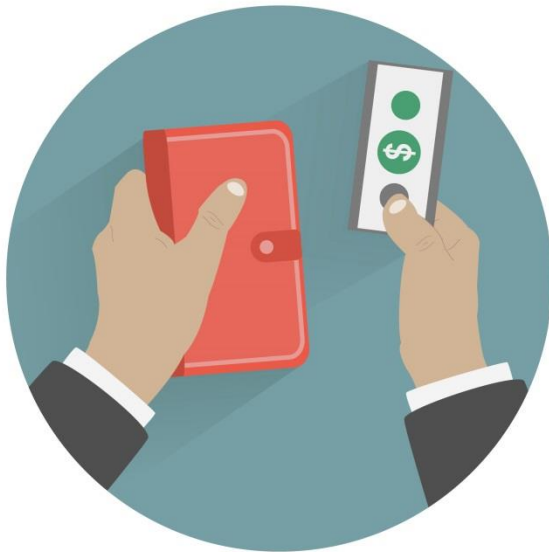
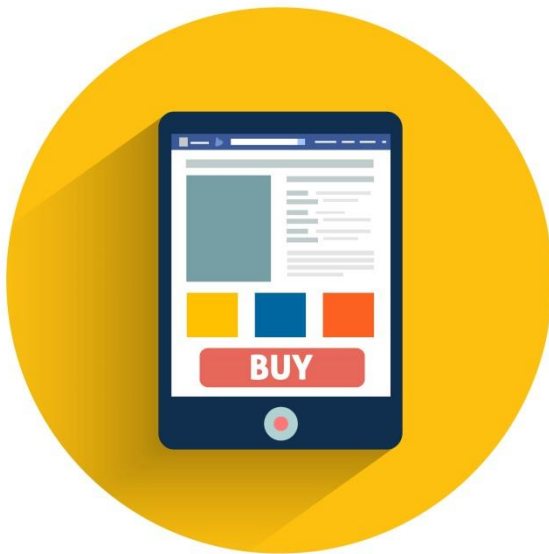


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UPDATED

The Minimalist's Guide to the New Procurement Standards in 2 CFR Part 200 Uniform Guidance



Procurement Standards

General Standards

<Organization> must use documented procurement procedures which conform to applicable Federal law and procurement standards covered in 2 CFR Part 200 Sections 200.317-200.326 and procedures which echo applicable State and local laws and regulations.

2 CFR Part 200 Section 200.320 specifies five methods of procurements to be followed as illustrated on the table below:

Method	Aggregate Dollar Amt.	Notes 1:	Notes 2:
1. Micro-Purchase	*Not to exceed \$10,000 (\$2,000 for awards subject to Davis-Bacon Act)	No quotations required if the price is reasonable.	To extent practicable distribute equitably among qualified suppliers.
2. Small Purchase	Up to \$250,000 **	Rate quotations from an adequate number of qualified sources.	No cost or price analysis required
3. Sealed Bid	>\$250,000 **	Primarily construction projects-Firm fixed price contract.	Price is a major factor-formal process for bidding
4. Competitive Proposals	>\$250,000 **	Fixed price or cost reimbursement	RFP with evaluation methods for an adequate number of qualified sources.
5. Sole Source	Available for procurements of any dollar amount.	No competition/Must be authorized by the agency (or Pass-through entity)	Unique or public emergency

The five specified procurement methods must comply with:

- The organizations’ documented procurement procedures
- The necessity of the purchase
- Open competition to the extent required
- The organization's conflict of interest policy
- Sufficient and proper documentation of the purchase

***Contained in the Uniform Guidance Subpart 200.67 are the following details:**

- “The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$3,000 except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.”

- The definition in 48 CFR Subpart 2.1 as of July 1, 2017 is \$3500. *This was replaced by the requirements in the National Defense Authorization Act (NDAA) of 2017 and 2018 and OMB Memorandum M18-18*

Special Micro-Purchase Limits for Research Organizations

Exception #1: Under the 2017 National Defense Authorization Act (NDAA) signed by President Obama on December 23rd, the micro-purchase threshold for procurement under the Uniform Guidance was increased from \$3,500 to at least **\$10,000** for certain types of organizations. This increase applies **only** to:

- Institutions of Higher Education (IHE), as defined in section 101(a) of the Higher Education Act of 1965
- Related or affiliated nonprofit entities of IHE's
- Nonprofit research organizations
- Independent research institutes

Exception #2: Under the 2017 National Defense Authorization Act Section 821 adds a new section to chapter 137 of title 10 of the United States Code giving the Department of Defense (DoD) its own micro-purchase threshold of \$5,000, while also raising the threshold for DoD basic research programs and activities of the Department of Defense science and technology reinvention laboratories to \$10,000.

