

JUNE 30, 2020

TO: All Western Piedmont Workforce Development Area Service Providers
SUBJECT: Procurement and Contracting Policy
EFFECTIVE DATE: Immediately
EXPIRATION DATE: Indefinite
CONTACT: Workforce Development Director and/or Finance Manager

Wendy Johnson

Wendy Johnson
Workforce Development Director

Serving Alexander, Burke, Caldwell and Catawba Counties

The Western Piedmont Workforce Development Board does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

PROCUREMENT AND CONTRACTING POLICY

PURPOSE: To provide local Workforce Development Boards (WDBs) and other subrecipients minimum standards and procedures designed to ensure the proper procurement of and contracting for services. *To rescind Western Piedmont Workforce Development Area policy statement dated April 13, 2018.*

BACKGROUND: Local WDBs and other subrecipients are required to establish and maintain procurement and contracting policies and procedures to ensure full and open competition. The attached procedures are designed pursuant to: the NC Division of Workforce Solutions Subgrant Agreement Section 3.4; North Carolina Administrative Code Title 4, Chapter 20 Section .0304(a) and (b); 20 CFR Part 652, et al., 29 CFR Part 97.36 Uniform Administrative Requirement; 29 CFR Part 95 Sections 95.40 through 95.48; and Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200.

PROCEDURE: Local WDBs and other subrecipients are required to incorporate these minimum standards into their procurement and contracting policies and procedures and submit to Division Planners. These minimum standards apply to all funding received through the Division of Workforce Solutions. These minimum standards also apply to the procurement of property, consultants, or personal services contracts.

PROCUREMENT AND CONTRACTING DESCRIPTION

Procurement and contracting is the primary management system for ensuring accountability in the proper use of grant funds and integrity regarding the legitimacy of results being accomplished in terms of both program objectives and cost effectiveness.

The nature of employment and training programs requires that flexibility be allowed to effectively respond to circumstances that will vary widely among local workforce board services areas and among the target populations to be served. Procurement and contracting is a major management tool for ensuring that appropriate flexibility does not result in unnecessary or inappropriate relaxation in the administration of funds for program activities.

This document is based on the assumption that there is a standard set of actions and steps that need to be completed in any procurement and contracting process in order to create an opportunity for accountability and integrity to be accomplished. As Workforce Development Boards' (WDBs) staff and members are aware, real accountability and integrity results from the willingness to establish strong and clear performance expectations and objectives that relate to local needs and to carry these expectations and objectives throughout the series of steps that comprise the procurement and contracting process.

This document defines the requirements and minimum standards for the policies and procedures which must be in place regarding the solicitation and acquisition of goods and services from external and internal sources. The requirements are based on the procurement and sub-grant management principles defined in US Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200.

PROCUREMENT

Introduction. Accountability and integrity issues revolve around the procurement of goods and services. The public is interested in assuring that procurements are achieved in an environment that is free of undue influence and gives the taxpayer the best buy for their tax dollars. To ensure that these objectives are met, a heavy emphasis is placed on the integrity of the procurement process. This section addresses the major components of the process which are:

- Determining what goods and services are necessary to carry out program objectives.
- Determining which procurement method will be utilized to obtain those goods and/or services.
- Clearly defining the goods and/or services desired.
- Defining criteria and minimum qualifications for evaluating and selecting providers to provide the goods and services.

Procurement systems must be consistent with the principles described in this section.

A. General Requirements

The grant subrecipient must have written procurement policies and procedures consistent with the requirements described in this section which are also consistent with applicable state and local laws and regulations.

Responsible Contractors

The grant subrecipient shall make awards only to responsible entities possessing the ability to perform successfully under the terms and conditions of a proposed procurement at a reasonable cost.

Code of Conduct

The grant subrecipient must maintain a written code of conduct governing the performance of their employees, officers and agents involved in the award and the administration of contracts.

Arm's Length Negotiations

All negotiations of a contract for or with potential contractors/service providers must be arm's length negotiations. The definition of an arm's length negotiation is a negotiation where the parties to the negotiation have an opposing economic interest to that of the organization with which they are negotiating.

Restricting Competition

The grant subrecipient must prohibit noncompetitive pricing practices between firms, organizations or affiliated companies or organizations.

Consideration to Small, Minority and Women's (SMW) Businesses and Labor Surplus Suppliers The WDB must provide an opportunity to SMW business organizations and labor surplus suppliers to participate in its procurement process.

Occupational Skills Training

The grant subrecipient must identify occupations for which there is a demand for training.

Bidders' List

The grant subrecipient must ensure that a list of persons, firms, or other organizations which are used in acquiring goods and services are current and include sufficient numbers of qualified sources to ensure maximum open and free competition.

Avoidance of Unnecessary or Duplicative Purchases

Procedures must provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items and to facilitate the acquisition of goods/services in the most economical manner.

Adequate Administrative and Support Funds

The grant subrecipient must ensure that subrecipient contracts include adequate funds necessary for administration and supportive services. The level of administrative funding to be covered by the agreement should be determined through negotiations. If administrative funds are to be donated, the agreement must so stipulate.

Maintenance of Records

The grant subrecipient shall maintain records sufficient to detail the significant history of procurement. These shall at a minimum include the following: rationale for method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price, and the contract development process.

B. Competitive Procurement Options

Competitive procurement is the strongly preferred method for procuring goods and services. This section describes the various competitive methods to be considered and the requirements for each method.

1. Micro-Purchase Option

Threshold: \$0 - \$2,500. An acquisition of products or services where the aggregate amount does not exceed \$2,500. An exception to the formal procurement method is the case of purchases less than or equal to \$2,500 (i.e., micro purchases) or other lower threshold set by WDBs as they deem appropriate for purchases in their policies. Purchases below that threshold may be made without soliciting competitive price or rate quotations if the price is considered to be reasonable. A reasonable price may be by comparing to a previous purchase, personal knowledge of the item being purchased, or by comparing to similar items being purchased. Records still need to be kept for all purchases regardless of the procurement method used, including micro-purchases. Also, to the extent practicable, micro-purchases must be distributed equitably among qualified suppliers.

2. Small Purchase Option \$2,501 - \$5,000

A simple and informal competitive process for securing services, supplies and other property that do not cost more than \$5,000 in the aggregate on an annual basis is allowable. For purposes of economy, responsiveness to needs and administrative efficiency, the WDB may consolidate procurements for similar needs (e.g., yearly requirements for office consumables or instructional materials), or break out project requirements into more than one procurement (e.g., separating computer hardware, and software) in order to procure the best and most effective items in each category. This option may **not** be used to purchase training services.

The WDB must not break out purchase requirements for the sole purpose of staying under the aggregate limit of \$5,000 or the administrative entity's limit, if lower. The following requirements must be met and documented:

- Price Quotes. A minimum of three price quotes is required, which are supported by documentation consisting of product or service catalogues, current price lists, or telephone quotes substantiated by a written record of the price and source providing the quote, which is signed and dated by the staff person who obtained the quotes. When minimum of three quotes cannot be obtained, the justification for sole source procurement must be met (see Section C).
- Basis for Selection. For most commodity goods/services, the basis for selection would be the lowest price. If the basis is something other than price, the criteria for selection must be documented (e.g., the need and benefit of the purchase and the relative advantage of the offering from the provider selected).
- Formal Document. A purchase order, letter of agreement, or contract must be issued. Unless required by local procedures, a bilateral contract is not required. Purchase orders, vouchers, bills, sales slips or similar records can provide documentation. **Note:** For the purchase of consumable materials

under \$5,000 per transaction, non-competitive procurement is an option (see Section C).

