Procurement and Contract Management

Note: For many grantees, this function will be conducted by existing grantee procurement or contracts staff. This is acceptable so long as those functions comply with all CDBG-DR contracting requirements.

<table>
<thead>
<tr>
<th>ROLE</th>
<th>Manage the compliant, efficient selection of contractors and subrecipients and ensure the execution of complete contracts with all CDBG-DR awardees.</th>
</tr>
</thead>
</table>
| CRITICAL RESPONSIBILITIES | • Ensure that all supplies, materials, services, and equipment are procured in compliance with Federal requirements and in a manner that encourages full and open competition.  
• Verify and document that all contracts are awarded for eligible, necessary, and reasonably priced goods and services.  
• Execute subrecipient and contractor agreements that conform to statutory and regulatory requirements. |

PRE-AWARD TASKS

1. **Procurement framework**: If the grantee is a State CDBG-DR recipient, in concert with the Grants Management team, decide and document in its procedures whether it will follow Federal procurement rules and regulations or if it will follow State procurement laws. State procurement policies and procedures must still demonstrate compliance with Federal cost principles. Note that this option is not applicable to local government grantees or subrecipients of State agencies. Local government subrecipients must follow the Federal procurement laws and subrecipients must follow whichever option is chosen by their State. Also, note that even if a State chooses to follow the Federal procurement standards, this does not necessarily negate State or local requirements. Grantees must consult with their program counsel regarding applicable rules.

PLANNING/PROGRAM DESIGN TASKS

1. **Procurement policies and procedures**: Work with the policy team to develop and maintain detailed contract management and procurement policies and procedures that are compliant with Federal, State, and local rules and regulations. At a minimum, ensure that the procedures cover: acceptable methods of procurement (e.g., small purchase, sealed bid/formal advertising, competitive proposals, non-competitive proposals); standards of conduct for employees engaged in contract award and administration; preferences for or outreach to small, minority, women, veteran, and Section 3 businesses; cost reasonableness and where applicable developing independent cost estimates; and a process for solicitation and acceptance of bids. It may be acceptable to use existing grantee procurement procedures IF these procedures are complete and accurate for CDBG-DR. If required by the CDBG-DR Federal Register notice, submit these procedures to HUD for approval. The final procurement policies and procedures must be posted to the grantee’s comprehensive CDBG-DR website.

2. **Contracting policies and procedures**: Establish policies and procedures for creating and managing subrecipient agreements, private entity contracts, and memorandums of understanding with other public agencies. Ensure that all subrecipient agreements are compliant with 2 CFR Part 200 Appendix II and contain all clauses required by Federal statutes, executive orders, and implementing regulations. Ensure all private contracts include all clauses required by Federal statutes, executive orders, and

https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/
implementing regulations (24 CFR 570.487, 24 CFR 570.489). Grantees should review and revise existing agreements that may have been in place prior to disaster before utilizing them for CDBG-DR program administration.

3. **CDBG-DR Grant agreement:** Work with Grants Management staff and program legal counsel to review and execute the HUD grant agreement and ensure all parties understand its clauses.

4. **Procurement plan:** Coordinate with Grants Management and all functional teams to understand the program administration decisions and intended procurements and/or subrecipient decisions. Develop a plan indicating the timeline, scope, and approximate value of intended procurements and subrecipient partnerships. Update this plan as program design decisions are modified.

5. **Initial external expertise:** If directed by the Grants Management team, procure the initial external experts as needed to assist with program design and start-up.

6. **Staffing:** In concert with the Grants Management staff and based on where the grantee has decided to locate the contracts function, determine level and types of staffing needs. Work with Human Resources to develop job descriptions and hiring requisitions and assign, interview, and hire these staff.

### OPERATIONS TASKS

1. **Contractor registry:** Maintain a contract registry of vendors, contractors, and subcontractors by date and type of procurement (e.g., micro-purchases, small purchases, requests for proposal, and sole-source and competitive bids), funding source, amount of the contract, and scope of work.

2. **Procurement implementation:** Implement the policies and procedures to procure and select companies and subrecipients as requested by functional teams and approved by Grants Management. Complete an independent cost estimate for every procurement action prior to commencing procurement. Issue procurement opportunities pursuant to 2 CFR 200.318 - 200.326 and applicable Federal Register notices. Review all bids, including cost reasonableness, and choose winning bidders.

3. **Small, minority, women, veteran’s, and Section 3 businesses:** Follow the grantee’s procedures regarding preferences for contracting with small, minority-, and/or women-owned businesses. Track and document compliance with the grantee’s Section 3 policy on hiring of local and LMI businesses.

4. **Conflict of interest:** Ensure that procurement policies and procedures outline standards of conduct for employees engaged in the award or administration of contracts. Verify that all employees involved in CDBG-DR program are aware of and comply with conflict of interest rules. Where needed, work with the Training and TA team to provide technical assistance on procurement and conflict of interest rules.

5. **Debarment:** Work with Financial Management team to ensure that no awards are made to a debarred contractor by checking the list of debarred contractors located at https://www.sam.gov.

6. **Contract awards:** Make awards to the winning bidder following the procurement policy. Every award letter must contain the 13 specific elements specified in 2 CFR §200.331.

7. **Subrecipient awards:** For subrecipient agreements, conduct due diligence on the following prior to making awards: financial stability; management systems in place to ensure compliance with Federal and State requirements; history of prior performance; prior audit findings and resolution; and ability to effectively implement statutory, regulatory, and other grant requirements.
8. **Contract implementation:** Prepare contracts with contractors and agreements with subrecipients and other government agencies, including a penalty clause for non-compliance pursuant to [2 CFR §200.338](https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/) in all contracts and subrecipient agreements. Negotiate contract terms and ensure that all contracts include provisions required under CDBG-DR, including performance requirements and period of performance or date of completion. All contracts must adhere to cost principles outlined in [2 CFR §200.402-200.410](https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/). Assign a Contracting Officer to each contract to monitor scope and performance. All contracts using CDBG-DR funds, as well as a summary of all contracts including those procured by grantee, recipients, or subrecipients, must be posted to the grantee’s comprehensive website. The status of all services or goods currently being procured by grantee must also be posted to grantee’s comprehensive CDBG-DR website.

9. **Construction contracts:** Work with applicable Program Operations staff to bond and insure work involving large construction contracts. Ensure compliance with [Davis-Bacon](https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/).

10. **Contract amendments:** Work with Program Operations and Grants Management staff when contract amendments are required and ensure that all amendments are reasonable, necessary, and appropriate.

### REPORTING, COMPLIANCE, MONITORING, AND CLOSEOUT TASKS

1. **Contracts reports:** Complete HUD required contracts reporting, including: Section 3 reports; [FFATA – Federal Funding Accountability and Transparency Act](https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/) (any contract $25k or more); and Davis-Bacon reports.

2. **Contract conclusion:** When notified of work completion by the Program Operations team, verify that all contract clauses have been met before approving the closeout.