

Level 1 Micro Purchase Mini Manual – Less than \$10,000 (July 2018)

The Micro Purchase Mini Manual is intended to help explain Level 1 “Micro Purchase” procedures. Use Level 1 procedures if the goods or services you need are estimated to cost \$0 - \$9,999.99. Purchases under \$10,000 have been determined to be extremely low-value purchases. “Micro” purchases are too small to justify the time and expense of soliciting competition. Procurement rules allow that these purchases can be made using adequate procedures to ensure goods and services are obtained at a fair and reasonable price, which may include soliciting only one bid or proposal. The terms “bids” or “quotes” are used interchangeably. (N.D.C.C. § 54-44.4-11, N.D.A.C. § 4-12-08-02).

1. Laws which govern purchases. Determine the appropriate law to govern your purchase.
 1. Goods & Services. N.D.C.C. Chapter [54-44.4](#) ~ Level 2 Procedures ONLY apply to goods and services
 - Public Improvement. N.D.C.C. Chapter [48-01.2](#)
 - Architect, Engineering, Land Surveying N.D.C.C. Chapter [54-44.7](#)
 - Concessions (e.g. restaurants, vending machines). N.D.C.C. Chapter [48-09](#)
2. Determine the estimated purchase price. You need an estimated price to verify that adequate funds are available, determine what level of competition is required, and ensure you have delegated purchase authority to make the purchase. Estimated price may be based upon previous purchases, market research, a published price list, or asking a vendor for a budgetary estimate.

Estimated purchase price is affected by factors such as: shipping and handling, length of contract including any extension or renewal options; and recurring purchases.
3. Artificial fragmentation prohibited (N.D.A.C. § 4-12-04-08). You cannot artificially divide purchase requirements or split an invoice to stay below a certain dollar level to avoid competition or stay within delegated authority limits.
4. Confirm availability of funds to complete purchase. Now that you have determined the estimated purchase price, ensure adequate funds are available and obtain any approvals needed to proceed with the purchase. If necessary, obtain accounting information.
5. State Sources of Supply. Is the commodity or service available from a State or Government source of supply?
 - a. <https://www.nd.gov/omb/agency/procurement>
 - State Contract
 - Rough Rider Industries
 - NDUS Core Technology Services or Information Technology Department
 - Work Activity Centers
 - Other Government Entities
 - Higher Ed should check with their purchasing department for any campus or consortium contracts.
 - b. If the goods or services cannot be obtained from a state source of supply, and the estimated purchase price is under \$10,000, then you are ready to make a Level 1 purchase.
6. Develop Specifications.
 - A. A specification is a description of all required physical, design, performance, functional and other characteristics of a good or service the purchasing agency requires and consequently, what a bidder must offer [N.D.C.C. § [54-44.4-06\(1\)](#)]. Well-written specifications ensure the state obtains goods and services that meet quality, performance, and delivery requirements at an economical price. See the Level 1 Micro Purchase Procedures Manual.
7. Select a Vendor.
 - You can contact any vendor
 - You are not required to use the Bidders List for purchases under \$10,000, but the Bidders List is a good source for finding potential bidders. <https://www.nd.gov/omb/vendor>
 - Vendors on the Bidders List have complied with [ND Secretary of State Requirements](#). See [Guidelines to Vendor Registry](#).
 - See NDSU website to see if vendors need any state [business licenses](#).
8. Rotating Vendors for Reoccurring Purchases. Sometimes you make purchases on a recurring basis. Procurement rules state procurement officers will rotate vendors solicited on an equitable basis (N.D.A.C. § 4-12-08-02). The requirement to rotate vendors applies to noncompetitive Level 1 purchases, when you only obtain

one fair and reasonable quote. If you get quotes from multiple vendors for a Level 1 purchase, you do not need to rotate vendors if one bidder is consistently the low bidder, simply award to the lowest bidder meeting specification.

9. One (1) Fair and Reasonable Quote.

- a. You can get a quote using a variety of methods which include: stores, telephone quote, email or fax quote, and internet quote.
- b. Select a Level 1 Template and customize the template for what you are purchasing.
 - o Request for Telephone Quote
 - o Request for Quote
 - o Informal Request for Proposals - If you want to evaluate products or service providers, use the Informal Request for Proposal template. Contact your agency or institution lead Procurement Officer for assistance.
- c. Complete a solicitation amendment if there are any changes to the specification and requirements or if any questions are received. Send the solicitation amendment to the vendor which can be sent via email.
- d. Use adequate procedures to ensure goods and services are obtained at a fair and reasonable price. "Fair and reasonable" price can be based on previous purchases, market research, a published price list, or by simply soliciting more than one vendor.
- e. Pricing – Tax Exempt. All prices must be in United States currency. Bid prices must include all discounts and deductions, and to be less federal and state taxes.
- f. If the quote is fair and reasonable, you can award to the bidder.
- g. Alternate Procurement Request NOT required if multiple quotes not solicited.
- h. If you receive a quote for more than \$10,000, you can get another quote.
- i. If all bids or proposals received are \$10,000 or over, this is not a Level 1 procurement. You must obtain the level of competition required for the dollar value. If it is a Level 2 purchase, it must be completed by a Procurement Officer with Level 2 certification training. At least two more vendors should be contacted to submit bids or proposals.

10. Competition. You can get competition for a Level 1 purchase. Some agencies and institutions may have internal policies that require competition at lower levels. If you get one quote, and the price seems too high, you can get another quote. It is also appropriate to get more than one quote if you have multiple bidders in the area. "When in doubt, bid it out."

