

## Purchasing Justification Checklist and Bid Summary Form

TO:	Procurement and Contracts Department (PCD)
FROM:	
DATE:	
SUBJECT:	

**A. GOODS AND/OR SERVICES TO BE PROCURED:**

**B. QUOTATIONS/PROPOSALS SOLICITED AND RECEIVED:**

Supplier	Original Price	Discount offered	Accepted/Rejected (and why)

**C. SUPPLIER/CONSULTANT SELECTED:**

	Supplier was the low bidder
	Supplier provided the best evaluated responsible offer (other than low bidder) – provide evaluation criteria*
	Supplier establishes or maintains an essential engineering, research, or development capability (single source)*
	An unusual and compelling urgency precludes full and open competition – provide rationale (single source)*
	Compatibility with other components of a system already in operation – identify existing items (single source)*
	Only supplier that meets pre-established performance characteristics – provide listing (single source)*
	Supplier specifically identified within award documentation – provide verification (single source)*
	Supplier/consultant is the only manufacturer/provider of this good or service (sole source)*
	Other*

\*Requires explanation; attach supporting documentation

Provide explanation here:

**D. PRICE/COST ANALYSIS BASED ON:**

	Adequate price competition		Comparable to price sold to Fed. Gov't*
	Catalog/Market pricing*		Historical pricing (provide previous PO#)
	Comparison to in-house estimate*		Comparison to similar items*
	Comparable customer's invoice*		Cost analysis*
	Award specifically identifies item/person and price*		
*Requires further explanation – summary of analysis; attach supporting documentation			
Provide explanation/summary here:			

**E. NEGOTIATIONS:** (Please document any negotiations)

Supplier Quotation	Target Price	Negotiated Price	Savings (Quotations less neg. price)
\$	\$	\$	\$
If target not met, explain difference:			

**F. APPROVAL:**

\_\_\_\_\_  
PRINT FULL NAME

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

## Instructions for Completing the Purchasing Checklist and Bid Summary Form

1. This form must be completed for all purchases, exceeding \$10,000, or as otherwise allowed per PCD policy located at- <http://www.american.edu/loader.cfm?csModule=security/getfile&pageid=3830738> (section V.E.1).

A. Federally Funded Grants – This form must be completed for all purchases greater than or equal to \$10,000

2. The completed form must be sent to PCD prior to submitting requisition in Ellucian Colleague.

3. Sectional Instructions:

**A. Goods and/or services to be procured:** Describe the product or service in enough detail so that a reviewer, who may know nothing about what you're procuring, can have an idea of what is being acquired (product name, model number, accessories, etc.; service type and enough specifics to define the Statement of Work). Explain how this purchase benefits AU. References to attachments are acceptable as long as these are attached to the form.

**B. Quotations/Proposals solicited and received:** List the three most competitive quotations/proposals solicited and received. When initially planning an acquisition, multiple suppliers are generally considered. They may not be disqualified until sometime during an investigative phase to identify whether there are multiple acceptable sources. Even when suppliers are eliminated because of capabilities, it should be documented that they were contacted and considered. If the total price has been discounted, show the discount terms so that the original or list price can be determined.

**C. Supplier/Consultant Selected:** The rationale for selecting a particular source must be explained. The checklist has several acceptable reasons for choosing a source:

