



# Reno-Sparks Indian Colony, Reno, NV

## Indian Housing Block Grant and Indian Community Development Block Grant Programs



**To:** Carolyn O'Neil, Administrator, Southwest Office of Native American Programs,  
9EPI

//SIGNED//

**From:** Tanya E. Schulze, Regional Inspector General for Audit, 9DGA

**Subject:** The Reno-Sparks Indian Colony, Reno, NV Did Not Always Comply With HUD  
Procurement Regulations

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Reno-Sparks Indian Colony's Indian Housing Block Grant and Indian Community Development Block Grant funds.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 213-534-2471.



**Audit Report Number: 2016-LA-1001**

**Date: February 10, 2016**

**The Reno-Sparks Indian Colony, Reno, NV Did Not Always Comply With HUD Procurement Regulations**

## Highlights

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### What We Audited and Why

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We audited the Reno-Sparks Indian Colony based on a complaint alleging the misuse of U.S. Department of Housing and Urban Development (HUD) funds due to improper procurement activities. The objective of the audit was to determine the validity of the complaint and whether the Colony used its Indian Housing Block Grant and Indian Community Development Block Grant funds in accordance with HUD requirements.

### What We Found

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The complaint allegations had merit. The Colony did not follow HUD's or its own procurement requirements. This condition occurred because the Colony was unaware of and overlooked HUD procurement regulations and its own procurement requirements. As a result, it was unable to support that \$6,000 awarded for plumbing services was fair and reasonable.

### What We Recommend

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We recommend that the Administrator of the Southwest Office of Native American Programs require the Colony to (1) provide documentation showing that \$6,000 in Indian Housing Block Grant funds spent on plumbing services was fair and reasonable or reimburse its program from non-Federal funds; (2) review its procurement history and trends and award competitive contracts for services on which it routinely uses noncompetitive awards, such as plumbing services; (3) amend its legal contract to include all required clauses; and (4) provide additional training to procurement and housing staff to ensure that its staff has the knowledge to perform all future procurements in accordance with HUD regulations.

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# Background and Objective

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On January 15, 1936, with approval of a constitution and bylaws by the tribal members and the Bureau of Indian Affairs, the Reno-Sparks Indian Colony became a federally recognized tribe. The Colony is a sovereign tribal government with an elected chairman and eight-member tribal council, which serves as the governing body according to the constitution. The Colony formed a Housing Department to improve the quality of life for its residents by assisting tribal members in obtaining and maintaining comfortable, safe, and sanitary homes.

The Indian Housing Block Grant program (IHBG) is a formula grant that provides a range of affordable housing activities on Indian reservations and in Indian areas. The block grant approach to housing for Native Americans was enabled by the Native American Housing Assistance and Self Determination Act of 1996. Eligible activities include housing development, assistance to housing developed under the Indian housing program, housing services to eligible families and individuals, crime prevention and safety, and model activities that provide creative approaches to solving affordable housing problems.

The U.S. Department of Housing and Urban Development (HUD) authorized the Colony the following assistance for its IHBG program for calendar years 2015 and 2014:

Calendar year	IHBG program
2015	\$1,392,722
2014	\$1,446,667
<b>Total</b>	<b>\$2,839,389</b>

The purpose of the Indian Community Development Block Grant (ICDBG) program is the development of viable Indian and Alaska Native communities. This development includes the creation of decent housing, suitable living environments, and economic opportunities primarily for persons with low and moderate incomes as defined in 24 CFR (Code of Federal Regulations) 1003.2. HUD awarded two ICDBG grants to the Colony in 2011 and 2010. The Colony used these grants to pay for contracts awarded during our audit period. The two grants are as follows:

Contract number	ICDBG program
B-11-SR-32-0151	\$605,000
B-10-SR-32-0151	\$548,745
<b>Total</b>	<b>\$1,153,745</b>

Our office received a complaint alleging that the Colony potentially misused HUD funds due to improper procurement activities. The complainant alleged that the Colony inappropriately extended the bid deadline after opening the complainant's bid.

The objective of the audit was to determine the validity of the complaint and whether the Colony used its IHBG and ICDBG funds in accordance with HUD requirements.

