

# PROCUREMENT METHODS

## SMALL PROCUREMENTS

Maryland's procurement regulations under COMAR 21.05.07<sup>1</sup> contain a specific method for procuring goods and services when the cost or value of the anticipated contract is expected to be \$25,000 or less. This method, titled Small Procurement, divides small dollar purchases into three categories, based on anticipated contract amount.

Category I	\$ 0 - \$ 5,000
Category II	\$ 5,001 - \$15,000
Category III	\$15,001 - \$25,000

### **Category I Small Procurements:**

Board of Public Works Advisory P-001-98<sup>2</sup> requires that, when possible, procuring units must use the Corporate Purchasing Card<sup>3</sup> for all Category I Small Procurements. When the Corporate Purchasing Card cannot be used for Category I purchases, COMAR 21.05.07 allows for the use of an Oral or a Written contract. A written contract may take the form of a Blanket Purchase Order (BPO), Direct Purchase Order (DPO) or a Purchase Order (PO).

In cases where vendors/suppliers cannot accommodate purchasing card transactions, purchases may be made using the Small Procurement method, first through a statewide contract using the Statewide BPO, or if not available through a statewide contract, through one of the preference providers. If the good or service is unavailable through both the statewide contracts and through the preference providers, a purchase order may be entered into to procure the good or service.

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<sup>1</sup> All Code of Maryland Regulations are cited in the order of Title, Subtitle, Chapter, Sub-chapter, and Paragraph. Thus, the cite for COMAR Title 21 (State Procurement Regulations), S <http://bpw.maryland.gov/Pages/Advisories.aspx?subtitle=05> (Procurement Methods), Chapter 07 (Small Procurement Regulations [\$25,000 or Less]), would be made COMAR 21.05.072. To see the complete text of Maryland's procurement regulations, go to the Division of State Documents website and click on COMAR On-line at: <http://www.dsd.state.md.us/comar/comar.aspx>.

<sup>2</sup> To see the complete text of this and all other Board of Public Works Advisories, go to their website at : <http://bpw.maryland.gov/Pages/Advisories.aspx>

<sup>3</sup> The Corporate Purchasing Card is a credit card (usually a VISA or MasterCard) assigned to a procurement officer within a procuring unit.

## **Category II Small Procurements:**

Small procurements that are expected to cost more than \$5,000, but not more than \$15,000 require a written contract. This may take the form of a Blanket Purchase Order (BPO), Direct Purchase Order (DPO), or a Purchase Order (PO) produced through the Advanced Purchasing and Inventory Control System (ADPICS) module of the Financial Management Information System (FMIS), or a DHMH Contract.

Assuming that there is no statewide contract, or preference provider from which the needed goods/services may be obtained, specifications are developed and bid/offers are solicited. This notification can be in person, by phone, fax, mail website, eMaryland Marketplace, or by advertising in a publication such as a newspaper or journal. There is no minimum amount of time that a solicitation must be made available, or prospective bidders/offers given, to respond to a Category II Small Procurement. Electronically transmitted bids or offers may be accepted for small procurements; therefore, bids can be received by fax, e-mail or eMaryland Marketplace.

The goal for Category II procurements is to achieve sufficient competition so as to ensure the most favorable bid price or most advantageous offer to the State. Category II procurements are awarded on the basis of either most favorable bid price, most favorable evaluated bid price, or most advantageous offer to the State. The procuring unit must determine, in advance, which of the bases it will employ to make the award, and must tell this to prospective bidders/offers as part of the solicitation. If the award is to be made to the most advantageous offeror, prospective offerors must be told, when solicited, what factors (criteria) besides price will be used to make this determination. In those instances where only one bid is received, the procurement officer may make an award, provided that a determination is made that the price is fair and reasonable, and that other bidders/offers were solicited and given reasonable opportunity to respond. In the event of tie bids, the provision of COMAR 21.05.02.14 shall be utilized to determine the successful bidder.

## **Category III Small Procurements {\$15,001 - \$25,000}**

Category III small procurements must be made using a written contract. This may take the form of a Blanket Purchase Order (BPO), Direct Purchase Order (DPO), or a Purchase Order (PO) produced through the Advanced Purchasing and Inventory Control System (ADPICS) module of the Financial Management Information System (FMIS), or a DHMH Contract.

Category III small procurements require a written notice to be “published” on an agency bid board, a newspaper of general circulation or appropriate periodical, e-Maryland Marketplace, or electronic media generally available to the business community.

This published notice must be posted/advertised a minimum of three working days prior to the date bids/proposals are due and shall, at a minimum, contain the following elements:

- a. A description of the services requested, including the contract term;
- b. Time, date, place and form of response requested;
- c. Basis for award, including evaluation criteria if "most advantageous offer" basis is used;
- d. The name and telephone number of the procurement officer to whom inquiries may be directed.

The goal for Category III small procurements is to achieve sufficient competition so as to ensure the most favorable bid price or most advantageous offer to the State. Category III procurements are awarded on the basis of either most favorable bid price, most favorable evaluated bid price, or most advantageous offer to the State. The procuring unit must determine, in advance, which of the bases it will employ to make the award, and must tell this to prospective bidders/offerors as part of the solicitation. If the award is to be made to the most advantageous offeror, prospective offerors must be told when solicited what factors (criteria) besides price will be used to make this determination. In those instances where only one bid is received, the procurement officer may make an award, provided that a determination is made that the price is fair and reasonable, and that other bidders/offerors were solicited and given reasonable opportunity to respond. In the event of tie bids, the provisions of COMAR 21.05.02.14 shall be utilized to determine the successful bidder.

### Small Procurement Quick Reference Chart

CATEGORY/ VALUE	SOLICITATION TYPE	PUBLIC NOTICE REQUIRE- MENTS	SOURCE MANDATES	AWARD CRITERIA	CONTRACT TYPE
<b>Category I</b> \$5,000 or less	Oral Written Published	None	Statewide Contracts, Preference Providers, Resident Businesses, MDOT Certified MBEs, Small Businesses	Judgment of Procurement Officer/ Purchaser	Oral or Written
<b>Category II</b> Greater than \$5,000 but not more than \$15,000	Oral Written * Published  * <i>Preferred</i>	None	Statewide Contracts, Preference Providers, Resident Businesses, MDOT Certified MBEs, Small Businesses	Most favorable price or evaluated price, or most advantageous offer	Written
<b>Category III</b> Greater than \$15,000 but not more than \$25,000	Written Published	Written description placed in “Contract Weekly Online”, posted on bid-board, or published in newspaper three working days before responses are due.	Statewide Contracts, Preference Providers, Resident Businesses, MDOT Certified MBEs, Small Businesses	Most favorable price or evaluated price, or most advantageous offer	Written