# What is the Statement of Work?

Procurement Services Department Buyer Training
November 12, 2020

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Procurement Training

Robust training guides are available on the Procurement website and can be accessed from the footer of each page.

Procurement Training

In addition to our guides and micro-learnings, you can request a one-on-one session conducted via Zoom for a more personalized experience.

Please contact Shauna Niswonger at shauna.n@uci.edu.

Today's Goal

To provide you with the information and tools necessary to:

- Understand the fundamental elements of a Statement of Work for service agreements, RFPs or RFQs

- Learn how to properly document requisitions for "Low-Risk" Procurements
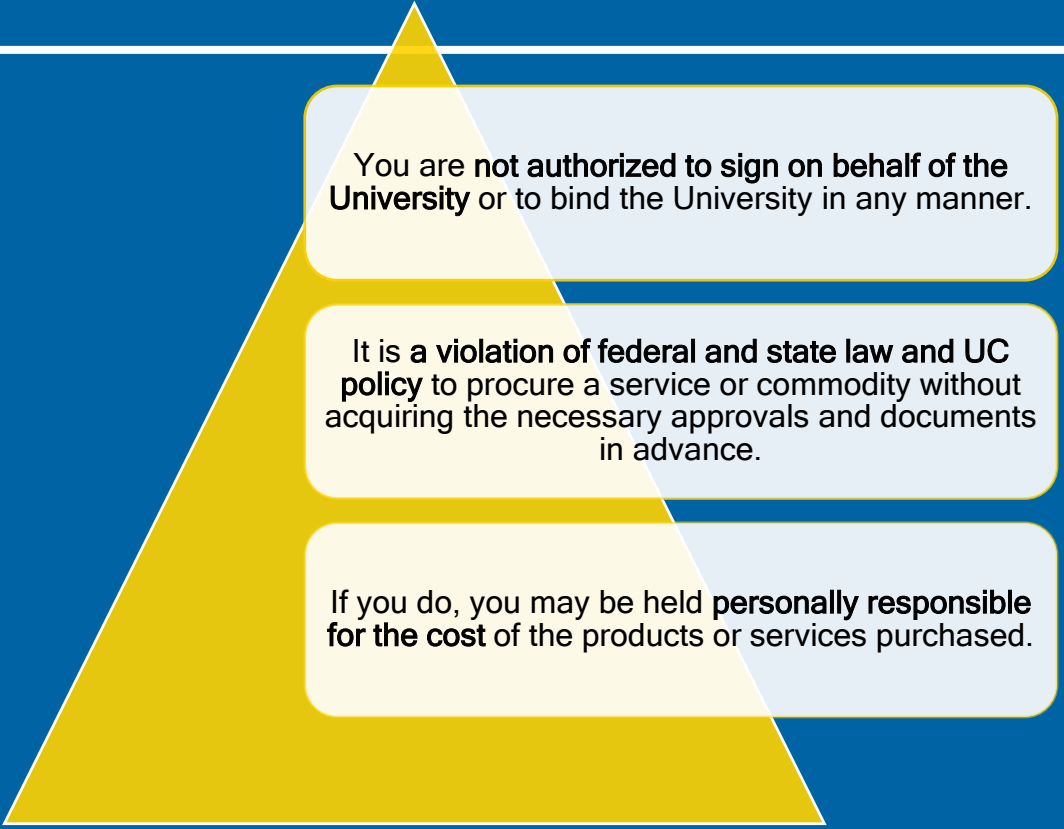
To address any additional Procurement questions you may have

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Remember

As an employee of a public university, it is your responsibility to comply with all procurement laws, rules, regulations, executive orders, policies and procedures concerning the purchase of goods and services:

- UCOP BUS-43
- UCI 707-10
- California Public Contract Code

You are **not authorized to sign on behalf of the University** or to bind the University in any manner.

It is **a violation of federal and state law and UC policy** to procure a service or commodity without acquiring the necessary approvals and documents in advance.

If you do, you may be held **personally responsible for the cost** of the products or services purchased.

