

# STATE CONTROLLER GUIDANCE

## FEDERAL REQUIREMENTS FOR SUBRECIPIENTS

### 1) Authority

- a. 2 CFR §200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- b. 48 CFR Subpart 2.1 – Definitions

### 2) Applicability

This Guidance applies to Subrecipients that have agreements with a State agency or an Institution of Higher Education (IHE) and any funding source is the Federal government. All other non-Federal entities, including subrecipients of a State, must follow the procurement standards in §§ 200.318 through 200.327. (2 CFR §200.317).

### 3) Definitions

- a. **Micro-Purchase** means a purchase of supplies, goods, or services, 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. (2 CFR §200.1 Definitions)
- b. **Micro-purchase threshold** means the dollar amount at or below which a non-Federal entity may purchase goods or services using micro-purchase procedures (see 2 CFR § 200.320). The Micro-purchase threshold is \$10,000 with exceptions included in FAR 48 CFR part 2, subpart 2.1.
- c. **Non-Federal Entity** means a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient. 2 CFR §200.1 Definitions
- d. **Procurement Methods** included informal and formal procurement methods. Informal procurement methods include Micro Purchase and Small Purchase, and are used when the purchase is below specified thresholds to expedite the completion of transactions. Formal procurement methods includes Sealed Bids and Proposals, and are used when the purchase is above the specified thresholds. Formal procurement methods require documented procedures and public advertising unless a non-competitive procurement can be used.
- e. **Proposals** are used when either a fixed price or cost-reimbursement contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids.
- f. **Sealed Bid** means 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. (2 CFR §200.320 (b)).
- g. **Simplified Acquisition Threshold** means the dollar amount below which a non-Federal entity may purchase goods or services using small purchase methods (see 2 CFR § 200.320). Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items at or below the simplified acquisition threshold. The Simplified Acquisition Threshold is \$250,000 with exceptions included in FAR 48 CFR part 2, subpart 2.1. 2.1.
- h. **Small Purchase** means the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the Simplified Acquisition Threshold. (2 CFR §200.320 (a)(2)(i))
- i. **Subaward** - means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

# STATE CONTROLLER GUIDANCE

- j. **Subrecipient** - means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award.

## 4) Procurement by Subrecipients (2 CFR § 200.317)

Subrecipients that receive awards from State Agencies that are funded by the Federal government must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations for the acquisition of property or services required under a Federal award or subaward. The Subrecipient's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327 (2 CFR § 200.318 (a)).

Subrecipients must comply with their procurement requirements if they are at least as restrictive the requirements in 2 CFR 200. Otherwise, if their standards are not compliant with federal rules they must follow the federal rules when using federal funds.

If a Subrecipient does not have a policy or their policies do not address all aspects of 2 CFR 200, the Subrecipient must follow the federal rules when using federal funds.

## 5) Procurement Methods, Dollar Limits, and Requirements for Subrecipients

PROCUREMENT METHOD	FEDERAL DOLLAR LIMIT
Micro-Purchase	\$10,000 and less
Small Purchase	\$250,000 and less
Sealed Bid	Over \$250,000
Competitive Proposals	Over \$250,000
Sole Source	Must meet specific criteria for sole source

### Method #1: Micro-Purchase - \$10,000 or less

- No quotations are required if the price is reasonable, based on research, experience, purchase history, or other information that is adequately documented.
- CFR part 2, subpart 2.1 includes exceptions to the \$10,000 threshold.

### Method #2: Small Purchase-Under \$250,000

- Obtain quotations from an adequate number of qualified sources.
- No cost or price analysis is required for purchases under the Simplified Acquisition Limit.
- CFR part 2, subpart 2.1 includes exceptions to the \$250,000 threshold

### Method #3: Sealed Bid-Over \$250,000

- Bids are publicly solicited.
- A firm fixed-price contract 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.
- Preferred method for procuring construction.

### Method #4: Competitive Proposals – Over \$250,000


- Requests for proposals are publicized and identify all revaluation factors and their relative importance.

## STATE CONTROLLER GUIDANCE

- Contracts are awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered.

### Method #5: Noncompetitive procurement

- Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:
  - (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the **micro-purchase threshold**;
  - (2) The item is available only from a single source;
  - (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
  - (4) The **Federal awarding agency** or **pass-through entity** expressly authorizes a noncompetitive procurement in response to a written request from the **non-Federal entity**; or
  - (5) After solicitation of a number of sources, competition is determined inadequate.



---

Robert Jaros, CPA, MBA, JD  
State Controller