3. Aggregate Purchase

A purchase of multiple items of the same product. The aggregate purchase costing \$5,000 and over, must have review and written approval by the DWS before the purchase is completed. The filing is to be submitted to the assigned DWS Financial Monitor a minimum of ten (10) business days prior to purchase. During the onsite monitoring, the DWS Financial Monitor will review the purchase documentation against the filing submitted to DWS.

4. Request for Proposal (RFP) Method

An RFP is commonly used in procuring training or services for participants when potentially more than one entity would be submitting offers and program specifications are too broad to compare responses solely on the basis of cost. The solicitation must clearly specify deliverables and the basis for payment and incorporate a clear and accurate description of the technical requirements for the material, product, or services being procured (including quantities).

Contents of Request for Proposal

To ensure resulting proposals include the information needed to make sound award decisions, it is required that the RFP include the following elements, as appropriate to the services being solicited.

- Name and address of the WDB's administrative entity.
- Name, address and phone number of person(s) to contact regarding the solicitation.
- General description of the sub-grant program, including identification of the applicable federal and state laws and regulations with which the selected contractor must comply. **[Note:** At a minimum, the WDB should reference the Workforce Innovation and Opportunity Act; USDOL Regulations; and any appropriate NC Division on Workforce Solutions policy statement(s).]
- The population to be served and minimum levels of services to specific target groups.
- An estimate of the number/range of individuals to be served and expected results in each activity.
- Applicable coordination requirements.
- Funding parameters by activity must include a reasonable amount. An RFP with no funding or nominal funding will restrict competition and would violate the prohibition on noncompetitive pricing practices under 2 CFR 200.319(a) and 29 CFR 97.36(c)(1)(iii).
- A description of the training and/or services to be provided.
- The period of performance.
- Applicable monitoring and reporting requirements, including, but not limited to, data entry, performance, and financial reporting.
- Other services or requirements (e.g., responsibility for eligibility determination, WDB policy on support payments, audit requirements and work statement requirements) that will affect proper budgeting by the offeror.
- Prohibition against subcontracting without WDB approval.

- Line item budget of proposed costs, including any profit to be realized and/or funds to be contributed.
- Documentation to be supplied by the offeror to establish its programmatic and financial capability to perform the work.
- Requirements for preparation and submission of the proposal, due date and time, content and format, number of copies and location/person where the bid should be submitted.
- Process and procedures by which proposals will be evaluated for competitiveness, including identification of specific criteria which will be used.
- Description of the procedures for responding to bidder inquiries and a schedule for the receipt of proposals including approximate dates for review and award.
- Grievance procedures for contesting the procurement process.
- Affirmative action assurance that the offeror will comply fully with the nondiscrimination and equal opportunity provisions of the Workforce Innovation and Opportunity Act, the Non-traditional Employment for Women Act of 1991; Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; Title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR Part 34. The United States has the right to seek judicial enforcement of this assurance.

The WDB may choose to include other background and reference information in the solicitation. In organizing the solicitation package, the WDB should clearly distinguish information which is general background from that which is directly applicable to preparing and submitting a competitive proposal.

Publication Requirements and Clarifying Information

The WDB must provide adequate public notice of the solicitation prior to the date established for submission. Such notice must include written notification to all organizations on the current, applicable bidders' list and written publication in newspaper(s) of general (i.e., the WDB's service area) circulation or posting to an accessible website.

A second public notice does not have to be completed if the RFP is being distributed in conjunction with an intention to bid process. In this case, the RFP must be distributed to the providers responding to the intention to bid, as well as to any party requesting it.

To provide the opportunity for a maximum number of qualified organizations to prepare bids, it is strongly recommended that the subrecipient issue the public notice a minimum of 30 days prior to the submission date for proposals.

If the subrecipient accepts inquiries, the solicitation should describe the process for receiving/responding to the inquiries. Any comments provided in response to inquiries must be provided to all recipients of the RFP.

Amendments to Solicitations

If a determination is made to amend (expand or restrict) the solicitation, distribution of this information to each person or organization who received an RFP is required.

Evaluating for Competitiveness/Demonstrated Performance

Criteria must be established for evaluating competitiveness and demonstrated performance. At a minimum, the procedures must include: (1) provisions for ensuring independence of ratings by those involved in the evaluation process; and (2) provisions for the use of weighted criteria and a standard evaluation worksheet. In establishing the scoring methodology to evaluate competitiveness, awarding additional points for specific organizations including minority enterprises, women-owned businesses, Community Based Organizations (CBOs) or publicly-funded educational institutions may only be given to the extent the WDB's agency-wide policy allows such additional points in procurements for funding sources other than the Workforce Innovation and Opportunity Act (WIOA).

Selection and Award Procedures

The WDB must establish and follow procedures by which proposal evaluation results are prepared, reviewed by the WDB and the extent to which the staff is authorized to award and negotiate resulting contracts.

This process and specific WDB authority must be reflected in the WDB bylaws, the oversight section of the local Workforce Board Area plan, and/or in the WDB's procurement procedures.

Use of Contingency Lists

If the WDB chooses to use a contingency list for proposals which were not selected for immediate award, but to whom contracts may be awarded if additional funds become available, the list must:

- Include only proposals that have an evaluation score which meets or exceeds the minimum level defined for competitiveness.
- Be developed, maintained and used in accordance with established procedures regarding the priority order for using bidders on the list.

5. Intention to Bid

This competitive method maintains the integrity of a competitive procurement process by identifying, through public notice, potential bidders to determine the feasibility of procurement.

Criteria for Use

This procedure is appropriate when there is a high level of uncertainty regarding the number of bids which will be received and whether there will be a sufficient number of bids to justify the development of a solicitation.

Procedural Requirements

To use this method, the WDB must complete the steps described below.

- a. Develop a set of preliminary training/service specifications for which the WDB intends to request bids. The specifications must include the following parameters:
 - date the proposed solicitation will be issued
 - specific type of training/services to be performed
 - estimated number of participants and/or available funds or ranges, if preferred
 - expected period of performance
 - geographic area to be served
 - specific target groups to be served, if applicable
 - type of contract to be awarded
 - expected performance
- b. Issue a public notification in the same manner as that used for the issuances of RFPs. In addition, issue letters or e-mail notifications to all applicable organizations on the bidders' list, requesting an indication of whether the organization intends to bid on specific training/services which are described in the letter, consistent with the specifications developed in the preceding step. The letter must indicate the date by which a response is to be received.
- c. If the intention to bid process is used and no interest is received, noncompetitive sole source procurement may be used. When one intention to bid response is received, every effort must be made to negotiate desired training/services with that provider. However, if acceptable training/services cannot be negotiated, the WDB may use a sole source justification to obtain the training/service. A complete history of this process must be documented in the procurement file.

Limitations

Sole source procurement may not be used if more than one organization indicated its intent to bid. In this case, a solicitation for the training/services advertised must be developed and transmitted to all who responded to the intention to bid.

6. Request for Quotation/Invitation for Bid (Formal Advertising for Sealed Bids)

Under this method, bids are publicly solicited and a contract is awarded to the responsible offeror whose bid, conforming to all material terms and conditions of the solicitation, is the lowest in price. A fixed-price contract is the preferred method to be used.

PROCUREMENT BY SEALED BIDS MAY NOT BE USED WHEN SECURING PROGRAM OR ACTIVITY TYPE SERVICES.

According to 29 CFR 95.48 and 29 CFR 97.36, all procurement contracts and other transactions between Local Boards and units of state or local government must be conducted only on a cost reimbursement basis. There is no provision for profit allowed. (WIOA Section 184(a)(3)(B).)