# Results of Audit

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## Finding: The Reno-Sparks Indian Colony Did Not Always Follow HUD Procurement Regulations

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The Colony did not always follow HUD’s or its own procurement requirements. This condition occurred because the Colony was unaware of and overlooked HUD procurement regulations and its own procurement requirements. As a result, it was unable to support that \$6,000 awarded for plumbing services was fair and reasonable.

### The Colony Did Not Always Follow HUD Procurement Requirements

We reviewed a sample of 10 contracts to determine whether the Colony complied with HUD procurement regulations and found that all 10 contracts violated at least one requirement in CFR Part 85 (See Appendix C). The Colony has made final payments on 9 of the 10 contracts in the sample. Contract 3 (legal) was the only active contract. The following table identifies the violations noted in each contract file.

Contract number	Contract amount	Services provided	Lack of competition	Premature bid opening	Missing debarment checks	Missing cost analysis	Missing contract clauses
1	\$528,764	Housing rehabilitation			x	x	
2	\$508,850	Housing rehabilitation		x			
3	\$80,000	Legal				x	x
4	\$48,600	Hazard cleanup			x		x
5	\$28,331	Housing rehabilitation			x	x	
6	\$8,850	Housing rehabilitation			x		
7	\$8,200	Plumbing			x	x	
8	\$8,040	Plumbing			x	x	
9	\$6,000	Plumbing	x		x	x	
10	\$5,960	Plumbing			x	x	
	\$1,231,595 <sup>1</sup>		1	1	8	7	2

We determined that the complaint alleging that the Colony failed to comply with HUD procurement regulations was valid.

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<sup>1</sup> The Colony used \$410,580 in IHBG and \$627,034 in ICDBG funds to pay for contracts 1 and 2. It used IHBG funds for contracts 3 through 10.

### Lack of Competition

The Colony failed to obtain adequate competition when it awarded a contract for plumbing services totaling \$6,000. HUD regulations state that if small purchase procedures are used, grantees must obtain price or rate quotations from an adequate number of qualified sources<sup>2</sup>. The Colony did not provide evidence that it sought competition and did not provide support for the use of noncompetitive procurement procedures. As a result, it was unable to support that the \$6,000 it spent on plumbing services was fair and reasonable. Also, the Colony awarded three contracts to the same plumbing company without obtaining competition. It used Noncompetitive procedures due to no hot water reported by the tenant. The Colony stated that the issues stemmed from sediment in the plumbing system and installing sediment filters and normal type water heaters would solve the problem. Because the Colony is aware of the sediment problem and the potential for future hot water issues, it should competitively procure a plumbing contractor. By doing this, the Colony will avoid the use of noncompetitive procedures and ensure that it gets best value for services it received.

### Premature Bid Opening

We identified one contract in which the Colony extended a sealed bid deadline after it had opened the bid without providing a sound reason for not accepting the bid<sup>3</sup>, which compromised the procurement integrity. The contracting officer stated that he received guidance from HUD to extend the bid due date but was unable to provide documentation to show that HUD provided this guidance. By extending the bid deadline, the Colony received a lower bid; however, if it does so in the future, contractors may be hesitant to submit bids for projects, which could potentially restrict competition.

### Missing Debarment Checks

The Colony failed to show evidence that it performed a check of the Federal debarment or suspension list for 8 of the 10 contracts reviewed. HUD regulations state that grantees must not make an award to any party that is debarred or suspended or is otherwise excluded from or ineligible from participation in Federal assistance programs<sup>4</sup>. The Colony's procurement policy also requires that it maintain documentation to support that it checked to ensure that the contractor was not included on the excluded parties list<sup>5</sup>. Colony officials stated that they performed the checks and did not know why the debarment check documentation was missing. We performed the debarment checks in the Federal Government's System for Award

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<sup>2</sup> 24 CFR 85.36(d)(1)

<sup>3</sup> 24 CFR 85.36(d)(2)(i)(E)

<sup>4</sup> 24 CFR 85.35

<sup>5</sup> To protect the government's interest, any agency can exclude, i.e., suspend or debar, businesses or individuals from receiving contracts or assistance. Agencies must report all excluded parties to the Excluded Parties List System (EPLS)

Management<sup>6</sup> for the eight contractors and did not find them listed. The Colony needs to perform and document the debarment checks for all contractors to ensure it does not provide HUD funds to companies restricted from doing business with the Federal Government.

