



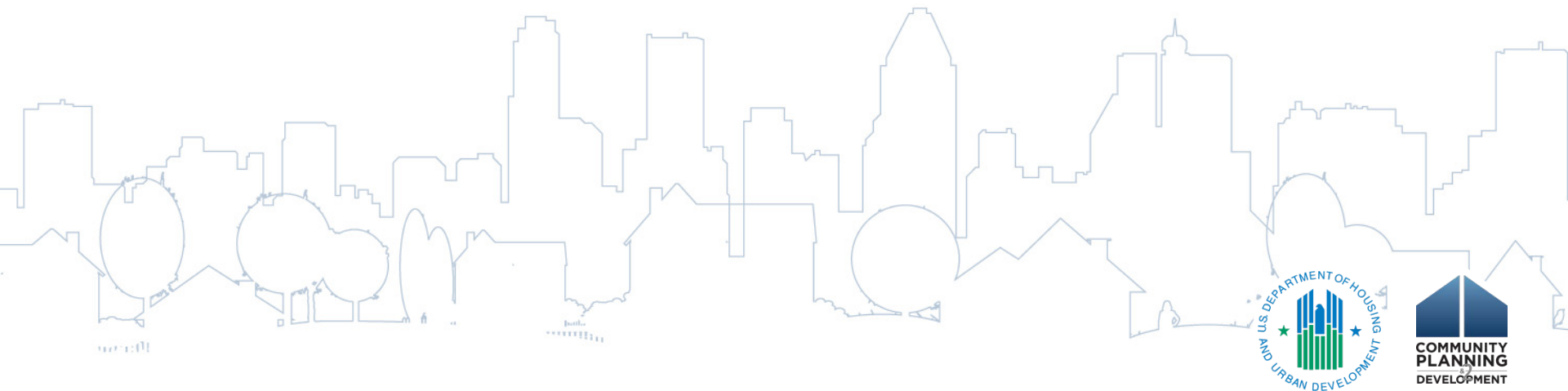
# Updates and Clarifications to Procurement Requirements for States

April 2017



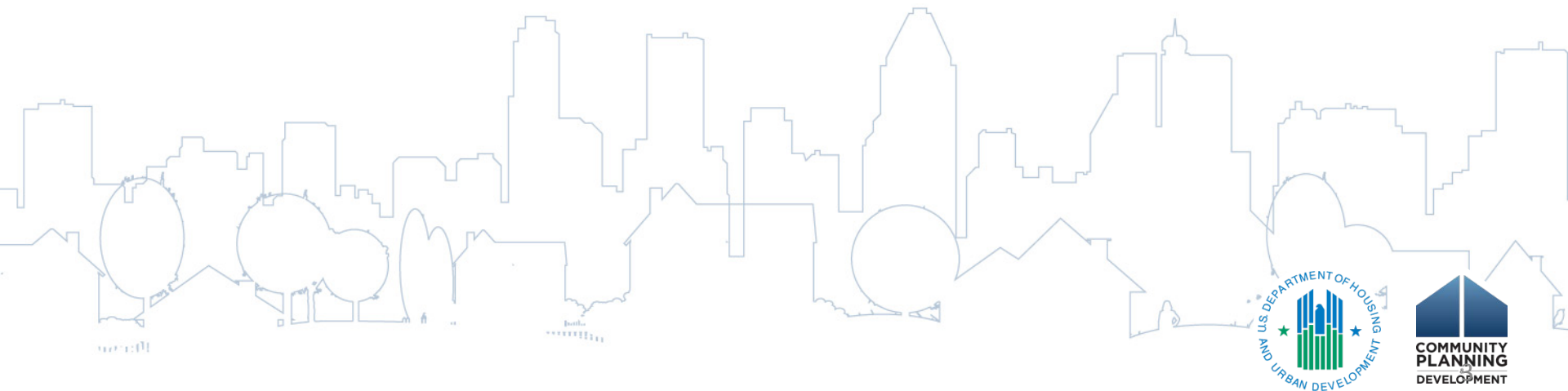
# Contents

- Learning from audits
- Brief overview of recent policy clarifications related to Community Development Block Grant (CDBG-DR) procurement by states



# Learning from Audits

- Program audits sometimes bring policy issues to light and indicate where clarification may be useful
- Program effectiveness and efficiency benefit when staff consider and learn from such audit results
- On the suggestion of the Office of Inspector General for Audit at HUD, program staff incorporate lessons learned into program policy and training materials.



# Issue Background

- CDBG disaster recovery grants are subject to the State CDBG regulations unless HUD provides a waiver or alternative requirement by Federal Register Notice
- CDBG-DR funds come from special supplemental appropriations of CDBG funds
- Recent CDBG-DR appropriations include a requirement:
  - “As a condition of making any grant, the Secretary shall certify in advance that such grantee has in place proficient. . . procurement processes. . .”
- The FR Notice describes the requirement and what documents to submit to support proficiency
- HUD reviews for proficiency with a checklist, then makes the certification and the grant.



# Audits

- The Office of Inspector General (OIG) audited State grantees and made findings in 2015 related to procurement and the proficiency requirements
- CPD and the OIG could not agree on a management decision, or the correct application of the requirements, so the audit was elevated in accordance with Departmental procedures
- This webinar covers the basics on the policy outcomes and offers clarifications that may prevent spread or recurrence of the issue.
- The outcome relies heavily on the State CDBG regulations, so the result may have some applicability in the annual State CDBG program as well.



# Walk-through

- The State CDBG regulations and the procurement section of the CDBG-DR Notices expressly permit State grantees to use their own procurement requirements.
  - A state shall establish fiscal and administrative requirements for procurement by
    - using requirements applicable to its own funds,
    - adopting new requirements, or
    - applying the Federal financial requirements.
  - The state is *permitted, not required*, to adopt each subparagraph of the federal procurement regulations.



# Walk-through

- In CDBG-DR, HUD has two review standards for proficiency, based on:
  - State adopts all the sub-paragraphs
  - State does not adopt the sub-paragraphs
- If the State “does not adopt”, HUD’s review looks to see whether the state’s standards are “equivalent” and “align” with the regulations.
- What is equivalent?
  - “having the same or similar effect as”
  - Result in procurements based on fair and open competition



# Pro Tips for Compliance

- Use the following guides to check your compliance and to make sure you are current with 2 CFR 200.
  - For CDBG-DR grantees, review your standards using the financial proficiency checklist. Checklist for most recent grants is here:  
<https://www.hudexchange.info/resource/5288/pl-114-223-254-guide-for-review-of-financial-management-for-cdbg-dr-grantees/>
  - For State CDBG and –DR grantees, review your documents, standards and practices using Exhibit 4-7 from the CPD monitoring handbook at:  
<https://www.hudexchange.info/resource/290/hud-community-planning-and-development-monitoring-handbook-65092-rev7/>.





# Questions?

- We will take questions during the webinar.
- For questions after the webinar, please contact your assigned HUD Community Planning and Development Representative.

