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Part IV: Uniform Guidance Required Procurement Documentation

AUDIT, HIGHER EDUCATION, NOT-FOR-PROFIT
BY MICHAEL MALONEY

During December 2013, the Office of Management and Budget (OMB) issued comprehensive grant reform rules titled the “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards” (Uniform Guidance). Part of these changes, as set out in 2 CFR sections 200.318 to 200.326, affects the procurement process and requires that non-state recipients of federal funds maintain formal documentation over their procurement. On September 10, 2015, a revision was issued that allowed for a two-year grace period after the effective date for implementation. Therefore, for an organization with a June 30 fiscal year-end, this implementation would be required beginning July 1, 2017. If your organization elects to defer this implementation, this election must be documented in writing.

An organization’s documented procurement procedures must be compliant with Uniform Guidance and federal and state law. Required documentation includes the process for contractor selection and oversight, written employee conduct policies, conflict-of-interest policy, and a policy over procurement documentation retention. The contractor selection process must be in line with set acquisition thresholds and demonstrate full and open competition. Under Uniform Guidance, there are five methods of procurement:

- Micro-purchases – This category represents purchases of \$3,000 or less. No competitive quotes are required. The purchase is deemed acceptable if management deems the price reasonable.
- Small purchases – This category of purchases is for those purchases up to the Simplified Acquisition threshold, currently set at \$150,000. Under this method, an informal process is acceptable; however, competitive bids must be obtained.
- Sealed bids – This process is for purchases over the Simplified Acquisition threshold. Under this method, bids are publically solicited and the contract is awarded to the bidder that conformed to all of the material terms at the lowest price.
- Competitive proposals – This process is for purchases over the Simplified Acquisition threshold. Under this method, formal solicitations are required; however, sealed bids are not appropriate, as price represents just one of the factors in selecting the most advantageous contractor.
- Noncompetitive proposals – This process is only appropriate when specific criteria is met - such as an acquisition only being available from one source,

during an emergency, or the competition is deemed inadequate.

The above thresholds will change in the future. We recommend, as a best practice, that the written policies reference the thresholds set in 2 CFR sections 200.88 for the Simplified Acquisition threshold and 200.320 for the Micro-purchases threshold rather than stating the current threshold amounts.

All federal award recipients should read the complete procurement requirements at:

<https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-sec200-320>

<https://www.federalregister.gov/articles/2015/09/10/2015-22074/universal-identifier-and-system-of-award-management-corrections>

<https://www.gpo.gov/fdsys/pkg/FR-2015-09-10/pdf/2015-22074.pdf>

Be on the lookout for more of [Our Thoughts On the new Uniform Grant Guidance](#) over the next several weeks. If you have any questions on the above material, please [contact us](#), or reach out to your Schneider Downs team member, and we will be happy to assist your organization in meeting these new requirements.

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