

## **Procurement: Small Purchases**

*[Note that the regulations issued by the Procurement Policy Board establish small purchase thresholds of \$100,000 for construction projects, for design professional services, and for professional services. (See [Utah Admin. Rules R33-4-106\(7\)](#), [R33-4-105](#), and [R33-4-108\(1\)](#).) However, the threshold for construction in this model policy was set taking into account [Utah Code § 53A-20-101](#), which requires a specified bidding process for school construction projects costing more than \$80,000. The thresholds for design professional services and professional services were set at \$80,000 for consistency with the construction threshold.]*

### **Definitions—**

The following definitions apply to this policy:

- “Annual cumulative threshold” means the maximum total amount that the District may expend to obtain procurement items as small purchase from the same source in a single year.
- “Individual procurement threshold” means the maximum amount for which the District may purchase a procurement item as a small purchase.
- “Single procurement aggregate threshold” means the maximum total amount that the District may expend to obtain multiple procurement items from one source at one time as small purchases.

[Utah Code § 63G-6a-506\(1\) \(2016\)](#)

### **Availability of Small Purchase Process—**

A small purchase procurement may be made according to the requirements of this policy for purchases that fall within the thresholds set forth in this policy. The District may use the small purchase procurement process for a purchase in excess of the thresholds only if the Board or its designee gives written authorization to do so and that written authorization sets forth the reasons for exceeding the threshold. The District may not use the small purchase process for ongoing, continuous, and regularly scheduled procurements that exceed the annual cumulative threshold. Rather, ongoing, continuous, and regularly scheduled procurements in excess of the annual cumulative threshold shall be made through a contract awarded through another standard procurement process or an applicable exception to another standard procurement process set forth in Policy CFB. (However, this limitation does not apply to regularly scheduled payments for a procurement item obtained under another procurement policy.)

[Utah Code § 63G-6a-506 \(3\), \(6\), \(7\) \(2016\)](#)

### *Thresholds*

The individual procurement threshold for goods and general services is \$50,000, for professional services is \$80,000, for design professional services is \$80,000, and for construction projects is \$80,000, as set forth in Policy CCA. The single procurement aggregate threshold is \$50,000 for goods and general services and \$80,000 for professional services and for construction projects. The annual cumulative threshold is \$50,000 for goods and general services and \$80,000 for professional services and construction projects. Therefore, the small purchase procurement process set forth in this Policy may be used if the amount of an individual procurement item or of multiple items obtained from the same source at the same time is estimated to be less than \$50,000 for goods and general services and \$80,000 for professional services or construction. However, if such purchase would cause either annual cumulative threshold to be exceeded, the small purchase procurement method may not be used.

[Utah Code § 63G-6a-506\(1\), \(2\) \(2016\)](#)

[Utah Admin. Rules R33-4-104 \(August 21, 2015\)](#)

[Utah Admin. Rules R33-4-107 \(August 21, 2015\)](#)

### **General Small Purchase Process—**

Before using the small purchase process, employees are encouraged to consider whether the item is available from a state agency or a state cooperative contract. If the item is available, the employee is encouraged to purchase the item from the agency or state contract.

#### *Level 1*

For small purchase procurements up to \$1,000, the purchaser may select the best source without seeking competitive quotes. The signatures of the requestor and immediate supervisor (or authorized business officer for the department or administration) are required on the purchase order or check request form. If the purchase is made using a District credit/purchase card, the employee should follow District policy for use of such cards.

[Utah Admin. Rules R33-4-104\(2\)\(a\)\(i\) \(August 21, 2015\)](#)

#### *Level 2*

For small purchase procurements between \$1,000 and \$5,000, the purchaser shall obtain at least two (2) competitive quotes and purchase the item or service from the supplier offering the lowest quote. These quotes may be verbal (for example, by telephone) or in writing. Documentation of quotes for all monetary levels must be attached to the purchase documentation and maintained as part of the District's records. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), and Business Administrator are required on the purchase order or check request form.

[Utah Admin. Rules R33-4-107\(1\) \(August 21, 2015\)](#)

### *Level 3*

For small purchase procurements between \$5,000 and \$10,000, the purchaser shall obtain at least two (2) written competitive quotes and purchase the item or service from the supplier offering the lowest quote meeting the specifications. The written quotes must be attached to the purchase documentation and maintained as part of the District's records. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), and Business Administrator are required on the purchase order or check request form.

