

### **Procurement by Micro-Purchase - 2 CFR §200.320(d)**

The technique of competitive proposals is normally used when each purchase cannot exceed \$10,000 and more than one supplier can provide the goods/services solicited.

**COMPETITION:** Purchases within the micro-purchase threshold can be awarded without soliciting competitive price quotations if the price is reasonable.

**PURCHASES:** To the extent practicable, purchases must be distributed equitably among the suppliers with reasonable prices. This distribution of purchases among qualified suppliers can happen either at the time of the purchase or over several purchasing events.

**REASONABLE PRICE:** There are several ways to verify the reasonableness of a price including, compare to previous purchases, have personal knowledge of the item(s) being purchased, or compare to similar items being purchased.

**RECORDS:** Regardless of what procurement method is used, including micro-purchase, records must still be maintained for all purchases.

#### **Federal Regulatory definition for a Micro-Purchase (2 CFR §200.67)**

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-federal entity's small purchase procedures. The non-federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$3,500 except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.

#### **Federal regulation for a micro-purchase (2 CFR §200.320(a))**

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-federal entity considers the price to be reasonable.

### **Procurement by Small Purchase - 2 CFR §200.320(b)**

Small purchase procedures are those relatively simple and informal procurement methods used to purchase:

- services,
- supplies, or
- other property that does not cost more than the Simplified Acquisition Threshold.

Small purchase procedures are used when estimated value of the purchase of awarded contract is less than the Simplified Acquisition Threshold.

- Federal and DPI Simplified Acquisition Threshold is \$250,000 (2 CFR §200.88).
- School may have a lower Simplified Acquisition Threshold or Small Purchase Threshold.

## UNIFORM GUIDANCE PROCUREMENT METHODS SUMMARY

If small purchase procedures are used, price or rate quotations (bids) must be obtained from an adequate number of qualified sources. UG does not define adequate number of qualified sources, School Business recommends three (3).

- Public notice is not required (example newspaper ad).
- Price or rate quotations can be opened at any time.
- Price or rate quotations can be either verbal or written.
- Awarded contract (purchase) is based on lowest price from a responsible bidder who submits a responsive bid.
- Records must to be kept for all purchases regardless of the procurement method used; including small purchase.

### **Procurement by Sealed Bids 2 CFR §200.320(c)**

Bids are publicly solicited, and a firm fixed price contract is awarded to the responsible bidder whose bid: conforms with all the material terms and conditions of the invitation forbids and is the lowest price.

Sealed Bids purchase procedures are used when estimated value of the purchase of awarded contract is equal to or greater than the Simplified Acquisition Threshold.

- Federal and DPI Simplified Acquisition Threshold is \$250,000 (2 CFR §200.88).
- School may have a lower Simplified Acquisition Threshold or Small Purchase Threshold.

Invitation for Bid (IFB) Awarded contract (purchase) is based on lowest bid.

For sealed bidding to be feasible, the following conditions should be present:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business;
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from: an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments
- The invitation for bids must be publicly advertised
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services for the bidder to properly respond.
- All bids will be opened at the time and place prescribed in the IFB and opened publicly
- A firm fixed price contract will be awarded to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest.
- Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- Any or all bids may be rejected if there is a sound documented reason.

## **Procurement by Competitive Proposals 2 CFR §200.320(d)**

The technique of competitive proposals is normally used when more than one source submits either a fixed price or cost reimbursement type contract is awarded

Competitive Proposals purchase procedures are used when estimated value of the purchase of awarded contract is equal to or greater than the Simplified Acquisition Threshold.

- Federal and DPI Simplified Acquisition Threshold is \$250,000 (2 CFR §200.88).
- School may have a lower Simplified Acquisition Threshold or Small Purchase Threshold.

A Request for Proposal (RFP) is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (1) RFP must be publicized and identify all evaluation factors and their relative importance. Any response to publicized RFPs must be considered to the maximum extent practical;
- (2) Proposals must be solicited from an adequate number of qualified sources;
  - Offers cannot be opened until after a close date and time for excepting offers;
- (3) LEAs must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- (4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.