



Federal Procurement Standards

General Overview

Subrecipients of federal funds must provide a full and open competition consistent with their agency's written procurement procedures that reflect federal, state, and local laws and regulations as well as the subrecipient's [Conflict of Interest procedures](#) (2 CFR §200.318 and 2 CFR §200.319)

This document provides an overview of the federal procurement standards defined in the uniform grant guidance (2 CFR §200.318 - §200.327).

Methods of Procurement (2 CFR §200.320)

1. Informal Procurement

When the estimated value of a procurement for goods or services is below the simplified acquisition threshold of \$250,000 (or lower if established by the subrecipient) informal procurement methods can be used. Informal procurement expedites the process and minimizes administrative burden and cost. There are two types of informal procurement, the micro-purchase and small purchase.

a. Micro-purchase 2 CFR §200.320(a)(1)

Acquisition of supplies or services using micro-purchase procedures, the aggregate amount of which does not exceed the micro-purchase threshold as defined by [48 CFR subpart 2.1](#), typically \$10,000 (or lower if established by the subrecipient). Purchases can be awarded without soliciting competitive price quotes as long as the price is "reasonable." To determine if a price is reasonable:

- compare previous purchases of similar item(s)
- have personal knowledge of the item(s) being purchased
- distribute purchases equitably among qualified suppliers to the maximum extent practicable

Subrecipients must keep written documentation and records for all transactions.

b. Small purchase procedures 2 CFR §200.320(a)(2)

Used when the estimated value of an awarded contract or purchase is below the [simplified acquisition threshold](#) of \$250,000 (or lower if established by the subrecipient) This informal method requires:

- Verbal or written solicitation document.
- Free and open competition (i.e. 2-3 price quotes).
- Documentation of the procurement process (vendor name, contact method, name of person providing price quote, price quoted, date price quote obtained, duration of price quote).

This informal method does *not* require:

- Public notice
- Sealed bid
- Public opening
- Due date for solicitation responses

2. Formal Procurement

Formal procurement method *must* be used when the estimated value of the contract or purchase exceeds the simplified acquisition threshold of \$250,000 (or lower, if set by the subrecipient). Formal procurement methods *may* be used when the estimated value of the contract or purchase is less than the formal purchase threshold, but the subrecipient has determined that formal procurement will result in a better use of federal funds. This method requires documented procedures and public advertising and can be completed by either sealed bids or proposals (2 CFR §200.320(b)).

a. Sealed Bids

Also referred to as “invitation for bid” (IFB) or “request for bid” (RFB)

- i. Contract award is based on lowest bid (cost)
- ii. Must be compliant with 2 CFR §200.320(b)(1)

b. Proposals

Also referred to as “requests for proposal” (RFP) or “competitive proposal”

- i. Contract award is based on highest scoring proposal with cost being the most heavily weighted criteria
- ii. Must be compliant with 2 CFR §200.320 (b)(2)

3. Noncompetitive Procurement

The uniform grant guidance (2 CFR §200.320 (c)) states that noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- The estimated value of goods or services does not exceed the micro-purchase threshold;
- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- After solicitation of a number of sources, competition is determined inadequate.