

FROM MIKE GIFFORD--VERY IMPORTANT NOTICE PERTAINING TO THE MICRO-THRESHOLD

1 message

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**Housing Agency Procurement Assistance**

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Dear Procurement Professionals,

Well, I have to admit that I missed the fact that on March 1, 2023, HUD amended and expanded 2 CFR 200.317 - 200.326 (the CFR is now numbered through 200.327). Please note the following revisions that I observed:

(1) A new Section 200.322, "Domestic preferences for procurements," was added to the CFR (in my opinion, most likely in response to the recently emphasized, by HUD, "Buy American" requirements); and,

NOTE: Just an FYI, there is some indication that the following-detailed option pertaining to the Micro-Threshold was actually published at some point in mid- to late-2022, but I have been unable to definitively verify this. In any case, at this point, this thought is not really critical.

(2) An option for housing agencies to raise their maximum Micro-Threshold from \$10,000 to \$50,000. However, there are a number of caveats pertaining to this issue that are detailed within 2 CFR 200.320(a)(1); to explain my impression as to what appear to be the main requirements pertaining to your doing an increase of the Micro-Threshold to a maximum of \$50,000, a housing agency must:

(2a) Ensure that the new Threshold is not in conflict with any local codes or State regulatory requirements;

(2b) Must self-certify on an annual basis the housing agency's eligibility to establish the increased Micro-Threshold (above \$10,000) and maintain in the file appropriate documentation supporting such, including:

(2c) "A qualification as a low-risk auditee, in accordance with the criteria in 2 CFR 200.520 for the most recent audit;"

(2d) "An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,"

(2e) "For public institutions, a higher threshold consistent with State law."

I was actually recently informed as to this Threshold increase by several housing agencies, one in the State of Washington and one in California, and I am very grateful that they did so! However, I did not really give it much thought until just recently when I dug into the revised CFR and discovered it is true, housing agencies have an option to increase the Micro-Threshold!

As I just became aware of this issue, I do not yet have any recommended additional procedures for implementation. I am going to "move carefully" with several of my clients (larger PHAs) to ensure that the new Threshold is established in an appropriate manner (I am pretty confident that their attorney will be involved to protect their interests).

I caution everyone to not just revise their procurement policy accordingly, but that each housing agency ensure that if and when they implement this increased Micro-Threshold, it is done in a prudent and HUD-compliant manner, as detailed within the CFR (and as detailed within the preceding (2a) through (2e) herein).

I hope that this is a help. As always, if you have any thoughts or concerns pertaining to this issue, please contact me via email at gifford52@yahoo.com.


Regards,

Michael S. Gifford, C.P.M., CPSD*Housing Agency Procurement Assistance*

I have a consulting practice providing procurement- and contracts-related mentoring, training, and technical assistance to housing agencies. I help housing agencies conduct procurement and contracts in a HUD-compliant and "best practice" manner. [Click here](#) to see my full resume. Please do not hesitate to contact me if you have any questions or concerns pertaining to procurement and contracts (initial answering of questions is "no charge"). As I am either on-the-road or on the phone a lot, an initial contact by e-mail is best; please be sure to include your return telephone number (office/cellular) so that I can call you back.

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