[Utah Admin. Rules R33-4-107\(2\) \(August 21, 2015\)](#)

### *Level 4*

For small purchase procurements between \$10,000 and \$50,000, the purchaser shall obtain at least three (3) written competitive quotes and purchase the item or service from the supplier offering the lowest quote meeting specifications. Completed bids and an approved purchase order shall be sent to District purchasing for initiation and purchase. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), and Business Administrator are required on the purchase order or check request form.

[Utah Admin. Rules R33-4-107\(2\) \(August 21, 2015\)](#)

### *Documentation of quotes*

Documentation of quotes shall contain the following information:

1. The date the quote was received or the dates that the quoted price is valid;
2. The proposed delivery date;
3. The vendor's name and address;
4. The name of the person providing the quote and contact information for that person;
5. A description of each item including specifications, unit price, total price, and quantity listed;
6. Shipping and freight charges; and
7. The name and position of the District employee obtaining the quote.

Quotes may be obtained and documented by printing pages from a website; however, all of the quote elements must be documented and employees should bear in mind that better prices are usually obtained by contacting vendors directly. Telephone quotes must be documented and include all quote elements. Written quotes should be provided on the vendor's letterhead.

### **Construction Small Purchase Process—**

Using the procedures set out in Policy CBA, the District shall either prequalify potential construction vendors or develop an approved vendor list of construction vendors for use in small purchase construction projects. For any small purchase construction project, the District shall establish and use minimum specifications for the project.

The Procurement Officer or Board of Education or its designee may procure small construction projects up to a maximum of \$25,000 by direct award without seeking competitive bids or quotes after documenting that all building code approvals, licensing requirements, permitting and other construction related requirements are met. The awarded contractor must certify that they are capable of meeting the minimum specifications of the project.

The Procurement Officer or Board of Education or its designee may procure small construction projects costing more than \$25,000 up to a maximum of \$80,000 by obtaining a minimum of two competitive quotes that include minimum specifications and shall award to the contractor with the lowest quote that meets the specifications after documenting that all applicable building code approvals, licensing requirements, permitting and other construction related requirements are met.

For construction projects where the total estimated accumulated building project cost exceeds \$80,000, the District shall follow the procedures set forth in Policy CCA.

[Utah Admin. Rules R33-4-106 \(August 21, 2015\)](#)

[Utah Code § 53A-20-101 \(2012\)](#)

### **Design Professional Small Purchase Process—**

After reviewing the qualifications of a minimum of three design professionals, the Procurement Officer or Board of Education may obtain design professional services by direct negotiation up to a maximum of \$80,000. Prior to using the design professional small purchase process, the District shall establish minimum specifications.

[Utah Admin. Rules R33-4-105 \(August 21, 2015\)](#)

### **Professional and Consultant Small Purchase Process—**

After reviewing the qualifications of a minimum of two professional service providers or consultants, the Procurement Officer or Board of Education or its designee may obtain professional services or consulting services up to a maximum of \$50,000 by direct negotiation, or over \$50,000 up to a maximum of \$80,000 by obtaining a minimum of two quotes.

[Utah Admin. Rules R33-4-108 \(August 21, 2015\)](#)

### **Improper Use of Small Purchase Process—**

It is unlawful and a violation of District policy to intentionally structure a purchase to evade any of the thresholds set out in this policy, and such actions are subject to criminal penalties and District disciplinary action. Such unlawful actions typically would involve avoiding a threshold by dividing a procurement purchase into smaller purchases, dividing an invoice or purchase order into two or more invoices or purchase orders, or making smaller purchases over a period of time. It is unlawful and a violation of District policy to intentionally split a purchase of similar items that would typically be purchased at the same time from the same vendor to avoid requiring competitive quotes. (Examples include splitting up the purchase of uniforms, club or athletic equipment, or textbook orders.) This includes dividing the purchases or invoices over a period of time or making separate purchases over a period of time. Caution should be exercised with using purchase cards, and employees should not split purchases with such cards to stay under daily purchase limits on purchase cards or the established purchasing thresholds.

[Utah Code § 63G-6a-506\(8\), \(9\) \(2016\)](#)

Additional purchases of the same type of item may be necessary if, for example, it is determined after an order is placed or received that an insufficient quantity was ordered or that incorrect sizes were obtained. If additional purchases of the same item are necessary, for these or other reasons, the employee initiating the purchase must provide a written explanation of the purpose of the purchase and justification as to why it is not considered splitting a purchase. This written explanation should be retained with the vendor invoice.