Procurement Decision Methods

\$250,000

Federal Small Purchase Threshold

Sponsors must follow whichever threshold is lower, Federal, State, or local.

INFORMAL METHOD

Below the small purchase threshold

THE PROCESS

- 1. Develop solicitation document
- 2. Obtain and document quotes
- 3. Evaluate and Award
- 4. Manage the contract

Note: The Micro-Purchase Method is allowed under the \$10,000 threshold.

FORMAL METHOD

Above the small purchase threshold

THE PROCESS

- 1. Develop solicitation and specifications
- 2. Publicly publish solicitation
- 3. Evaluate and Award
- 4. Manage the contract

Regulations

State Law:

Michigan Revised School Code Section 380.1267 and 380.1274

Federal:

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards 2 CFR Part 200.318 - Procurement Standards

Federal Micro-Purchase and Simplified Acquisition Thresholds for Procurement Memorandum: Federal Micro-Purchase and Simplified Acquisition Thresholds | Food and Nutrition Service (usda.gov)

National School Lunch Program <u>7 CFR 210.21</u> School Breakfast Program <u>7 CFR 220.16</u> Summer Food Service Program 7 CFR 225.17
Child and Adult Care Food Program 7 CFR 226.22



Procurement Types and Terms

Informal

Request for Quotation (RFQ)

- Detailed description with specifications
- Obtain adequate number of quotes in writing
- Document, evaluate and award

Micro-Purchase < \$10,000

- Single purchase transactions
- Spread purchases to multiple suppliers
- Maintain all invoices and receipts

Formal

Invitation for Bid (IFB)

- ullet Sealed bidding
- •Selected primarily on <u>price</u> (fixed price contract)
- •Used when there is no difference between the products or service

Request for Proposal (RFP)

- Competitive negotiations
- Price is not the only deciding factor
- •Used for complex projects where all factors are considered

Solicitation Overview

The description and scope of purchase must be in line with what is being procured.

Clearly stated so that bidders will understand and can be responsive to the need.

Must identify <u>all</u> the requirements that bidders must fulfill, so that a material change does not occur.

Evaluate/Award And

Contract Monitoring

A sponsor's Bid Committee looks at all the quotes and proposals to determine who is the most responsible and responsive bidder.

After the proposals are evaluated in accordance with the solicitation, a decision can be made to award a contract to the lowest most responsive bidder.

Continuous review of the contract, monitoring of service, and communication are essential.



Purchasing Methods for Unique Circumstances Outside Customary Purchasing Methods (Non-Competitive Proposals)

Single Source

May be used when one or more apply:

- •Item is available from a single source
- Emergency for the requirement will case a delay resulting from a competitive solicitation
- Written request from Sponsor to MDE (approval is required)
- After solicitation of several sources, competitiion is determined inadequate

Emergency Procurement

MDE approval and documentation of the following is required for a one-time unforseen event:

- Distributor, processor, or other supplier cancelled of food or supply contracts, deliveries, orders, emails, and phone call notes.
- Distributor, processor, or other supplier is no longer able to provide food as ordered, or failed to consistently deliver goods. Retain emails from distributor, invoices or packing slips with info on cancelled or replaced products, phone call notes including name of contact person, date of call(s), time, and all details related to the call(s).
- Food and supplies being procured, dollar amount(s), and how the emergency procurement was handled, i.e., obtained through negotiation, phone, email, etc.

Contact and Resource Information:

General Procurement: <u>General Procurement email</u> Procurement Resources: Resources (michigan.gov)

Equipment: Equipment email

Food Service Contracts: Food Service Contracts email

Special note: Food Service Contract Procurement and Equipment purchases have additional requirements to each process. Contact MDE at the email addresses above for questions and to request sample documents.

