

Uniform Grant Guidance Update for Micro-Purchases

Effective November 12, 2020, the Uniform Grant Guidance will allow non-federal entities, such as Local Educational Agencies (LEAs), to self-certify that they are low risk and use a micro purchase threshold of \$50,000*. See the Code of Federal Regulations (CFR) 200.320(a)(1).

In order to use the higher threshold, LEAs must either:

1. Qualify as a low-risk auditee for your most recent audit, or
2. Perform an annual internal institutional risk assessment to identify, mitigate, and manage financial risks that results in a low-risk assessment.

*LEAs that qualify to self-certify could go up to \$50,000 for services and books and \$40,000 for other purchases of furniture, equipment, or supplies (RCW 28A.335.190) since these are the most restrictive rules in Washington State. If an LEA wants to go above these limits, it must receive approval from its cognizant agency of indirect costs, which is the Office of Superintendent of Public Instruction (OSPI). However, for the other purchases of furniture, equipment or supplies, OSPI could not approve LEAs to go above \$40,000 due to the bid threshold for these items in state law.

In order to qualify as a low-risk auditee using option number 1 above, LEAs must meet the criteria for a low risk auditee which can be found in the CFR 200.520. The auditor makes the determination as to whether or not the auditee qualifies as a low-risk auditee. The determination is cited in the federal single audit report under Identification of Major Federal Programs in Section I – Summary of Auditor’s Results of the Schedule of Findings and Questioned Costs.

Under option number 2 above, the LEAs must perform an annual internal risk assessment, which is management's process of identifying risks and rating the likelihood and impact of a risk event. In order to qualify under this option, the assessment must demonstrate the LEA is low risk.

Self-certification must take place on an annual basis; we recommend at the start of each school year (September 1st). Procurement policies must be updated prior to using the new threshold. We also recommend the policy include the self-certification procedures. The Washington State School Directors’ Association (WSSDA) plans to update their procurement policies by the end of 2020.

The following table outlines procurement requirements when using federal funds. The LEA must comply with the more restrictive of federal, state, and LEA requirements.

<u>Procurement Method</u>	<u>Goods</u>	<u>Services</u>
Micro-Purchase - No quotes required, however, must consider price as reasonable based on research, experience, purchase history or other information and must be documented. Purchase cards can be used for micro-purchases if written procurement procedures are approved. To the	\$10,000 or less Must use more restrictive \$10,000 federal threshold instead of \$40,000 state threshold OR \$40,000 or less NEW – LEAs may self-certify that they meet low-risk criteria and	\$10,000 or less OR \$50,000 or less NEW – LEAs may self-certify that they meet low-risk criteria and procure services up to \$50,000 under micro-purchase requirements.

maximum extent practical, should distribute equitably among suppliers	procure goods up to \$40,000 under micro-purchase requirements.	
	\$10,000 - \$75,000	
Small Purchase Procedures (Informal) – Obtain/document quotes from a reasonable number of qualified sources (at least three).	Must use more restrictive \$75,000 state threshold instead of \$250,000 federal threshold OR \$40,000 - \$75,000 NEW – LEAs may self-certify that they meet low-risk criteria and procure goods using small purchase procedures within this range.	\$10,000 - \$250,000 OR \$50,000 - \$250,000 NEW – LEAs may self-certify that they meet low-risk criteria and procure services under small purchase procedures within this range.
	\$75,000 or more	
Sealed Bids / Competitive Bids (Formal)	Must use more restrictive \$75,000 state threshold instead of \$250,000 federal threshold	\$250,000 or more
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> - Micro-purchase - Available only from a single source (sole source) - Public emergency which will not permit delay - Expressly authorized by awarding or pass-through agency in response to written request from district - After soliciting a number of sources, competition is deemed inadequate 	