

## Small Purchase Method

The Small Purchase process of procurement is sometimes referred to as an Informal Procurement Method or 3 bids and a buy. This method is more structured than the Micro Purchase Method but not as formal as the Large/Formal Procurement Method that is required for purchases above the thresholds listed below.

### **When can the Small Purchase Procurement Method be used?**

When the estimated dollar value for the year of the contract and/or purchase meets one of the following criteria:

- Public Schools: purchase of perishable foods and beverages below \$250,000
- Public Schools: purchase of non-perishable foods/supplies/equipment/services below \$25,000
- Non-Public Schools and non-school participants: purchase below \$250,000

*\*Note that these are the federal and state thresholds, if your SFA has a more restrictive amount, the most restrictive threshold must be followed.*

The estimate should be based on the estimated/planned value of the contract/purchase over the year. In general, purchases cannot be split to fall below the threshold. There are limited exceptions, which usually involve scenarios in which a mainline vendor may not carry certain types of products or services, where the prices may be a large savings if purchased through a separate vendor, or if an unexpected purchase comes up later in the year. Please reach out to the procurement staff at ISBE if there are questions regarding splitting a bid.

### **Steps of the Small Purchase Process**

**Step 1 Pre-Solicitation:** Research prospective vendors, who sells what you are looking for? Document company names and contact information for outreach after completing step 2.

**Step 2 Develop Your Solicitation:** Write specifications and draft the solicitation document that includes the annual quantity for each specified item, any contract terms and conditions including federal, state, and local requirements such as Buy American, Equal Employment Opportunity, affirmative steps to include Targeted Small Businesses, invoice method, delivery requirements, and type of contract to be awarded. The federal terms vary based on the value of the procurement event.

**Step 3 Start the Solicitation Process:** Obtain price quotes from a minimum of three qualified vendors, hence this method being called 3 bids and a buy. Provide vendors with the solicitation document (written product specifications and contract conditions.) Vendors may be contacted via phone, email, fax, regular postal mail, or

in person. Although written communication with vendors is not required it is preferred to maintain a history of the procurement process.

**Step 4 Document Vendor Responses:** At a minimum, document the vendor business name and address, contact method, name of the person at the vendor business providing the price/rate quotes, the price quoted, date the price was quoted, and the duration of the price quote.

**Step 5 Evaluate Vendor Responses:** Review vendor responses to ensure vendor meets the SFA requirements as specified in the solicitation such as providing prices for the products/services specified by the SFA or an equivalent product, affirming that they can meet the delivery and other requirements. Calculate line item (per item) or bottom line (all items added together) pricing to determine the vendor with the lowest price that meets all of the SFAs requirements.

**Step 6 Award the Contract:** The award goes to the most responsive (able to meet the requirements of the solicitation) and responsible (able and willing to furnish the goods or services solicited) vendor with the lowest price.

*\*If this contract is for a vended food contract submit all documents and the final contract to ISBE.*

**Step 7 Monitor the Contract:** Monitor vendor performance to ensure delivery matches orders including quality, quantity, and prices. Monitor vendor compliance with other terms and conditions including Buy American. Keep track of returns, exchanges and refunds.

#### **General Requirements of the Small Purchase Procurement Method**

- 1) Must include specifications that include details of item(s) being purchased and the terms of the contract.
- 2) Competition – price and rate quotes must be obtained from an adequate number of qualified sources (solicit a minimum of three vendors).
- 3) Must be free of non-competitive practices.
- 4) Document the entire process.

If you have problems finding three vendors in your area please reach out to our office for assistance on how to proceed.

This fact sheet is intended to be a quick summary of the Federal Regulations in 2 CFR 200. Please note that the \$250,000 threshold is the federal threshold and if the SFA has a more restrictive threshold then the more restrictive threshold must be followed. There are a few exceptions to the requirements provided above, to learn more about any exceptions please visit our website or contact a procurement staff member – we are here to help!

### **Illinois State Board of Education – Nutrition Department**



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