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It's your responsibility to understand:

What you want to purchase

Why it's needed (purpose)

When you want it

Where it's to be delivered

How much you're willing to pay for it

If any documents will require **signatures**

Who has **authority to approve** the expense

Where to keep all **receipts / documents**
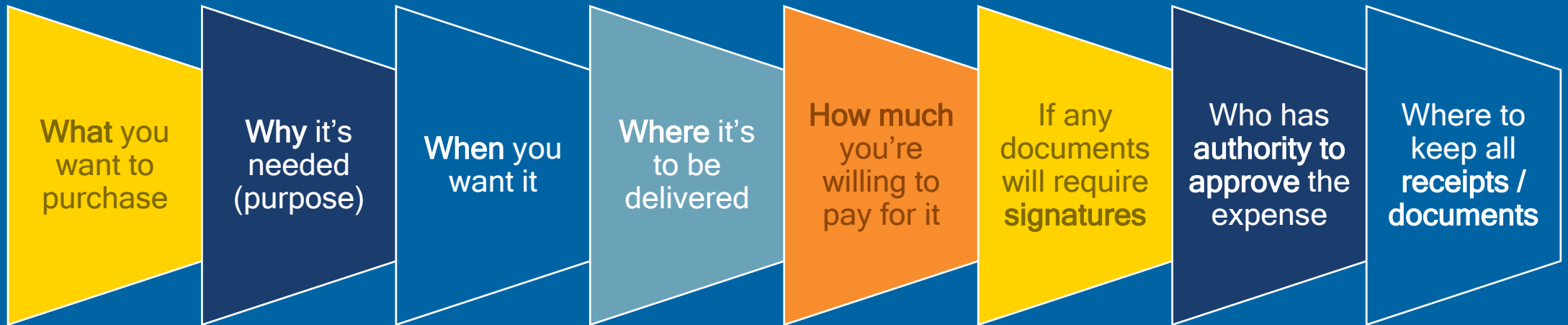
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What is the Statement of Work (SOW)?

- Defines the specific work obligations of the party providing a service (the "contractor") owed to the party purchasing the service

- Answers the "who", "what", "why", "when" and "how-much" questions of the contractual relationship

Request for Proposal or Qualification (RFP/RFQ)

If a formal bid process is used to select a contractor, the SOW language converts the terms from "proposer will" to "contractor shall"

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Purpose of a Statement of Work

Detail the specific tasks, deliverables or services the contractor is responsible to perform

- to avoid conflicts and disagreements about the work to be performed by the contractor, and

- to help ensure the hiring party receives the service it requested

Scope of Work vs. Statement of Work

Scope of Work	Statement of Work

The "scope" is one component of a Statement of Work.

- Provides a high-level overview of the goal(s) of the project
- Helps to avoid tangents or "project creep"

The **Statement of Work** is a comprehensive document that includes the high-level overview, as well as the more specific tasks, deliverables, schedule, and fees/costs.

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Types of Statement of Work

Structure based on the OBJECTIVE:

- Time and Materials
- Performance/Outcome-Based

Time and Materials

- Allows for flexibility and focuses on the hours and the material needed to perform a service

- Can be used to create a "menu" of various services the contractor can provide

- Often used for "as-needed" work, and the fee is determined by the amount of work requested by the hiring Party

- Is **critical** that the SOW clearly defines how work is requested

Never allow the contractor to determine how much work should be performed.

You will end up with a much larger bill than anticipated.

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Performance/Outcome-Based

- Focuses on the outcome or final goal of the project

- Method for completing the project is <u>up to the contractor</u>

- Contractor is responsible for delivering results using whatever methods they think are most effective, with a set price for the outcome regardless of the amount of effort involved

SOW Components

- Project objectives (*why*)
- Scope
- Requirements/Tasks (*what*)
- Term, Milestones, Timeline (*when*)
- Place of performance - location of work and resources, equipment, and facilities needed (*where*)
- Major deliverables
- Criteria for acceptance of deliverables
- Fees and costs (*how-much*)
- Miscellaneous requirements

NO ONE-SIZE FITS ALL

SOWs should be tailored to the project or service being performed.

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Objectives (why)

- Explain **why the work is being requested**.

- **Add context to the contract** and help to prevent "project creep"

- Most used in RFP/RFQs, and less so in non-formally bid contracts, when the project is larger in scope.

Example:

The purpose of this Request for Proposal (RFP) is to solicit proposals from qualified firms capable of providing campus-wide tree trimming services to University, including tree removals, and stump grinding according to the schedule provided by University.

