



Procurement Methods

Bureau of Federal Compliance
in accordance with Uniform Guidance

Content

- Overview
- Informal Methods
- Formal Methods
- Noncompetitive Procurement
- Questions?
- Resources

Methods of Procurement

	Purchase Type	Threshold	Characteristics and Requirements
INFORMAL	Micro-Purchase	Less than \$10,000	<ul style="list-style-type: none"> No bid or quote process required No cost or price analysis required Should be distributed among a range of qualified vendors
	Small Purchase	Less than \$250,000	<ul style="list-style-type: none"> Price or rate quotes required from an adequate number of sources Should be distributed among a range of qualified vendors
FORMAL	Sealed Bids	Above \$250,000 (current SAT)	<ul style="list-style-type: none"> Bids must be publicly solicited Two or more bidders are willing and able to compete and qualified to do the work Complete adequate and realistic specifications or purchase description is available Firm fixed-price contract is feasible, a bidder can be selected based on price Requires a request-for-proposal (RFP) process and solicitation of an adequate number of bidders Written method of evaluation, considering price as well as other factors advantageous to the program
	Competitive Proposals	Above \$250,000 (current SAT)	
	Non-Competitive	Any dollar amount	<ul style="list-style-type: none"> Item available from a single source Public exigency or emergency won't permit a delay resulting from competition Expressly authorized via written request by the awarding agency (NHDOE) Competition is determined to be inadequate after solicitation Procurement is less than the micro-purchase threshold

Note: If your policy is more restrictive than that mentioned here (per 2 CFR), then follow the more restrictive policy.

Informal Procurement Methods

- Per 2 CFR 200.320 (a), when the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold (SAT), or a lower threshold established by a non-Federal entity, formal procurement methods are not required.
- These are used to expedite the completion of transactions and minimize the associated administrative burden and cost.

Micro-purchases

- Micro-purchases (2 CFR 200.320 (a)(1))
 - The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (currently \$10,000).
 - To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.
 - Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents its files accordingly.
 - The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures.
 - This should be defined in your procurement procedures
 - The non-Federal entity's procedures may be more restrictive than that set by 2 CFR 200

Small Purchases

- Small purchases (2 CFR 200.320 (a)(2))
 - The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold (currently \$10,000) but does not exceed the simplified acquisition threshold (currently \$250,000).
 - If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.
 - This should be defined in your procurement procedures
 - The non-Federal entity's procedures may be more restrictive than that set by 2 CFR 200
 - The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold (SAT) based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR.

Formal Procurement Methods

- Per 2 CFR 200.321 (b), when the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required.
- Formal procurement methods require documented procedures.
- Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with 2 CFR 200.319.

Sealed Bids

- This is a procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conformation with all the material terms and conditions of the invitation for bids, is the lowest in price.
- The sealed bid method is the preferred method for procuring construction.

Sealed Bids Cont'd

- In order for sealed bidding to be feasible, the following conditions must be present:
 - A complete, adequate, and realistic specification or purchase description is available;
 - Two or more responsible bidders are willing and able to compete effectively for the business; and
 - The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price

Sealed Bids Cont'd

- If sealed bids are used, the following requirements apply;
 - Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time
 - The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond
 - All bids will be opened at the time and place prescribed in the invitation for bids
 - A firm fixed price contract award will be made in writing to the lowest responsive bidder. Where specified in bidding documents factors such as discounts, transportation cost, and life cycle must be considered in determining which bid is lowest.
 - Any or all bids may be rejected if there is a sound documented reason.

Proposals

- This is a procurement method in which either a fixed price or cost-reimbursement type contract is awarded.
- Proposals are generally used when conditions are not appropriate for the use of sealed bids.

Proposals

- They are awarded in accordance with the following requirements:
 - Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors.
 - The non-Federal entity must have a written method for conducting technical evaluations of the proposals
 - Contracts must be awarded to the responsible offeror who is most advantageous to the non-Federal entity, with price and other factors considered
 - The non-Federal entity may use competitive proposal procurements for qualifications-based procurement of architectural/engineering professional services

Bonding

- Per 2 CFR 200.326, for construction or facility improvement contracts or subcontracts exceed the SAT, the Federal awarding agency or pass-through entity may accept the bonding policy and requirement of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected.
- If no such determination has been made, there are minimum requirements that must be met.

Bonding Cont'd

- Minimum requirements:

- A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond or certified check.
- A performance bond on the part of the contractor for 100 percent of the contract price.
- A payment bond on the part of the contractor for 100 percent of the contract price.

Noncompetitive Procurement

- Noncompetitive procurement can only be awarded if one or more of the following apply (2 CFR 200.320 (c)):
 - The acquisition of property or services, the aggregate dollar amount of which 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
 - After solicitation of a number of sources, competition is determined inadequate

POP

QUIZ!

Questions # 1

What is the current simplified acquisition threshold (SAT)?

\$250,000

Procurement below the SAT is considered informal, whereas procurement beyond the SAT is considered formal. Noncompetitive procurement is neither.

Questions #2

The two types of informal procurement methods are?

Micro-purchase and Small purchase

Both procurement methods are informal as they are under the SAT. However, small purchase requirements are utilized when the procurement is beyond the micro-purchase threshold of \$10,000.

Questions #3

What are the two types of formal procurement?

Sealed bids and Proposals

Formal procurement methods must be used when the procurement is beyond the SAT.

Questions #4

True or False.

Noncompetitive procurement can be the procurement method utilized with written approval from the NHDOE?

True

This would meet the requirement of “the Federal awarding agency or pass through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity.”

Resources

- EDGAR, 2 CFR 200
- NHDOE Federal Funds Fact Sheet. Procurement. [procurement.pdf \(nh.gov\)](#)
- NHDOE Federal Funds Fact Sheet. Procurement Beyond the Simplified Acquisition Threshold (SAT). [procurement-over-sat.pdf \(nh.gov\)](#)

This presentation is not a substitute for the advice of your own attorney and/or law firm licensed to practice law in the state of New Hampshire. In reading and applying Federal law, we recommend that you seek and obtain the advice of counsel with questions of application, interpretation, and/or to ensure that use of this information is appropriate to your particular situation.