Criteria for Use

This method is appropriate and effective when the WDB is capable of specifying and describing the desired goods or services to be provided at high level of precision and completeness. The best examples are commodity-type goods/services which are widely available in the marketplace; e.g., computer equipment and software, instructional and testing materials, furniture, or training available to the general public.

Procedural Requirements

The minimum procedural requirements for this method are:

- Prepare a Request for Quotation (RFQ)/Invitation for Bid (IFB). The RFQ/IFB must include full and clear definitions and descriptions of the items to be procured, key performance dimensions or specifications, format for submission of bids, submission deadline and timeframes.
- Distribute the RFQ/IFB to organizations on established bidders' list and publicly advertise the procurement in a local newspaper with WDB area-wide circulation or post to an accessible website, allowing sufficient time prior to the date of bid opening to permit adequate responses to the solicitation.
- Open all bids publicly at the time and place stated in the RFQ/IFB.
- Complete a cost or price analysis to determine the reasonableness of cost.
- Award a contract to the responsible offeror whose bid represents the lowest price and conforms to all of the specifications in the RFQ/IFB and meets the demonstrated performance criteria.
- Provide written notification to unsuccessful offerors promptly and file documentation accordingly.

Note: The WDB can reserve the right to reject any or all bids when there are sound reasons in the best interest of the program. However, the WDB must communicate this right in the solicitation.

C. Non-competitive Procurement Options.

Noncompetitive procurement may be necessary in selected situations when competition not available. This method should be minimized to the extent practicable, but in every case must be justified and documented. This section describes the options and criteria to be used in considering noncompetitive procurement, depending on the specific situation. Although not required, WDBs are encouraged to consult with state staff when noncompetitive procurement is being considered and the appropriateness of the circumstances are uncertain.

1. Small Value Purchasing Authority (SVPA)

To purchase consumable materials without a formal award or competitive bidding process, the small value purchasing authority may be used if all the following requirements are met:

- Purchases are limited to consumable goods and/or supplies and may not exceed \$5,000 per transaction.
- It is used for immediate over-the-counter purchases and/or to take advantage of cost-saving purchases such as advertised specials. Splitting of orders into multiple orders to avoid the dollar limitation is not allowable.

- Written guidelines governing the use of SVPA purchases must be developed by the WDB.
- Documentation of each purchase is maintained, such as a purchase order or detailed sales receipt to show the items bought.

2. Emergency

An emergency situation is one that endangers lives, property, or causes the immediate discontinuation of a vital program and which can be rectified only by immediate on-the spot purchase (or rental) of equipment, supplies, materials, printing, or contractual services. In an occurrence of this nature, where the cost exceeds the micro-purchase limit (\$2,500) the WDB should contact the DWS Financial Monitor via email as soon as possible; noting the specific emergency and what measures are being taken to rectify the situation.

The WDB should negotiate with a potential vendor(s) in an effort to acquire the quality of good or service needed at the best possible price, delivery, terms and conditions. A solicitation document requesting or inviting an offer(s) shall be issued, including standard language terms and conditions unless circumstances prohibit their use.

Subsequently, whether or not such prior approval was possible, if the expenditure is over the WDB's micro-purchase limit, an explanation of the emergency purchase shall be reported in writing to the DWS Financial Monitor. If under the WDB's micro-purchase limit, documentation shall be included in the WDB's procurement file.

The use of sole sourcing for emergency situations should be infrequent and for limited time periods (i.e., reflecting the emergency). If the need generated by the emergency will continue over an extended period of time, a competitive procurement method must be used after the emergency has been resolved.

3. State Authorized Noncompetitive Procurement

WDBs may request authorization from the DWS to use noncompetitive procurement in circumstances when the competitive procurement is not feasible to meet special need and the noncompetitive criteria do not address the special circumstances. A written request must be transmitted to the DWS which includes the following information:

- Purpose of the project
- Agency(ies) involved and the collaboration to be improved
- The circumstances which justify noncompetitive procurement.

The circumstances must involve a real collaborative effort to provide services which will benefit the clients of each agency's use of this criterion. It is not appropriate to procure a broker for services or a provider of services who has no client base to benefit from the project.

Note: The ability to use state authorized noncompetitive procurement may not be used if it violates local administrative entity procurement policy.

4. On-the-Job Employer Agreement
Agreements directly with employers for the provision of on-the-job training may be procured noncompetitively. If an intermediary “broker” is contracted to administer the OJT activity, the broker’s services must be procured competitively.
5. One Service Provider
The WDB may use noncompetitive procurement if it has been determined that the item or service is available only from a single source. Efforts should be made during the next regular procurement cycle to determine if the particular item or service has become available from other sources.
6. Failed Competitive Procurement The WDB may use noncompetitive procurement if it has conducted a competitive procurement process and only one or no competitive bid was received. When the WDB receives one competitive bid, every effort must be made to negotiate desired training/services. However, if acceptable services cannot be negotiated or no competitive bids were received, sole source may be used to obtain the training/service. A complete history of this process must be documented in the procurement file.
7. Unsolicited Proposals for Services
This option is not intended to circumvent competitive procurement. It may be used to take advantage of worthy proposals that meet a need not addressed through the most recent solicitation process. Considerations in funding unsolicited proposals include but are not limited to:
 - These proposals must be reviewed and evaluated by the same criteria as those used to evaluate proposals received through competition.
 - The contract period for such awards should not be extended beyond the training cycle(s) proposed/funded so that the services may be included in the next competitive solicitation following the training.
 - Unsolicited proposals for customized training from an employer or group of employers, or an agency acting on their behalf, should describe what the training will include (e.g., skills/competencies, methods of instruction), how the employer will be involved, and include commitment by the employer(s) to hire successful completers of the training.

To guard against complaints from proposers not funded, it is strongly recommended that procurement procedures specify whether or not unsolicited proposals will be accepted and if so, that similar unfunded proposals on the contingency list, if used, will receive priority for funding if they meet the need being addressed.

D. Additional Procurement Guidelines

WDB Agreements

A WDB may enter into an agreement or contract with another WDB to pay or share the cost of education, training, placing, or providing supportive services to individuals participating in programs funded by the WIOA. Any agreement must be approved by the WDB and described in the WDB’s workforce development plans.

Review Process

Noncompetitive procurements must be reviewed for competitiveness and demonstrated performance, just as competitive procurements. Because of the emergency nature of some noncompetitive procurements, the review process may be different since time may be a critical factor with such procurements.

Reasonableness of Cost

A determination of cost or price reasonableness must be completed for each procurement action for which an award is made, both competitive and noncompetitive, including contract modifications and renewals (unless there is no monetary impact). In making the determinations, the allowability, allocability, appropriateness, and necessity of the proposed levels of projected costs must be considered in relation to the level and scope of services to be provided.

Independent Cost/Price Estimates

Development of independent cost/price estimates is required prior to receiving bids or proposals for all procurements. The estimates should be used for internal guidance in determining cost or price reasonableness and should not be included in the solicitation or provided to outside parties.

Cost Analysis

Cost analysis is required in determining the reasonableness of a line item budget in a cost reimbursable contract, or through a fixed price contract for specified deliverables in which the price is based on the line item budget and not on market prices. The attached Program Cost Analysis Guide (Attachment A) may be used in the determination of reasonableness of costs decisions.

Offeror Certification of Cost Data

When cost analysis is required and there is inadequate competition (e.g., when using a line item budget to establish a fixed price contract and the deliverables are not available on the open market for price comparison), the offeror must certify that to the best of its knowledge and belief the cost data are accurate, complete and current at the time of agreement on the fixed price.

