



California Department of Food and Agriculture  
Office of Grants Administration

# 2019 Specialty Crop Block Grant Program Procuring Goods and Services Using Federal Funds





# Use of Contractor/Consultant

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- Services that cannot be provided by staff employed by the organization.
- Generally for a short-term period 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

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- At minimum, applicants must establish and follow a documented procurement policy
  - Must conform to applicable federal law.
  - Must reflect applicable state, local, and tribal laws and regulations.
- Reference 2 CFR 200.318 for additional information on general procurement standards.



# Procurement Methods

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- See 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 \$10,000).
  - May be done without soliciting competitive bids.
  - Applicant must believe the cost to be reasonable.



# Procurement Methods

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- Small Purchase Procedures:
  - Relatively simple and informal procurement methods.
  - Used for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (currently \$250,000).
  - If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.





# Procurement Methods

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- Noncompetitive Proposal:
  - Aka single source bidding.
  - This is appropriate in very limited circumstances as described in 2 CFR 200.320(f).
  - If this procurement method will be necessary, contact the assigned CDFA grant analyst **before** beginning the process.



# Procurement Methods

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- 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

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- There are generally three types of fee structures for contractual services:
  - Salaries and Wages
  - Fees for Professional Services
  - Flat Rate





# Compensation for Contractors

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- 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.



# Compensation for Contractors

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- 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.
  - The fee is typically **inclusive** of salary, fringe benefits and overhead costs associated with the service provided.
  - The inclusion of otherwise unallowable costs within a fee for professional services is prohibited.



# Compensation for Contractors

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- 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.
  - The inclusion of otherwise unallowable costs within a flat-rate fee is prohibited.



# Prior Approval

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- Common examples requiring prior approval from CDFA:
  - Selecting a contractor by noncompetitive proposal.
  - Selecting a contractor with salaries and wages or fees for professional services that exceed the General Schedule Grade 15 Step 10 (GS 15 Step 10) for the locality in which work will occur.
  - Selecting a contractor that will utilize a flat rate fee structure.



# Prior Approval

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- Common examples requiring prior approval from CDFA:
  - Selecting a contractor not already identified on the project application/scope of work.
  - Changes in the fee structure of a previously approved contractor (e.g., changing from a flat rate fee structure to a fee for professional services).
- In all cases, contact the assigned CDFA grant analyst for assistance.





# Required Documentation

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- Documentation required for CDFA audits:
  - Copy of Procurement Policy.
  - Records that show:
    - The applicant followed the terms of the Procurement Policy.
    - All costs conform to cost principles.





# Questions

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