### Missing Cost Analysis

The Colony lacked evidence that it performed a contract cost analysis for 7 of the 10 contracts reviewed. HUD regulations state that grantees must perform a cost analysis in connection with every procurement, including contract modifications. As a starting point, grantees must make independent estimates before receiving bids or proposals. Of the seven contracts, two were missing independent cost estimates, three did not contain evidence that the Colony performed a cost analysis of the amendments, and four sole source plumbing contracts lacked a cost analysis. For the contracts that had independent cost estimates, it appeared that the estimates were informal guesses rather than estimates supported by analysis. One estimate was included in the solicitation itself, which violated the Colony's requirements to safe guard all cost estimates. The Colony needs to ensure that it develops supported cost estimates on all procurement actions and perform detailed cost analyses when required to ensure that it receives the best value for the services it receives.

### Missing Required Clauses

Of the 10 contracts reviewed, 2 lacked required contract clauses. HUD regulations<sup>7</sup> require grantees to include specific provisions in their contracts to protect the rights of the grantee and ensure compliance with federal laws such as the Copeland "Anti-Kickback" Act and the Davis-Bacon Act. However, in two of the contracts reviewed, some or all of the provisions were missing.

### **Conclusion**

The Colony did not comply with HUD regulations or its own procurement policies when using its IHBG and ICDBG funds. This condition occurred because the Colony was unaware of and overlooked HUD procurement regulations and its own procurement policy. The Colony hired a new procurement specialist and provided procurement training to the procurement specialist and the director of its Housing Department. However, despite the training we continued to note violations in the contract files. As a result, the Colony was unable to support that \$6,000 awarded for plumbing services was fair and reasonable.

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<sup>6</sup> The System for Award Management (SAM) is the official U.S. Government system that consolidated the capabilities of Central Contract Registration, Online Representations and Certifications Application, and Excluded Parties Listing System.

<sup>7</sup> 24 CFR 85.36(i)



## **Recommendations**

We recommend that the Administrator of the Southwest Office of Native American Programs require the Colony to

- 1A. Provide documentation showing that \$6,000 in IHBG funds spent on plumbing services was fair and reasonable or reimburses its program from non-Federal funds.
- 1B. Review its procurement history and trends and award competitive contracts for services for which it routinely uses noncompetitive awards, such as plumbing services.
- 1C. Amend its legal contract to include all required clauses.
- 1D. Provide additional training to procurement and housing staff to ensure that its staff has the knowledge to perform all future procurements in accordance with HUD regulations.

# Scope and Methodology

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We performed our audit work at the Colony's office in Reno, NV, from September 22 through November 6, 2015. Our audit covered the period October 1, 2013 through September 30, 2015. To accomplish our objective, we performed the following:

- Reviewed the applicable rules and regulations pertaining to the use of IHBG and ICDBG funds;
- Reviewed the Colony's Indian housing plans to ensure that HUD-funded projects were included in the plans;
- Reviewed the documentation provided by the complainant;
- Reviewed the Colony's procurement and ethical policy and procedures;
- Interviewed Colony personnel and HUD Southwest Office of Native American Programs staff;
- Reviewed the Colony's financial documentation, including the general ledger and disbursement journal;
- Reviewed the Colony's procurement log;
- Reviewed a sample of contract files;
- Reviewed eligibility documentation
- Performed Accurint<sup>8</sup> searches to determine whether potential conflicts of interests existed.

We selected a nonstatistical sample of 10 contracts to review, which the Colony paid for with IHBG and ICDBG funds. We used a nonstatistical sample to ensure we selected the contract mentioned in the complaint and the contracts with the highest dollar amounts. The findings pertain to the sample only. Therefore, we did not project the results to the universe. We selected our sample based on (1) information provided by the complainant, (2) dollar amount and timing of the procurement, and (4) sole-source procurements. The Colony's contract log showed that it awarded 52 contracts during our audit period. The disbursements journal showed that it spent more than \$2million in IHBG and \$676,401 in ICDBG funds for a total of more than \$2.7 million in HUD funds during our audit period. The 10 contracts selected for review totaled more than \$1.2 million, which represented 45 percent of all expenditures.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

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<sup>8</sup> LexisNexis Accurint for Government is a point-of-need solution that enables government agencies to locate people, detect fraud, uncover assets, verify identity, perform due diligence, and visualize complex relationships. It helps enforce laws and regulations; fight fraud, waste, and abuse; and provide essential citizens' services.

objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Internal Controls

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Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

## **Relevant Internal Controls**

We determined that the following internal controls were relevant to our audit objectives:

- Controls to ensure that IHBG and ICDBG funds are used in compliance with HUD regulations.
- Controls to ensure that procurement policies and procedures are followed.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

## **Significant Deficiency**

Based on our review, we believe that the following item is a significant deficiency:

- The Colony did not have controls in place to ensure that its staff complied with HUD procurement regulations and its own procurement policies (finding).