Contracts or modifications negotiated in reliance on such data will provide the WDB a right to a price adjustment if it is later discovered that the contractor knowingly submitted data that were not accurate, complete or current as certified (as in discovering through monitoring that the contractor has not hired the staff or purchased materials as proposed in the line item budget on which the fixed price was based).

Price Analysis

A simplified price analysis may be used in lieu of a cost analysis when reasonableness can be established on the basis of comparison of catalog or market prices of commercially available products, services or training packages sold in substantial quantities to the general public or based on prices set by law or regulation (e.g., tuition prices).

Contract Negotiations

The WDB must negotiate with contractors/service providers prior to contract execution to agree on work statement elements and verify the necessity of proposed costs in relation to the elements of service. Written documentation of the negotiations and the final outcome must be maintained in the procurement file.

High-risk contractors/service providers should be determined prior to negotiations so that concerns can be discussed and potential sanctions established during the negotiation process.

Range of Negotiations

Negotiations must be structured around WDB established priorities, policies, definitions, and parameters included in the solicitation. Negotiation ranges are further defined by the criteria and weights used to evaluate the competitiveness of bids submitted. Negotiations cannot alter the structure of the competitive environment established in the procurement process.

Negotiating Profit/Fees

Profit is defined as the contractor's/service provider's return after meeting all WIOA-related operating expenses. It is allowable for for-profit contractors/service providers only. Profit may be paid as a lump sum after services are delivered, in the form of a fee as incremental performance benchmarks are achieved or as part of a fixed unit price. In all cases, the earning of profit must be tied to the reasonable and measurable delivery of the contract objectives.

WDBs must not permit excess profit. Profit must be negotiated as a separate cost item and cannot be paid as a percentage of the contract cost. To establish a fair and reasonable profit, consideration must be given to the following criteria, which are included in the attached Determination of Reasonableness of Profit Worksheets (Attachment B):

- the complexity of the work to be performed
- the risk borne by the contractor
- the contractor's investment
- the amount of subcontracting
- the quality of the contractor's record of past performance
- industry profit rates in the surrounding geographical areas for similar work
- market conditions in the surrounding geographical area

To document that excess profit was not permitted, contractor's/service provider's audits must include a profit schedule and the WDB must determine that the profit earned was reasonable in consideration of the work performed.

Determining Business Operation Capability

The WDB must verify the business operation capability of each potential service provider. Information required to make this determination may be required with submission of the proposal (if an evaluation factor) or obtained during a pre-award review, but the determination must be made prior to contract execution. Items for consideration include:

- staffing capabilities
- business licenses and/or registrations with appropriate oversight agencies
- adequate accounting systems
- sufficient bonding and insurance coverage
- determining Absence of Debarment and Suspension. The WDB must ensure that the organization is not on any current federal, state or local "debarment and suspension" list. The subrecipient must require each prospective bidder to certify that it is not on any federal, state or local debarment or suspension list. A "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered

Transactions” form must be executed and included in all contracts of \$25,000 or more.

Procurement Records

The WDB must develop and maintain a record/file of each relevant procurement sufficient to detail the significant history of the procurement and support the procurement decisions made. The record should include the following information as appropriate for the type of procurement:

- Evidence of WDB involvement in the decision-making and planning process.
- A copy of the solicitation package (e.g., RFP/RFQ/IFB/ITB).
- A copy of the public notification.
- Bidders’ list to which notices were mailed.
- List of all organizations/entities sent a solicitation package (i.e., RFP/RFQ/IFB/ITB)
- Agenda and minutes of the bidders’ conference, if a conference is conducted.
- A copy of each question asked and the answer issued, if applicable.
- Log sheet of bid proposals received, including the date and time.
- A copy of each bid which was received.
- Rating and scoring sheets completed during the evaluation process.
- Business operation capability evaluations.
- Documentation of the rationale for selection and funding of any offeror which did not receive the highest score/ranking in the evaluation process.
- Evidence of WDB approval of the procurement.
- Completed Memo of Negotiations for each subrecipient contract.
- Completed cost analysis for each selected bidder.
- A copy of any submitted grievance(s) and the resolution of each.
- High risk determinations and special award/contract conditions, if appropriate.
- Completed profit analysis, if appropriate.

PROCUREMENT APPEALS

The federal Workforce Innovation and Opportunity Act (WIOA) mandates the establishment and maintenance of a procedure for grievances or complaints about its services and activities from participants, subgrantees, sub-contractors, and other interested persons.

This section applies to the Requests for Proposal (RFP) process only and provides a procedure to handle complaints by service providers or prospective service providers. For purposes of this section, any use of the words” complaints” or “grievance” refer to the appeals process relating to the procurement of WIOA services.

Written notification of service provider selection is provided to each entity submitting a proposal. A service provider, potential service provider, or any entity adversely affected in the selection of the service provider may file a complaint. The following steps outline the procedure which these entities may follow to make an appeal of the service provider selection.

- The service provider, potential service provider, or any entity adversely affected in the operator selection process may file a formal complaint with the Western Piedmont Workforce Development Board.

- The written complaint must specifically state the decision, the basis for the complaint, and the remedy sought by the complainant. All matters not raised in the complaint will be deemed waived.
- The written complaint must be made to the Chairman of the WDB within 10 working days of the date of written notification to all bidders following the selection of service providers. To be considered valid, a copy shall also be sent to the Workforce Development Director within the same time frame.
- In making a determination, the WDB Chair may call a hearing, at his or her discretion, at which time the Chair may take oral or written evidence and may entertain oral or written argument. Any entity that could be affected by the complaint shall be notified and permitted the opportunity to be present and/or submit evidence. Any such hearing will be held within 5 days of receipt of the written complaint.
- The decision of the WDB shall be reached by majority vote. The determination and basis for the determination shall be rendered orally at the conclusion of the hearing and followed up in writing to the complainant and any affected party. The written response will be provided no more than 5 days following the completion of the hearing.
- WDB staff will forward information regarding procurement protests to the NC Division of Workforce Solutions.
- Interim Determinations by the Workforce Development Board during the Appeals Process. While a procurement appeal is pending, the initial decision of the WDB regarding service providers shall be followed to avoid interruption in services to customers. The WDB may, however, by majority vote, determine that the initial decision shall be suspended until determination of the complaint and appeal, and may, by majority vote, determine that the situation is an emergency situation necessitating a change in the initial decision pending determination of the complaint and appeal. These interim determinations are not subject to appeal.

CONTRACTING

A. Introduction

This section identifies the allowable contract instruments which can be used. Each instrument is described in terms of appropriate use and a description of general provisions and specific contract provisions which must be included in contracts.

One of the first considerations in developing a contract is the relationship the WDB expects to have with the organization delivering the services. Based on the complexity of the work to be performed, these relationships fall into two categories:

- A vendor relationship exists when the WDB enters an agreement to purchase generally required goods and services which are available and sold to the general public during normal business operations.
- A subrecipient relationship exists when an award is made to provide specific WIOA services that are not provided to the general public, based on negotiated specifications.

Both vendors and subrecipients are defined as service providers.

B. Vendor Contracts

Fixed price contracts must be used with vendors.

