

New Procurement Rule – Micro-purchases

According to the new 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. Micro-purchases make it possible to make purchases 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:

- One aggregate transaction does not exceed \$10,000
- Purchases are equitably distributed among qualified suppliers, your SFA should not use one single supplier for all micro-purchases. Distances may affect this rule of thumb. Miles traveled and time spent in route may make distributing the wealth not practicable. Explain in your annual Procurement Plan if only one vendor is reasonably able to fill your needs.
- Prices are reasonable

Micro-purchasing MAY NOT be used instead of required procurement methods.

Understanding the correct usage of Micro-purchases is critical to ensure that an SFA is not circumventing the proper procurement process.

Things to remember when using micro-purchasing are:

- The SFA should distribute micro-purchases between multiple suppliers to “distribute 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 all year long, as long as each of the weekly invoices do not exceed the micro-purchase threshold of \$10,000. Using this example, the SFA must use an informal or formal procurement method to evaluate the best vendor. **Micro-purchasing is intended to be used for smaller purchases that cannot otherwise be estimated for long term use over the school year.**

Examples could be:

- The cooler went out overnight and some of your 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 vendor can restock your supply.
- Your vendor was unable to fulfill the quantity of a product you needed for the week, you are short but can obtain this product at a local business to fulfill what you need for the day/week.
- Spices and other low cost items used often but not purchased frequently in great quantity are

items that work well using the micro-purchase method.

- Farm to School or Fresh Fruit and Vegetable purchases can be appropriate for micro-purchases.