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Scope

- Provide a **high-level overview** of the work to be performed
- Describe the **desired outcomes** at the completion of the service

Example:
The selected Contractor will be required to perform and complete tree trimming services, by providing all labor, tools, transportation, equipment, materials and supplies necessary to complete all work in a professional, thorough and timely manner, in accordance with the schedule, requirements and specifications contained in this RFP.

University has approximately ___ trees to be trimmed, __ tree removals, and ___ stump removals across various campus locations. Work is to be performed between _____ and _____.

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Requirements/Tasks (what)

- Adds detail to the high-level scope and describes the specific work requirements
  - Could be organized as a series of bullet points, line-items, or could be developed as paragraphs
  - The key is to be specific and detailed
- If the work is to be performed in **phases**, you can segregate the tasks by the different phases.
  - Example – in a software development project, you could have a (1) kickoff phase, (2) design phase, and (3) build phase.
- Requirements/Tasks =/= Deliverables
  - A requirement/task usually **describes an action** that must be performed while a deliverable is the **result of the action**. For example, a task might be "analyze," "test," "write," or "develop" while the deliverable is completion and delivery of the report, test results, document, or functional software.

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Term, Milestone, Timeline (when)

- Determine the period of performance ("when") during which work will be performed

- The period of performance may be measured by:
    - Specific, predetermined dates
    - A period of time (e.g., "one 12-month period")

If the service/project has **phases**:

- Develop milestones to ensure the project is moving towards completion

- Milestones can also be used to trigger progress payment requirements.

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Place of Performance (where)

- Determine whether the work will be performed at:
  - the hiring party's location
  - at the contractor's location
  - or some other location

For the UC, this component:

- Triggers such issues such Prevailing Wage and Fair Work/Fair Wage

- Affects other liability issues such as insurance and indemnification

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Deliverables

- List all the tangible items the contractor will provide or deliver to the hiring party.

- Deliverables are the final product, solution, report, document, software, website, etc., that was a result of the contractor's tasks (actions).

- Deliverables are not the same as tasks, however, in certain circumstances the deliverable can be harder to identify.

- With some labor contracts where the performance obligation is the labor (e.g. security services or temporary staffing), the deliverables are very closely tied to the tasks, and so deliverable could be omitted in certain circumstances.

Acceptance Criteria

- When the contractor's tasks involve development of something new, or the contract includes phases or milestones, it is important that acceptance of the phase / milestone / deliverables be determined.

- Acceptance often triggers the hiring party's duty to perform (pay), so you do not want to pay for something until testing has determined the product works.

- The hiring party should identify how the acceptance is communicated and who is authorized to give acceptance.

Fees & Costs (how-much)

Time & Materials
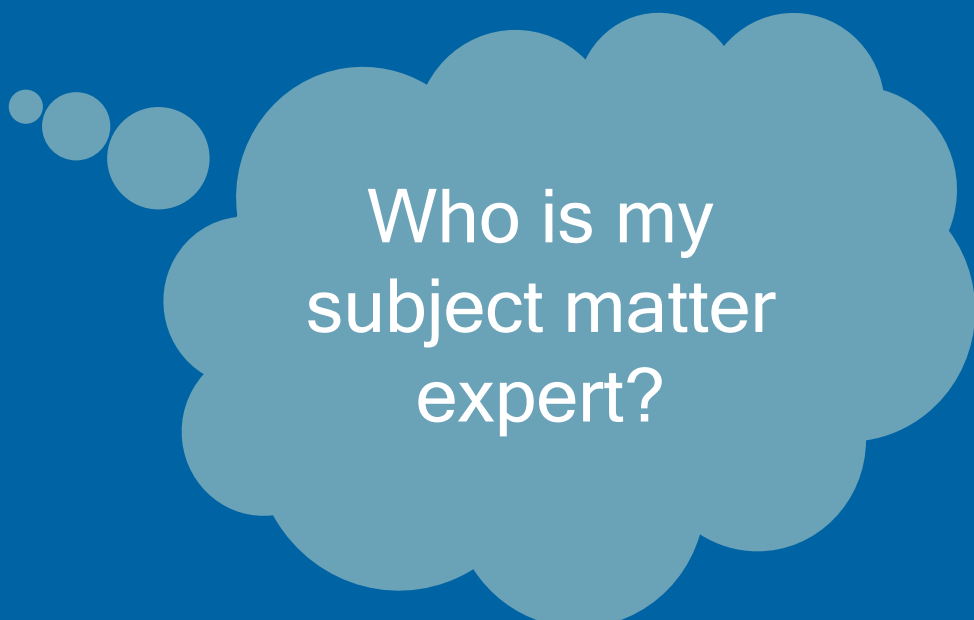
- Fees/costs listed for each service, or the hourly rate depending on the contractor personnel performing the service