# Appendixes

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## Appendix A

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**Schedule of Questioned Costs**

<b>Recommendation number</b>	<b>Unsupported 2/</b>
1A	\$6,000
<b>Total</b>	<b>\$6,000</b>


- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures. In this instance, the Colony did not support the reasonableness of the contract award (\$6,000).

# Appendix B

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments



RENO-SPARKS INDIAN COLONY  
★ CHAIRMAN'S OFFICE  
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January 29, 2016

Tanya E. Schulze  
Regional Inspector General for Audit  
Office of Audit (Region 9)  
611 West Sixth Street, Suite 1160  
Los Angeles, CA 90017

Sent to: Tschulze@hudoig.gov

Re: Comments to OIG Audit Report : 2016-LA-100X,  
Findings of the Reno Sparks Indian Colony.

Dear Ms Schulze:

Thank you for providing the Reno-Sparks Indian Colony with the opportunity to respond with the following written comments to the draft OIG Audit Report : 2016-LA-100X, Findings of the Reno Sparks Indian Colony. In our comments, we address four items in the order raised by the OIG on page 9 of the audit report relative to the Colony's compliance with HUD Procurement Regulations.

- Requirement 1A.** That the Colony provide documentation to show that the \$6,000 in IHBG funds spent on plumbing services was fair and reasonable or reimburse the program from non-Federal funds.

**Response to Requirement 1A:** The referenced work and contract resulted from unanticipated repairs needing to be done during the course of replacing a hot water heater, as additional problems were discovered which necessitated replacement/repair of sewer and water lines under the house. The Housing Department has set any leak as 'Priority 1' and makes every effort to make repairs as soon as possible. This determination is based on the fact that if a leak is not repaired, it could cause major damage to the floor, walls and substructure of the unit. In addition to that, mold develops very quickly which is another hazard to the health of the residents. While the subject contract here was for the purpose of replacing the water heater, upon subsequent inspection of the water leak, the Housing Director made the determination to make emergency repairs based on the extent of the leaks, corroded galvanized pipes, and the presence of mold. While fixing the water leaks, it was then discovered the unit had cracked sewer lines with leaking effluent pooling under the unit. The resident of this unit is an elder and veteran with diabetes and it was felt it was necessary to remedy the problem immediately.

Comment 1

Comment 2

As indicated in the audit report, some of these water issues should be anticipated for future remediation. In order to respond promptly, efficiently and in compliance with procurement regulations, the Housing Department will ensure that appropriate "blanket" contracts are in place so that these issues can be addressed as they come up.

As to the fair and reasonable cost justification, the RSIC Housing Department submits that it awarded a contract under competitive bidding to another contractor the same year for similar work and the costs under that contract were \$4,500 for the line replacement/repairs and \$3,252 for the hot water heater replacement, for a total of \$7,752, more than \$1,700 over that paid under the questioned expenditure. See attached **Exhibit "A"** XXXX (redacted) Construction Co., Schedule of Amounts for Contract Payments, items no. 8 and 9. Also, see **Exhibits "B-E"** photographs documenting plumbing problems that necessitated the additional work. Having demonstrated that the \$6,000 expense was fair and reasonable, the RSIC requests that expenditure be allowable and not refundable to HUD.

2. **Requirement 1B.** That the Colony review its Procurement History and Trends, and Award Competitive Contracts in all Procurements.

**Response to Requirement 1B:** The Colony is reviewing its procurement history and trends, and will conduct periodic reviews in the future. As a result of this audit report and future internal reviews, the Colony will make necessary changes to its procurement actions, including adding required procurement related clauses in its contracts, conducting independent cost estimates for anticipated work, adhering to bidding policies and processes so that the integrity of the bidding is assured, and requiring that all contract awards be subject to competitive conditions. A procurement checklist will be completed by the Procurement Officer, and documentation attached, to demonstrate in the contract file that the required actions were complied with for each procurement. See **Exhibit "F"** as an example of a checklist developed to perform and document this regulatory and policy compliance.

