



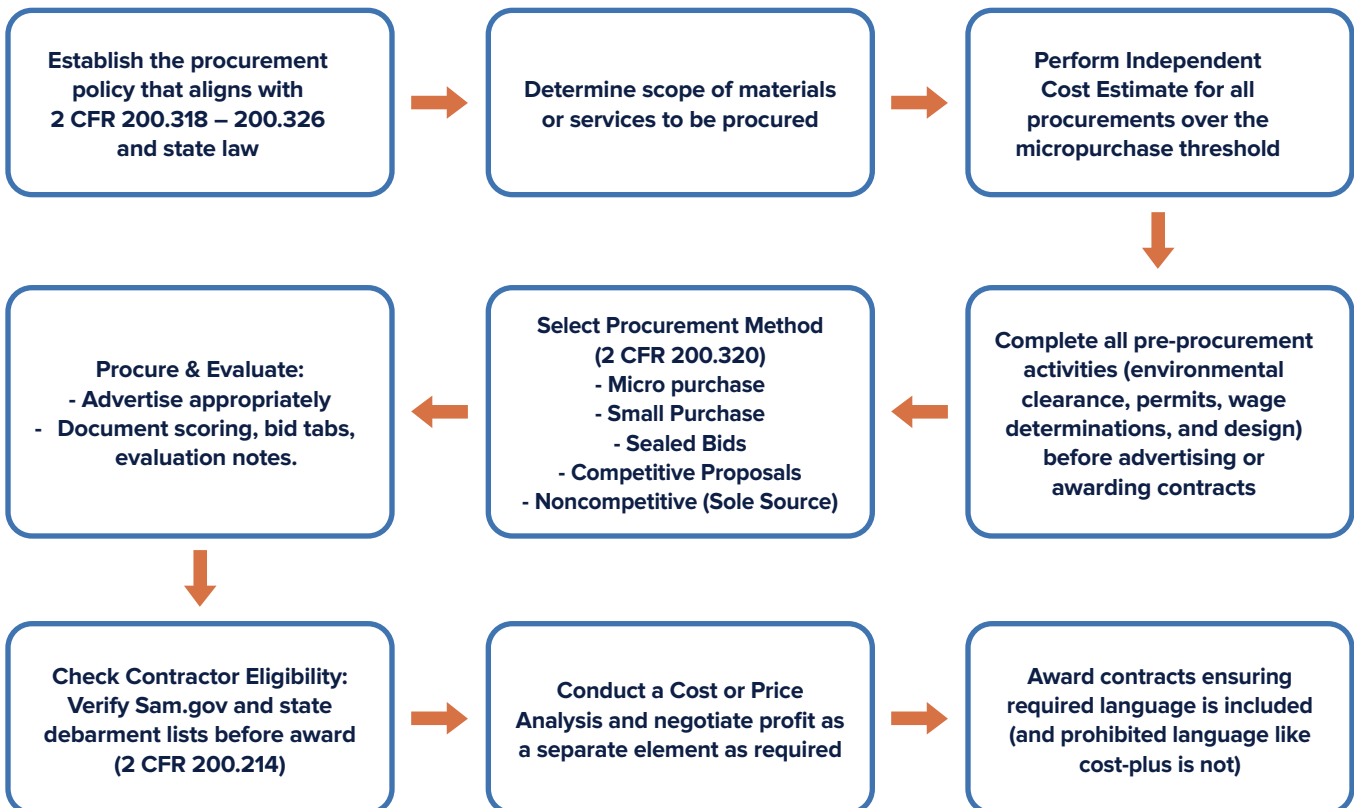
Procurement 101

CDBG-DR & CDBG-MIT

Subrecipients utilizing CDBG-DR or CDBG-MIT funding are required to comply with all applicable federal, state, and local procurement regulations. While timely project execution is important to the overall recovery effort, failure to follow required procurement procedures places program funds at risk of recapture by LOCD-DR.



Procurement Road Map





Guiding Principles

- Promote fair and open competition
- Follow the most stringent rule (federal, state, or local)
- Uphold transparency and integrity
- Document every compliance action for monitoring and audits

Requirements for a Compliant Procurement Policy

Before issuing solicitations, requesting pricing, incurring expenses, or executing contracts, subrecipients must adopt procurement policies and procedures that meet federal and state requirements (or update existing ones). Policies should:

- Include the methods of procurement to be used per 2 CFR 200.320
- Require fair and open competition
- Address fraud, waste, and abuse
- Include procedures to establish reasonable costs such as Independent Cost Estimates and Cost Price Analysis
- Establish written standards of conduct and conflicts of interest policy per 24 CFR 570.489
- Provide safeguard against unnecessary or duplicative purchases per 2 CFR 200.318(d)
- Encourage the use of value engineering clauses when reasonable per 2 CFR 200.318(g)
- Require awarding to responsible contractors per 2 CFR 200.318 (h)
- Require detailed record keeping per 2 CFR 200.318(i)
- Define when time and materials contracts are allowed and ensure a cost ceiling per 2 CFR 200.318 (j)
- Include dispute resolution procedures per 2 CFR 200.318 (k)
- Include all other policy requirements outlined in 2 CFR 200.318 - 2 CFR 200.326





Prohibited Practices & Common Audit Findings

Prohibition on Cost Plus a Percentage of Cost Pricing - [2 CFR 200.324\(c\)](#)

“Cost plus a percentage of cost” and “percentage of construction costs” methods of contracting and charging grant funds are not allowed. Keep an eye out for hidden cost-plus language lurking in contractual clauses and fee schedules.

Prohibition on Practices that Restrict Competition – [2 CFR 200.319](#)

Procurement practices that restrict fair competition are prohibited, including excessive vendor qualifications, irrelevant experience or bonding requirements, coordinated pricing among firms or affiliates, and noncompetitive awards to consultants with retainer agreements.

Finding: Independent Cost Estimates/Cost, Price Analysis – [2 CFR 200.324 \(a\)](#)

All procurement transactions (including any contract modifications) more than the simplified acquisition threshold must: (1) conduct an independent cost estimate and then (2) conduct a cost or price analysis as appropriate. For more information on how to document these procedures, please review [Buying Right CDBG-DR and Procurement](#).

Finding: Choice Limiting Actions – [24 CFR 58.22](#)

Clearance of the scope of work is required to be obtained before awarding any contract for goods or services. For professional services, this often looks like documenting exemptions. For materials/construction, make sure that your environmental review record includes the full scope of work

and Authority To Use Grant Funds before awarding contracts.

Finding: Noncompetitive Procurement – [2 CFR 200.320\(c\)](#)

If only a single respondent to a request for proposals or bids is received, please ensure to work with LOCD-DR to ensure appropriate documentation is on file to proceed with a noncompetitive procurement.

Finding: Ensure Firm/Supplier is Not Debarred Before Contract Award – [2 CFR 200.214](#)

Conduct a [System of Award Management](#) check for the firm and principals, as well as checking [Louisiana’s state-level debarment list](#) before a contract award is made.

Finding: Cross-Cutting Requirements – various

Procurement actions are flashpoints for cross-cutting requirements like labor standards, civil rights, and environmental compliance. Ensure that at every stage you are cross-cutting grant standards appropriately.



Resources

[Buying Right CDBG-DR and Procurement:](#)

This guide is a must-read to any grant professional who will be conducting procurement related to a CDBG-DR or MIT grant. Additionally, there are great templates for cost analysis and other useful resources like checklists and sample documents.

[2 CFR 200.318 through 2 CFR 200.326](#): This section of the Code of Federal Regulations applies to all procurements conducted in relation to CDBG-DR or MIT grants.

