

**FREQUENTLY ASKED QUESTIONS**  
For The Office of Management and Budget's  
**Uniform Administrative Requirements, Cost Principles, and Audit**  
**Requirements for Federal Awards**  
**At 2 CFR 200**

**Excerpts**

**.110-6 Effective Dates and Grace Period for Procurement**

Will the Federal government provide a grace period after the effective date for non-Federal entities to comply with the procurement standards in the Uniform Guidance?

Yes, for one full fiscal year after the effective date of the Uniform Guidance. In general non-Federal entities must comply with the terms and conditions of their Federal award, which will specify whether the Uniform Guidance applies. However, in light of the new procurement standards, for procurement policies and procedures, for the non-Federal entity's first full fiscal year that begins on or after December 26, 2014, the non-Federal entity must document whether it is in compliance with the old or new standard, and must meet the documented standard. For example, the first full fiscal year for a non-Federal entity with a June 30<sup>th</sup> year end would be the year ending June 30, 2016. The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard. For future fiscal years, all non-Federal entities will be required to comply fully with the uniform guidance.

**.320-1 Methods of Procurement – Micro vs Small vs Over Threshold**

How are procurements of micro-purchase and small purchases under the simplified acquisition threshold less burdensome than those above it?

In summary, all purchases under the simplified acquisition threshold (including micro-purchases) require fewer terms and conditions, have a lesser competition standard than purchases over the simplified acquisition threshold, can be solicited informally, and do not require a cost or price analysis.

Section 200.320 describes the five methods of procurements – (1) micro-purchase (less than to \$3,000), (2) small purchase (less than \$150,000), (3) sealed bids purchases (more than \$150,000), (4) competitive proposal purchases (more than \$150,000), and (5) Noncompetitive purchases (special circumstances which are applicable for all purchase levels).

All five procurement types must comply with the Procurement Standards in section 200.318, which can be summarized generally as follows: (1) the purchase complies with the non-Federal entity's documented procedures in place, (2) purchases are necessary, (3) open competition (to the extent required by each method), (4) conflict of interest policy and (5) proper documentation for the purchases.

Purchases of supplies or services under \$3,000 are treated as "micro-purchases." The purchase orders may be awarded without soliciting any competitive quotations if the non-Federal entity considers the costs to be reasonable. The non-Federal entity must, to the extent practicable,

distribute these purchases equitable among qualified suppliers. For example, a purchase of computer paper in the amount of \$2,000 can be treated as “a micro-purchase.” No rate competitive quotations are necessary for the purchase. A cost or price analysis is not required. However, in accordance with the non-Federal entity’s written policies, which may include strategic sourcing or bulk purchase arrangements as described in section 200.318 and addressed in FAQ .320-4, the non-Federal entity must consider whether to make the purchase from any one of a number of office supply stores.. Such policies may dictate the purchase of computer paper to rotate among qualified suppliers if they offer the same rates.

Purchases under the simplified acquisition threshold are purchases for goods or services meeting the small purchase threshold (currently at \$150,000). Therefore, all purchases between \$3,000 and \$150,000 can use the “small purchase procedures” stated in section 200.320 (b) which describes the procedures as “relatively simple and informal.” It states that “price or rate quotations must be obtained from an adequate number of qualified sources.” It leaves the discretion of the non-Federal entity written policy to determine the “adequate” number of qualified sources (i.e., any number greater than one) and the methods of methods of obtaining the price or rate quotations (e.g., it can be in writing, orally, vendor price list on website, or generated via online search engine). Section 200.323 also excludes the small purchases from any requirements for cost or price analysis.

For example, a purchase order for chlorine supplies in the amount \$10,000 can treated a small purchase order. This purchase order requires a rate quote from at least two sources, which can be obtained in writing from two suppliers or research done on a public websites. A cost or price analysis is not required. In addition, if the chlorine is of special quality that is offered by only one company or only one company can deliver in the time frame required for the project, the purchase order can be made under the sole source purchase provision in section 200.320 (f). For purchases over the simplified acquisition threshold (currently at \$150,000), the more prescriptive methods of either sealed bids (if the non-Federal entity has very specific parameters for the purchase) or competitive proposals apply. For a visual of this FAQ, see the Procurement Bearclaw attachment.

### **.320-2 Methods of Procurement- Sole Source for Research**

Procurement by noncompetitive proposals: Frequently, researchers need to acquire items from a particular source for scientific reasons; would this constitute a valid reason for a procurement by noncompetitive proposals? Is this method of procurement available for procurements of any dollar amount?

Yes; this would be a valid reason, and yes this option is available at all dollar amounts, provided it complies with the general procurement standards under 200.318, including documentation requirements in 200.318 (i).

### **.320-4 Methods of Procurement and Strategic Sourcing and Shared Services**

Do the requirements for competition in the methods of procurement apply to each individual item I purchase, or may I apply them to broader procurement decisions in order to leverage strategic sourcing agreements, shared services arrangements, or other practices that result in more efficient use of the funds?

Yes, the requirements for competition apply to broader procurement decisions. Section 200.318

General Procurement Standards paragraphs (d) and (e) explicitly encourage non-Federal entities to build into their procurement policies practices that consolidate procurements where appropriate to make most efficient use of Federal funds.

**.320-5 Methods of Procurement and Charge Cards**

Does the Uniform Guidance require non-Federal entities to limit charge card purchases to a particular threshold amount?

No. The Uniform Guidance provides requirements for the internal control framework that surround any purchase, but does not provide any guidance around whether the non-Federal entity uses cash, charge cards, checks, or any other payment medium for the transaction.

**.320-6 Methods of Procurement and Indirect Costs**

Does the Uniform Guidance procurement standards apply to procurements made for indirect costs (for example: would a non-Federal entity need to follow them when hiring a plumber to fix a broken pipe in the headquarters building?)

No. The Uniform Guidance procurement standards do not apply to procurements made in indirect cost areas. They apply to procurements for goods and services that are directly charged to a Federal award.200.331