1. Fixed Price Contracts

A fixed price contract is used to purchase generally required goods and services which are sold to the general public during normal business hours at an agreed upon price regardless of the contractor's cost incurred. The appropriate uses of fixed priced contracts are provided below:

- For the purchases of equipment, supplies or materials when a purchase order is not appropriate.
- For the purchases of personal services of consultants when the deliverables are specifically defined and priced. Consultants and personal services contracts, costing \$5,000 and over, must be filed with DWS Financial Monitor before the contract is finalized. The filing is to be submitted to DWS a minimum of ten (10) business days prior to execution of contract. During the onsite monitoring, the DWS Financial Monitor will review the contract documentation against the filing submitted to DWS. The filing submitted to the DWS must include:
 1. the cost of the proposed contract;
 2. the starting and ending dates;
 3. the purpose of the contract;
 4. the list whether the procurement is Competitive or Noncompetitive; and,
 5. the funding source to be used.

The contract must identify the specific deliverables and the related price for each deliverable for which payment will be made.

C. Subrecipient Contracts

1. Cost Reimbursable Contracts

WDBs may use a cost reimbursable contract for any form of procurement. In this type of contract, reimbursements are made to the contractor for actual expenses incurred in the provision of goods/services. Under cost reimbursable contracts, the primary risk in achieving a reasonable relationship between expenditures and results fall to the WDB in negotiating line costs.

This type of contract is required for procurement transactions between units of state or local governments and any other entity organized principally as the administrative entity for the local workforce development board.

Each contract must contain a detailed line item budget specifying the expense items and estimated amounts for all costs. All costs in the approved budget must be allowable and properly allocated among the cost categories that will benefit. The contract must fully describe the services to be delivered and the invoicing and payment and procedures including signatory authority for the submission of invoices. Any provisions of flexibility in expenditures among the specific line items must also be described in the contract.

2. Cost Reimbursable Contracts with Profit

A cost reimbursable contract may include a profit element when an incentive is appropriate to induce a private for-profit contractor/service provider to provide WIOA training or services.

3. Fixed Price Contracts

The use of a fixed price contract is limited to specific circumstances in which a contractor/service provider agrees to deliver specified WIOA services at a negotiated price. These situations might include such services as eligibility determination assessment, or case management with a detailed work statement, with a unit price established for each deliverable, e.g., number of enrollments, number of assessments, etc.

This type of contract differs from a fixed unit price, performance based contract only to the extent that it provides for delivery of a specific service, regardless of participant outcomes. Requirements for establishing and paying the fixed price are the same, except that payment conditions must be based on the delivery of measurable units of service rather than on participant outcomes.

4. Hybrid Contracts (Cost Reimbursable with Fixed Price Element)

Hybrid contracts incorporate a combination of cost-reimbursement and fixed price characteristics. In these contracts, some cost items will be separately identified to be reimbursed on actual costs incurred and other cost items will be units identified as a fixed price.

These contracts must be negotiated and executed on the basis of detailed line item budget in which the cost items to be reimbursed are separately identified from the fixed price element(s). The requirements applicable to the cost reimbursable and fixed price contracts will apply to each separately identified set of expenses.

5. Fixed Unit Price/Performance Based Contracts

Fixed unit price/performance based contracts are allowable for employment and training services as an incentive for contractors to perform efficiently and achieve high levels of participant outcomes. The following requirements apply in establishing a fixed unit price and the condition for payments:

- A cost analysis of all cost elements, i.e., line item costs, must be conducted and documented, and reasonableness of the unit price determined,
- The fixed unit price must be allocated to benefitting cost categories based on the ratios established in the cost price analysis,
- The offeror must certify in writing that cost data are accurate, complete and current at the time of agreement on price. The awarding agency must retain the right to a price adjustment if it is discovered that the subrecipient knowingly submitted data that were not accurate, complete and current,
- Payment conditions must include measurable participant outcomes (e.g., quantifiable levels of skill attainment, placement in training-related position, a placement wage requirement, job retention).

D. General Contract Provisions for All Contracts

Except for small purchases for which a purchase order is appropriate, the WDB must award a bilaterally executed contract which includes at a minimum, the fixed price and/or estimated costs, a description of the scope and extent of work performed or specification of the goods/services to be provided and the period of performance. (**Note:** There is no requirement that fixed unit price agreements establish minimum or maximum quantity or funding levels to require performance or limit obligations. However, it is strongly

recommended that a maximum be included in the agreement to identify obligations and to manage risk.)

The WDB must include in each vendor and subrecipient contract the following provisions and must require that the vendor include the provisions, or references to them, in any subcontracts:

- Remedies
A provision which will allow for administrative, contractual, or legal remedies if the contractor violates or breaches terms of the contract and which provides for appropriate sanctions and penalties.
- Termination
A provision for termination of the contract for cause and for convenience by the awarding agency and for termination because of circumstances beyond the control of the contractor. The provision must include an identification of the conditions under which termination actions will be taken, the manner in which actions will be taken and the basis for settlement.
- Modification
A provision defining the conditions under which the contract can be modified, including specification of the conditions by which the contract can be unilaterally modified by the WDB.
- Assignment
A provision prohibiting the assignment of the contract to another party.
- Funds Availability
A provision for withdrawal of funds from the contract as a result of discontinued or more limited funding to the WDB from its funding source.
- Coordination of Grant Funds
A provision for coordination, documenting and reporting funds from High Education Act grants (e.g., Pell, Supplemental Educational Opportunity Grant (SEOG)), and other sources that are used in conjunction with WIOA funds on behalf of participants.
- Payment Conditions and Delivery Terms
A provision which describes conditions under which payments will be made, the documentation required for invoicing and the timeframes for submission and payment of invoices. (Payment conditions depend on the type of contract used.)
- Contract Period
Subrecipients may, with sufficient justification, renew an annual-contract for two (2) additional years without benefit of competitive procurement, not to exceed a total of three (3) years. Each renewal shall be limited to a one (1) year period. Renewal of an annual contract shall not preclude the contract negotiation requirement or the cost or price analysis process. This requirement applies except in the case of noncompetitive procurement under the emergency criterion and unsolicited proposals. If establishing a contract period which crosses program years, contract provisions must address the longer period of performance.

- Audit Responsibilities
A provision describing contractor's/service provider's audit responsibilities. In the case of vendors, in lieu of an audit the right of access to vendor records of program charges and to staff for interviews must be included.
- Data/Copyrighting
A notice of WIOA requirements pertaining to rights to data or products developed with the use of WIOA funding. Specifically, the awarding agencies, the DWS and the US Department of Labor must have unlimited rights to any data first produced or delivered under the agreement including agreements which involve the use/development of computer programs/applications, or the maintenance of databases or other computer data processing programs, including the input of data. There must also be a notice of WIOA requirements pertaining to copyrighting only in contracts which involve the use or development of copyrighted materials.
- Reporting Requirements
A description of the WDB requirements for reporting data and other information.
- Complaints
Information for filing a complaint or grievance.
- Records and Retention
A description of the records which must be maintained and the applicable record retention period defined.

E. Additional Provisions for Subrecipient Contracts

In addition to the general provisions required for all contracts described above, the following provisions are required for contractor/service provider contracts only:

- Adherence to Applicable Laws and Regulations
A provision that the contractor/service provider will adhere to all applicable federal, state and local regulations, laws and policies, including:
 - Certification Regarding Lobbying (29 CFR Part 93)
 - Drug-Free Workplace Requirements Certification (29 CFR Part 98)
- Use of Program Income
A provision defining the procedures and criteria for the disposition and use of program income earned by the contractor, if applicable.
- Non-duplication of Services
An assurance that facilities and services are not duplicated through the contract unless it has been established that alternative services or facilities would be more effective or more likely to achieve performance goals.
- Equal Opportunity
The WDB must include the following equal opportunity provision verbatim; and must require that its contractors/service providers include the clause in any of their contracts which has, or is expected to have, an aggregate value exceeding \$25,000 within a 12-month period.

