

These guidelines supplement the entity's current procurement policy and should be followed for any purchase made with federal funds. If the entity does not have an existing procurement policy or standards, the following General Guidelines for Purchases and [General Procurement Standards](#) (200.318) must be followed. The federal government imposes a set of standards for the acquisition of supplies, equipment and real property purchased with federal funds. Procurement procedures must comply with the standards imposed by OMB (Office of Management and Budget) [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(2 CFR-200\)](#).

#### GENERAL FEDERAL GUIDELINES FOR PURCHASES [\(200.318-327\)](#)

- All purchases must follow the Entity's policy for Conflicts of Interest and Code of Ethical Conduct as well as the Financial Conflict of Interest policy specific to federal grant funding. In addition, no employee, officer, or agent of the Entity shall participate in the procurement of goods and equipment supported by grant funds (whether federal or private) if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of these parties, has a financial or other interest in the firm selected for an award or purchase. The officers, employees, and agents of the Entity shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or contractors.
- The vendor or contractor that meets the **required quality standards** at the lowest cost should be selected. Regardless of the cost of acquisition, grant recipients are required to avoid purchasing unnecessary items. If the cost to purchase a larger quantity is cheaper than the quantity you need, federal guidelines require that only the quantity needed should be purchased.
- Capital Equipment is defined by the OMB as "tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit." The acquisition cost includes installation charges and freight.
- Debarment and Suspension: No purchases shall be made from parties who have been involved in fraud, waste or abuse. The General Service Administration's (GSA) lists the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority on the [System for Award Management](#). (The list was formerly known as the EPLS or Excluded Parties List System.) Vendors will be required to provide their UEI (Unique Entity Identifier, formally DUNS number) to ensure the entity is allowed to participate in business with federal funds.
- Small, Minority-Owned, and Women's Business Enterprise Utilization: Entity's expending federal funds are required to make positive efforts to use small businesses, minority-owned firms, and women's business enterprises whenever possible. [\(200.321\)](#)
- The [Davis-Bacon Act](#) requires contractors and subcontractors on federally funded or assisted contracts to pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Colorado Department of Labor determines the locally prevailing wage rates.
- The threshold amounts refer to the total cost of the purchase. For example, purchasing three \$900 laptops is considered to be a \$2,700 purchase, not three separate items. A \$90,000 equipment purchase with a \$5,000 delivery/set-up fee and \$8,000 in ancillary parts constitutes a purchase over \$100,000.
- Competition [\(200.319\)](#) requires that all procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition

consistent with the standards of this section and [§ 200.320](#). In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

- Domestic preference requires that the non-Federal entity should, to the greatest extent practicable under a federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. ([200.322](#))
- The non-federal entity must perform a cost or price analysis with every procurement action, in excess of the Simplified Acquisition Threshold, as well as additional requirements in [200.324](#) when evaluating contracts/purchases.
- The entity is required to make available upon request any procurement documents, contracts, bids etc. to the pass-through entity. [200.325](#)
- For construction purposes exceeding the Simplified acquisition threshold, the non-federal entity seeking Bonding Policy should seek guidance from their pass-through entity. [200.326](#)
- All contracts must contain the applicable provisions in any purchase contract or services contract or purchase order. These provisions can be found here: [Part 200, Appendix II](#).

## DEFINITIONS OF PROCUREMENT TYPES

**Micro-purchase** - a purchase of supplies or services, where the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a non-Federal entity's small purchases as defined in [§ 200.320](#). Purchases (single or cumulative) under \$50,000 from a *single* vendor within a fiscal year. Competitive quotations are not required if the prices are reasonable. Selection should be based on quality and cost. To the extent practicable, purchases must be distributed equitably among qualified suppliers.

**Small Purchases:** The acquisition of property or services, where the aggregate dollar amount is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. 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.

**Sealed Bid:** 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, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions in [§ 200.320\(b\)\(1\)](#) are met.

**Competitive Proposal:** 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. They are awarded in accordance with the requirements [§ 200.320\(b\)\(2\)](#) are met.

**Noncompetitive procurement:** There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the circumstances apply in [§ 200.320\(c\)](#).

**Specific Requirements Based on Purchase Amount**

| TYPE                                   | THRESHOLD          | REQUIREMENTS  |
|--|--------------------|---|
| <b>INFORMAL PROCUREMENT METHODS</b>    |                    |   |
| Micro Purchase                         | \$0-\$50,000       | <ul style="list-style-type: none"> <li>○ No bid or quote required if price is considered to be reasonable. Reasonableness could be determined by comparing the price to past purchases or other published prices and/or requesting prices from more than one vendor.</li> <li>○ Distributed equitably among a range of qualified vendors when practical</li> </ul>  |
| Small Purchase                         | \$50,001-\$250,000 | <ul style="list-style-type: none"> <li>○ Price or rate quotes must be obtained from adequate number of sources (at least two)</li> <li>○ Can be informal, e.g., phone call or web search</li> <li>○ All quotes, including phone calls, web searches, etc., must be documented and kept on file</li> <li>○ Price does not need to be deciding factor, but all quotes need to be kept in procurement records</li> </ul>   |
| <b>FORMAL PROCUREMENT METHODS</b>      |                    |   |
| Sealed Bid                             | \$250,001 +        | <ul style="list-style-type: none"> <li>○ Used when selection of successful bidder can be made principally on the basis of price</li> <li>○ Bids must be solicited from an adequate number of known suppliers, providing sufficient response time</li> <li>○ Local and tribal governments must publicly advertise bids</li> <li>○ Invitation for bids must define the items or services in order for bidders to properly respond</li> <li>○ All bids will be opened at time and place prescribed in invitation. Local and tribal governments must be opened publicly.</li> <li>○ Firm fixed price contract made in writing to the lowest responsive and responsible bidder</li> <li>○ Any or all bids may be rejected if there is a sound documented reason</li> </ul> |
| Competitive Proposal                   | \$250,000 +        | <ul style="list-style-type: none"> <li>○ Must be publicized and identify all evaluation factors and their relative importance</li> <li>○ Must be solicited from an adequate number of qualified sources</li> <li>○ Must have a written method for conducting technical evaluations of the proposals and selecting recipients</li> <li>○ Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered</li> </ul>  |
| Non-Competitive Proposal (Sole Source) | \$50,000 +         | <ul style="list-style-type: none"> <li>○ May be used only when the item is available only from a single source, the public exigency or emergency will not permit a delay resulting from competitive solicitation, federal awarding agency or pass-through entity expressly authorizes its use in response to a written request, or after solicitation of</li> </ul>   |

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|  |  | <p>a number of sources competition is determined inadequate</p> <ul style="list-style-type: none"> <li>○ Justification of the use of noncompetitive proposal must be documented</li> <li>○ Any research on availability from multiple sources must be documented</li> <li>○ Documentation of authorization must be retained</li> <li>○ Any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented</li> </ul> |
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**Procurement and service contract documentation must contain the following:**

- Basis for the vendor/contractor selection. Information showing how the Entity arrived at the decision to award the contract to that particular vendor/contractor.
- Basis for the award cost or price: the cost and price analysis should be documented to establish that the institution obtained a fair price.
- Procurement approval documentation, i.e., board approvals, signatures, PO's, etc.
- Micro purchases and small purchases can provide info from vendors via web pages etc., to document posted prices to substantiate reasonableness.