

DCTA Financial Management Series

Procurement - 2 CFR 200.317-326



Presenter



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Procurement

What is Procurement?



Procurement is the purchase of any goods or services.



When do federal rules apply?

Any time federal funds are used. "In for a dime - in for a dollar."



Do these rules apply to subrecipients and other government agencies?

Yes. All federal rules apply.

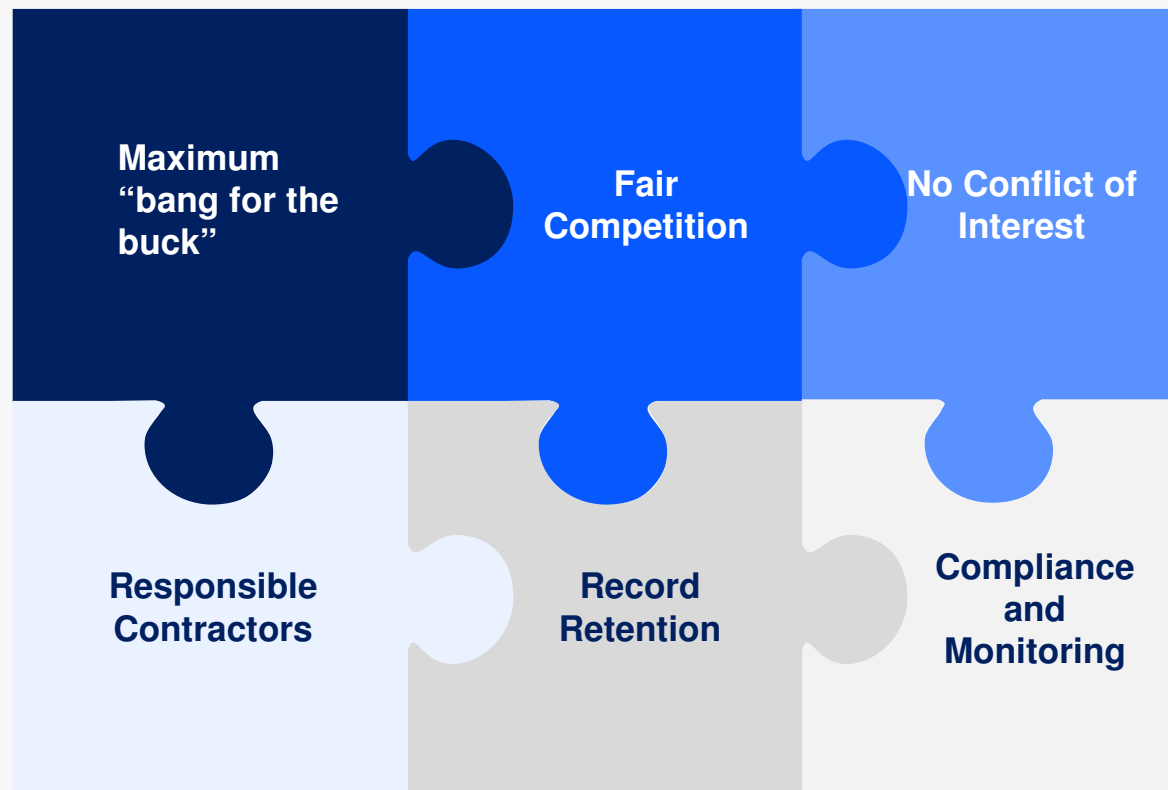


Do these rules apply to contractors and developers?

No. They are profit motivated.

Procurement

What is the Purpose?



