

RAIN-2018-G04-R1

Micro-Purchase and Simplified Acquisition Threshold for Procurements by EPA Assistance Agreement Recipients and Subrecipients

Second Revision Notification/Effective Date: October 1, 2024

Revision Date: September 28, 2021

Notification Date: September 7, 2018

Purpose of Second Revision: This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants of revisions from the Office of Management and Budget which revised [2 CFR Part 200](#) effective October 1, 2024 that updated Modified Total Direct Costs definition in [2 CFR 200.1](#), which includes up to the first \$50,000 of each subaward.

Purpose of Revision: This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants that EPA has revised the Procurement Best Practices Guide to include guidance on the use of micro-purchase procedures in lieu of subawards to provide small amounts (generally \$10,000 or less) of financial assistance to eligible subrecipients. Additionally, EPA has added coverage in the Procurement Best Practices Guide on the long-standing prohibition on allowing potential contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals for competitive procurements to compete for such procurements.

Revision Background: Based on feedback from the EPA financial assistance community, EPA has determined that it is permissible for recipients to use micro-purchase procedures ([2 CFR 200.320\(a\)\(1\)](#)) rather than subawards for efficiency reasons in certain situations. Micro-purchase amounts generally do not exceed \$10,000. EPA's [Subaward Policy](#), Appendix A does not preclude recipients from using micro-purchase procedures to acquire ancillary services eligible subrecipients and micro-purchases may be made without competition as long as the purchases are equitably distributed among qualified sources. Further, characterizing the costs as contractual rather than a subaward does not circumvent the requirement in [2 CFR Part 170, Appendix A](#) for reporting subawards that equal or exceed \$30,000 to <http://www.fsrs.gov>.

EPA provides detailed guidance and examples of this practice in the [EPA Subaward Policy Frequent Questions](#). Essentially, micro-purchase procedures may not be used to simply transfer funds from the recipient to another organization. Rather, the Non-federal entity receiving the micro-purchase contract must be compensated for carrying out activities necessary for the execution of the recipient's work plan as required by [2 CFR 200.403](#). The cost for compensating the Non-federal entity receiving the micro-purchase order must meet the reasonableness requirement of [2 CFR 200.404](#). Invoices or other contractual documents describing the activities that will be carried out under the micro-purchase arrangement are necessary to meet the documentation requirements of [2 CFR 200.318\(i\)](#). Additionally, recipients with micro-purchase thresholds in excess of \$50,000 will not be allowed to use this flexibility to avoid the \$50,000 limit on distributing indirect costs to subawards established by the definition of *Modified total direct costs* in [2 CFR 200.1](#).

The policy of allowing recipients to use micro-purchase procedures in lieu of subawards does not apply when a statute or regulation requires a pass-through entity to use subawards. For example, under section 6 of the Environmental Education Act recipients of pass-through funding must use 25% of the amount of the EPA grant for subawards of \$5,000 or less. Micro-purchase procedures may not be used in these circumstances.

EPA has also revised the Best Practice Guide to remind recipients (other than states) of the requirement in 2 CFR 200.319 for full and open competition.¹ As provided by [2 CFR 200.319\(b\)](#), recipients must not allow potential contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals for competitive procurements to compete for such procurements. This is a long-standing requirement.

Related Resources:

[Office of Management and Budget Memorandum M-18-18 dated June 20, 2018, “Implementing Statutory Changes to the Micro-Purchase and Simplified Acquisition Thresholds for Financial Assistance” \(M-18-18\).](#)

[Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements—\(Procurement Best Practices Guide\).](#)

¹ States follow their own policies and procedures for competitive procurement as provided in 2 CFR 200.317.