

# HAVE YOU IMPLEMENTED THE UNIFORM GUIDANCE PROCUREMENT STANDARDS?

## IMPORTANT CHANGES SINCE THE RELEASE OF THE INITIAL UG

There have been notable changes with respect to procurement implementation in past years, two of which include the time to implement and purchasing thresholds.

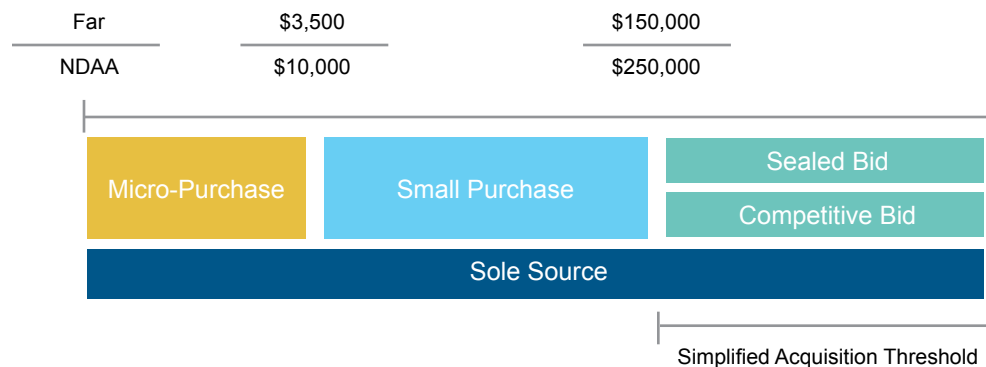
The Uniform Guidance (UG) introduced a number of reforms for institutions receiving federal grant funding. These changes impact procurements on federal awards.

To further complicate matters, earlier this year the National Defense Authorization Act of 2018 (NDAA) directly modified key thresholds for non-federal agencies referenced in the UG. The NDAA directs that the modifications be adopted in the Federal Acquisition Regulations (FAR), but FAR has not yet been updated. The UG relies on the FAR definitions for its thresholds.

Institutions are now required to adopt specified controls and limits— whereas previously they had latitude to establish their own. Additionally, previously applicable state rules regarding federal procurement are superseded by the controls introduced by the UG. The UG includes several significant changes— but particular attention can be drawn to the following:

## 1. Establishment of Specifically Identified Dollar Thresholds

Procurement methods may be characterized by both type of procurement and dollar thresholds.



### KEY TERMS FOR CONSIDERATION:

#### Micro-purchases

No quotations are required, but equitable distributions among vendors is expected.

**Small Purchases**

Requires rate quotations from multiple sources. No cost or price analysis is required.

**Sealed Bids**

Publicized proposal process. Firm fixed-price contract. Awarded to bidder that meets material terms and conditions and is the lowest priced. Preferred method for construction projects.

**Competitive Proposals**

Open and publicized proposal process. Awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

**Sole Source**

Available when a procured item or service is only available from a single source, during a public emergency, approved by federal agency or when competition is deemed inadequate after solicitation from a number of sources.

**Simplified Acquisition Threshold (SAT)**

Purchases exceeding the simplified acquisition threshold of \$250,000 are subject to additional compliance requirements, such as sealed bid and competitive bid as well as an independent cost price analysis. Independent estimates are required to be performed before a bid is publicized to the market.

**2. Expectation for Documentation of Procurement Decisions**

Institutions must document their rationale for choosing a specific procurement method, selection of the contract type, contractor selection or rejection and the basis for contract price.

**3. Documented Policies and Procedures**

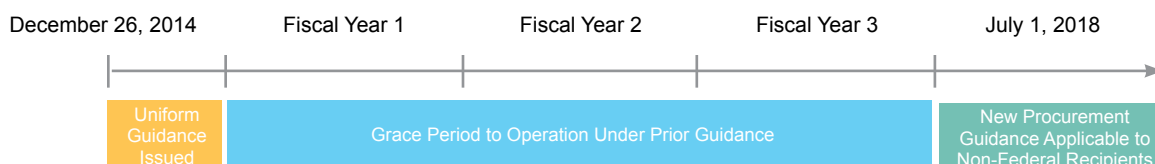
Institutions should maintain policies and procedures, organizational conflicts of interest, procurement conflicts of interest and overall institutional procurement guidelines through detailed documentation.

**IMPORTANT CHANGES SINCE THE RELEASE OF THE INITIAL UG**

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**TIME TO IMPLEMENT IS NOW**

The first UG revision allowed institutions an extended grace period to implement the new requirements. Initially, an institution was permitted to operate under the previous federal guidance for two full fiscal years after December 26, 2014. For instance, if an institution's fiscal year begins July 1, it will have until July 1, 2017 to adopt the new guidance. The Office of Management and Budget (OMB) extended the grace period for an additional year for most institutions, but the final deadline for implementation is July 1, 2018.



## HIGHER PURCHASE THRESHOLDS

Since 2015, the FAR mandated a micro-purchase threshold of \$3,500 and simplified acquisition threshold of \$150,000. This rate is subject to adjustment every five years. However, recently enacted law may have a significant impact on this change for your institution.

The NDAA was signed into law earlier this year and impacts UG thresholds for non-federal agencies. The NDAA increased the micro-purchase threshold to \$10,000 and the simplified acquisition threshold to \$250,000. Per the NDAA, the FAR is required to adopt these changes in a future revision, however its current edition remains. Since the NDAA is enacted law and it specifically requires the FAR to be updated, some institutions may choose to implement the new NDAA thresholds along with the UG requirements simultaneously. These changes are significant for a number of institutions and the impact on micro-purchases, small purchases, as well as the competitive and sealed bidding processes.

## TAKING IMMEDIATE ACTION

It is important to assess the impacts of the UG and NDAA specifically related to your institution, tailored to its unique procurement policies, thresholds and staffing. Regardless of your progress towards implementation, we recommend you continue to monitor for updates to UG. For additional information on the updates to the UG the Council on Financial Assistance Reform (COFAR) maintains an updated set of frequently asked questions, which are a great source of information for application of the guidance.

In addition, the Federal Demonstration Partnership (FDP) and the Council on Governmental Relation (COGR) both provide useful insight on the desired changes in guidance and progress towards those goals.



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