



ARIZONA DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT OFFICE

TECHNICAL BULLETIN No. 040

TITLE **Small Dollar Purchases**
REVISION **Number 3**
DATE **October 1, 2011**

I. Authority

A. Applicable Statute

A.R.S. § 41-2535 Procurements not exceeding a prescribed amount; small business; simplified construction program

A.R.S. § 41-2512 Delegation of Authority by the Director

B. Applicable Administrative Code

A.A.C. R2-7-D305 Purchases of \$5,000 and Less

A.A.C. R2-7-202 Delegation of Procurement Authority to State Governmental Units

A.A.C. R2-7-203 Agency Chief Procurement Officer

C. Applicable Technical Bulletins and Executive Order

SPO TB 001 Delegation of Procurement Authority

GAO TB 08-1 Statewide Purchasing Card (P-Card)

Constitution of Arizona, Article II, Section 36 Arizona Civil Rights Amendment (Proposition 107)

II. Definitions

Where set forth in normal font, the following definitions are directly from the Arizona Procurement Code (APC). Expanded or additional definitions are in *Italics* from sources noted.

- A. Agency Chief Procurement Officer. The person within a purchasing agency, as identified by the state governmental agency head, who is acting under specific, written authority from the state procurement administrator in accordance with R2-7-202 or any person delegated that authority, in writing, under R2-7-203.

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The term does not include any other procurement officer or person within a state governmental unit who does not have this written delegation of authority.

- B. Arizona State Contract. A contract established or authorized by the State Procurement Administrator for use by State Governmental Units and eligible procurement units.
- C. Governor's Executive Order. *An order issued by the Governor of Arizona to establish boards or commissions or to authorize the performance of other functions that are appropriate to the executive authority of the Governor.* (Source: AZ State Library, Archives and Public records, Law and Research Library Div.)
- D. Procurement Officer. Any person, duly authorized and acting within authorized limits, to enter into and administer contracts and make written determinations with respect to the contracts.
- E. Purchasing Card (P-Card). *A card provided through state contract to state employees, state organizations, or state departments for the purpose of conducting purchase or payment activities for a valid public purpose.* (Source: GAO Technical Bulletin No. 08-1)
- F. Small Business. A for-profit or not-for-profit organization, including its affiliates, with fewer than one hundred full-time employees or gross annual receipts of less than four million dollars for the last complete fiscal year.
- G. Small Dollar Purchase. *The purchase of a material or service that is under \$5,000 inclusive of tax and freight.* (Source: SPO Glossary)
- H. State contract. An indefinite quantity contract, for one or more similar materials or services that, is awarded to more than one bidder or offeror to satisfy the needs of more than one using agency.
- I. State Governmental Unit. Any department, commission, council, board, bureau, committee, institution, agency, government corporation, other establishment or official of the executive branch or corporation of this state.

III. Policy

It is the policy of the State of Arizona that State Governmental Units may, but are not required to obtain competitive quotes for small dollar purchases.

- A. The limit for small dollar purchases is \$5,000 inclusive of tax and freight in all cases.
- B. This policy does not modify or waive the State Governmental Unit's obligation to purchase from small businesses as required by A.R.S. § 41-2535.

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- C. State Governmental Units shall actively seek and buy from small businesses.
- D. This policy does not discriminate against or grant preferential treatment to any individual or group on the basis of race, sex, color, ethnicity or national origin in the operation of public origin modify or waiver.
- E. The decision not to obtain quotes may be made based upon the procurement officer's experience and knowledge of the market. State Governmental Units must seek competition if they have reason to believe that pricing quoted is not competitive with market rates and if the quality of the material or service does not meet the State Governmental Unit's requirements.
- F. State Governmental Units may use purchasing cards as a method of making payments for small dollar purchases in accordance with General Accounting Office (GAO) requirements.
- G. State Governmental Units should be vigilant in monitoring small dollar purchases and shall maintain adequate records to facilitate auditing and ensure compliance with the Arizona Procurement Code.

This Technical Bulletin is hereby authorized and effective
this 1st day of October, 2011, unless otherwise revised or repealed.



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State Procurement Administrator