

# Requested Update to the Federal Policies and Guidelines – “Micro-Purchase”

## Five Methods for Procuring with Federal Funds

2 CFR § 200.320 provides for five methods that must be used when making purchases with federal funds. In some cases, these *federal* methods are less restrictive than *state* requirements; in other cases, the *state* requirements are more restrictive than these *federal* methods. Additionally, if *local* requirements are more restrictive than either state or federal, then local requirements must be followed. In all cases, the more restrictive requirements or methods must be followed when making purchases with federal funds.

The type of purchase method and procedures required depends on the cost (and type, in some cases) of the item(s) or services being purchased.

Micro-purchase

Small purchase procedures

Sealed bids

Competitive proposals

Noncompetitive proposals (sole source)

Procurement Documents

- What type of procurement document is used? For example, is a purchase order or a requisition used?
- Detail how this procurement documentation is generated. Are the documents pre-numbered? If paper copies, where are those kept and who has access? If electronic, how does the District ensure that only certain people have access?
- When a purchase is made, what type of information must be contained on the purchase order or requisition
  - It should include a description of the services to be performed or goods to be delivered;
  - A location where the services are to be performed or goods to be delivered; and
  - The appropriate dates of service or delivery.
- Where is the documentation kept once the purchase is made? What other documentation is maintained with it? Are they recorded in a log?

Responsibilities

- If purchase order/requisition, what position requests the document?

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- What position completes it and what position approves it?
- If a contract, what position writes the contract? Approves it?

### Required Number and Types of Quotations

- How many bids are required for each purchase threshold?
- Are these bids oral or written?
- How are they received if written?
- These bids must be received *before* a purchase order, requisition, or contract is made.
- What position is responsible for obtaining the bids?
- What documentation is required and where is it maintained?

### Micro-Purchases (Purchases up to \$3,500) (Page 72)

Federal methods provide for procurement by *micro-purchase*. *Micro-purchase* is defined in 2 CFR § 200.320(a) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$3,500. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

In accordance with federal requirements, micro-purchases may be awarded without soliciting competitive quotations *if the District considers the price to be reasonable*. Also, when using federal funds, to the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers. The District participates in this option and the Superintendent or delegated staff makes this determination.

✱ The District maintains evidence of this reasonableness in the records of all micro-purchases. The board has established \$500 as the threshold for all micro-purchases. To utilize the capabilities of automated accounting systems to track the purchase and subsequent approval, a requisition may be created within 5 business days of the purchase.

### ✱ Purchase Cards (District-Issued Credit Cards/Pro Cards) (Page 77)

Procurement card purchases should be documented as any other purchase through the requisition/PO processes. However, the advent of online purchases and urgent needs may require the requisition to be created within 5 business days after the purchase. Verbal approval should be obtained, if the amount is above the micro-purchase threshold of \$500 from the Superintendent or Business Manager. Any purchase made with the pro-card that is not approved prior or subsequently will be the responsibility of the card holder to reimburse Cedars International Academy.