

Procurement Requirements

NOTE: If you are a June 30 year end and elected the procurement deferral, the following requirements are effective July 1, 2017.

In order to be in compliance with the new procurement standards under the Uniform Guidance (2 CFR 200.317-200.326), the following written policies, procurement methods, and documentation requirements must be addressed:

1. Required written conflict of interest policies

Employee conflict of interest - must maintain written standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the Organization may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, Organizations may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Organization.

Organizational conflict of interest - If the Organization has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the Organization must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the Organization is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

2. Required written procurement policy

- The policy should include written procedures for procurement transactions to ensure that solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured, as well as the factors that will be used in evaluating the bids and proposals
- The policy should document when purchases are aggregated (e.g. contract, by provider, project, etc.)
- The policy should document what is considered an adequate number of qualified sources for price or rate quotations.
- The policy should document the method for conducting technical evaluations of the proposals and for selecting recipients.
- The policy should document the allowable procurement methods and when they are used.

3. Required procurement documentation

Must maintain records to sufficiently detail the history of procurement. At a minimum, this includes:

- The rationale for the method of procurement
- Selection of contract type
- Contractor selection or rejection, and
- Basis for the contract price

4. Allowable procurement methods

Procurement by micro-purchases - Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold of \$3,000. To the extent practicable, the

Organization must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the Organization considers the price to be reasonable.

Procurement by small purchase procedures - Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (currently \$150,000). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

Procurement by sealed bids (formal advertising) - 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 bid method is the preferred method for procuring construction. (See additional requirements at 2 CFR 200.320(c) if sealed bids will be used).

Procurement by competitive proposals - The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
2. Proposals must be solicited from an adequate number of qualified sources;
3. The Organization must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
4. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
5. The Organization may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Procurement by noncompetitive proposals - Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the Organization entity; or
4. After solicitation of a number of sources, competition is determined inadequate.

5. Other procurement items to note

- All procurement transactions must be conducted in a manner providing full and open competition. The Organization may not restrict competition with unreasonable or unnecessary requirements or specifications. The Organization may not place geographical preference in the evaluation of bids and proposals except for limited circumstances.
- The Organization must take all affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus areas are used when possible.
- The Organization must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specification of their contracts or purchase orders.

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