- **Low Bidder** - If a competition was established, and at least two comparable and acceptable bids were received (provide documented verbal quotations if  $\leq$  \$10,000 for non-federally funded transactions; written quotations or proposals if  $\geq$  \$10,000), and the low bidder was selected.
- **Best Evaluated Responsible Offer** - Multiple suppliers provided bids/offers, but one was evaluated to be better than the rest, and it was not the low bidder. Evaluation criteria are generally established prior to putting the requirement out to bid. Provide copies of quotations along with a copy of the evaluation criteria.
- **Establish or Maintain a Capability** - a single source among several was chosen due to its specialized capabilities related to research, engineering or development that the university wishes to support. A statement must be made as to acceptable reason(s) the source was chosen.
- **Urgency** - the urgency must be unusual and compelling immediate contractual obligation. It is **not** an alternative to poor planning. An explanation must be provided.
- **Compatibility** - replacement or additional components of an existing system, or additional systems matching existing systems. A statement must be made as to the identification of the existing system(s) and its location(s).
- **Pre-established Performance Characteristics** - Competitive suppliers are competing based upon documented specifications or Statements of Work and the supplier was chosen, not based on price, but on best compliance with the performance characteristics and essential engineering and unusual and compelling urgency. Documentation supporting the choice must be provided.
- **Award Identification** - Supplier/Provider or product was specifically identified and budgeted for within the customer award. Provide a copy of the award page identifying the Supplier/Provider or product, and a page showing the customer's accepted budget for the same.
- **Sole Source** - means that the supplier or provider is the only source that can provide that product of service. A statement must be made as to why the supplier/provider is the only source that can

deliver (unique product/service, supplier holds unlicensed patent, etc.), and what efforts were made to seek out other sources (identify what other companies were contacted).

**D. Price/Cost Analysis:** Every transaction using this form must have a price reasonableness determination performed and documented.

- **Adequate Price Competition** – At least two of three or more bids are adequate and acceptable, and the pricing is within a competitive range (2% to 10% or more depending upon the commodity or service). This can be used to determine price reasonableness for low bid and best evaluated responsible offer source selections. Copies of the supplier’s **written** quotes or proposals are required whenever the order is  $\geq$ \$10,000. Up to \$10,000, oral quotes or proposals may be accepted, but must be documented in notes or memos (contact name, phone number, and details of the quote or proposal) and provided with the checklist package.
  - **Federally Funded Grants – Same requirements as above**
- **Catalog/Market Pricing** – must be a current catalog or website accessible by the general public. Documentation should consist of a copy of the catalog or website page that contains the product and price, and a copy of the front page of the catalog or web site identifying the supplier.
- **Historical Pricing** – can be used if purchase was made within the last twelve months, and the previous buy is referenced by PO# or Procurement Card transaction date. However, the previous buy **must** have had an adequate and acceptable “determination of price reasonableness” analysis performed.
- **Comparison to In-house Estimate** – If an in-house expert (engineer, researcher, developer, etc.) has created a breakdown of estimated cost **prior** to the issuance of a request for pricing, it can be used to compare the proposed supplier price for reasonableness, as long as any major differences can be explained.
- **Comparison to Similar Items** – Similar items or services can be compared to the requirement in order to determine price reasonableness. Item differences must be recorded to explain pricing variances.
- **Comparable Customer’s Invoice (educational institution)** – If the supplier/provider is willing to provide a recent invoice for the same or similar items/services sold to another educational or research institution, it can be used to make a comparison.
- **Cost Analysis** – a cost analysis breaks down the elements that make up a price. Those elements can be direct costs (direct labor, subcontracts, materials, facilities capital, cost of money, etc.), indirect costs (indirect labor rates, overhead pools, general & administrative costs, etc.), profit, etc.
- **Identification in a Customer’s Award** – Under federally funded grant or cooperative agreement awards, if the award references a proposal that a) specifically identified the manufacturer, model and the price (only if a supplier quotation accompanied the proposal), or b) identified a specific person with an hourly rate for fixed price for that person, then the contracting officer has accepted that price as being deemed reasonable by the proposer and nothing else needs be done as long as the final price does not exceed the budgeted line item.

Documentation (copy of the award pages related to the acquisition and any supporting documents, i.e., copies of quotations, in-house estimates, other customer invoices, GSA pricing, etc.) supporting either of the above situations must be provided to PCD.

**E. Negotiations:** The documentation of negotiations is not mandatory but recommended when using federal funds. Auditors often look for and favor packages where the university has made an additional effort to negotiate better deals.

**F. Approval:** This form must be signed for approval by the Department’s Budget Manager (or other authorized approver of such expenditure)