



## POLICY

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**CATEGORY:** Board Administration **No: 1.0.116.01**  
**TITLE:** Approval Process for Micro-Purchases  
**SUPERSEDES:** 1.0.116.00 dated October 26, 2012  
**EFFECTIVE:** October 31, 2014  
**BOARD APPROVAL:** October 30, 2014  
**DATE OF LAST REVIEW:** October 30, 2014

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### I. PURPOSE:

To establish a policy for the purchase of goods and services established by the Board for micro-purchases. This policy is in compliance with the TWC Financial Manual for Grants and Contracts (FMGC).

The President/CEO, Deputy Director, Chief Financial Officer, or Finance Manager will designate, by memo to file, which Board professionals or positions are eligible to make micro purchases under this policy. Contractor management will make and document their own designation of staff authorized to use this policy.

### II. DEFINITIONS:

The following definitions clarify the meaning and usages of the various terms used in this policy and are applicable and binding for that purpose. Unless a specific legal authority is cited, they are not intended to be definitions for legal or general use.

*Adequate Number of Qualified Sources* – means a minimum of three (3) price or rate quotes from qualified vendors.

*Board* – Board of Directors of the Coastal Bend Workforce Development Board

*Board Professionals* – staff of the Coastal Bend Workforce Development Board

*Contract* – a formal or legal binding written agreement between two parties which contains the agreed upon terms and conditions for provision of services and/or goods to be provided by one party for payment by the second party. The TWC - FMGC provides a technical definition in Chapter 15.

*Individual Purchase* – means the acquisition of goods and services that are processed using a purchase requisition or order form that provides the authority for the completion of the purchase transaction.

*Micro-Purchase* – means a relatively simple purchase for which the aggregate cost does not exceed the micro-purchase threshold established by the Board.

*Micro-Purchase Threshold* – pertains to the purchase of goods and services that does not exceed the amount established by the Board. The threshold amount applies specifically to each individual purchase.

*Price or Rate Quotations* – pertains to costs solicited by purchasing agent or entity for the value of goods or services. The solicitation of costs may be oral or written, but must be noted in support documentation.

*Contracted Service Provider (Contractor)* – Responsible for the delivery of workforce services in accordance with applicable laws, rules, Board policy and the terms and conditions of the contract.

TWC - Texas Workforce Commission

FMGC - The Financial Manual for Grants and Contracts. The FMGC is provided by the TWC as the financial guide and complies with all applicable financial and related federal, state and agency requirements that apply to the Board and other recipients and sub-recipients of TWC funds.

### **III. POLICY STATEMENT:**

This policy provides for the establishment of a micro-purchase method that may be used for the acquisition of goods and services. The policy will establish a micro-purchase threshold amount per purchase. The policy will be extended to the Board's contractors.

The policy stipulates the threshold amount, requirements and necessary steps in this process and outlines the responsibilities, terms, and general guidelines for the purchase approval.

All micro-purchases will be subject to this process and shall be executed in compliance with all applicable Federal, State, and local rules, policies, procedures, including but not limited to the Texas Workforce Commission (TWC) Financial Manual for Grants and Contracts (FMGC) and the Board's Procurement Procedural Manual.

It is the responsibility of the Board staff and/or Contractor staff proposing purchasing actions to ensure that appropriate advance planning and adequate time allocation is allowed to implement this process.

The process for the review and approval of all micro-purchases will follow the stated guidelines below:

#### **A. Micro-Purchase Threshold Amount**

Purchases made under the Micro-Purchase method will not exceed \$300.00 per individual purchase. In using this method, purchasers will adhere to the specific terms and conditions applicable to Micro-Purchases as stated in this policy, as well as in any subsequent amendments to the policy and/or directives from the Board or Texas Workforce Commission. Any deviations from this policy or subsequent amendments or directives, will be the responsibility of the purchasing entity.

#### **B. Terms and Conditions for Micro-Purchases**

The use of the Micro-Purchase Method will require purchasers to follow prudent and sound processes to ensure purchases of goods and services meet the definition of a relatively simple purchase for which the aggregate cost does not exceed the micro-purchase threshold.

In relation to micro-purchases and small purchases, aggregate cost means the following:

1. For single purchases or individual recurring purchases made without a contract, aggregate cost means the total cost of an individual purchase.
2. For contracts, aggregate cost means the total potential cost of the contract, including any optional years and amendments.

Aggregate purchases must not be divided to fall within the small purchase or micro-purchase threshold to avoid procurement requirements. Such purchases may be disallowed.

### **C. Selection, Price Reasonableness, and Oversight**

Under the Micro-Purchase method, if the cost of the goods and services plans to exceed the established threshold amount of \$300.00, price or rate quotations must be obtained from an adequate number of qualified sources.

If costs are within the established threshold amount, micro-purchases can be made without soliciting price or rate quotations. However, purchasers must ensure that prices are reasonable based on information obtained from research, experience, prior purchases, or other information. Purchaser's decision (of price reasonableness) must be made on recent market knowledge. The information used by the purchaser to determine cost reasonableness of a purchase must be documented via a note in the supporting documentation (purchase order/requisition) and maintained on file.

However, the purchaser must obtain price or rate quotations on micro-purchases if:

- the purchaser has information that the price is not reasonable (e. g., comparison to the previous price paid, or personal knowledge of the supply or purchase), or
- purchasing a good or service for which no comparable pricing information is readily available (e.g., purchasing a good and service that is not the same as, or is not similar to, other goods or services that have recently been purchased on a competitive basis).

In order to maintain a system that promotes open and fair competition, the purchaser must equitably distribute micro-purchases among qualified vendors.

The Board and TWC may review micro-purchases for price/cost reasonableness, including efforts to maintain a system that supports open and fair competition.

### **D. Awards**

The relative simple nature of small purchase procurements typically results in awarding a purchase based on the lowest price or rate quotation. This includes micro-purchases for which price or rate quotations were obtained because reasonableness could not otherwise be determined. When price or rate quotations were obtained, and award is made to an entity other than the one offering the lowest price or rate, include explanation of the award decision in the support documentation.

## **IV. PROCEDURES**

Board Professional staff will develop procedures for meeting the above requirements.

## **V. RELATED POLICY INFORMATION: N/A**

## **VI. RESPONSIBILITIES:**

The President/CEO shall distribute this policy and procedures to the Board of Directors, Board Professional staff, and contractors, as appropriate. Board Professional staff shall implement the policy and procedures.

The President/CEO, Deputy Director, Chief Financial Officer, or Finance Manager will designate, by memo to file, Board professionals or positions eligible to make micro purchases under this policy. Contractor management will designate and document their own staff authorized to use this policy.

**VII. FORMS AND INSTRUCTIONS: N/A**

**VIII. DISTRIBUTION:**

**Board of Directors**    **Board Staff**    **Contracted Service Provider Staff**

**IX. SIGNATURES:**

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Reviewed by EO Officer

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Date

\_\_\_\_\_  
President/CEO

\_\_\_\_\_  
Date