Contract Compliance
Post Award
Supply Chain Forum November 17, 2010

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Definition of Contract Compliance

Definition from SearchDataManagement.com

“Is either the state of being in accordance with established guidelines, specification, or legislation or the process of becoming so as per the terms and conditions of the contract”
Survey on Contract Compliance

We asked some vendors and Materiel Managers the following question:

"What is your perspective/interpretation of contract compliance?"

The vendors said…

- “My perspective is, the facilities are "required" to buy the awarded products in all cases”
- “Once awarded we have a right to the business”
- “Compliance is all we have. If sites choose not to buy our products, our contract and the terms are meaningless.”
- “Facilities will comply if it suits their budget”
- “There is a genuine desire in the region to be more compliant. The process is evolving in the right direction.”
The Vendors said…

- “We have to jump through hoops to make sites compliant. The communication from WRHA post award needs to improve”
- “We spend too much time convincing sites to buy our products even though we won the business”
- “I interpret it as...we are awarded the contract, the sites buy our stuff, simple as that”
- “It's a partnership understanding. We have a great relationship with WRHA. The facilities help us to educate and promote our products as awarded”
- “Compliance is the reward for the award”
Survey on Contract Compliance

The same question was then posed to the Materiel Managers

"What is your perspective/interpretation of contract compliance?"

*Materiel Managers said…*

- “standardization of equipment and supplies”
- “sustained cost reduction”
- “improvement of financial and operational process”
- “to achieve those benefits contract compliance must be
  - mandatory for all participants
  - monitored and/or audited”
Materiel Managers said...

- “we buy from the contracted Vendor unless a situation of health or supply becomes an issue”
- “utilizing goods under contract for all requirements of my site unless there are specialized, approved requirements that are not met by the contracted goods”
- “if an item exists on a contract we are bound to purchase the contracted item”
- “If the contract is not suitable, the awarded vendor should be given the opportunity to provide a suitable alternative. If one cannot be provided then an exemption would be granted and we are free to purchase from another vendor”
Getting to the numbers!

- Requirements and volumes are determined by site surveys
- Electronic transmission of data
- Participation determined based on requirements
- Volumes are estimated
Post Award

- Detailed contract information is provided to both the sites and the awarded vendor
- Vendors assess implementation or conversion requirements
- Sites supports contract compliance
- Managing the introduction of new products
Managing Compliance

- Successful Implementation
- Lack of resources to monitor compliance
- Time spent on compliance varies
- Materiel Management challenges
- Changing vendor roles
- Education and in-servicing promotes compliance
- Product management
Non-Compliance

- Compliance Policy
- Complaint Policy and Process
- Off Contract Purchase Form
- Product Addition/Revision Request Form
- Exemption Process
Compliance Considerations

- Legal commitment
- Secure base of business
- Site access
- Contract pricing
- Addition of sites
- Compliance process not clear
- Time management
- Strengthens the business relationship
Evolution of Contract Compliance

- Prior to 1996 Manitoba Health Organization (MHO)
- 1996 - Urban Shared Services Corporation (USSC)
- 2001 – USSC became part of WRHA, Logistics Services
- 2009 – IMPACT Contracting System
- 2009 – 2010 – Development of a standardized item number system in process.
- Future – many different discussions taking place as to a regional system.
Questions & Discussion

Ground Rules
1. Respect confidentiality
2. Hypothetical situations only please

Please remember to fill out your Evaluation Forms