

Purchasing Under A FEMA Award: Informal Methods of Procurement by Non- State Entities

This fact sheet provides key information for non-state entities using informal methods of procurement for purchasing goods or services under a FEMA grant award or declaration issued on or after November 12, 2020. It also provides checklists specific to non-state entities to assist complying with the federal procurement standards at [2 C.F.R. § 200.320\(a\)](#).

Methods of Procurement

Once a non-state entity, which include local governments, Tribal and nonprofit organizations, has defined their procurement requirements and is ready to conduct their purchase, the federal procurement rules at [2 C.F.R. § 200.320](#) require that it uses one of the five allowable methods of procurement for purchasing goods and services. These methods of procurement are divided into three main categories, (informal, formal, and noncompetitive) and they include: micro-purchases, small purchases, sealed bids, proposals, and noncompetitive procurement also commonly referred to as “sole sourcing.” A non-state entity must choose a method based on the contract amount or type of services to be procured.

This fact sheet will focus on the rules applicable for non-state entities using the **informal** methods of procurement, which include micro purchases and small purchases. **NOTE:** This fact sheet is meant to aid in avoiding the frequent mistakes with these methods and is not inclusive of all rules. For information on the methods of procurement, see [Chapter 5: Methods of Procurement](#) of the Procurement Disaster Assistance Team (PDAT) Field Manual.

Informal Methods

When the estimated value of a procurement for goods or services is below the federal simplified acquisition threshold (SAT), which is \$250,000, the federal procurement rules at [2 C.F.R. § 200.320\(a\)](#) allow non-state entities to use informal methods of procurement. The informal methods, which include micro-purchases and small purchases, allow for expedited procurement processes, and minimize the administrative burden and cost. When using an informal method of procurement, a non-state entity must document its determination that the price is fair and reasonable based on research, experience, purchase history, or other information used for justification. Additionally, a non-state entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the solicitation and contract. Matters to consider include: contractor integrity, compliance with public policy, record of past performance, and financial and technical resources as defined at [2 C.F.R. § 200.318\(h\)](#).

It is also important to note that a non-state entity must not divide or reduce the size of its procurement to avoid the additional procurement requirements applicable to larger acquisitions. See [Chapter 3: General Procurement Under Grant Standards](#) of the PDAT Field Manual.

Micro-purchases

Procurement by micro-purchase is the acquisition of supplies, property, or services where the aggregate dollar amount does not exceed the micro-purchase threshold. The micro-purchase threshold is \$10,000. Micro-purchase procedures comprise a subset of a non-state entity’s small purchase procedures. A non-state entity uses such procedures to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. See Procurement by Micro-Purchases in [Chapter 5: Methods of Procurement](#) of the PDAT Field Manual.

Non-state entities are allowed to self-certify in order to use micro-purchase procedures up to \$50,000 on an annual basis, provided that certain conditions at [2 C.F.R. § 200.320\(a\)\(1\)\(iv\)](#) are met and the non-state entity must maintain documentation available to FEMA and auditors. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- A. Qualification as a low-risk auditee in accordance with the criteria in [2 C.F.R. § 200.520](#) for the most recent audit;
- B. An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
- C. For public institutions, a higher threshold consistent with state law.

Micro-purchase Checklist

This checklist is not an exhaustive list of all procurement requirements and may be used for procurements up to \$10,000. Non-state entities can use this checklist for a supplemental review for compliancy; however, they must still comply with their procurement policies and procedures and ensure compliance with the federal requirements at [2 C.F.R. § 200.318 – 200.327](#). If you answered “No” to any of the below questions, your contract may be at risk of noncompliance with federal procurement rules.

Contractor:		Amount:
Requirement	Status	Supporting Documentation
Is the price fair and reasonable? When practicable, divide micro-purchases equitably among qualified suppliers.	Yes <input type="checkbox"/>	Evidence of market research <input type="checkbox"/>
	No <input type="checkbox"/>	Short narrative on letterhead <input type="checkbox"/>
		Other: <i>ex: receipt, invoice</i> <input type="checkbox"/>

<p>If using a time and materials contract type, were all the steps below taken?</p> <ul style="list-style-type: none"> ▪ Justified in writing that no other contract type was suitable ▪ Included a contract ceiling (or do not exceed amount) that the contractor exceeds at their own risk ▪ Maintained a high degree of oversight 	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	<p>T&M contract justification <input type="checkbox"/></p> <p>Contract document with ceiling amount included <input type="checkbox"/></p> <p>Documentation that substantiates a high degree of contractor oversight <input type="checkbox"/></p>
<p>Cost-plus-percentage-of-cost contracts are prohibited by federal procurement rules.</p> <p>Have you ensured that you did not enter a cost-plus-percentage-of-cost contract?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	<p>Contract <input type="checkbox"/></p> <p>Pricing schedule <input type="checkbox"/></p>
<p>Responsibility Determination</p> <p>Is the contractor able to perform successfully under the terms and conditions of the solicitation or contract or otherwise responsible?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	<p>Determination of contractor responsibility <input type="checkbox"/></p>
Required Contract Provisions		
<p>If the contract is for construction work, have you included the required Equal Employment Opportunity Clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document.</p> <p style="text-align: center;">Pg.:</p>
<p>If the contract is for construction work and more than \$2,000, have you included the required Davis-Bacon Act Clause?</p> <p>NOTE: This clause only applies to the EMPG, HSGP, NSGP, THSGP, PSGP, TSGP, IPR, and HHPD.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document.</p> <p style="text-align: center;">Pg.:</p>
<p>If the contract is for construction work and more than \$2,000, have you included the required Copeland Anti-Kickback Act Clause?</p> <p>NOTE: This clause is only required in situations where the Davis Bacon Act also applies.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document.</p> <p style="text-align: center;">Pg.:</p>