- The hard costs of materials used should also be lists with as much detail as possible

Performance-/Outcome-Based

- Fees/costs are usually a flat fee for either the whole project or based on a time period (e.g. per month)

- While enticing because they are easy to calculate, flat fees are often not well-detailed. In event of a breach by the contractor, it will be difficult to calculate how much the contractor may be owed for work performed.

- **Detail the fees/costs according to phases or milestones when possible.**

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Tips for Writing an SOW

- Use plain and simple language. Avoid legalese, repetitive or complicated wording.

- If the service is technical, <u>involve your subject matter experts</u> to develop the technical requirements.

- Bombard the project with questions. Remember the goal of the SOW is answering who, what, when, why, how-much!

Who is my subject matter expert?

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Tips for Writing an SOW, cont.

- Use generic requirements to encourage competition and reduce the risk of bid protests if creating the SOW for an RFP/RFQ
  - <u>Do not</u> use one supplier's abilities to develop your requirements
- Beneficial to avoid starting from scratch when possible.
  - Research whether other UCI depts, other UC/CSU campuses, or other govt agencies can share a similar SOW
  - Examples can help you determine topics, language to use, or issues to eliminate from the SOW

Statement of Work & "Low-Risk" Procurements

What is a "Low-Risk" Procurement?

To be considered a "low-risk" procurement, the work <u>must not include</u> the following restricted data:

- Protected Health Information (PHI as defined under HIPAA)

- Personally Identifiable Information (PII may include names, addresses, phone numbers, SSN, ID numbers, etc.)

- Student Records

- Access to university networks and/or data systems

A bilateral Purchase Agreement is not necessarily needed for a "low-risk" procurement; however, it is still critical that you detail the **service obligations** in the KFS Requisition (the Purchase Order will serve as the written agreement)

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"LOW-RISK" PROCUREMENTS	DESCRIPTION	COMMODITY CODE
Advertising	Non-complex ads, university provides and controls content	82100000
Editing	Non-complex editing/copy editing	82111800
Event Vendors	Disc jockey (DJ), décor, face painter, balloon artist, etc. (Not to include animal-related events)	82150000
Graphic Design	Non-complex designs as directed by the university	82140000
Performance Agreements under $2K	No ticket sales, minimal set up of equipment	82150000
Photography/Videography	University shall own the copyright rights to all images and videos, vendor restricted from using such images for marketing purposes	82130000
Professional Services	Delivery, minimal set-up	80100000
Publishing	All information provided by university	82121800
Workshop Facilitators	Teambuilding, soft-skills training, and meeting facilitation (Not to include coaching, training, certifications, and speakers)	86132201
Writing/Translating/Indexing	Freelance writing/Non-complex, generic translating and indexing	82110000

Showing 1 to 10 of 10 Entries

https://procurement.uci.edu/contracts/low-risk-procurements.php

Components for LRP

The following should be identified in your requisition:

- General scope statement

- Specific tasks

- Location

- Description of the deliverables

- Dates (begin, end, deadline, or "as requested")

- Fees/costs, or the method for calculating fees/costs

NOTE:

Sometimes a contractor's quote may contain many of these details.

But you **must review** it to determine all the details are included and accurately reflect your requirements to obtain the desired services.

Allowing the contractor to write your SOW will only benefit the contractor.

Failure to include the critical components could result in your department having to pay for a service that is less than what you wanted or having to pay for more services than you wanted.

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Supplier will record a surgical procedure in the operating room, with the recording to be used by UCI for educational purposes, presented at the upcoming _____ conference. Date and time of the recording will be communicated to Supplier with ___ days' notice. Supplier will use his own video equipment and will provide an edited high-quality video of the surgical event on or before _____. Supplier shall be present from 8AM-5PM on the filming day, for the fee of _____.

