



PROCUREMENT PURCHASES—MICRO and SMALL

Purchasing is about the PROCESS used and the AMOUNT spent

- MICRO:**

PROCESS: **One-time purchase** OR **“spread the wealth” multiple purchases** (buying the same items among different vendors/groceries stores/places that offer the same service and reasonable price)

AMOUNT: Up to \$10,000

Example: I buy the same grocery list items rotating between Safeway, Bahasa’s, Costco, Sam’s Club

- SMALL:**

PROCESS: Buying the **same items from only one place on a regular basis**

AMOUNT: Up to SFA’s Small Purchase Threshold; (above \$10,000 this has to be done)

Example: I buy milk from Costco every week/month; I buy my groceries from Fry’s every week/month; I figure out who is the cheapest and always buy from them

What type of Purchases should I do/am I doing?



Focus on the Process (how am I doing my purchases now and/or want to do in the future?)

Do I want to spend the time now to document/formalize the process for buying from only one place (i.e. Costco or Sam’s Club or Fry’s)? This is a Small purchase

OR

Do I want to spend the time driving to different places so I “spread the wealth” and buy from different places without comparing prices? This is a Micro purchase

How do I show what I am doing?



Provide Documentation (How did I do it? What do I need to keep for my records?)

Micro: Save receipts for all purchases; update the Food Service Cost Report

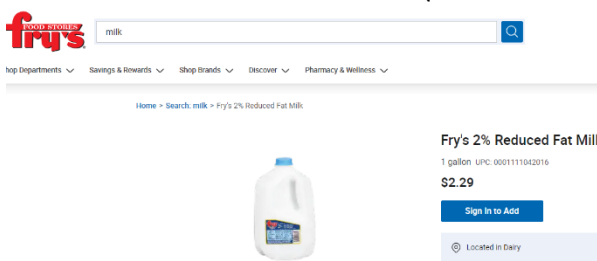
Small: **1. “Solicitation” document** (What do I need?)

- List the item(s) I need, when do I need it by, how far way can I go to get it
- Can be a grocery list of items, copy of the menu, written description of items



2. Quotes (how/where did I obtain prices from?)

- Need to obtain quotes and keep records from 3 different places
- Quotes can be from paper grocery ads, online ads, online shopping carts, phone quotes with written notes (save all documents with price information)





- Only have to do once a year if this is the process you always use to make the purchase
- IF you change the way you make a purchase, you will need to document the new process

3. Evaluation (how did I compare the prices/why did I choose the winner place that I bought from?)

- The easiest is to solely base it on the price of the item(s)
- Other reasons/factors in deciding the winner besides solely price, such as:
 - How far away the place is OR delivery availability
- Write down the reasons/the evaluation used to decide the winner

EVALUATION EXAMPLE

Store	Price	Can they deliver?
Store #1	\$20	Yes
Store #2	\$18	Yes
Store #3	\$17	No

Store #3 cannot deliver, and I need it delivered so this store is not an option.

Now, between Store #1 and Store #2, Store #2 is the lowest price so this would be the winner.