

# Top Five Methods to Document Procurements



Every agency should keep procurement records that allow an auditor or other interested party to track the specific nature of the goods or services bought with public funds, and the entire process used to purchase those goods and services. The purpose of this documentation is to show that the public body obtained high quality goods and services at the lowest possible price through an open, competitive process.

CDBG Entitlement jurisdictions must develop policies and procedures for procurement that comply with both 24 CFR Part 85 rules and any stricter state or local standards, and keep the following records:

- 1. For procurements defined as “small purchases” (i.e., those with a value less than both the Federal threshold of \$100,000 or any lower state or local thresholds that may apply), keep a record of:**
  - Description of the materials, supplies, or equipment to be purchased (including drawings and specifications, if applicable);
  - The name and title of the person who obtained price quotes;
  - The date(s) price quotes were obtained;
  - The source of all price quotes (name of firm, name and title of person contacted, price quoted);
  - If written or faxed quotes are obtained, the actual quotes need to be retained;
  - If telephone quotes are obtained, a record of the telephone solicitation needs to be retained;
  - The source selected for the procurement;
  - Purchase requisition/Purchase Order;
  - Price paid and source of funds; and
  - Date materials, supplies or equipment received.

**2. For procurements that are over the applicable “small purchase” threshold and require sealed bidding (e.g., construction projects), keep a record for each such procurement that includes:**

- Invitation to bid;
- Affidavit of publication from the newspaper that the procurement was published in the legal notices section of the newspaper;
- Copy of the complete bid package, including
  - Plans and specifications;
  - General conditions and special conditions
  - Section 3 requirements;
  - Equal Opportunity submissions;
  - Bid bond requirements, including performance and payment bond requirements;
  - Wage rates [if applicable];
  - Submission requirements;
  - Information on the pre-bid conference (if the agency decided to hold a pre-bid conference) and whether participation was mandatory;
- List of firms/individuals who picked up bid packages;
- Notes of pre-bid conference, if the agency held one;
- Questions received from bidders (if any) and how the agency responded;
- Amendments to bidding documents (if any);
- List of firms/individuals who filed bids;
- Record of the bid opening (including bids received, bid amount, responsive and non-responsive bidders);
- Non-collusive affidavits (if applicable) in which bidders certify that the bid is genuine and not collusive or sham and that the bid was not assembled in coordination with any other organization in an attempt to fix the price of the work;
- Staff notes on responsive bidders’ reference checks;
- Copy of staff memo recommending selection and contract award;
- Official action awarding contract (resolution when applicable);
- Copy of contract awarded; and
- Information on compensation approach, including documentation about how the compensation structure was selected.

**3. When state law prescribes Qualification Based Selection (QBS), usually in the case of selection of an architect, engineer, planner or urban designer, or when the CDBG Entitlement jurisdiction is doing procurement through competitive proposals, keep a record of such procurements that includes:**

- Invitation to submit Statements of Qualification;
- Submission package that includes qualification forms used, description of the work to be awarded, rating factors to be used for award, etc.;
- List of the firms that pick up qualification packages;
- List of the firms that submit qualification packages;
- Record of the opening of the qualification packages, including the names of the firms, bid amounts (if applicable), responsive and non-responsive submissions;
- List of the names and titles of persons participating on the rating committee;
- Notes of the meetings of the rating committee in sufficient detail to document the order of firms selected;
- Notes of the negotiating sessions with the firms selected (in order of selection, if the first firm is not contracted);
- Copy of contract awarded; and
- Information on the nature of the compensation structure, including documentation of how the compensation structure was selected.

**4. When using noncompetitive proposals, Federal rules require additional documentation that:**

- The item or service procured is available only from a single source; or
- Public exigency or an emergency will not permit a competitive procurement; or
- After soliciting a number of sources, a determination is made that competition is inadequate; AND
- The awarding agency (in this case, HUD) approves a noncompetitive procurement.

The agency also must perform a cost analysis to determine that the price to be paid is reasonable.

## **5. State CDBG programs use the state's procurement laws and policies:**

For State CDBG programs, the guiding principles for procurements are those of applicable state law, although the program rules at 24 CFR part 570.489(g) require that the state establish policies and procedures for fair and open competition that address all the methods of procurement cited above: small purchases, sealed bidding, competitive proposals and non-competitive proposals. Per 24 CFR 570, so called "cost plus" contracts are forbidden; moreover, the state's policies and procedures are required to address employee conduct in awarding and administering contracts.

Generally, the documentation requirements described above for the CDBG Entitlement programs will be adequate for State CDBG programs and subgrantees.