

Informal Procurement (Micro and Small Purchase) Methods

Informal procurement methods are used when the total purchase amount does not exceed the small purchase threshold of \$150,000 or \$100,000 for public schools. Child Nutrition (CN) Program sponsors are expected to use reasonable practices to obtain the best product or service at the best price and terms.

There are two types of informal procurement methods, micro-purchase and small purchase method. This document will provide the steps necessary to conduct these methods of procurement.

Micro-Purchase Method

This method may be utilized for the purchase of products or services when the aggregate dollar amount for a single transaction does not exceed \$3,500. Aggregate dollar amount is the total amount of purchases of similar items that can be reasonably combined in order to conduct an efficient procurement action. When using the micro-purchase method, sponsors do not need to solicit competitive quotes, however the following steps need to be taken:

1. Products and services will only be obtained if prices are considered reasonable.
2. To the extent practicable, purchases will be distributed equitably among qualified sources.
3. The aggregate dollar amount of the individual purchase will be under \$3,500.
4. Sponsors will collect and maintain invoices or receipts to document the purchases.

Small Purchase Method

This method may be utilized for the purchase of products or services when the total purchase amount is between \$3,500 (micro purchasing threshold) and \$150,000 or \$100,000 for public schools. With this method the following steps need to be taken:

1. Solicitation documents are prepared and contain sufficient information to permit a vendor to respond. At a minimum, this must include:
 - a) Clear and accurate specifications or descriptions of the products or services needed including quantity requirements. For example, a sponsor may specify four cases of bananas, fresh petite green tip 150 count per case. Sponsors cannot prohibit competition by specifying a "brand name" product without allowing "an equal" product to be offered instead.
 - b) The date by which the products or services must be provided; and
 - c) If factors other than price will be considered, these factors need to be included in the solicitation. Factors might include quality, geographic preference, delivery schedule, licensing requirements, etc.
2. Price quotes are obtained from multiple (preferably three or more) qualified sources and remain confidential before the award. Qualified means respondents must be eligible, able, responsive and willing to provide the product or service.

- a) Price quotes obtained orally should be confirmed in writing, identifying the pertinent details of the transaction including:
 - i) Name of the vendors solicited
 - ii) Date the information was provided
 - iii) Products or services to be purchased, including quantities
 - iv) The duration of the price or rate quotation
 - v) Factors other than price that were discussed such as delivery schedules
 - vi) Name of the individual soliciting the information
 - b) A new solicitation must be conducted for purchases that will be made after the current quotation expires.
3. Quotes will be evaluated based on price and any other factors that were identified in the solicitation. Negotiation of price and terms is allowable but all potential vendors should be treated fairly and given the same opportunity to match a better price or terms.
 4. The purchases will be awarded to the most responsive and responsible vendor based solely on price or on other specified factors identified in the original solicitation. Responsive means the vendor submits a bid that conforms to all specifications and terms of the solicitation. Responsible means the vendor is capable of performing successfully under the terms of the solicitation.
 5. There will be a contract administration system to ensure vendors perform in accordance with the terms of their contracts or purchase orders. For example, meal substitutions for participants with disabilities must be provided, price adjustments must not exceed the Consumer Price Index (CPI) specified on the renewal vended meal contract, etc.
 6. All information used in the procurement process must be maintained for a period of three years plus the current fiscal year and available upon request for review. This information includes:
 - a) Solicitation and written specifications
 - b) Names of vendors that were evaluated
 - c) Price quotes (emails, letters, phone calls, in person, etc.)
 - d) Evaluation criteria
 - e) Selection of vendor
 - f) Invoices or receipts