



## Tool 5-2 – Procurement Types

The purpose of procurement is to ensure that costs incurred for the CDBG program are a good use of taxpayer funds and achieve maximum open and free competition. Below are guiding principles and examples of best practices to ensure compliance with the procurement requirements. For additional details, refer to Chapter 5 of the Grants Management Manual.

### Procurement Principles

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- 1 Promote full and open competition
- 2 Ensure fair treatment of vendors in accordance with the rules applicable to each method of procurement
- 3 Verify the cost for the goods or services to be purchased is reasonable

### Procurement Types

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Grantees must demonstrate that one of the following methods of procurement was completed prior to purchasing any goods or services that will be reimbursed with CDBG funds.

- Micro purchase – purchase that does not exceed \$10,000 in the aggregate
- Small purchase - purchase that does not exceed \$250,000 in the aggregate
- Competitive Sealed Bid - purchase that exceeds \$250,000 in the aggregate
- Competitive Proposal - purchase that exceeds \$250,000 in the aggregate
- Non-competitive – purchase during public exigency will not permit delay

For additional details, refer to the following resources:

- Section 5.5 Methods of Procurement of the GMM
- Tool 5-3 – Informal Procurement
- Tool 5-4 – Formal Procurement
- Tool 5-5 – Subrecipient Selection
- Tool 5-6 – Procurement and Crosscutting Requirements



Procurement Type	Purchase Example	Cost Threshold
<b>Informal Methods</b>		
<a href="#">Micro purchase:</a>	Supplies	Less than \$10,000 in the aggregate
<a href="#">Small purchase:</a>	Computers and software	Less than \$250,000 in the aggregate
<b>Formal Methods</b>		
<a href="#">Sealed bids:</a>	Construction contracts	More than \$250,000 in the aggregate
<a href="#">Competitive proposals:</a>	Professional services	More than \$250,000 in the aggregate
<b>Other Methods</b>		
<a href="#">Non-competitive:</a>	Emergency services	Public exigency will not permit a delay