

## SPLIT PURCHASE DETAILED EXAMPLES

### THE FOLLOWING EXAMPLES CIRCUMVENT THE SINGLE PURCHASE LIMIT:

**EXAMPLE 1 REQUIREMENT:** A new request to purchase ten 40" LCD televisions to replace damaged sets in the NGIS at NSA Landlocked.

Market Research revealed:

VENDOR	QUANTITY	COST	COMMENTS
BEST BUY	6	\$749.00	2 WEEKS TO REORDER
OFFICE DEPOT	5	\$769.00	
HH GREGG	20	\$789.00	5% DISCOUNT FOR 10 OR MORE PURCHASED SAME DAY
SEARS	0	\$849.00	SPECIAL ORDER ONLY 10% DISCOUNT

**Scenario A:** CH Smith purchases all 6 sets at Best Buy on Monday, places special order Monday with Sears for the remaining 4 sets to be picked up on Wednesday.

**Scenario B:** CH Smith purchases all 6 sets at Best Buy on Tuesday and CH Jones purchases 4 sets at Office Depot also on Tuesday.

**Scenario C:** CH Smith purchases all 6 sets at Best Buy on Tuesday; waits 2 weeks and purchases the remaining 4 sets at Best Buy.

**Scenario D:** CH Smith purchases 10 sets at HH Gregg. Vendor tries to process card and is declined for over limit. Vendor then processes the card for 5 sets which goes through, then processes the card for the remaining 5 sets, all on Monday.

**Scenario E:** CH Jones purchases 5 sets from Best Buy and an additional 5 sets from Office Depot on Monday.

**Review of purchases** - No matter which scenario is used, the requirement was for ten 40" LCD televisions valued at \$7,490.00 or more which is approximately \$2,500.00 above the CH's single purchase limit and the micro purchase threshold.

**EXAMPLE 2 REQUIREMENT:** A new requirement is to purchase office furniture for the CDC at NSA Landlocked. Furniture includes 8 chairs, 4 desks, 2 bookshelves and 4 desk lamps.

No market research is conducted.

**Scenario A:** CH Jones purchases 4 Office desks at Always Better Cheaper Furniture (ABC Furniture) for \$750.00 each. CH also purchases 2 bookshelves for \$300.00 each and 4 desk lamps for \$75.00 each at Solid Oak Particleboard Outlet (SOP Outlet); and purchases 8 chairs at Office Wheels for \$350.00 each.

## SPLIT PURCHASE DETAILED EXAMPLES

**Scenario B:** CH Smith purchases 8 chairs for \$250.00 each and the 4 Desks for \$750.00 at ABC Furniture. Also purchases the 2 bookshelves and 4 lamps at SOP Outlet for total of \$900.00.

**Scenario C:** CH Jones purchases 4 chairs \$250.00 each, 2 desks \$750.00 each, 1 bookshelf \$300.00 and 2 lamps \$75.00 each at ABC Furniture. CH Smith also purchases the same items at ABC Furniture the same day.

**Review of purchases** - Whichever scenario is used, the requirement for the office furnishing was valued at or above \$5,900.00. Scenario C is an obvious circumvention of the CH's Single Purchase Limit (SPL) by using 2 CHs.

**EXAMPLE 3 REQUIREMENT:** Requirement to replenish office supplies to include pens, pencils, staples, staplers, calendars; color and black ink jet cartridges; color and black copier toner cartridges, printer toner cartridges, and printer/copier paper.

No market research is conducted.

**Scenario A:** CH Jones purchases the inkjet and toner cartridges at [cartridges.com](http://cartridges.com) with a total price is \$3,499.23 plus a shipping charge of \$85.00. Additionally, CH Jones purchases the remaining items at the local office supply store Mega Paper Plus for a total price of \$1,665.00.

**Scenario B:** CH Jones purchases all paper from Mega Paper Plus for a total of \$1,995.00 and purchases all the other items at Office Supplies Unlimited for a total of \$3,234.00.

**Review of purchases** - Due to requirement cost of approximately \$5,200.00, CH Jones split the purchases to circumvent the SPL.

Market research could have possibly saved enough to bring the total cost to under the CH's SPL. CH should have also screened mandatory sources. GPO Paper Store is an excellent source for copier/printer paper that meets the requirement of Executive Order 13423 of January 24, 2007 for paper to be 30% post consumer content.

**EXAMPLE 4 REQUIREMENT:** A new requirement is to replace inoperative air conditioning units with energy efficient split units in 2 Navy Getaway cottages. New unit installation includes rewiring electrical connections.

Market Research reveals several local sources that sell and install this type of unit.

**Scenario A:** CH Jones uses the least expensive vendor to purchase and have the 2 units installed for \$4,199.00 each. Units are installed on different days and the vendor charges CH Jones for each unit separately.

**Review of purchase** - Due to the requirement for 2 units totaling \$8,398.00, the CH has split the purchase to circumvent the SPL. Further review revealed that the CH exceeded their single purchase limit for construction of \$2,000.00. Any requirement that includes electrical work is considered construction and is subject to the Davis-Bacon Act.