

Procurement:

CBE

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 R33-5-106(5), R33-5-105 (1), and R33-5-108(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, subject to any rules issued by the Procurement Policy Board, 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, subject to any rules issued by the Procurement Policy Board, for which the District may purchase a procurement item as a small purchase.
- “Single procurement aggregate threshold” means the maximum total amount, subject to any rules issued by the Procurement Policy Board, 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) (2017)

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 CF. (However, this limitation does not apply to regularly scheduled payments for a procurement item obtained under another procurement policy.)

Utah Code § 63G-6a-408 (2017)

Thresholds

The individual procurement threshold for goods and general services is \$1000, 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 \$5,000 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 in obtaining goods or

general services if the amount of an individual procurement item is \$1,000 or less, or if multiple items obtained from the same source at the same time is estimated to be less than \$5,000 for goods and general services. The small purchase procurement process may be used for purchases up to \$80,000 of professional services or construction. However, the contemplated, purchase would cause any of these thresholds to be exceeded, the small purchase procurement method may not be used.

Utah Code § 63G-6a-506(1)(2) (2016); Utah Admin. Code R33-5-104 (August 22, 2016)

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. Whenever practicable, the District shall use a rotation system or other system designed to allow for competition when using the small purchase procurement.

Utah Admin. Rules R33-5-104(2) (August 22, 2016)

The Quote Process

The quote process is an informal purchasing process, which solicits pricing from several sources. A “quotation” is a statement of price, terms of sale, and description of services offered by a vendor to the District. An electronic quotation is a quotation provided by a vendor through electronic means such as the Internet, online sources, email, an interactive web-based market center, or other technology. A quotation is not binding and does not obligate the District to purchase (or the vendor to sell) the item.

To use the quote process, the District must obtain quotations, which are for the same procurement item (including the same terms of sale, description, and quantity of goods or services). The District must disclose to the vendor that the quotation is for a government entity and inquire whether the vendor is willing to provide a discount to a government entity. The District must also maintain a public record, which includes the name of each vendor supplying a quotation and the amount of each vendor’s quotation.

[*Utah Admin. Rules R33-4-110 \(August 22, 2016\)*](#)

Level 1

For small purchase procurements up to \$1,000, the purchaser may select the best source without seeking competitive bids or 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 R33-5-104(1)(a)(i) (August 22, 2016)

Level 2

For small purchase procurements between \$1,000 to \$5,000, the purchaser shall obtain at least two (2) competitive quotes that include minimum specifications and purchase the item or service from the responsible vendor offering the lowest quote that meets the specifications. 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 R33-5-107(1) (August 22, 2016)

Level 3

For small purchase procurements between \$5,000 to \$10,000, the purchaser shall obtain at least two (2) written competitive quotes that include specifications and purchase the item or service from the responsible vendor 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 R33-5-107(2) (August 22, 2016)

Level 4

For small purchase procurements between \$10,000 and \$50,000, the purchaser shall obtain at least three (3) written competitive quotes that include specifications and purchase the item or service from the responsible vendor 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 R33-5-107(2) (August 22, 2016)

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.

When using an approved vendor list in a small-purchase construction procurement, the District will select vendors and contractors from the list using one of the following methods:

- A rotation system, organized alphabetically, numerically, or randomly;
- Assignment of vendors to a specified geographic area;
- Assignment of vendors based on each vendor’s particular expertise or field;
- Invitation to all vendors on the list to submit quotes (this only applies for projects within the \$25,000 to \$80,000 range discussed below); or
- Another method approved by the Procurement Officer or the Board of Education.

[Utah Admin. Rules R33-5-106\(6\) \(August 22, 2016\)](#)

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 R33-5-106 \(August 22, 2016\)](#)

[Utah Code § 53A-20-101 \(2017\)](#)

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.

When using an approved vendor list in a small-purchase design professional procurement, the District will select design professional firms from the list using one of the following methods:

- A rotation system, organized alphabetically, numerically, or randomly;
- Assignment of vendors to a specified geographic area;
- Assignment of vendors based on each vendor’s particular expertise or field; or
- Another method approved by the Procurement Officer or the Board of Education.

[Utah Admin. Rules R33-5-106 \(August 22, 2016\)](#)

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.

When using an approved vendor list in a professional or consultant small-purchase procurement, the District will select vendors from the list using one of the following methods:

- A rotation system, organized alphabetically, numerically, or randomly;
- Assignment of vendors to a specified geographic area;
- Assignment of vendors based on each vendor's particular expertise or field;
- Invitation to all vendors on the list to submit quotes; or
Another method approved by the Procurement Officer or the Board of Education.

[Utah Admin. Rules R33-5-108\(2\), \(3\) \(August 22, 2016\)](#)

Improper Use of Small Purchase Process—

It is unlawful and a violation of District policy to, with improper intent, knowingly divide a single procurement into multiple smaller procurements, including by dividing an invoice or purchase order into multiple invoices or purchase orders, if the single procurement would not have qualified as a small purchase and one or more of the multiple smaller procurements qualify as a small purchase. "Improper intent" means the intent either (a) to avoid having to use a standard procurement process (other than small purchase) that would otherwise be required or (b) to make one or more of the multiple smaller procurements fall under any small purchase threshold (individual item, single purchase aggregate, or annual cumulative).

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) (2017)

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.

Compliance With Law—

All procurements under this policy must comply with the requirements of law and policy, including the prohibition against improperly dividing procurements in Utah Code § 63G-6a-506, the prohibitions relating to unlawful conduct and penalties in Utah Code § 63G-6a Part 24, the prohibitions relating to socialization with vendors and contractors in [Utah Admin. Rules R33-24-104](#), the prohibitions relating to financial conflicts of interest in [Utah Admin. Rules R33-24-105](#), and the prohibitions relating to personal relationships, favoritism, and bias in [Utah Admin. Rules R33-24-106](#).

[Utah Admin. Rules R33-5-105\(6\) \(August 22, 2016\)](#)[Utah Admin. Rules R33-5-106\(8\) \(August 22, 2016\)](#)

[Utah Admin. Rules R33-5-107\(6\) \(August 22, 2016\)](#)[Utah Admin. Rules R33-5-108\(5\) \(August 22, 2016\)](#)

