



Bids & Purchasing

Purpose: To assist in obtaining a good, lease or service while following purchasing procedures as a government entity.

Level 1 Micro Purchase Procedures: If a district needs to purchase a good or service and:

- Not available from state supply source
- Estimated price is below \$10,000
- Qualify for a Level 1 micro purchase (N.D.C.C 54-44.4-11)

Micro purchases are considered extremely low-value purchases and are to be obtained at a fair and reasonable price. This may include soliciting only one bid or proposal.

An estimated price is necessary to determine the level of competition required. The estimated price can be based on:

- previous purchases
- market research
- a published price list
- or by asking a vendor for a budget estimate

The Office of Management and Budget (OMB) suggests considering the following:

- **Goods:** the entire amount of the purchase price including all shipping and handling and all other related charges; such as installation or maintenance agreements.
- **Leases:** The entire amount of an equipment lease is based upon all payments over the lease term, including any options for extension or renewals. For example, a 24-month equipment lease with monthly payments of \$400 would total \$9,600.
- **Services:** The entire amount of a service contract includes the initial term and all possible extension and renewal options. For example, the value of an annual contract estimated at \$5,000 per year with the option for three renewal options is \$20,000.

Selecting a bidder: OMB is required to maintain a bidders list on the State Procurement Online System. Micro purchases are not required to source of this list, but are suggested to use it as a source for potential businesses.

If you are purchasing printing materials, it is state law that requires all public printing, binding, and blank book manufacturing to be awarded to a North Dakota resident bidder.

Certain types of businesses and individuals in certain professions are subject to licensing or registration with a state regulatory board or agency. If you are purchasing something that requires the contractor to have a North Dakota license, permit or registration, be sure to obtain proof they have complied with the requirement before being awarded the bid.

OMB maintains a list of vendors who have been debarred or suspended from doing business with the state. Do not obtain bids or quotes from these vendors.

Getting a quote: After you identify a potential bidder, you are ready to get a quote. You can obtain a quote under the following methods:

- **Stores:** Time is money so consider how efficient and cost effective this may be.
- **Telephone quote:** Make sure you inform the bidder that the quote needs to include all possible expenses such as shipping and handling. You can use the form SFN 2706 to document and informal telephone quote.
- **Email or Fax:** When you contact these vendors, you can put the bid requirements into the body of the fax or email. OMB also has a "Request for Quote" template you can attach when soliciting a bidder.

OMB also offers a Micro Purchase checklist as a resource to help your district make Level 1 micro purchases.



Bids & Purchasing

Questions and Solicitation Amendments: If a vendor has a question, you should always respond in a timely manner. In some circumstances it brings to light a mistake. If you need to change your requirements, you need to amend your solicitation. If you contacted vendors by phone, you need to need to call again. If you requested a written quote via email you need to send a subsequent email with the amendment. If you used a request for quote template you can either send a revised request or you can send a solicitation amendment.

The method in which you contacted vendors will determine the way you will receive quotes. If you set a deadline and the vendor did not respond in time, the bid is late. Vendors may not change their responses after the deadline. You may contact vendors and they respond with "no bid". Document all the vendors you contacted, including the vendors that declined to bid.

Evaluating Quotes: All quotes received need to be assessed to make sure the product or service meets your requirements. A "responsive bidder" means a person or company whose response fully meets all the requirements of the solicitation. OMB has a rejection letter template to notify bidders their response was not accepted. A "responsible bidder" is a person or firm that is fully capable of doing the work solicited. The winning quote needs to be evaluated to ensure the goods or services are obtained at a fair and reasonable price. After you award the bidder, keep documentation of the quote in a procurement file.

Bids \$10,000 or over: If you receive a bid or proposal valued at \$10,000, you'll have to determine if it is a Level 1 micro purchase. If you received at least one bid, meeting specifications under \$10,000 and the other bids over \$10,000, this is still a Level 1 purchase.

You can award the "low bidder meeting specs" under \$10,000. If you were soliciting multiple proposals and the proposal with the highest evaluation score is priced at \$10,000 or more, you must obtain the level of competition required for the dollar value. If the proposal with the highest evaluation score is under \$10,000, this is still a Level 1 purchase and an award can be given. 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, the procurement must be done by a Procurement Officer with Level 2 certified training. At least two more vendors should be contacted to submit bids or proposals.

Inventory reporting: Any equipment or software valued at \$5,000 and over must be reported as fixed assets.

Contract Problems: 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 communications with the vendor. Contact the State Procurement Office for assistance.

For more information please refer to the North Dakota State Procurement Manual for Level 1 Micro Purchase Procedures.

Discussion Questions:

1. What was the last purchase your board made?
2. What is the district policy on reviewing quotes?
3. When was the last time the district inventory list was reviewed as a board?