<p>If the contract meets the definition of “funding agreement,” have you included the required Rights to Inventions Made Under a Contract or Agreement clause?</p> <p>NOTE: This clause is not required under the PA, HMGP, FMAG, CCP, DCM, or IHP-ONA programs, as FEMA Awards under these programs do not meet the definition of “funding agreement”.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document.</p> <p>Pg.:</p>
<p>For contracts, including any purchase orders, have you included the required Prohibition on Contracting for Covered Telecommunications Equipment or Services clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document.</p> <p>Pg.:</p>
<p>For contracts, including any purchase orders, have you included the required Domestic Preferences for Procurements clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document.</p> <p>Pg.:</p>
<p>Have you considered including the FEMA recommended provisions outlined in PDAT’s Contract Provision’s Guide?</p>	<p>Note: This is not a requirement and contracts will not be deemed noncompliant for failure to include these provisions.</p>	

Small Purchases

Procurement by small purchase procedures is a relatively simple method for securing services, supplies, or property that does not exceed the federal SAT (currently \$250,000) **or the non-state entities’ applicable state, local, or Tribal thresholds (whichever is lower)**. Contracts resulting from small purchase procedures should be fixed price or not-to-exceed cost-reimbursement contracts with assurances that the scope of work can be completed for less than the SAT. The small purchase procedures require that non-state entities obtain price rates or quotations from an adequate number of qualified sources. An adequate number of sources will be determined by the non-state entity and will depend on the facts and circumstances of the procurement. See Procurement by Small Purchases in [Chapter 5: Methods of Procurement](#) of the PDAT Field Manual.

Small Purchase Checklist

This checklist is not an exhaustive list of all procurement requirements. Non-state entities can use this checklist for a supplemental review for compliancy; however, they must still comply with their procurement policies and procedures and ensure compliance with the federal requirements at [2 C.F.R. § 200.318 – 200.327](#). If you answered “No” to any of the below questions, your contract may be at risk of noncompliance with federal procurement rules.

Contract:		Amount:
Requirement	Status	Supporting Documentation
Is the price fair and reasonable?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence of market research <input type="checkbox"/> Short narrative on letterhead <input type="checkbox"/> Other: <i>ex: receipt, invoice</i> <input type="checkbox"/>
Have you obtained price or rate quotations from an adequate number of qualified sources?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Price or rate quotations from an adequate number of sources <input type="checkbox"/>
<p>If using a time and materials contract type, were all the steps below taken?</p> <ul style="list-style-type: none"> ▪ Justified in writing that no other contract type was suitable ▪ Included a contract ceiling (or do not exceed amount) that the contractor exceeds at their own risk ▪ Maintained a high degree of oversight 	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	T&M contract justification <input type="checkbox"/> Contract document with ceiling amount included <input type="checkbox"/> Documentation that substantiates a high degree of contractor oversight <input type="checkbox"/>
<p>Cost-plus-percentage-of-cost contracts are prohibited by the federal procurement rules.</p> <p>Have you ensured that you did not enter a cost-plus-percentage-of-cost contract?</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Contract <input type="checkbox"/> Pricing schedule <input type="checkbox"/>
<p>Responsibility Determination</p> <p>Is the contractor able to perform successfully under the terms and conditions of the solicitation or contract or otherwise responsible?</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Determination of contractor responsibility <input type="checkbox"/> Contract with applicable S&D clause <input type="checkbox"/>
Required Contract Provisions		
<p>If the contract is more than \$10,000, have you included a Termination for Cause and Convenience clause?</p>	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>	Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:

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<p>If the contract is for construction work, have you included the required Equal Employment Opportunity clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract is for construction work and more than \$2,000, have you included the required Davis-Bacon Act Clause?</p> <p>NOTE: This clause only applies to the EMPG, HSGP, NSGP, THSGP, PSGP, TSGP, IPR, and HHPD.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract is for construction work and more than \$2,000, have you included the required Copeland Anti-Kickback Act Clause?</p> <p>NOTE: This clause is only required in situations where the Davis Bacon Act also applies.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract meets the definition of “funding agreement,” have you included the required Rights to Inventions Made Under a Contract or Agreement clause?</p> <p>This clause is not required under the PA, HMGP, FMAG, CCP, DCM, or IHP-ONA programs, as FEMA Awards under these programs do not meet the definition of “funding agreement”.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract involves the employment of mechanics or laborers, and is in excess of \$100,000, have you included the required Contract Work Hours and Safety Standards Act clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract is in excess of \$150,000, have you included a Clean Air Act clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>

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<p>If the contract is in excess of \$150,000, have you included a Federal Water Pollution Control Act clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract is in excess of \$25,000, have you included a Suspension and Debarment clause? See 2 C.F.R. § 180 for additional requirements.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>If the contract is greater than \$100,000, have you included the required Byrd Anti-Lobbying Clause and Certification to be signed and filed by the contractor?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>Have you included a Recovered Materials clause? NOTE: Only applies if an NFE is a state or political subdivision of a state; work involves the use of materials, and the contract is for more than \$10,000. Not applicable for Tribal governments and nonprofit organizations.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>For contracts, including any purchase orders, have you included the required Prohibition on Contracting for Covered Telecommunications Equipment or Services clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>For contracts, including any purchase orders, have you included the required Domestic Preferences for Procurements clause?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>NA <input type="checkbox"/></p>	<p>Indicate the page number where a FEMA representative can locate the clause in contract document. Pg.:</p>
<p>Have you considered including the FEMA recommended provisions outlined in PDAT's Contract Provision's Guide?</p>	<p>NOTE: This is not a requirement and contracts will not be deemed noncompliant for failure to include these provisions.</p>	