POLICY BACKGROUND

In order to ensure appropriate stewardship of HSU Sponsored Programs Foundation resources, a determination has to be made to show that prices paid for goods or services are fair and reasonable. The level of analysis required will largely depend on the dollar size of the order and should take into consideration not only price but the quality, delivery and other factors.

POLICY

The Principal Investigator is responsible for ensuring that purchased goods and services are allowable by the grant or contract and purchased at a reasonable price. This is true at any dollar level, but more formal analysis is required to be documented at the higher dollar levels per the following matrix:

1. $0 - $5000 – requires no formal justification/quotes/analysis but the PI should use good judgment in selecting the appropriate vendor.

2. $5000.01 - $50,000 – requires some form of justification memo which could include comparative analysis or informal quotes received over the phone or internet comparisons.

3. $50,000.01 and above – Unless a sole source justification is completed and approved then purchases of goods and services at this dollar level require that the PI obtain multiple written bids. The preferred method is to use an open bidding process where a request for proposal is advertised and bids are compared. Alternatively the PI can request quotes from at least three known vendors who have the capability to perform the request do a written analysis on the three bids and why the winning bid was selected.

When requesting formal quotations from potential suppliers, the requestor should ask for terms and conditions that are favorable to the HSU Sponsored Programs Foundation (HSU-SPF), rather than accept what is in the best interest of the supplier. Whenever possible, the request for quotation should be submitted in writing to potential suppliers to avoid any miscommunication or misinterpretation of expectations and/or specific requirements. Supplier responses must also be submitted in writing with quoted prices, terms and conditions clearly documented in the response. All formal quotations should detail the requirements both parties, the HSU-SPF and the supplier, have agreed upon.

If the PI is electing to purchase from one specific vendor without quotations required by the above matrix, then a sole-source justification memo (below) should be prepared stating why this purchase is not being quoted and why the price being paid to the sole-source vendor is reasonable (i.e. use similar service pricing or what in house cost would be to perform same service as comparisons).
Sole Source Justification for Vendors, Consultants and Subcontractors

A justification is required for sole source purchases of goods and materials (excluding tax and shipping) and for services totaling over $5,000 from a single vendor, consultant or subcontractor.

The HSU Sponsored Programs Foundation is committed to a program of active competition in the purchase of supplies, equipment and services and requires that all purchases using Foundation funds be open and competitive. A sole source service request cannot be considered unless it clearly demonstrates that no other vendor(s) can provide comparable services that meet the functional needs of the Foundation project.

Pricing cannot be a reason for rejection; only lack of the required abilities can justify rejection. If another vendor can provide the same service, regardless of cost, the request cannot be considered a sole source. Foundation has the authority to request three competitive bids if this sole source justification is not acceptable.

Attach additional sheets if necessary

1) Briefly describe why the requested vendor is needed:

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____________________________________________________________________________________________

2) Why is the requested vendor the only vendor able to complete the requested work? What are the unique performance abilities of this vendor?

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3) Why are the unique performance abilities listed above required, not merely preferred?

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4) List all other vendors that provide like services, and the reason they were rejected. Note: Rejection can only be based on the inability to meet one or more of the required performance abilities listed in question 2.

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P.I. or Authorized Signer Date SPF Approval Date