Federal Procurement Decision Tree

Post-2024 UG Update

1 REVIEW THE ENTITY'S PROCUREMENT POLICY

Determine, based on the policy, if the Entity follows the micro-purchase and simplified acquisition thresholds set by the FAR or set their own thresholds (must be more restrictive than those in the FAR, cannot be higher than the thresholds in the FAR). Where applicable, Ohio competitive bidding thresholds will be lower than SAT. If this is the case, entities must use the most restrictive threshold.

Thresholds per FAR (48 CFR Part 2, Subpart 2.1):

$10,000 Micro-Purchase Threshold

Can increase above $10,000 if certain requirements met (2 CFR 200.320(a)(1)(iv) and (v))

$250,000 Simplified Acquisition Threshold (SAT)

The Federal Acquisition Regulation (FAR) was updated effective October 1, 2025, to increase the micro-purchase and simplified acquisition thresholds to $15,000 and $350,000, respectively.

2 DETERMINE THE DOLLAR AMOUNT OF THE PROCUREMENT

The procurement as a whole should be evaluated. Many times, multiple checks will be issued in connection to one single procurement action. See example scenarios below.

Example 1: An Entity purchases reams of paper. The procurement action consists of the specific purchase of the reams of paper.

Example 2: An Entity builds a new parking lot. Payments are made at agreed points in the project completion. The procurement action consists of all payments related to the parking lot project.

Example 3: An Entity purchases a vehicle. A down payment is made up front followed by the payment of the balance upon delivery. The procurement action includes the cost of the down payment and the payment of the balance.

3 ENSURE ALL GENERAL PROCUREMENT REQUIREMENTS WERE MET

Additional requirements at 2 CFR 200.318 - 327

The Entity must:

(1) adopt written procedures as required by 2 CFR 200.318(c)(1), 2 CFR 200.318(c)(2), 2 CFR 200.320(b)(2)(ii), and 2 CFR 200.319(d);
(2) conduct all procurements in a manner providing full and open competition;
(3) maintain contractor oversight;
(4) avoid acquisition of unnecessary or duplicative items;
(5) maintain records sufficient to detail the history of procurement including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and basis for contract price
(6) ensure full and open competition and avoid measures that restrict competition, such as those listed at 2 CFR 200.319(c)

4 EVALUATE THE PROCUREMENT ACTION AGAINST THE ENTITY'S THRESHOLDS

NONCOMPETITIVE PROCUREMENT

There are specific circumstances in which the recipient or subrecipient may use a noncompetitive procurement method (2 CFR 200.320(c)). Verify the Entity retained support for how the procurement action fell into one of the following circumstances:

(1) Aggregate dollar amount of purchase does not exceed micro-purchase threshold.
(2) Item is available only from a single source.
(3) Public exigency or emergency will not permit a delay resulting from publicizing a competitive solicitation.
(4) Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the Entity.
(5) After solicitation from a number of sources, competition is determined inadequate.

The Federal Procurement rules for noncompetitive procurement are more restrictive than state law. State law provides a number of additional exceptions to competitive bidding that are not permissible under Federal Procurement rules.

Note that Noncompetitive Procurement is difficult to establish. Auditors should consider consulting with CFAE via the Federal Specialty when an item is procured under the Noncompetitive Procurement method.

BELOW THE MICRO-PURCHASE THRESHOLD

Awarded without soliciting competitive price or rate quotes if the Entity considers the price reasonable based on research, experience, purchase history, or other information and maintains documentation to support its conclusion.

Although the Federal Procurement rules do not set a requisite number of informal quotes, etc., most Federal agencies suggest obtaining quotes/estimates from three sources to establish reasonableness of the costs. The requirements for Reasonableness of Costs come from 2 CFR 200.403 and 2 CFR 200.404.

To the extent practicable, should be equitably distributed among qualified suppliers.

ABOVE MICRO-PURCHASE, BELOW SIMPLIFIED ACQUISITION

Price or rate quotations must be obtained from an adequate number of qualified sources (typically three or more). Unless specified by the Federal agency, the Entity may exercise judgment in determining what number is adequate. These should be formal, written quotes.

ABOVE THE SIMPLIFIED ACQUISITION THRESHOLD

Formal procurement methods are required which follow documented procedures and require public advertising.

The Entity must perform a cost or price analysis for every procurement transaction, including contract modifications, in excess of the Simplified Acquisition Threshold.

Formal procurements include Sealed Bids and Proposals, depending on the facts and circumstances of the procurement action. Entities must follow both state and federal laws when competitive bidding (i.e., sealed bids or proposals) applies. Where there are conflicts between state and federal law, the most restrictive requirements apply.

SEALED BIDS

Feasible when the following conditions are present:

(A) A complete, adequate, and realistic specification or purchase description is available;
(B) Two or more responsible bidders have been identified as willing and able to compete effectively for the business; and
(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price.

The sealed bids procurement method is preferred for procuring construction services.

Requirements:

(A) Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids. Unless specified by the Federal agency, the Entity may exercise judgment in determining what number is adequate. For local governments, the invitation for bids must be publicly advertised;
(B) The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond;
(C) All bids will be opened at the time and place prescribed in the invitation. For local governments, the bids must be opened publicly;
(D) A firm fixed price contract is awarded in writing to the lowest responsive bid and responsible bidder. When specified in the invitation for bids, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the Entity determines they are a valid factor based on prior experience; and
(E) The Entity must document and provide justification for all bids it rejects.

PROPOSALS

Used when conditions are not appropriate for sealed bids.

For Example:
(1) The requirements cannot be described specifically enough to permit the use of sealed bid (i.e. work is not definite enough to estimate the total contract cost);
(2) The entity needs to evaluate more than just price to ensure the vendor understands the entity's needs and can successfully complete the contract; and/or
(3) The requested work lends itself to different approaches.

Requirements:

This procurement method may result in either a fixed-price or cost-reimbursement contract.

(A) Requests for proposals require public notice, and all evaluation factors and their relative importance must be identified. Proposals must be solicited from multiple qualified entities. To the maximum extent practicable, any proposals submitted in response to the public notice must be considered;
(B) The Entity must have written procedures for conducting technical evaluations and making selections;
(C) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the Entity considering price and other factors; and
(D) The Entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where the price is not used as a selection factor, can only be used to procure architectural/engineering (A/E) professional services. The method may not be used to purchase other services provided by A/E firms that are a potential source to perform the proposed effort.

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Uniform Guidance (UG) was revised effective October 1, 2024. This Decision Tree has been updated for the UG revision and should be used for awards for which the revised UG applies. See more information at 2024 UG Update Infographic.

Additional Federal and state contract and prevailing wage laws may apply. Local governments must work with their legal counsel to ensure all applicable requirements are met.

Disclaimer: This decision tree is a tool to help auditors test procurement at the local level. It does not contain all relevant procurement requirements and is not meant to be a substitution for reviewing the specific requirements contained in 2 CFR 200.318-327 as well as any specific programmatic requirements for the Federal program being tested. Additional procurement resources are available at https://ohioauditor.gov/resources/federal_general.html.