Methods of Procurements



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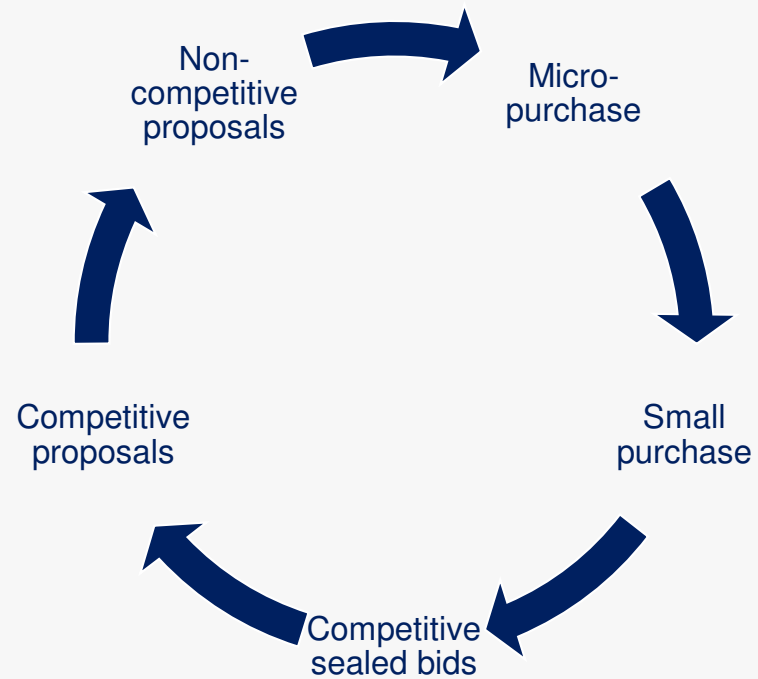
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Five Methods of Procurement



Procurement

Micro-Purchases



- Maximum \$10,000
- Can Be Less than \$10,000 if Grantee Prefers (More Stringent)
- Cannot Exceed \$10,000 Regardless of Grantee Preference (Less Stringent)
- Most Often Used for Office Supplies and Equipment
- Determine Cost Reasonableness in Advance through Informal Means
 - Advertisements
 - Internet
 - Previous Purchases
- Formal Quotes or Bids Not Required

Procurement Small Purchases



- Maximum \$250,000
- Can Be Less than \$250,000 if Grantee Prefers
- Cannot Exceed \$250,000 Regardless of Grantee Preference
- Must Get Quotes (Not Formal Bids) from Adequate Number of Sources (Usually 3 or More)

Procurement Sealed Bids



- Most Often Used for Large Construction Projects
- Must Use Competitive Sealed Bids
- Must Advertise Publicly
- Must Allow Adequate Time for Response
- Must Open, Review, Analyze and Select Bids in Formal Process
- Must Award to Lowest **Responsible** Bidder

Procurement

Competitive Proposals



- Most Often Used for Professional Services (Legal, Engineering, Planning, Consulting, etc.)
- Often Referred to as Request for Proposals (RFP) or Request for Quotes (RFQ)
- Price Must Be a Factor
- Price Does Not Need to Be Controlling Factor
- Develop and Follow Written Selection Criteria
- Award to Best Overall Response
- Document Reason for Selection

Procurement

Non-Competitive Proposals



Red flag to auditors and monitors

Can be used in following cases:

- Item is available only from a single source (sole source)
- Public exigency or emergency
- Authorized by federal grantor agency in advance
- Competition determined to be inadequate after other options fail

Procurement

MBE/WBE/Small Businesses



- Must take affirmative steps to reach out (e.g., MBDA/MBDC)
- Solicit (not select) directly whenever possible
- Use smaller contracts whenever possible and practical
- Require prime contractor to take affirmative steps with subcontractors

Note: This is related to but not the same as Section 3 contracting. Section 3 relates to project area hiring.

Procurement

U.S. General Services Administration (GSA)



Provides Additional Procurement Options

- Most Often Used by Federal Agencies for Procurement
- Can Be Used by State and Local Governments
- See Central Contractor Registration (CCR) on GSA Web Site
- See 8(A) Small Contractors List within CCR Web Site

Contract Cost and Pricing



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Contract Cost and Pricing



- Must make independent cost estimates **before** receiving bids or proposals.
- No “cost plus a percentage of cost” contracts allowed regardless of procurement method.

Procurement

Other Related Requirement



- Bonding required for construction contracts exceeding small purchase limits (\$250,000)
- Bid guarantee of 5% of bid price (assures ability to perform)
- Performance bond for 100% of contract price (secures fulfillment of contract)
- Payment bond for 100% of contract price (secures payment of all persons supplying labor and material)

Compliance and Monitoring



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Compliance and Monitoring



Must Monitor and Report Performance

- This means us!
- Assure compliance with all requirements
- Resolve any identified deficiencies
- Includes oversight of all subrecipients and government agencies (subject to federal financial management rules including procurement)

Procurement Compliance and Monitoring



At Least Three Things Must Always Happen

- Independent Cost Estimate **before** Procurement
- Check Potential Awardee Against Federal “Excluded Parties List” on GAO Website
- Document! Document! Document!