For organizations not included in the exceptions above, the micro-purchase threshold will remain at \$3,500 or until routinely updated in the Federal Acquisition Regulations.

These exceptions were amended by the 2018 National Defense Authorization Act (NDAA) and OMB Memorandum M18-18

New Micro-Purchase and Small Purchase Thresholds effective June 20, 2018

On June 20, 2018, the Office of Management and Budget (OMB) implemented statutory changes to the micro-purchase and the simplified acquisition thresholds for financial assistance. See: <https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-18.pdf>

These changes were authorized by the National Defense Authorization Act (NDAA) for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017.

Effective Date:

In addition, to the changes in the micro-purchase and simplified acquisition threshold, **the memorandum also clarifies the effective date of the change:**

For institutions of higher education and research institutions covered under the NDAA of FY 2017, the effective date is the date this bill was signed into law on **December 23, 2016.**

For other types of non-federal entities covered under the NDAA of FY2018, the effective date is for these changes is on the date of issuance of this memo on **June 20, 2018**.

It's worth noting that the implementation date for the changes to the micro-purchase and simplified acquisition dates is really an exception to the NDAA of FY2018 legislation that said these higher thresholds would not be effective until implemented in the Federal Acquisition Regulation (FAR) at 48 CFR. Subpart 2. 1 (Definitions).

OMB wanted to provide for maximum flexibility for grant recipients during the implementation of these changes and decided to implement early through the exception process called out for in 2 C.F.R. § 200.102 (Exceptions).

Unnecessary Purchases Prohibited

<Organization> shall avoid purchasing unnecessary or duplicative items. Every grant-funded purchase must meet the definition of an “allowable cost” per the federal administrative requirements. For a discussion of allowable costs, reference the *Costs* section under *Section E. Manage Grant Award*.

Non-Competitive Practices

<Organization> and their subrecipients shall avoid actual, or the appearance of, conflicts of interest or non-competitive practices which may restrict or eliminate competition or otherwise restrain trade.

Contractors that develop or draft specifications, statements of work, and/or Requests for Proposals (RFPs) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement.

▪ **CONTRACTOR MANAGEMENT**

<Organization> provides contractor oversight to make sure that contractors perform their responsibilities consistent with the terms and conditions of their purchase orders and contracts.

▪ **AFFIRMATIVE STEPS**

<Organization> takes all necessary affirmative steps to ensure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

▪ **FEDERALLY-MANDATED PROCUREMENT CONTRACT PROVISIONS**

All contracts awarded by <Organization> to subcontractors and involving a grant-funded purchase of goods or services, including small purchases, must include certain federally-mandated procurement contract provisions, including:

Provision	Citation
Recipient Termination	2 CFR Part 200 Appendix II
Equal Employment Opportunity	E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
Clean Air Act	42 U.S.C. 7401
Federal Water Pollution Control Act	33 U.S.C. 1251
Energy Efficiency	2 CFR Part 200 Appendix II
Copeland "Anti-Kickback" Act	18 U.S.C. 874 and 40 U.S.C. 276C
Byrd Anti-Lobbying Amendment	31 U.S.C. 1352
Debarment and Suspension	Executive Orders 12549 and 12689
Recycling	2 CFR Part 200 Appendix II
Davis-Bacon Act	40 U.S.C. 276a to a-7
Contract Work Hours and Safety Standards Act	40 U.S.C. 327-333
Rights to Inventions Made Under a Contract or Agreement	37 CFR part 401
Contractor Breach Clause	2 CFR Part 200 Appendix II

All contracts awarded by <Organization> to subcontractors and involving a grant-funded purchase of goods or services, including small purchases, must also contain the following contract clauses:

- Provisions that allow for administrative, contractual, or legal remedies where contractor violates or breaches contract terms as well as remedial actions
- Provisions addressing termination by <Organization>, including the manner of termination and the basis for settlement
- Provisions addressing termination of the contract for default as well as circumstances beyond the control of subrecipient
- Provisions for bid guarantees, performance bonds and payment bonds
- Provisions allowing access to subrecipient records by <Organization>, federal awarding agency, Comptroller General of the United States, and any other duly authorized representative

For an in-depth discussion of these contract provisions, reference 2 CFR Part 200 Appendix II accessible online at <http://www.ecfr.gov/cgi-bin/text-idx?SID=542b62acc07a6c297e8e146e6f54addb&node=2:1.1.2.2.1&rgn=div5#2:1.1.2.2.1.6.51.23.6>.

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