



Check if new vendor or new location.



Fund

UOM



Yes No

Yes No

Yes No

Yes No



Competition

Market Survey Performed

Source is from an SMU Buying Consortium

Historical Pricing

Source is an SMU Preferred Provider - see SMU Purchasing List



For a COMPETITIVE SELECTION, check one and attach with the purchase request being forwarded to Procurement showing justification of price or cost.

For a SINGLE OR SOLE SOURCE SELECTION, complete A &



B. If this is special purpose equipment with a value of \$5,000 or more, did you obtain prior approval from the sponsor? (A lower threshold may be imposed by the Sponsor's agreement.)

PI SIGNATURE:

DATE:

# DEFINITIONS for Price Justification Terms

## Buying Consortiums

SMU participates with multiple buying consortiums that are listed on the Purchasing website, <http://.smu.edu/purchasing/>. Look for Supplier Listing and select Buying Consortium for a complete listing. You will find a wide range of supplies and services available. Any firm selected from one of the five buying consortiums will need no further competition. Contact Terry Conner at x84909 for passwords.

## Competition (Attach Copies to Purchase Requisition)

Three or more responsible offerors (suppliers & vendors), competing independently, submit priced offers that are responsive and satisfy our stated requirement(s). We can include consideration for best value procurements where price is a substantial factor. Competition is considered the best way to insure prices are good.

Another Definition: An environment of varying dimensions relating to buy-sell relationships in which the buyer induces, stimulates, or relies on conditions in the marketplace that cause independent sellers to contend confidently for the award of a contract.

## Fairness & Reasonableness of Price

A price that is fair to both the buyer & seller, considering the agreed-upon conditions, promised quality, and timeliness of contract performance. Although generally a fair and reasonable price is a function of the law of supply and demand, there are statutory, regulatory and judgmental limits in the concept. Competition is the best way to make sure that the resulting contract price is not rigged in favor of either buyer or seller, and in fact, results from the impartial working of the marketplace.

## General Purpose Equipment

Equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. (OMB A-21, J.18.b(4))

## Historical Pricing

Price history, usually the last price paid when we bought an item or service, is used to evaluate a current offer/price. You make the assumption that previous buys were analyzed and justified adequately so you may compare the current price proposed with the price previously accepted. If this is not the case then you need to analyze the basis of the previous pricing, perhaps there was a need to expedite the item or we had to buy in less than normal production quantities. In many cases we use a price index to analyze or track changes in prices received from the initial commercial purchasers of products.

## Market Survey

This includes formal market surveys like request for quotes to informal market surveys that consist of reviewing pricing in a published catalog, reading a business publication like the Wall Street Journal which covers general market data, knowledge of trade & user associations that publish useful market indexes or journals, informal telephone quotes, or current knowledge gained from recent purchases of similar items or services that were open to the "market".

## SMU Preferred Provider