Supplier to produce [UCI dept] fellowship recruitment video. Services include on-location Talking-Head Interview Filming for two interviewees, B-Roll Filming, Post-Production Editing, Royalty-Free Music Licensing.

DELIVERABLES include one ___-minute recruitment video

Total fee of _____, consistent with Supplier's Proposal, attached hereto.

Supplier agrees to provide _____ workshops for _____. UCI will provide a live Zoom format for the Supplier's workshops.

Date/Time: The live workshops will be held on _____ and ___ at _____ PST, and _____ at _____ PST.

Fee: UC shall pay to Supplier the sum of $_____, inclusive of all costs, taxes, and other expenses.

UCI shall have the right to record the sessions to replay them to campus community members that could not attend at these times.

Supplier shall provide transcription services consistent with Supplier's quote #_____, dated____. Services shall be completed upon request of (UCI dept)_____, with 6-10 business days turnaround time. Transcription shall include 1-2 speakers, with timestamps.

Fees - $_____ per request

Exemption to use PALCard for Purchasing Services

- Due to the details needed to complete a service agreement, **purchasing services via PALCard is generally not allowed and instead should be purchased via Requisition and Purchase Order**

- In *very rare situations* an exception could be made, but it MUST provide sufficient details of the service being performed

- Answer the *who*, *what*, *why*, *where,* and *how much* (cost) questions discussed today

  - While helpful, only including a quote does not replace your duty to explain the details of the services being purchased.

Failure to keep track of deadlines is not a justification to purchase services via PALCard.

Commodity (Description of Goods or Services)	Buying Tool(s)	Authorized Buyer	Additional Approving Department	Policy Reference and Information	
DO NOT process Disbursement Vouchers (DVs) for the commodities listed below unless otherwise stated.					
UC Fair Wage/Fair Work (FW/FW) and SB 854 Prevailing Wage (PW) impact services, making it a high value request. Please plan accordingly when acquiring services.					
Airfare	CTS Account, Corporate Card or Personal Funds o Reimbursement through TR			UC Travel Regulations	UCI Travel and Transportation
Above-ground and underground storage tanks for hazardous materials, hazardous waste, and petroleum products	KFS Requisition	Procurement Services	EH&S	707-10, Section L	
Abstracts	PALCard	Department			
Advertising, including employment ads (internet e.g. Google, Craigslist, periodicals, and radio)	PALCard KFS Requisition	Department			
Alarm systems and services*	KFS Requisition	Procurement Services		Check to see if Fair Wage/Fair Work	or Prevailing Wage apply.
Animals	KFS Requisition	ULAR			
Appliances for non-housing areas	KFS Requisition	Procurement Services			
Appliances for housing areas only	PALCard KFS Requisition	Department			
Artwork, décor, frames, framing, and plants for public or reception areas only	PALCard KFS Requisition	Department			
Asbestos-containing materials	KFS Requisition	Procurement Services	EH&S	707-10, Section L	
Athletic supplies and apparel	PALCard KFS Requisition	Department			
Audio visual equipment, including carts (purchase)	PALCard KFS Requisition	Department			
Audio visual equipment, including carts (rental)	KFS Requisition	Procurement Services			
Auctions, internet (eBay, uBid, eBid, etc.)	*Restricted*			Contact Procurement Services	
Autoclaves	KFS Requisition	Procurement Services			
Automatic External Defibrillator (AED)	KFS Requisition	Procurement Services	EH&S	707-10, Section L	
Awards - perpetual (award remains University property)	PALCard KFS Requisition	Department			
Awards given to individuals, employees, non-employees or students (award is their personal property)	Corporate Card (event and non-event) o Reimbursement through ENT Or personal funds o Reimbursement through DV			G-41,700-13,G-42	
Banners and flags	PALCard	Department			
Barbecue grills – gas and electric only	PALCard	Department		Fire Prevention Policy 6.7.2.1	

Recap

- The **Statement of Work (SOW)** answers the *who*, *what*, *why*, *when,* and *how-much* questions of the contractual relationship by detailing the specific tasks, deliverables, or services the contractor is responsible to perform to avoid conflicts and disagreements about the work to be performed by the contractor and to help ensure the hiring party receives the service it requested.

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Post-Event Survey

- https://bit.ly/2020-11-12-survey