During the performance of this contract, the contractor agrees as follows:

- a. The contractor will comply fully with the nondiscrimination and equal opportunity provisions of the Workforce Innovation and Opportunity Act (WIOA); including the Nontraditional Employment for Women Act of 1991; Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Americans with Disabilities Act of 1990; as amended; the Age of Discrimination Act of 1975, as amended; Title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR Part 34. The United States has the right to seek judicial enforcement of this assurance.
 - b. The contractor will not discriminate against any employee or applicant for employment, or program applicant/participant because of race, color, age, religion, sex, disability, national origin or political affiliation or belief. The contractor will take affirmative action to ensure that applicants are employed/selected and that participants and employees are treated during their period of employment/participation without regard to their race, color, age, religion, sex, disability, national origin, political affiliation or belief. Such action must include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of the non-discrimination clause.
 - c. The contractor will, in all solicitations or advertisements for employees or participants placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, age, religion, sex, disability, national origin, political affiliation or belief.
 - d. The contractor will permit access to any contract-related books, records and accounts by the contracting agency, the State and the US Secretary of Labor for purposes of investigation to ascertain compliance with applicable rules, regulations and orders.
 - e. In the event of the contractor's non-compliance with the non-discrimination clauses of this contract with any such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further government contracts and such other sanctions may be imposed and remedies invoked as provided by rules, regulations and orders of the Secretary of Labor, or as otherwise provided by law.
- Compliance with Contract Work Hours and Safety Standards Act (40 U.S.C 327-332) Contracts for the construction and repair of any government building funded by WIOA and whose values exceeds \$2,500 must include a statement referencing compliance with (c)(3)(iii) of the Contract Work Hours Safety Standards Act. This requirement does not apply to contracts for the purchase of supplies or materials or

articles ordinarily available on the open market, or to work where the USDOL assistance is in the form of a loan guarantee or insurance.

- Safety

The WDB must include in all construction contracts in excess of \$2,000 which involve the employment of laborers or mechanics provision requiring the contractor to comply with 29-70.21613 (c) (3); except if the contract is subject to the Davis-Bacon Act, the following provision must be included:

“The contractor shall not require a laborer or mechanic employed in the performance of the contract to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to health and safety.”

- Compliance with Copeland Anti-kickback Act (40 U.S.C 276c and 18 U.S.C. 874)

Contracts in excess of \$2,000 for construction, completion, or repair of public buildings, public works, or building work financed in whole or in part by federal funds, must include the provision prescribed in 29 CFR 5.5 (a)(5), requiring compliance with the Copeland Act. The Copeland Act prohibits illegal deductions or kickbacks of wages to which employees are otherwise entitled. The WDB must report all suspected or reported violations to the State.

- Certification Regarding Lobbying

Executed contracts with value in excess of \$100,000, must include a provision which prohibits the use of federally appropriated funds for lobbying the Executive or Legislative branches of the Federal Government in connection with a specific contract, grant or loan. The WDB must ensure that the contractor completes and signs a “Certification Regarding Lobbying” form so indicating. The provision must also specify that the contractor must complete a “Disclosure of Lobbying Activities” form for any and all lobbying activities which are supported by other than federally appropriated funds.

- Buy American Notice Requirement

In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds available under the Workforce Innovation and Opportunity Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products, as required by the Buy American Act (41 USC 10a et seq.). See WIOA Section 502—Buy American Requirements.

- Salary and Bonus Limitations

None of the funds appropriated under the heading ‘Employment and Training’ in the appropriation statute(s) may be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II. This limitation shall not apply to vendors providing goods and services as defined in OMB Uniform Guidance. Where states are recipients of such funds, states may establish a lower limit for salaries and bonuses of those receiving salaries and bonuses from sub recipients of such funds, taking into account factors including the relative cost-of-living in the state, the compensation levels for comparable state or local government employees, and the size of the organizations that administer federal programs involved including

Employment & Training Administration programs. See Public Law 113-76 (Division H, Title I, Section 105), and USDOL Training and Employment Guidance Letter (TEGL) Number 05-06 for further clarification. TEGL No. 05-06 is available at: http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2262.

- **Intellectual Property Rights**

The Federal Government reserves a paid-up, nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use for federal purposes: i) the copyright in all products developed under the grant, including a subgrant or contract under the grant or sub-grant; and ii) any rights of copyright to which the grantee, subgrantee or a contractor purchases ownership under an award (including but not limited to curricula, training models, technical assistance products, and any related materials). Such uses include, but are not limited to, the right to modify and distribute such products worldwide by any means, electronically or otherwise. Federal funds may not be used to pay any royalty or license fee for use of a copyrighted work, or the cost of acquiring by purchase a copyright in a work, where the US Department of Labor has a license or rights of free use in such work. If revenues are generated through selling products developed with grant funds, including intellectual property, these revenues are program income. Program income is added to the grant and must be expended for allowable grant activities.

If applicable, the following needs to be on all products developed in whole or in part with grant funds:

“This workforce product was funded by a grant awarded by the U.S. Department of Labor’s Employment and Training Administration. The product was created by the grantee and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.”

- **Veterans’ Priority Provisions**

This program, funded by the U.S. Department of Labor, is subject to the priority of service requirements of 38 USC 4215 and 20 CFR Part 1010. Section 4215 of Title 38 requires that priority of service be provided to veterans and spouses of certain service members and veterans for the receipt of employment, training, and placement services. TEGL No. 10-09 is available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2816

F. Subrecipient Work Statement Requirements

The following elements are required in contract work statements with contractors/service providers who will provide participant training, and in other contract work statements as appropriate to the services to be provided or the work to be performed. Other contract requirements may be added at the discretion of the WDB.

Training Activities

A description of the type and duration of the training activity including, if applicable, length of training cycles and the approximate number of participants per cycle.

Other Training and Support Activities

A description of other specific services and activities to be provided such as assessment, the administration of specific test instruments, individual service strategy completion, counseling, job development, placement, work experience, support payments, follow-up and their relationship to the training activities.

Placement Targets/Wages

Occupational targets considered as training related placements, as well as the related placement wage for each target. Wages should reflect the prevailing local wage for the occupation, based on local or regional surveys.

Participant Completion Definition

A description of the skill levels to be acquired and the method(s) for measuring attainment.

Program Entry Requirements

A description of the minimum skill levels required for entry into the program. Any educational requirement should reflect the minimum skills needed to successfully complete training. Occupational skill requirements should reflect an absence of skills necessary for entry employment in the occupation of training. The method to be used to assess the skills must be included.

Target Population

A description of the participants to be served in the program by number, key demographic or target group characteristics.

Staffing/Management Plan

A description of each job title and primary responsibilities, number of staff per job title and percent of time committed for each position to the contract. This breakout may be included in the work statement or as backup to the line item budget. It is recommended that an organizational chart and related job descriptions/qualifications of the individuals in the WIOA funded positions be attached to the contract to verify the adequacy and abilities of the staff to deliver quality services and provide effective monitoring/oversight of performance.

Program Performance

The planned number of eligible individuals must be identified (by group, if applicable) who are to be enrolled, complete training and meet performance outcome/retention criteria.

Facilities

A description of the facilities and location to be used during training/contract period.

Equipment

An itemized listing of the equipment (e.g., computers, etc.) to be used in the program in accordance with the requirements of the training.

Training Supplies and Materials

An itemized listing of training supplies and materials (e.g., work tools, work books, supplies) to be used in class-sized programs, in accordance with the requirements of the curriculum and the number of participant slots.

Implementation Schedule

The period of performance and any requirements related to minimum start-up and completion dates for individual training cycles.

