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UNIFIED COURT SYSTEM
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BUDGET BULLETIN	NUMBER 196	November 1, 1988
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TO: Holders of the Financial Planning and Control Manual

SUBJECT: Equipment Maintenance Contracts

The Unified Court System recently lost maintenance services and funds due to the bankruptcy of two separate vendors who were contractually obligated to provide equipment maintenance services to the courts. In both cases, the agreements called for the prepayment of the entire contract amount. However, both firms were declared involuntarily bankrupt prior to the completion of the contract period, leaving equipment vital to the operation of the courts without maintenance services.

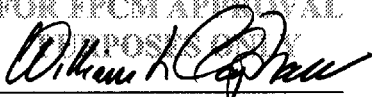
When developing future Requests for Proposals (RFP's) for contractual maintenance services, particularly when dealing with new or little known firms, courts and agencies should consider the following information relative to potential bidders:

1. length of time in business
2. Previous bankruptcies
3. Credit report
4. References

In addition, future contracts should provide for monthly, quarterly or semi-annual payments of the contract amount over the course of the contract period. Only if it can be clearly demonstrated that staggered payments will add significantly to contract costs should the full contract amount be prepaid at the initiation of the contract. Suggested contract language for monthly; quarterly; or semi-annual payments is as follows:

"Charges for the maintenance services provided pursuant to this Agreement shall be payable on a (monthly, quarterly or semi-annual) basis with each payment due at the beginning of each (month, quarter or six-month period). CONTRACTOR shall invoice all payments in a form satisfactory to the New York State Comptroller's Office, and UCS shall take all steps necessary for payment to be made in the ordinary course of State business. CONTRACTOR shall mail all invoices to UCS at the address provided herein."

Please contact this office if there are any questions relative to these changes.

NYS UNIFIED COURT SYSTEM
FOR FPCM APPROVAL

William L. Clapham