

Subcontractor Approvals

Procurement Services Division

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Department of
Housing Preservation
& Development

Agenda/Topics

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- When is Subcontractor Approval Required?
- Requirements for Subcontractor Approvals for 3rd-party agreements (>\$25,000)
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Terms and Definitions

TERMS	DEFINITIONS
Vendor, Consultant, Subcontractor	<p>When considered third-party agreements (contracted services) these may include, but are not limited to:</p> <ul style="list-style-type: none"> <input type="checkbox"/> IT consultants <input type="checkbox"/> Contracted food <input type="checkbox"/> Security guards <input type="checkbox"/> Language services <input type="checkbox"/> Maintenance <input type="checkbox"/> Elevator repair <input type="checkbox"/> Alarm systems <input type="checkbox"/> Locksmith service <input type="checkbox"/> Medical services <input type="checkbox"/> Temporary staffing <input type="checkbox"/> Contracted services performed by other non-profits (medical/mental health, case management, financial counseling, etc.
PIP: Payee Information Portal	<p>Registration is required for all vendors including prime and subcontractors. A PIP account is required for the subcontractor to receive final approval. PIP is where you can view your financial transactions with the City</p>
PASSPort: Procurement and Sourcing Solutions Portal	<p>All prime vendors and subcontractors must register in PASSPort and their profiles must be marked as "FILED". Note: A "FILED" profile does not mean they are approved for you to do business with. It only means that they have a profile. All prime vendors are required to report subcontractor payments in PASSPort.</p>
Suppliers vs. Subcontractors	<p>Suppliers provide the raw materials, components, or supplies the necessary goods. In contrast, a subcontractor is an entity that sells the finished goods or provides services directly to the prime vendor. <i>Suppliers do not need subcontractor approval.</i></p>

When is Subcontractor Approval Required?

Department approval is required for subcontracts equal to or greater than \$25,000

When total payments made to one entity or person in the course of a one (1) year period are equal to or greater than \$25,000

The threshold amount is not determined by individual subcontract amount, but by all subcontracts collectively – (Example: If a security firm was hired to work on 5 subcontracts for \$5,000 each, then approval is needed since the total subcontract value to be paid is \$25,000 for the year)

If the subcontracting amount is >\$100,000, a Responsibility Determination will need to be completed by the contract manager and approved by the DACCO before final approval.

Requirements for Subcontractor Approvals for 3rd-party agreements (>\$25,000)

- Prime vendor must submit the subcontractor for agency approval in PASSPort. Approvals can be requested if the contract status is *In Progress* or *Registered*
- Subcontractor (vendor status) must be “FILED” in PASSPort, *not in draft*
- Subcontractor must have an active Payee Information Portal (PIP) account
- All prime vendors are required to report subcontractor payments in PASSPort
- If Subcontractor is an M/WBE, the subcontractor must be city-certified by SBS as an M/WBE or Emerging Business Enterprise and specified in the approval request
- The prime vendor must be prepared to verify sufficient market research and/or competition was conducted to support reasonable pricing (or, alternatively, that services were procured through a group purchasing contract). An example of competition would be the vendor obtaining at least three bids and made its selection through a competitive process, wherever feasible.

Examples of Supporting Documentation for Subcontractor Approvals for 3rd- party agreements (>\$25,000)

- At least three (3) bids. Bids must be obtained BEFORE submitting your package for approval. Bids are to be dated, signed, and must include the name and contract info of the person who provided the quote. Pricing details and services must be explicitly outlined. Security bids must include prevailing wage rates.
- Justification Letter: If the lowest bid is not selected, a justification letter is recommended. The letter must be addressed to the Agency Contact explaining why the vendor was chosen. If you do not have bids, you must explain why and provide a bidding schedule which outlines your plan. This must include dates/timeframe of when subcontract will be bid out.
- Proof of professional liability insurance or error and omissions insurance, if applicable.

Requirements for Subcontractor Approvals for 3rd-party agreements (<\$25,000)

- Prime vendor must submit the subcontractor for agency approval in PASSPort. Approvals can be requested if the contract status is In Progress or Registered.
- Subcontractor (vendor status) must be “FILED” in PASSPort, not in draft
- Subcontractor must have an active Payee Information Portal (PIP) account
- All prime vendors are required to report subcontractor payments in PASSPort.

5+10 Small Purchase Procedures for Subcontracting

FOR ALL NON-PASSPORT
SOURCED PROCUREMENTS,
SUBCONTRACTORS ARE
MANAGED IN PASSPORT **POST-
REGISTRATION**

ONCE THE CONTRACT IS
REGISTERED, PRIME VENDORS
CAN ADD THE
SUBCONTRACTING
INFORMATION AND FOLLOW
THE SAME STEPS FOR
APPROVAL

Submission Procedures

Step 1: Vendors can identify subcontractors in the RfX response phase or during the Contract Registration phase in PASSPort. If the subcontracting vendor is not populating in the vendor field, this means the vendor does not have an account in PASSPort and the prime must reach out to make sure the sub creates a PASSPort account.

Step 2: Once all the relevant information is added in the Subcontractor tab, the vendor will be able to save and launch the subcontractor approval to the agency. If the selected subcontractor is not "Filed" in PASSPort and/or does not have a PIP account, the vendor can still submit for approval but will not be able to receive final approval from the agency until their PASSPort account status becomes Filed and the PIP account is created.

Step 3: If the subcontracting amount is >\$100,000, a Responsibility Determination will need to be completed by the contract manager and approved by the DACCO before final approval.

Step 4: In the agency Setup Teams, the following roles need to be assigned: Project Manager, Level 1 Subcontractor Approver, Level 2 Subcontractor Approver (optional), Final Subcontractor Approver, M/WBE Reviewer (if contract is subject to the city's M/WBE program), DBE Reviewer (if contract is subject to the city's DBE goal), and Payment Validator.

Step 5: After HPD Contract Manager completes its review and receive RD approval, they will apply final subcontractor approval in PASSPort.

Subcontractor Payment Validation

All Prime Vendors are required to enter payment information in the Subcontracting module



Step 1: The prime vendor makes the payment to the subcontractor (outside of PASSPort).



Step 2: The vendor records the subcontractor payment in PASSPort and uploads supporting documents (subcontract agreement, pay stubs, canceled checks).



Step 3: The subcontractor confirms receipt of the payment in PASSPort.



Step 4: Agency verifies the payment in PASSPort with the Payment Validator role.



Step 5: Payment information is sent to the Comptroller's Office and published on Checkbook NYC.

PASSPort Vendor Status: FILED

Basic Company Info		Submitting Vendor's Primary Address / Contact Information	
Participant ID (Vendex legacy System)	PASSPort Vendor Code	Address Line 1 ⓘ	
PASSPort Vendor Status	VIN ⓘ	Address Line 2	
Filed			
Vendor Name ⓘ	Corporate Structure	Zip Code	City
	Business Corporation	11432-3937	Jamaica
Doing Business As	DUNS number ⓘ	Country	State
		UNITED STATES	New York
Annual gross revenue	FMS Vendor Code ⓘ	Phone number	
\$500,000-\$999,999		5169788658	
Business Category	Web Site		
Construction			
Date business was formed	Twitter		
3/11/2016			
Country in which business was formed ⓘ	Facebook		
UNITED STATES			
State in which business was formed	Other Social Media		
New York			
County in which business was formed	12 Month Aggregate amount ⓘ \$		
New York			
National or regional stock exchange or NASDAQ listing			

Resources and Materials



Subcontracting Resources for
Agencies



Vendor Subcontracting Resources