

Procurement by Small Purchasing

Small purchase Small purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the simplified acquisition threshold (\$50,000 for TDA). The CE uses such procedures in order to expedite the completion of its low-dollar small purchase transactions and minimize the associated administrative burden and cost. Consideration should be given to consolidating the acquisition of products or services when consolidation will result in more economical purchases. This is true even if consolidation increases the dollar amount over the small purchase threshold, and therefore requires a more complex procurement method. When appropriate, an analysis should be made to determine the most economical approach.

Competition: Purchases within the small-purchase threshold requires that price or rate quotations must be obtained from an adequate number of qualified sources prior to purchasing from one of them, typically three (3) quotes is considered adequate.

Purchases: Price comparisons are required and an evaluation is allowed. However, it is expected that the lowest bid is awarded unless prior relationship with the vendor has been documented as problematic or not meeting the standards of required services or goods.

Reasonable Price: To verify the reasonableness of a price, the organization could compare previous purchases, have personal knowledge of the item being purchased, and/or compare to similar items being purchased. A price/cost analysis should be done prior to obtaining quotes.

Records: The CE must document the date, vendors consulted, and quotes received (including for verbal quotes). Store advertisements may be considered as documentation. CEs must maintain documentation that details the history of the procurement process. Product specifications, bid prices quoted, and to whom the purchase was awarded should be maintained in the CE's records. Best practice: Maintain all small purchase documentation in one file.

Federal Regulatory Definition for a Small Purchase [2 CFR §200.320(b)]

Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

The small purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$50,000 (for TDA) except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.