Subcontracts

Any third parties to whom any part of the contract will be subcontracted must be identified and their responsibilities defined. All applicable work statement items will flow to the subcontract contract, with the sole exemption being the on-the-job training employers.

Coordination

A description of coordination arrangements with other organizations which will contribute funds or provide services on behalf of program participants. This description should correlate to a statement of shared/contributed costs in the budget section.

Note: When payments are tied to performance, the work statement elements must be consistent with payment conditions stated in the contract.

G. Timely Contract Execution/Use of Preagreement Letters

As a standard operating procedure, subgrant funds are to be obligated and disbursed to contractors in accordance with a fully-executed contract and/or subcontract. When the risks associated with having a fully-executed contract are outweighed by the need to provide services, the use of a pre-agreement letter should be used to clarify expectations until a fully executed contract is finalized. Such costs are allowable only to the extent that they will be incurred after beginning of the contract period. The letter should be executed by the WDB prior to program start-up. At a minimum, the letter should contain the following information:

- A general description of the service to be provided.
- The negotiated line item budget for the project.
- The period of the proposed contract.
- A statement indicating that a fully-executed contract will be in place within a specified period, e.g., 60 days.
- A statement indicating that no money will be exchanged between the parties until the contract is executed.
- Names, titles and signatures of the individuals for both entities planning to enter the proposed contract and agreeing to terms outlined regarding negotiated contract costs.

H. Contract Administration and Records

WDB's must maintain a system for contract administration to ensure that service providers and other suppliers comply with the terms, conditions and applicable performance requirements of contracts or purchase orders and to ensure adequate and timely completion of all transactions.

I. Monitoring

The WDB must maintain a system for contract monitoring (both programmatic and fiscal) to ensure that contractors/service providers comply with the performance requirements and provisions of the contracts.

J. Contract Files

The WDB must maintain a file on each executed contract sufficient to document the record of the contract, performance against the contract and payments made. The file should include the following elements:

- Executed contract and modifications.
- Cost/price analysis for each modification or documentation as to why it was not required.
- Official correspondence.
- Memos to file.

K. Property Control

The WDB must develop procedures and maintain controls for property acquisition, utilization, maintenance, and disposition. A physical inventory of all property costing \$500 or more per unit and having a useful life of one year or more must be performed at least once a year.

Western Piedmont Workforce Development Board Program Cost Analysis Guide & Worksheet

Introduction

This cost analysis guide provides a framework for determining prices and evaluating reasonableness of costs associated with the operation of Workforce Innovation and Opportunity Act (WIOA) Title I-funded activities in the Workforce Development Board (WDB) service area.

An objective cost/price analysis will enable the WDB to provide the services available to the greatest number of people. The object of the WIOA is to help people obtain employment. A contract that is obtained for the best price is one that most efficiently uses the available funds to provide quality services to the most participants. This is the goal of the WDB, and an objective cost analysis will help the WDB to determine the best service providers.

In performing cost analysis, the assigned staff must perform discrete functions. First, they must verify the cost and pricing data submitted and evaluate the cost elements in that data. This includes judging the necessity for and reasonableness of proposed costs, including allowances for specific contingencies. It also includes evaluating the service provider's cost trends on the basis of current and historical cost or pricing data. This function also includes conducting a technical appraisal of the estimated labor, material, and other requirements proposed. This first analysis step may also require evaluators to apply negotiated, audited, or proposed indirect cost rates to determine the contract price, where such rates are proposed.

A second element of cost analysis is comparison of costs proposed by service providers with other data. This data includes actual costs incurred by the same service provider in the past. Cost analysis can also compare the current proposed costs with previous cost estimates from the same service provider or from other service providers for the same or similar items. It is appropriate and helpful to compare costs with those proposed by other service providers in the same procurement process.

In addition, a cost analysis will be performed to verify that the service provider's submitted costs are in accordance with applicable contract cost principles. These cost principles define and describe the meanings and limits of a variety of costs. Costs that do not conform to these meanings and limits are not allowable. State or local laws and regulations may make certain costs unallowable or place limits on costs in addition to those cited in WIOA provisions or regulations.

Analysis Procedure

The cost analysis procedure may vary by program; the reviewer may require more justification of some types of programs than other types in order to strengthen the capability to analyze costs. However, common elements for the reviews of all programs include the following steps:

1. Check computations
2. Review for completeness of information
3. Review for proper cost categorization
4. Determine the estimating base, and
5. Determine the allowability of the proposed estimate.

Allowability includes:

- Necessity

- Reasonableness
- Terms of the contract
- Cost principles
- WIOA regulations or policies
- State policies, and
- WDB policies.

In addition to these guidelines, the WDB may employ any or all of the following procedures to determine cost reasonableness:

1. Development of an independent estimate for planning and comparison purposes
2. Comparison of competitive bids, where available
3. Comparison of prior quotations/contracts with current proposals for the same or similar programs
4. Comparison of prices on published price lists
5. Comparing the proposer's estimated cost to actual costs incurred for former programs of the same or similar nature (historical cost data should be adjusted for inflation and any upward or downward price trends), and
6. Any other cost analysis available.

It is equally important that the contract reviewer have a technical understanding of the contract requirements. In addition to the ability to determine excess costs, the reviewer should be reasonably certain the proposer has requested enough funding to fulfill contract requirements.

Contract

All contract applications will require detailed line item budgets.

Modification

Where contract modifications that affect the contract budget are justified and allowed in the WIOA Administrative Entity's procurement policy, another cost analysis must be performed.

Option Year(s)

Where solicitations seek second-year or third-year operations or option year cost proposals from service providers, these proposals will be subject to the same detailed cost/price analysis as the first year. The reviewer must examine how the subsequent year costs will change from the ones in the first year. Unless the RFP calls for a reduced scope of work in the subsequent year, usually the work will be the same.

However, in nearly all instances, costs may change. For example, inflation occurs, contractor personnel usually receive pay raises, etc. Thus, the cost of labor and materials usually rise, but they do not rise equally. Also, improvements in efficiency and the work experience level of personnel can result in lower costs. The reviewer will have to analyze the second year costs in the same manner as other costs.

Documentation

Documentation is vital to the cost analysis process. It provides a record of the entire analysis and will be used to justify actions taken. Documentation will be used to justify the rating given to a particular offeror, to use as a basis for discussion and negotiation with the offeror, to use in the event of a challenge of the award, and finally to use during contract monitoring and administration.

Cost Analysis

Part I – General

Bidder: _____

1. Offeror computations checked and verified? Yes No

Problems/Comments: _____

2. All necessary cost elements included? Yes No

Problems/Comments: _____

3. Offeror supporting documentation and justification complete? Yes No

Problems/Comments: _____

4. WIOA cost categorization (Administration, Program) Yes No

- Correctly categorized?
- Need more information (detail below).

