

## **Procurement using Micro-Purchase Method**

A **micro-purchase** is an acquisition of products or services where the amount of the transaction does not exceed \$10,000. However, if the local purchase threshold amount is less than \$10,000, the organization would use its local purchase threshold because it is more restrictive.

Consideration should be given to consolidating the acquisition of products or services when consolidation will result in more economical purchases. This is true even if consolidation increases the dollar amount over the micro-purchase threshold, and therefore requires a more complex procurement method. When appropriate, an analysis should be made to determine the most economical approach.

**Competition:** Purchases within the micro-purchase threshold can be awarded without soliciting competitive price quotations as long as the price is reasonable.

This distribution of purchases among qualified suppliers can happen in one of two ways; as a single purchase or over several purchases. For example a school procuring apples may purchase:

1. Apples from various suppliers **at the same time** (the total of the purchases cannot exceed \$10,000), or
2. Apples from one supplier for the first purchase of the apples (for \$10,000 or less) and apples purchased from a different supplier (for \$10,000 or less) the next time apples are purchased, etc.

**Reasonable Price:** To verify the reasonableness of a price, the organization could compare previous purchases, have personal knowledge of the item being purchased, and/or compare to similar items being purchased.

**Records:** Documentation must be kept for all purchases regardless of the procurement method used, including micro-purchases. Best practice: Maintain all micro-purchase documentation including the micro-purchase log (found in Download Forms in IA\_CNP), purchase order (if applicable), invoices, and receipts in one file.

### **Federal Regulatory Definition for a Micro-purchase (2 CFR §200.67)**

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-federal entity's small purchase procedures. The non-federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$3,500 except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.

### **Federal Regulation for a Micro-purchase (2 CFR §200.320(a))**

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-federal entity considers the price to be reasonable.