Subvendor management

Checklist for engaging and managing pre-identified contractors not on your Approved Vendor List

You have an Approved Vendor List (AVL) for contract staffing. What happens when you want to acquire resources through vendors that are not on your AVL? Are you allowed to do so? Do Legal and Procurement help or hinder the process?

Whether your organization refers to the process of engaging pre-identified contractors not on your Approved Vendor List as Subvendor Management, Non-Approved Vendor Management, Maverick Spending or Rogue Spending, the process to acquire and manage these resources remains the same.

When engaging pre-identified contractors not on your AVL (defined as Subvendors), these steps must be considered to streamline your efforts, ensure compliance and provide flexibility:

1. Create an Approved Vendor List (4 to 8 vendors) with rate cards, vendor fee standardization and new Master Services Agreement (MSA).

2. From the Approved Vendor List, select a Single Vendor to manage all Subvendors.

3. Notify the Subvendors that they will contract with your Single Vendor, thereby signing all necessary agreements (i.e. Subvendor MSA and individual contract resource engagements) and billing your Single Vendor on the effective date.

4. Your Single Vendor will issue a Subvendor agreement to your organization (with necessary clauses to protect your organization) and negotiate new terms.

5. Your Single Vendor will issue contract resource engagement agreements for each Subvendor with start and end dates and bill rates (based on details provided by your organization):

   ☐ Subvendors will reduce the bill rate to your Single Vendor by the negotiated management fee that is approved by your organization.

   ☐ Your Single Vendor can even negotiate the bill rates of each Subvendor down to posted rate card and track savings for your organization via interval reporting.

6. Your Single Vendor will manage all new contracts, extensions, new Subvendor MSAs and issues related to Subvendors on a go forward basis.

7. Your Single Vendor will provide monthly reports to your organization on Subvendor spend.

Reports

Monthly reporting should include:

☐ Onboarding/offboarding tracking report

☐ Subvendor spend report

☐ Rate card compliance report

☐ Program savings report

Subvendor management program features

When selecting a Single Vendor, ensure that your partner has the infrastructure to support:

- A dedicated back office
- Expert rate negotiation strategies
- Electronic invoicing & payments
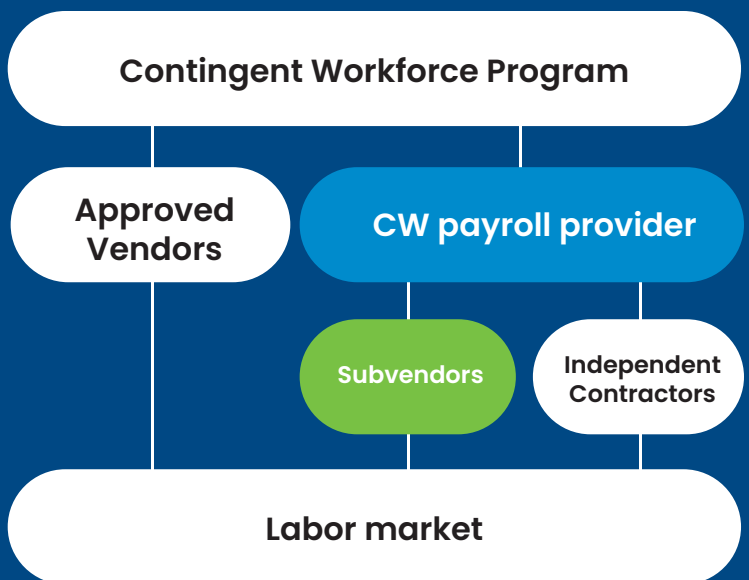- Online time reporting
- Secure document management

Subvendor management program objectives

A streamlined, compliant and flexible Subvendor Management Program will:

- **CONSOLIDATE SPEND** through a Single Vendor that manages all Subvendors, providing consolidated billing to A/P to reduce payment efforts.

- **REDUCE POINTS OF CONTACT** for your organization (purchasing, hiring managers, A/P, etc.).

- **ENSURE VENDOR COMPLIANCE** and flow- down of client SLAs and MSAs by empowering a single-vendor to negotiate, manage and track sub-vendors.

- **ENFORCE AND STANDARDIZE RATE CARD** and metrics, thereby reducing costs.

- **ADD NO COST TO YOUR ORGANIZATION** because the cost of the program is downloaded to the Non-Approved Vendors, with no additional cost for the service to your organization.

Keeping compliant

- Subvendor Master Services Agreement (MSA), with client-specific requirements and flow down clauses and a Schedule A with specific engagement details.

- Subvendor Certificate of Insurance meeting the minimum requirements.

- Worker classification verification.

- Completion and audit all the onboarding compliance items required by a client for each Subvendor (References, Credit Checks, Criminal background checks, Client documents, etc.).

- Non-Disclosure Agreements and Business Conduct Guidelines sign-off.

- Appendix with Flow down Clauses/Terms.

- Client Agreement – Work Order (per resource).

Contingent Workforce Program

Approved Vendors

CW payroll provider

Subvendors

Independent Contractors

Labor market

If your organization is considering engaging pre-identified contractors who are not on your Approved Vendor List or simply want to learn more about Procom's Subvendor Management Program, **talk to one of our experts today**