

Michigan Department of Education  
Office of School Support Services  
**Procurement Procedures Flow Chart**

Non-Public Schools & Non-School Institutions/Sponsor		Public Schools, Public School Academies & Intermediate School Districts					
FOOD, SUPPLIES (NON-FOOD ITEMS) & SERVICES ↓		FOOD ↓		SUPPLIES (NON-FOOD ITEMS) ↓		SERVICES ↓	
If the aggregate dollar amount of purchases is:		If the aggregate dollar amount of purchases is:		If the single transaction dollar amount of purchases is:		If the aggregate dollar amount of purchases is:	
Less than \$250,000 annually, use small purchase informal procurement method ↓	\$250,000 or more, use formal large purchase method ↓	Less than \$100,000, use informal method ↓	\$100,000 or more, use formal method ↓	Less than \$24,459 use informal method ↓	\$24,459 or more, use formal method ↓	Less than \$250,000 annually, use small purchase informal procurement method ↓	\$250,000 or more, use formal large purchase method ↓
Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓	Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓	Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓	Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓
Complete "Small Purchase Informal Procurement Log" ↓	Advertise ↓	Complete "Small Purchase Informal Procurement Log" ↓	Advertise ↓	Complete "Small Purchase Informal Procurement Log" ↓	Advertise ↓	Complete "Small Purchase Informal Procurement Log" ↓	Advertise ↓
Select and notify suppliers according to informal procurement procedures in the agency's policy ↓	Issue Invitation For Bid (IFB) or Request For Proposal (RFP) ↓	Select and notify suppliers according to informal procurement procedures in the agency's policy ↓	Issue Invitation For Bid (IFB) or Request For Proposal (RFP) ↓	Select and notify suppliers according to informal procurement procedures in the agency's policy ↓	Issue Invitation For Bid (IFB) or Request For Proposal (RFP) ↓	Select and notify suppliers according to informal procurement procedures in the agency's policy ↓	Issue Invitation For Bid (IFB) or Request For Proposal (RFP) ↓
	Award contract according to pre-determined criteria		Award contract according to pre-determined criteria		Award contract according to pre-determined criteria		Award contract according to pre-determined criteria

## Instructions for Completing Small Purchase Informal Procurement Log

The Small Purchase Informal Procurement Log is to be used to document all competitive price quotations obtained during the annual small purchase informal procurement procedure. The institution must contact at least three known suppliers of the food, services, and/or supplies commonly purchased on an annual basis and obtain competitive price quotations. The negotiation of prices and terms with one or more of the suppliers contacted is permitted as necessary. All information and prices discussed via telephone **should be followed up with a written document or communication from the vendor** and must be documented in program files. **Bid quotes/prices should be obtained in writing.** Institutions must ensure that all potential vendors receive the same information about the food, services, and/or supplies required. **It is not permissible for the institution to split a purchase into smaller units or subgroups for the purpose of avoiding the large purchase formal procurement process.** Procurement records must be kept for three years after the close of the current fiscal year or as long as there are unresolved audit findings or investigations related to those records.

Attached to this document is a "Small Purchase Informal Procurement Log" that may be used or may guide you in developing your own form. Below is a sample of how this form can be used.

Items to be Purchased	Quantity Expected to Buy	Vendor #1: Big Box Store		Vendor #2: Local General Store		Vendor #3: Bigger Box Store	
		Unit Price	Extended Price (Quantity x Unit Price)	Unit Price	Extended Price (Quantity x Unit Price)	Unit Price	Extended Price (Quantity x Unit Price)
Milk, 1 % white	10 Gallons/wk	2.99/gal	29.90	3.09/gal	30.90	1.99/gal	19.90
Apples	4 pounds	3.99/ 2 # bag	7.98	3.48/bag	6.96	3.50/bag	14.00
Green Beans 15 oz cans	1 case	13.39/case	13.39	13.50/case	13.50	14.25/case	14.25
Ground Beef	5 pounds	2.99/lb	14.95	2.99/lb	14.95	2.89/lb	14.45
W/W Bread	5 loaves	1.25/loaf	6.25	1.30/loaf	6.50	1.25/loaf	6.25
Toasty o cereal	3 16 oz box	2.99/box	8.97	3.49/box	10.47	2.49	7.47
Infant cereal	2 16 oz box	1.99/box	3.98	1.99/box	3.98	1.50/box	3.00
<b>Total</b>			<b>85.42</b>		<b>87.26</b>		<b>79.32</b>

Vendor Selected	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date and Method of Contact	September 27 Store webpage (print out attached).	September 28 Price given per phone. Will confirm in writing via website.	September 28 Visited store and obtained prices from store flyer (see attached).
Additional Notes:	Best price but will need to drive 15 miles to pick up product. Estimate that this will raise costs by 10%, making this a more costly alternative than Vendor #2.	Slightly higher price, but 5 minute drive from site and has delivery service.	Will utilize for occasionally during sales or promotions but is farther away.

