

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	12/15	11	11.2
CHAPTER Chapter 11. Procurement		SUBJECT Determining the Purchase Method			

There are five different methods which can be used when purchasing goods or services. The methods are:

### **Micro-purchase**

Micro-purchase is the acquisition of supplies or services in which the aggregate dollar amount does not exceed \$3,500. Micro-purchases must:

- Be distributed equitably among qualified suppliers;
- May be awarded without soliciting competitive bids if the price is reasonable

### **Small Purchase Procedures**

Regards purchases valued *below* the Small Acquisition Threshold, Federal is \$150,000

Small purchase procedures are simple and informal procurement methods used in the purchase of goods and services. In the state of Missouri, all purchases in excess of \$3,000 must be based on competitive bids, with exceptions (Chapter 34.040.1., Missouri Revised Statutes). When using the informal bid procedure, price or rate quotations shall be obtained from at least three qualified sources. Free and open competition must prevail when using small purchase procedures. The items or services to be purchased must be adequately and consistently described for each prospective vendor so that each one can provide price quotes on the same merchandise or service.

Documentation of the price and rate quotations must be kept on file and available for review. The lowest bid that conforms to all the material requirements for the good or service shall be accepted.

### **Competitive Sealed Bids (formal advertising)**

Regards purchases valued *above* the Simplified Acquisition Threshold, Federal is \$150,000.

Sealed bids are publicly solicited and a fixed-price contract is awarded to the bidder whose bid, conforming to all the material terms and conditions of the Invitation for Bid (IFB), is lowest in price.

In order for competitive sealed bidding to be feasible, these conditions must be present:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible suppliers are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm-fixed price contract. Selection of a successful bidder can be made principally on the basis of price.

If it is determined that competitive sealed bidding is appropriate, the following requirements must be met:

- Develop a complete, adequate, and realistic specification or purchase description. The description will be in the form of an IFB. The IFB shall clearly define the item or services needed in order for the bidders to properly respond.

- In sufficient time prior to the date for the opening of bids, formally advertise for potential bidders. Bids must be solicited from an adequate number of known suppliers.
- All bids must be opened publicly at the place and time stated in the IFB.
- The firm-fixed-price contract is awarded by written notice to the bidder with the lowest bid conforming to the IFB.
- Any or all bids may be rejected when there are sound documented business reasons in the best interest of the Program.

### **Competitive Negotiation**

Proposals are requested from a number of sources and the Request for Proposal (RFP) is publicized. Competitive negotiation may be used if conditions are not appropriate for the use of formal advertising. If it is determined that competitive negotiation is appropriate, the following requirements must be met:

- Proposals must be solicited from an adequate number of qualified sources to permit reasonable competition.
- The RFPs must be publicized and reasonable requests by other sources must be honored to the maximum extent practicable;
- The RFP must identify all evaluation factors and indicate relative importance of each that will be used to evaluate the bid;
- The organization must have mechanisms to provide technical evaluation of the bids received to select the contract award; and
- The award must be made to the offeror whose proposal is most advantageous with regard to price and other factors. Unsuccessful offerors must be notified promptly.

### **Noncompetitive Negotiation**

This form of procurement is through solicitation of a proposal from only one source. Noncompetitive negotiation may be used only when the award of a contract is infeasible under the other three purchase methods. This form of procurement can only be used under the following circumstances:

- The item is available from a single source;
- Public exigency or emergency when the urgency for the requirement will not permit a delay incident to competitive solicitation;
- FNS authorizes noncompetitive negotiation; or
- After solicitation of a number of sources, competition is determined inadequate.

Under no conditions can a cost plus percentage of cost method of contracting be used.