Comment 3

3. **Requirement 1C.** That the Colony amend its legal services contract to include all required clauses.

**Response to Requirement No. 1C:** The Colony has added the required clauses to its legal contract form for services provided under HUD funding. See attached **Exhibit "G"**. The audited legal contract expired of its own terms in December 2015 and the Colony does not plan to renew it.

Comment 4

4. **Requirement 1D.** Provide Additional Procurement Training.

**Response to Requirement 1D.** The RSIC Procurement Officer and Housing Director attended HUD/ONAP Procurement training on June 23-24, 2015 in Reno, NV that

Comment 5

Tanya E. Schulze  
Regional Inspector General for Audit  
Comments to OIG Audit Report : 2016-LA-100X

provided them with current HUD requirements for "efficient and effective procurement."  
The Colony will schedule additional training, with SWONAP and other training  
providers, for its procurement and housing staff so that they have the knowledge to  
perform all future procurements in compliance with HUD funding requirements.

Sincerely,

  
Arlan D. Melendez  
Chairman

Attachments: Exhibits A-G.

Cc: Carolyn O'Neil, Administrator Southwest Office of Native American Programs, 9EPI  
Savita Shukla, RSIC Chief Finance Officer  
Tom Dressler, RSIC Housing Director  
Ralph Simon, RSIC Sr. Attorney  
Cameron Smith, RSIC Procurement Officer

Comment 6



## OIG Evaluation of Auditee Comments

- Comment 1 The contract for Purchase Order 19987 states that the plumbing work was for repairing a manifold, removing old piping and installing galvanized piping. There is no mention of replacing a hot water heater. Also, the Colony's procurement procedures state that procurements based on noncompetitive proposals shall be supported by a written justification for using such procedures. As stated in the report, the Colony did not provide any support for using noncompetitive procedures for this procurement.
- Comment 2 We reviewed the documentation provided by the Colony and determined that the documentation was not sufficient to show the price paid was fair and reasonable. Specifically, the documentation does not support that it sought competition and appears that the scope of work is different than the scope of work in question. The Colony needs to reimburse the program from nonfederal funds or provide further supporting documentation to HUD for review during the audit resolution process.
- Comment 3 The Colony should submit supporting documentation to HUD during the audit resolution process to show it reviewed its procurement history and trends and that it awards contracts competitively.
- Comment 4 The Colony should submit the supporting documentation to HUD for review during the audit resolution process.
- Comment 5 We are encouraged that the Colony is willing to provide additional procurement training to its staff. The Colony should submit supporting documentation to HUD for any additional training its employees receive during the audit resolution process.
- Comment 6 The Colony provided attachments labeled as Exhibits A-G with its response. We did not include the exhibits in the report because they were too voluminous; however, they are available upon request.

## Appendix C

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### Criteria

#### 24 CFR 85.35

##### **Subawards to debarred and suspended parties**

Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

#### 24 CFR 85.36(d)(2)(ii)(E)

##### **(ii) If sealed bids are used, the following requirements apply:**

(A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;

(B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;

(C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;

(D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

**(E) Any or all bids may be rejected if there is a sound documented reason.**

#### 24 CFR 85.36(d)(4)(ii)

(4) Procurement by *noncompetitive proposals* is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

**(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.**

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

#### **24 CFR 85.36(f)(1)**

**(1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications.** The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, **grantees must make independent estimates before receiving bids or proposals.** A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. **A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders,** unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

#### **24 CFR 85.36(i)**

(i) **Contract provisions.** A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All

construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)

(4) Compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. [United States Code] 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. [Public Law] 94-163, 89 Stat. 871). [53 FR (Federal Register) 8068, 8087, Mar. 11, 1988, as amended at 60 FR 19639, 19642, Apr. 19, 1995]

## **Colony Procurement Policy**

### **Procedures**

#### **2. \$2,001 to \$9,999, *Small Purchases* - Quotes**

##### **\$5,001 to \$9,999, *Housing Department Small Purchases* – Quotes**

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property. These purchases require competition. Market conditions dictate the appropriate level of competition. Price or rate quotations will be obtained from at least three qualified sources, if competition is available. If competition is not available, sole source justification is required from the department. Procurement has the authority to make the final decision.