Signature of person completing this form: <i>Ima Sample</i>	Date: <i>10/30/2011</i>
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Although this example only shows food items, school and non-school institutions are expected to compare prices with three vendors for food, services, and/or supplies they commonly plan to purchase on an annual basis to ensure the best use of federal funds and free and open competition. Multiple logs may be necessary to document procurement decisions.

## Micro-procurement

### New Procurement Rule –Micro-purchases

Per 2 CFR 200.67, micro-purchases can be utilized to minimize the administrative burden and cost of completing an informal or formal procurement process for very small purchases. For instance, micro-purchases make it possible to make purchases for special occasions for a one-time event or in emergency situations to continue uninterrupted service. No informal quotes are required in micro-purchasing. Please keep in mind that with all procurement, the use of federal taxpayer dollars requires you to use funds to maximize free and open competition. Micro-purchases are not exempt from this requirement.

### Micro-Purchases may be used when the following conditions are met:

- Aggregate total of all transaction does not exceed \$10,000 (Federal micro-purchase threshold)
- Purchases are equitably distributed among qualified suppliers; your institution should not use one single supplier for all micro-purchases
- Prices are reasonable

Micro-purchasing MAY NOT be used instead of required procurement methods. Both the small purchase informal procurement (purchases below the Federal threshold of \$250,000) and the large purchase formal procurement (purchases above Federal threshold of \$250,000 or higher) methods assist in determining the best use of federal funds and ensures free and open competition. Remember, for public schools in Michigan, the Small Purchase Threshold is \$100,000 for food and is \$24,459 for non-food/supplies. The Small Purchase Threshold for services is set at the Federal Level of \$250,000. School boards or local authorities can set thresholds lower than the Federal or state of Michigan requirements. School Food Authority (SFA) and institutions must adhere to the most restrictive, lowest threshold set in all situations. Understanding the correct usage of micro-purchases is critical to ensure that an institution is not circumventing the proper procurement process.

### Things to remember when using micro-purchasing are:

- The institution/sponsor must distribute micro-purchases between multiple suppliers to “share the wealth” as long as the price is considered reasonable.
- The items being purchased should be examined to see if purchasing them in a different manner could result in a better price. (Micro-purchasing may not be used when another procurement method may achieve a more economical approach).
- For example, you cannot purchase your weekly food supplies from one vendor throughout the year, as long as each of the weekly invoices do not exceed the micro-purchase threshold of \$10,000. Using this example, the institution must use an informal or formal procurement method to evaluate the best vendor.
- Micro-purchasing is meant to be used for smaller purchases that cannot otherwise be estimated for long term use over the fiscal year.

### Examples of Micro-procurement:

- The cooler went out overnight and some of your food product is not safe to serve. An emergency trip to the local market is needed to purchase enough supplies to complete a menu until your designated vendor can restock your supply.
- Spices and other low-cost items used often but not purchased frequently in great quantity are items that work well using the micro-purchasemethod.
- Small farm to school, special taste-test items or Fresh Fruit and Vegetable purchases can be appropriate for micro-purchases.

It is the responsibility of the Food Service Director and/or Business Manager to be educated on the procurement methods and institute proper business practices accordingly. Documentation needs to be maintained and available upon request by the state agency.

## SMALL PURCHASE INFORMAL PROCUREMENT LOG

Fiscal Year 20\_\_\_\_\_

Vendor 1: \_\_\_\_\_

Vendor 2: \_\_\_\_\_

Vendor 3: \_\_\_\_\_

Items to be Purchased – Food and Non-Food Items	Quantity Expected to Buy	Unit/Each Price	Extended Price (Quantity x Unit Price)	Unit/Each Price	Extended Price (Quantity x Unit Price)	Unit/Each Price	Extended Price (Quantity x Unit Price)
<b>Total Cost:</b>			\$		\$		\$

<b>Circle/List Method of Contact and Date Obtained:</b>	<b>Internet</b> <b>Newspaper/Flyer</b> <b>In person</b> <b>Telephone</b> <b>Other: _____</b>	<b>Internet</b> <b>Newspaper/Flyer</b> <b>In person</b> <b>Telephone</b> <b>Other: _____</b>	<b>Internet</b> <b>Newspaper/Flyer</b> <b>In person</b> <b>Telephone</b> <b>Other: _____</b>
<b>Rationale for Purchasing Decision:</b> (Examples: price, location, convenience, store incentive program/discount, store credit card, or other justification).			
<b>Vendor Selected:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Signature of person completing form:</b>			<b>Date:</b> _____