

### **Disaster Procurement Tips and Resources**

Procurement and contracting missteps represent one of the most significant exposures for applicants when it comes to federal grant reimbursement, including FEMA Public Assistance. Navigating unfamiliar rules and requirements after a catastrophic event can put millions of federal grant dollars at risk.

### Non-competitive, Sole Source Emergency and Exigent Purchases

- Document circumstances surrounding the need for non-competitive sole-source purchases.
   Non-state entities must provide written justification for each use of the non-competitive emergency/exigent procurement exception. (See <u>FEMA Fact Sheet for Emergency and Exigent Purchases</u> for elements to include in the written justification.)
- Include all applicable terms and conditions found at 2 CFR §200.327, Appendix II, and FEMA-recommended contract provisions with every purchase order or contract. (See FEMA PDAT Contract Provisions Guide.)
- Document a completed suspension and debarment (exclusions) check for all awarded suppliers/contractors.(SAM.gov)
- Conduct a cost or price analysis for all purchases over the simplified acquisition threshold, currently set at \$250,000.
- Prepare to pivot to non-disaster procurement practices as soon as possible.

# Use of Pre-awarded Local Government Contracts Not Originally Procured According to the Federal Standards (2 CFR $\S 200.317-327$ )

Align with the tips noted above for non-competitive, sole-source purchases.

#### **Time and Materials Contracts**

- Document the circumstances that exist whereby no other type of contract was suitable.
- Ensure that no cost-plus-percentage-of-cost elements exist within rate sheets (e.g., small tools charged at 'x'% of the overall project.)
- Establish an overall contract ceiling price that the contractor exceeds at its own risk.
- Be prepared to transition to a fixed-price contract with awarded supplier/contractor once a scope of work can be defined.
- Conduct and document oversight of the time and materials contractor's work.
- Include all applicable terms and conditions found at 2 CFR §200.327, Appendix II and FEMA recommended contract provisions with every purchase order or contract. (See <u>FEMA PDAT</u> <u>Contract Provisions Guide</u>.)
- Document a completed suspension and debarment (exclusions) check for all awarded suppliers/contractors. (SAM.gov)

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## Use of Cooperative Contracts for Disaster Response See FEMA Fact Sheet for Cooperative Purchasing.

- Document how original solicitation was procured under the federal requirements. (2 CFR §200.317-327).
- Download all due diligence documentation available for the selected cooperative contract.
- Best practice: Request a minimum of three quotes from suppliers under the awarded cooperative contract, with one quote being from a small/minority/woman business enterprise (if available).
- Conduct a cost/price analysis for the selected cooperative contract for needed goods/ services.
- Include all applicable federal terms and conditions found at 2 CFR §200, Appendix II and FEMA-recommended contract provisions with every purchase order or contract between local government and selected cooperative supplier. (See <u>FEMA PDAT Contract Provisions Guide</u>.)
- Document a completed suspension and debarment (exclusions) check for all awarded suppliers/contractors. (SAM.gov)

### **Six Affirmative Steps Toward Socioeconomic Contracting**

While not required during emergency/exigent circumstances, it is critical that your entity take and document the six affirmative steps to include small, minority, women's business enterprise firms and labor surplus area firms in procurement actions as your entity pivots back to non-emergency procurement processes and procedures. The six affirmative steps are:

- 1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- 2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- 3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- 4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- 5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- 6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

### **Emergency Procurement Training**

The top five reasons that FEMA funds are deobligated or "clawed back" are all procurement-related. The DRS team is proactive in our disaster procurement approach, bringing in Certified Procurement Professionals who will provide your team with emergency procurement training and support from Day 1 of the disaster. Contact one of our team members listed on the following page to schedule emergency procurement and contracting training.

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### **Documentation and Record Retention**

Your entity must maintain records sufficient to detail the history of all procurement actions that will be reimbursed by FEMA or other federal disaster grants. These records must be as detailed as possible. No amount of documentation is considered to be too much. This documentation may be used to support compliance for audits that could be conducted over a decade after the declared event.

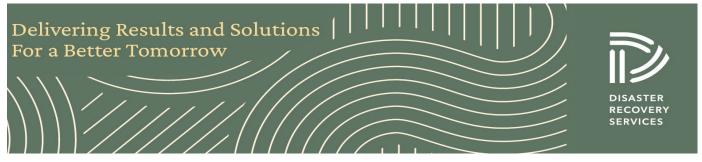
Refer to the specific federal/state grant agreement to understand record retention requirements. For example, FEMA requires that all records be maintained for a 3-year period after the last project worksheet has been closed for the specific disaster event. In some cases this can be well over 10 years. DRS recommends that FEMA records be marked as 'evergreen' so as not to prematurely destroy critical records that may be needed to support questioned costs during future audits. If these costs are questioned and there are no records to support the purchases, it is very likely the auditing agency will recommend that funding be clawed back.

Records to be maintained include, but are not limited to:

| Solicitation documents, addenda, amendments              | Notice to unsuccessful bidders/proposers  |  |
|--|---|--|
| Public advertisement or posting of solicitations         | Suspension and Debarment check  |  |
| List of suppliers notified of opportunity                | Board or governing body contract approval   |  |
| Documentation of affirmative steps for S/W/WBE inclusion | All contract documents including signed agreement to required federal contract clauses, amendments, change orders |  |
| Copies of communications with prospective suppliers      | Records of protests, disputes, claims   |  |
| Bid tabulation   | Bid, performance, payment bonds (if required)   |  |
| Proposal evaluation                                      | Purchase Orders and Change Orders   |  |
| Cost/Price analysis (if required)                        | Receiving records   |  |
| Notice of Award  | Copies of A/P checks or wire payment/EFT confirmation   |  |

### Let us know how we can help:

| Name             | Role                              | Email                      | Phone        |
|------------------|-----------------------------------|----------------------------|--------------|
| Kim Abrego       | C00                               | kabrego@disastersllc.com   | 832.499.6597 |
| Cory Brandt      | Director of Business Development  | cbrandt@disastersllc.com   | 949.244.1338 |
| Shelley Vineyard | Director of Procurement Specialty | svineyard@disastersllc.com | 832.603.2251 |



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