

OSE Tip of the Day

Small Purchase

February 3, 2020

Last June the legislature passed, and the Governor signed, Bill S530. It then became known as Act 41 and has now been included into the Procurement Law, Title 11 Chapter 35. Small Purchases, found in § 11-35-1550, provides an Agency two categories to consider when purchasing construction services. The first is purchases of \$10,000 or less. The law allows an Agency to:

1. purchase services without obtaining competitive quotes,
2. distribute the purchases equitably among qualified suppliers,
3. make the purchase on a purchase requisition form,
4. verify the reasonableness of the price, and
5. note on the purchase requisition the “price is fair and reasonable”.

Since these purchases are below the statutory limit of basic authorization (\$50,000) there is no requirement for OSE involvement in the purchase. Also, Bid Bonds are not required, and Performance and Payment Bonds may not be required if the Agency has protected the interest of the State.

The second category is purchases between \$10,000 and \$100,000. The law allows an Agency two methods to obtain construction services within this range. Take special note, the methods do not have to occur in a particular order, and if one method doesn't work, the other may be tried. One method is to request written quotes from at least three qualified sources. The law requires the agency to receive a minimum of three bona fide, responsive and responsible, quotes (a “no bid” is not a bona fide quote). The other method is to advertise the project by providing adequate notice in the South Carolina Business Opportunities (SCBO) in the “Minor Construction” section. This method does not have a requirement for a minimum number of responses that must be received. Therefore, if one quote is received and it is responsive, responsible, and fair and reasonable, it can be awarded.

For the second category, Bid Bonds are not required for projects under \$100,000. Performance and Payment Bonds may be waived for projects under \$50,000 if the Agency has protected the interest of the State; but, they are required for projects over \$50,000.

One caveat to the category of \$10,000 to \$100,000, Agencies that do not have a certification above the basic authorization of \$50,000 will need to submit the construction package to the OSE project manager for review and approval. The OSE PM will also assist in the advertising and award of the project. Please see Chapter 8.3 of the Manual.