

Artificial Division of Purchases

Artificially Divided Defined

No purchase shall be “artificially divided” to constitute a small purchase under \$10,000 or to reduce a solicitation to a lesser or no bid requirement. In the absence of a good faith business basis, no purchase or procurement shall be artificially divided within a budget unit, or its equivalent.

Executive Order JML 24-114 authorizes the governor to establish procedures for the procurement of small purchases with the caveat that "procurement requirements shall not be artificially divided so as to constitute a small purchase under this Section." In other words, a budget unit cannot submit two or more requisitions to the same vendor or similar vendors in order to avoid competitive bid requirements or to avoid the formal solicitation of competitive sealed bids.

Executive Order JML 24-114 establishes the following small purchase requirements:

- Purchases up to \$10,000 - no competitive bidding is required (*NSU Administration does expect faculty and staff to exercise due diligence and may require comparison pricing for lowest cost.*)
- Purchases over \$10,000 to \$20,000 - Telephone quote to at least 3 sources (also see JBE 20-21 Section 4; B-2)
- Purchases over \$20,000 to \$35,000 – Request for Quote to at least 5 sources (also see JML 24-114 Section 4; C-2)

Artificial division of purchases can be outlined as follows:

1. Budget unit submitting two or more requisitions of \$10,000 each or less for the identical commodity on the same day or within the same week.
2. Budget unit submitting two or more requisitions of \$10,000 each or less to the same vendor on the same day or within the same week.
3. Budget unit submitting two or more requisitions of \$10,000 each or less to similar vendors for identical or similar commodities on the same day or within the same week.
4. Budget unit head submitting separate requisitions for the same requester totaling \$10,000 each or less.
5. Recurring pattern of requisitioning over the course of a fiscal year exceeding \$10,000 for the same commodity from the same or similar vendors*.

The Purchasing Department will combine requisitions it interprets in possible violation of the Executive Order, and it will solicit the necessary bids unless the requisition is accompanied by a suitable explanation for dividing a purchase. In a few cases there are daily or weekly reoccurrences of small non-competitive purchases necessary to perform unanticipated remedial maintenance. However, such exceptions are to be handled with a prior Purchasing approved purchase requisition.