

STATE CONTROLLER POLICY

SPLIT PURCHASES

- 1) Split Purchase – Defined.** A Split Purchase occurs when the employees of Agencies or Institutions of Higher Education (IHEs) order goods and/or services on two or more occasions within a 12-month period from the time the order is first placed and intentionally split the order in order to avoid using a State contract or purchase order. Intent to avoid is presumed if, at the time the first purchase is made, any of the following are present:
 - a. Statements or admissions, written or oral, of intent to avoid; or
 - b. Credible evidence that further purchases were contemplated by the parties, and that the split purchases would normally have been combined into one.

- 2) Split Purchase – Example.** When the order was placed, the employee knew that the Agency required two computers within the next month at \$3,500 each for a total of \$7,000. A purchase order would be required because the amount is over \$5,000. The employee may try to avoid issuing a purchase order by placing two orders. However, since at the time of the order, the employee knew that the total quantity was over \$5,000 and required a purchase order, any purchases using a split purchase without the issuance of a purchase order is a statutory violation requiring approval by the Office of the State Controller.

- 3) Statutory Violation.** A split purchase constitutes a statutory violation and is subject to the provisions of the State Controller's policy entitled "*Statutory Violations*".

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