USDA

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Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

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SUBJECT: Changes to the Micro-Purchase and Simplified Acquisitions Threshold

TO: Grants Management and Administrative Services Directors
Program Directors, All Regions

On December 12, 2017, President Trump signed into legislation, statutory changes to the National Defense Authorization Acts (NDAA) that raised the threshold for micro-purchases under Federal financial assistance awards to $10,000, and the threshold for simplified acquisitions to $250,000 for all Federal agencies that award grants and cooperative agreements. The Office of Management and Budget intends to revise the 2 CFR 200 Uniform Guidance to conform to the law. For our Food and Nutrition Service (FNS) programs, unless precluded by regulatory requirements, the changes are effective immediately and can be applied to federal assistance awards made in Fiscal Years 2017 and 2018, with amendments to be made, as needed.

A micro-purchase is one for goods or services that, due to its relatively low value, does not require the government to abide by many of its ordinary competitive procedures. Because the purchase or contract is, theoretically, such a low amount, the non-Federal entity can select the goods or services they identify as necessary, reasonable, and allocable to satisfy the procurement, so long as the price is reasonable and purchases do not exceed the micro-purchase threshold and to the extent practicable are equitably distributed among qualified suppliers.

Simplified Acquisitions, i.e., small purchase procedures, are those simple and informal procurement methods used to secure services, supplies, or other property that fall below the established threshold. While relatively simple and informal, small purchase procedures must still be conducted in a competitive manner.

Further, for Fiscal Year 2017 an interim uniform process was established by which recipients of federal funds can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, thresholds above $10,000 may be approved by the head of the relevant executive agency. For purposes of this approval, the grantee's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). Grantee's requesting a higher micro-purchase threshold must send their request to their cognizant agency responsible for their indirect cost rate agreement approval. Grantees should contact their cognizant agency prior to sending the request to determine who the appropriate point of contact is for the requests. To receive a higher threshold, the grantee must either have "clean single audit findings" *(i.e.,* in accordance with 2 C.F.R. §200.520 - Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

In closing, we would like to note that most FNS program regulations link the micro purchase and small purchase threshold to language in 2 CFR 200, Uniform Grants Guidance, and are applicable immediately. Thus, unless a program regulation currently sets a lower threshold that does not link to the Federal Acquisition Regulations (i.e., the FAR) and adjust accordingly, the new raised thresholds should be applied in all FNS programs. If a program's regulation currently specifies a lower threshold a determination will need to be made at the program level whether policy needs to be issued to raise the threshold until such time that a regulatory change can be made to increase the thresholds. Additionally, States that have legislated lower State or local procurement thresholds should adhere to them accordingly.

If you have any questions please contact Gary Tremblay at **gary.tremblay@fns.usda.gov**.

Mark Porter
Director
Grants and Fiscal Policy Division