

## Procurement Selection Methods

There are five selection methods available to grantees for procurement transactions: micro-purchases, small-purchase procedures, sealed bids, competitive proposals, and noncompetitive (sole source) proposals as outlined in 2 CFR Part 200.320:

1. **Micro-Purchase Procedures (\$3,000 or less):** The non-Federal entity is required to distribute purchases equally among qualified suppliers to the extent practical. Purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
2. **Small-Purchase Procedure (under \$150,000):** Procedures for purchases under the \$150,000 acquisition threshold require relatively simple and informal procurement methods. If local regulations set a lower threshold for a “small purchase,” then the grantee is bound to that threshold. When small-purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified vendors.
3. **Sealed Bids:** A formal sealed bid method of procurement entails a public invitation to vendors to submit a bid for goods and services at a set price. Bids must be solicited from an adequate number of sources and sufficient time and clear specifications must be given to allow for a bidder to properly respond. If selected, a vendor would then receive a firm-fixed-price contract for meeting all of the terms and conditions of the invitation at the lowest cost. Sealed bid methods are appropriate when the following conditions are present:
  - a. A complete, adequate, and realistic specification or purchase description is available;
  - b. Two or more responsible bidders are 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 on the basis of price.
4. **Competitive Proposals:** Typically when a sealed bid process is not appropriate, a competitive proposal process is used. Through a public request for proposals (RFP), vendors will respond detailing their specific goods or services. With more than one vendor submitting a proposal, the contractor is selected after a technical review of all the proposals. The following requirements apply:
  - a. Requests for proposals are publicized and identify all evaluation factors and their relative importance. Any response to the publicized request for proposals must be considered to the extent possible;
  - b. Proposals must be solicited from an adequate number of qualified sources;
  - c. The non-Federal entity must have a method for conducting technical evaluations of the proposals received and for selecting recipients; and
  - d. Contracts must be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
5. **Noncompetitive (Sole Source) Proposals:** As outlined above, there is an expectation that grantees will maximize competition. However, if one of the following circumstances apply, a noncompetitive process may be used:

- a. The good or service is only available from a single source;
- b. There is a public exigency or emergency that will not permit a delay resulting from a competitive solicitation;
- c. The awarding agency or pass-through entity authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- d. After soliciting a number of sources, competition is determined inadequate.

If the grantee determines that the sole source option applies, it is imperative that documentation is on file outlining how this decision was reached. Documentation should include: authorization from the awarding agency or pass-through entity, the uniqueness of the services, the specific experience of the vendor selected, and a cost or price analysis (see number one below for more details).