2017 Specialty Crop Block Grant Program
Contractual Services
Use of Contractor/Consultant

- Services that cannot be provided by staff employed by the organization.

- Generally short-term and provide a specific and identifiable product or service.

- Applicants must ensure their contractors/consultants comply with applicable federal regulations and requirements.

- Applicant retains overall responsibility for management of the project.

- Applicant must reserve sufficient rights and control to enable it to fulfill its responsibilities for the project.
Procurement Policy

• At minimum, applicants must establish and follow a documented procurement policy
  – which conforms to applicable federal law and,
  – reflects applicable state, local, and tribal laws and regulations.

• Reference 2 CFR 200.318 for additional information on general procurement standards.
Procurement Methods

- 2 CFR 200.320 for a complete list of procurement methods.
- Micro-purchase:
  - Purchases of supplies or services at or below the micro-purchase threshold (currently $3,000).
  - May be done without soliciting competitive bids.
  - Applicant must believe the cost to be reasonable.
Procurement Methods (cont.)

• Small Purchase Procedures:
  – Relatively simple and informal procurement methods may be used for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (currently $150,000).
  – If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
Procurement Methods (cont.)

• Noncompetitive Proposal:
  – Aka single source bidding.
  – This is appropriate in very limited circumstances as described in 2 CFR 200.320 (f).
    • It requires prior approval from CDFA.
  – If awarded funds, applicants that anticipate this procurement method will be necessary should contact their assigned grant analyst before beginning the process.
Procurement Methods (cont.)

• Regardless of the procurement method selected, applicants are required to:
  – Conduct a cost or price analysis, including developing an estimate prior to soliciting bids, for any procurements in excess of the Simplified Acquisition Threshold.
Compensation for Contractors

• Compensation for contractual services generally falls in to one of three types:
  – Salaries and Wages
  – Fees for Professional Services
  – Flat Rate
Compensation for Contractors

• Salaries and Wages:
  – Costs are based on the actual salary or hourly wage for the persons performing work under the contract.
  – In addition to actual salaries, contracts may include charges for fringe benefits, supplies, travel, other costs and indirect costs.
  – In contracts that utilize this method a justification must be provided and prior approval must be obtained from CDFA for salaries/wages that exceed the General Schedule Grade 15 Step 10 (GS 15 Step 10) for the locality in which work will occur.
Compensation for Contractors

• Fees for Professional Services:
  – An hourly rate is paid for services provided.
  – The rate does not necessarily reflect the actual salary of the person performing the contracted work.
  – Is typically **inclusive** of salary, fringe benefits and overhead costs associated with the service provided.
  – Justification must be provided and prior approval must be obtained from CDFA for rates exceeding the GS 15 Step 10 for the locality in which work will occur.
  – The inclusion of costs within a fee for professional services that would otherwise be unallowable is prohibited.
Compensation for Contractors

• Flat-Rate:
  – A pre-determined rate is paid for services provided, rather than payment based on hours worked.
  – The applicant must provide a justification for the flat-rate fee and demonstrate the rate is reasonable and consistent with fees in the marketplace for similar services.
  – Flat-rate contracts also require prior approval from CDFA and USDA.
  – The inclusion of costs within a flat-rate fee that would otherwise be unallowable is prohibited.
Documentation

• Applicants will be audited by CDFA.
• Copy of Procurement Policy is required.
• Records that show:
  – The applicant followed the terms of the Procurement Policy.
  – Conform to cost principles.
Questions