong. Contractor X should have billed for each inspection separately using each inspection's unique inspection ID and the awarded bid amount per inspection.

Combined Crediting. The same principle applies when reconciling multiple billing errors. In the above-referenced scenario, Contractor X must credit HUD for \$450 *per inspection*, i.e., POS identifier; thus, crediting HUD \$450 in three separate transactions.

We understand that contractors are charged a fee by the merchant provider for each transaction and grouping inspections would be more cost-effective; however, HUD's accounting system can only process transactions in which the pre-determined award amount and POS identifier match the values that have been uploaded into the system.

Incorrect Billing for Cancellations. Inspections that are cancelled by HUD after the purchase order has been awarded are compensable for either 50% or 50% of the award amount, depending upon the circumstances of the cancellation. If the inspection was cancelled *before* 72 hours, the contractor is entitled to \$50. If the inspection is cancelled *within* 72 hours, the contractor is entitled to 50% of the award amount. The contractor is also entitled to 50% payment if she arrives at the property on the day of the inspection and the inspection is determined to be unsuccessful by TAC, i.e., residents were not notified. Contractors should RUU the inspection in Scheduler. Please note: inspections that are RUU'd are not eligible for compensation if no confirmation email was sent to the property.

Tips for Effectively Reconciling Billing Errors

- It's been said, the best defense is a great offense. This principle is certainly true when it comes to managing your RAP account. Contractors should view the status of their inspections at least 3 times per week under the Payment Status link on the Global eprocure website. Contractors should make sure that "Accepted by the GTM" appears on the screen for the inspection *before* billing. *It is a violation to bill for work that has yet to be accepted by the government.*

If an inspection is "On Hold" in PASS Scheduler, contractors should make sure the inspection is not awaiting comment from the inspector. If the time to respond has expired, the contractor or inspector should email RAP to request additional time to respond.

- For correcting invalid POS or missing POS issues, contractors should re-enter the inspection number into the "Revised POS column" on the Global eprocure website or, if the billing error was discovered by HUD, on the spreadsheet emailed by RAP.
- HUD will intervene and assist contractors in reconciling POS identifier issues with their merchant account providers, if necessary. Contractors should maintain communication with RAP by emailing REACReverseAuctionProgram@hud.gov until missing POS identifier issues are resolved.
- Correcting a billing error in which the contractor billed for full payment when the allowable compensation for the inspection was only 50% of the award amount requires that the contractor complete the following: send the full amount back to HUD using the correct POS identifier **and** bill HUD for the allowable 50% payment amount using the correct POS identifier.

ATTENTION:

Is your credit card's expiration date approaching? If so, contractors should contact: Jacqueline Adams at: 202-475-8791 or Paul Goodwin at: 202-475-8744 by the 5th day of the expiration month. For example: if the expiration date is November 30, 2010, contractors should call Jacqueline or Paul by November 5th. Don't delay. Contractors with expired credit cards cannot receive payment.

We want to hear from you! Email REACReverseAuctionProgram@hud.gov and let us know the issues you'd like to see addressed in the upcoming issue of The RAP.

Are You Leaving Money on the Table?

Timely billing is a must in accordance with RAP's Purchase Order Terms and Conditions. HUD is in the process of closing out old financial accounts and finalizing all outstanding, unbilled transactions. RAP's review has revealed several inspections that remain unbilled. Contractors should review their accounts, and bill HUD accordingly, *no later than November 5, 2010*. **Please be advised: if contractors do not bill HUD for outstanding inspections by November 5, 2010, contractors may be forfeiting their right to be compensated for unbilled inspections as funds may not be available.** (HUD reserves the right to reconcile billing errors for unbilled inspections from old accounts.) Thank you for your cooperation!