Problems/Comments: _____

Part II – Specific Costs

Cost Element	Necessary/Reasonable	Basis for Judgment (Check One or More)
1. Staff Costs	<p style="text-align: center;"><u>Yes</u> <u>No</u></p>	<p>Independent Agency Estimate _____</p> <p>Compared/Other Current Offers _____</p> <p>Compared/Past Offers _____</p> <p>Verified Market Price or Quote _____</p> <p>Other (Specify) _____</p>
Comments/Concerns/Problems:		
2. Fringe Benefits (For tax-based elements, be sure that rates and bases are current.)	<p style="text-align: center;"><u>Yes</u> <u>No</u></p>	<p>Independent Agency Estimate _____</p> <p>Compared/Other Current Offers _____</p> <p>Compared/Past Offers _____</p> <p>Verified Market Price or Quote _____</p> <p>Other (Specify) _____</p>

Comments/Concerns/Problems:

<p>3. Materials Training/Program</p>	<p><u>Yes</u> <u>No</u></p>	<p>Independent Agency Estimate _____</p> <p>Compared/Other Current Offers _____</p> <p>Compared/Past Offers _____</p> <p>Verified Market Price or Quote _____</p> <p>Other (Specify) _____</p>
		<hr/>

Comments/Concerns/Problems:

<p>4. Materials Supplies/General</p>	<p><u>Yes</u> <u>No</u></p>	<p>Independent Agency Estimate _____</p> <p>Compared/Other Current Offers _____</p> <p>Compared/Past Offers _____</p> <p>Verified Market Price or Quote _____</p> <p>Other (Specify) _____</p>
		<hr/>

Comments/Concerns/Problems:		
5. Equipment	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____

Comments/Concerns/Problems:		
6. Facilities	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____

Comments/Concerns/Problems:		
7. Communications (for example: telephone, website)	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____
Comments/Concerns/Problems:		
8. Insurance/Bonding	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____

Comments/Concerns/Problems:		
9. Staff Travel	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____
Comments/Concerns/Problems:		
10. Consultants	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____

Comments/Concerns/Problems:		
11. Accounting/Audits	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____
Comments/Concerns/Problems:		
12. Legal Services	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____

Comments/Concerns/Problems:		
13. Photocopying/Printing	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____
Comments/Concerns/Problems:		
14. Supportive Services	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____

Comments/Concerns/Problems:		
15. Indirect Costs (When proposed, ensure that costs not duplicated in direct costs.)	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____
Comments/Concerns/Problems:		
16. Subcontracts (Review subcontractor cost/price proposal.)	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____

Comments/Concerns/Problems:		
17. Other (Specify)	<u>Yes</u> <u>No</u>	Independent Agency Estimate _____ Compared/Other Current Offers _____ Compared/Past Offers _____ Verified Market Price or Quote _____ Other (Specify) _____ _____ _____
Comments/Concerns/Problems:		

Part III – Conclusions

Prepare a brief narrative citing:

1. Specific additional cost justifications needed;
2. Recommended adjustments to specific cost elements; and
3. Any other comments about cost/price proposal. (Use another sheet of paper if additional space is needed)

DETERMINATION OF REASONABLENESS OF PROFIT

Assign an overall rating of low, medium or high to each criterion, after analyzing each of the elements.

- A **Low** rating indicates a low level of effort; low profit justified.
- A **Medium** rating indicates an ordinary effort, *e.g.*, a standard curriculum, some assistance in program delivery, etc.; medium level of profit justified.
- A **High** rating indicates an extraordinary level of effort will be needed for program delivery, *e.g.*, innovative program, strong service to groups with barriers, etc.; high profit justified.

Offeror _____ Overall Rating _____

Rating completed by: _____ Date: _____

1. Complexity of Work Low _____ Medium _____ High _____

Will the offeror be responsible for the full range of services for program participants, *i.e.*, recruitment, certification, assessment, case management, training, placement, follow-up through retention?

Yes _____ No _____ Somewhat _____

Will the offeror provide multiple training through several components, *i.e.*, basic skills, pre-employment skills, vocational skills, work-based training, job search?

Yes _____ No _____ Somewhat _____

Will the training be in higher skills, and will the offeror be required to serve a high number of individuals with multiple barriers?

Yes _____ No _____ Somewhat _____

Will the offeror be expected to achieve a high level of coordination in providing training or services?

Yes _____ No _____ Somewhat _____

Will the offeror be required to have an accounting system capability to make direct participant payments or reimburse employers directly?

Yes _____ No _____ Somewhat _____

2. Contract Risk **Low** _____ **Medium** _____ **High** _____

Will the offeror be reimbursed for all expenses incurred in program delivery?

Yes _____ No _____ Somewhat _____

Is the program design new and/or innovative?

Yes _____ No _____ Somewhat _____

Will the offeror be required to achieve multiple program outcomes?

Yes _____ No _____ Somewhat _____

Is a high level of service required to hard to serve groups?

Yes _____ No _____ Somewhat _____

Are placement and retention goals high?

Yes _____ No _____ Somewhat _____

3. Contractor Investment **Low** _____ **Medium** _____ **High** _____

Was the offeror required to develop an innovative, complex program design?

Yes _____ No _____ Somewhat _____

Will the offeror be responsible for managing services at multiple sites?

Yes _____ No _____ Somewhat _____

Will the complexity of the program require complex accounting and participant recordkeeping?

Yes _____ No _____ Somewhat _____

Will costs be reimbursed on a regular basis, or payments for performance made intermittently?

Yes _____ No _____ Somewhat _____

4. Subcontracting **Low** _____ **Medium** _____ **High** _____

Will the offeror rely on subcontracts for program delivery?

Yes _____ No _____ Somewhat _____

Could the level of subcontracting impact negatively the offeror's performance, *i.e.*:

- If OJT or customized training, the employer commits to hire prior to subcontracting, therefore, any negative impact would more likely be related to the offeror's inability to counsel and motivate the participant.
- If other types of training are subcontracted, with the offeror responsible for placement, poor training could negatively impact the offeror's ability to place the participant.
- If only support services are contracted, they would bear no impact on performance.

Yes _____ No _____ Somewhat _____

5. Past Performance **Low** _____ **Medium** _____ **High** _____

Past performance should be rated in terms of rewarding high performance with higher profit.

Give a **High** rating if in the previous year the offeror achieved all performance goals at a level of 90% - 100%.

Give a **Medium** rating if in the previous year the offeror achieved all performance goals at a level of 80% - 89%.

Give a **Low** rating if in the previous program year the offeror achieved only 70% - 79% of its performance goals.

If in the previous program year the offeror achieved less than 70% of its performance goals, its past performance should be considered unsatisfactory and negative consideration given to this criterion in determining reasonableness of profit/program income.

6. Industry Profit Rates

7. Market Conditions

After a consideration of the afore-mentioned criteria, the rating schedule below will be used to determine a reasonable level of profit.

- **Low** Rating: A profit equal to 1% - 3% of proposed operating costs is considered reasonable.
- **Medium** Rating: A profit equal to 4% - 6% of proposed operating costs is considered reasonable.
- **High** Rating: A profit equal to 7% to 8% of proposed operating costs is considered reasonable.

Procurement and Contracting Policy - Final - 6-30-20

Final Audit Report

2020-05-12

Created:	2020-05-12
By:	Elizabeth Hilliard (elizabeth.hilliard@wpcog.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAcpt-dNASEVHGmhADjL3yzBjsBo8a54HQ

"Procurement and Contracting Policy - Final - 6-30-20" History

-  Document created by Elizabeth Hilliard (elizabeth.hilliard@wpcog.org)
2020-05-12 - 4:56:53 PM GMT- IP address: 74.254.113.126
-  Document emailed to Wendy Johnson (wendy.johnson@wpcog.org) for signature
2020-05-12 - 4:57:54 PM GMT
-  Email viewed by Wendy Johnson (wendy.johnson@wpcog.org)
2020-05-12 - 5:42:28 PM GMT- IP address: 71.81.243.161
-  Document e-signed by Wendy Johnson (wendy.johnson@wpcog.org)
Signature Date: 2020-05-12 - 5:42:42 PM GMT - Time Source: server- IP address: 71.81.243.161
-  Signed document emailed to Wendy Johnson (wendy.johnson@wpcog.org) and Elizabeth Hilliard (elizabeth.hilliard@wpcog.org)
2020-05-12 - 5:42:42 PM GMT