Determine which procurement strategy to use if soliciting competition. You can use the following procurement strategies for Level 1 Micro Purchases: 1) quotes or bids or 2) informal request for proposal.

A. Quotes or Bids (low bidder meeting specs)

- a. You can get a quote using a variety of methods which include: stores, telephone quote, email or fax quote, and internet quote.
- b. If multiple bidders are contacted, provide the same information to all bidders. Give bidders a deadline for responding. Do not share the price information with other bidders until after you have made the award. You can view the responses when they are received and do not have to wait until the closing deadline to view them.
- c. Complete a solicitation amendment if there are any changes to the specification and requirements or if any questions are received. Send the solicitation amendment to each vendor you contacted regarding the solicitation. The solicitation amendment can be sent via email.
- d. If a bidder offers you something that doesn't meet your specification, reject their bid. Complete a Rejection Letter and send it to the vendor indicating the reason for the rejection. See templates for Rejection Letter which can be emailed to the vendor.

- e. Pricing – Tax Exempt. All prices must be in United States currency. Bid prices must include all discounts and deductions, and to be less federal and state taxes.
 - f. ND Reciprocal Preference Laws. If you get bids or quotes from both North Dakota vendors and out of state vendors, you may need to apply preference laws. If the vendor is from a state with preference laws, you must adjust the bid price for evaluation purposes. Contact your agency or institution lead procurement officer for assistance.
 - g. If you get more than one quote or bid, you must award to the bidder that meets your specifications and has the lowest price after any price adjustments are made for reciprocal preference if applicable (“Low bidder meeting spec.”)
- B. Informal Request for Proposals (IRFP). If you want to evaluate products or service providers, use the Informal Request for Proposal template. Contact your agency or institution lead Procurement Officer or the OMB State Procurement Office for assistance. See the State Procurement Office website for agency templates. <https://www.nd.gov/omb/agency/procurement/templates>
11. Making the Award. You are ready to make the purchase or “award” a contract after you confirm the goods or services the bidder is offering meet your specification and the price is fair and reasonable. You have several options for making the purchase and paying the vendor. Check with your agency or institution Lead Procurement Officer for internal procedures related to methods of making the award.
- State Purchasing Card. Use the State’s Purchasing Card whenever possible. The Purchasing Card program saves time and money.
 - Purchase Order. Follow your agency’s policies and procedures to obtain a purchase order.
 - Contract. Use contract templates approved by your agency’s legal counsel or visit the OMB website under Agency/Procurement for the Attorney General Contract Template.
 - Vendor Agreements or Contracts. If the vendor asks you to sign their agreement or contract, have your legal counsel review the document before you sign. The vendor’s document may have terms and conditions that the State cannot accept.
12. Receiving, Inspection and Acceptance.
- Inspect. Promptly inspect goods and services to ensure they comply with the specifications you stated and product/service the vendor offered. Promptly notify the vendor in writing if the good or service fails to meet specifications or damaged goods are received. Document your correspondence with the vendor.
 - Complaints. If the goods do not meet specifications or the services were not rendered satisfactorily, notify the contractor immediately. Demand corrective action in writing. Be sure to document all your communication with the vendor. See the OMB website for a Default Letter template. Contact the State Procurement Office for assistance. You can submit a Formal Complaint form, SFN 2565. OMB can suspend or debar vendors from the State Bidders List (N.D.A.C. § 4-12-05).
13. Payment. Pay after you have inspected and accepted the goods or services. Be sure the invoice price matches the quoted price. Be sure to pay vendors timely. Check the invoices to make sure there are no taxes or delivery charges.
- A. State Purchasing Card. Use the State’s Purchasing Card whenever possible. The Purchasing Card program saves time and money. If using a Purchasing Card, check the invoice to make sure taxes were not added.
 - B. Supplier Registration/IRS Form W-9. If you are paying by check or Automated Clearing House (ACH) vendors may need to be set up as Suppliers in PeopleSoft. OMB Fiscal Policy 110 requires all suppliers to complete an IRS Form W-9. Higher Education institutions should check with their Finance office. NDUS Institutions check with your Finance Office for Supplier Registration requirements and procedures.
 - Vouchers. On occasion, purchases are made without using a purchasing card, purchase order, or contract. For example, maintenance is required on office equipment, and the service provider leaves an invoice. Agencies should develop internal procedures for these situations. These expenses can be paid on a voucher. Contact your Finance Department or OMB Fiscal Division for assistance.
14. \$5,000 and over. Equipment and software must be added to inventory if \$5,000 or greater. (N.D.C.C. § [54-27-21](#) Fixed Asset Minimum Reporting Value).
15. Documentation. You do not need to document that you determined the price is fair and reasonable. Each procurement transaction must be adequately documented for audit and public record purposes. Keep

documentation of the quote in your procurement file. Documentation must be maintained in accordance with governing records retention requirements. (NDUS – see SBHE 803.1 Purchasing)

16. Open Records Requests. Vendors commonly ask for information about contract awards, evaluations, and request copies of other vendor's bids and proposals.

- Bids become open records after the deadline for receipt. (N.D.C.C. § 44-04-18.4, 54-44.4-05)
- Proposals become open records upon notice of award. (N.D.C.C. § 44-04-18.4, 54-44.4-10)

You also must be careful not to release information that is confidential. Contact your legal counsel if you receive an open records request for a bid or proposals that a vendor claims to be confidential.