

SPLIT PURCHASE

DEFINITION: To break a requirement down into several smaller requirements in order to avoid some threshold, e.g. the \$2,500 single purchase threshold associated with the GPC card. Generally, we recommend that you identify your requirement, e.g. you're setting up a classroom and are short 30 chairs at \$100 ea.

RULE: Cardholders are **prohibited** from splitting purchases into smaller segments in order to keep the requirement(s) below \$2,500. The \$2,500 (\$2,000 for construction) threshold is not an arbitrary number. It is based on a number of things:

1. The CICA (Competition in Contracting Act) requires all purchases in excess of \$2,500 to be competed.
2. The Small Business Act requires that all purchases between \$2,500.01 and \$100,000 be purchased from small businesses only.
3. The Service Contract Act requires the incorporation of the appropriate wage determination for all service contracts in excess of \$2,500.
4. The Davis Bacon Act requires the incorporation of the appropriate wage determination for all construction contracts in excess of \$2,000.

EXAMPLES: Following are some examples of split requirements.

1. A unit requires \$3,000 worth of chairs. The cardholder purchases \$2,500 one day and \$500 the next.
2. A unit requires \$3,000 worth of chairs. The approving official has one cardholder purchase \$2,500 worth and another purchase \$500 worth.
3. A unit requires \$3,000 worth of chairs. The cardholder can purchase the same chairs for the same price from two different vendors, so they purchase some from one vendor and the rest from the other vendor (but see para. 2. below).
4. A unit needs three rooms painted that total 1,000 sq. ft. The same vendor will paint all three. This is one requirement and should not be split. However, this work constitutes construction and the threshold is \$2,000.

THESE ARE NOT SPLIT REQUIREMENTS:

1. A unit requires 20 chairs and a fax machine. The chairs can be purchased from ABC Co. for \$100.00 each. ABC Co. has fax machines, but not the one you need, but you can purchase what you need from FAX IT for \$2,000. You are not splitting your requirement if you purchase your chairs from ABC Co. and the fax machine from FAX IT.
2. A unit requires 20 chairs and 5 tables. These items are carried by ABC Co., Chairs/Tables Galore, and Sit Straight Co. *NOTE: UNICOR waiver is no longer required for purchases under \$2,500.00*

	<u>Company</u>	<u>Item</u>	<u>Unit Price</u>	<u>Total Cost</u>
(a)	ABC Co.	chairs	\$100.00	\$2,000
		tables	\$500.00	<u>\$2,500</u>
(b)	Chairs/Tables Galore	chairs	\$110.00	\$2,200
		tables	\$400.00	<u>\$2,000</u>
(c)	Sit Straight Co.	chairs	\$90.00	\$1,800
		tables	\$450.00	<u>\$2,250</u>

Based on these prices, even though you can purchase them from one vendor, you will save the Government money by purchasing the chairs from Sit Straight and the tables from Chairs/Tables Galore. This is not splitting.....this is smart buying!

3. A unit needs a month's worth of office supplies but has no place to store everything. They do have storage space for a two-week supply. They are not splitting the requirement by purchasing only what they can store. The trick here is to document the purchase.
4. The Battalion cardholder was told to purchase chairs for Head Quarter Company and Alpha Company. The total of the purchase was \$2,400. Two days later, Company B stated they also need chairs. The Battalion cardholder then purchases \$500 more in chairs. This is not a split purchase since the cardholder was unaware of the second requirement at the time he made the first purchase. Again, be sure to document the purchase.

These are only a few examples, there are many more. If in doubt, give us a call at 910-396-4362 and the appropriate extension (273, 274, 276, 277, 282, 283, and 284)