This document is to be completed by the requesting Department for all federally funded purchases **≥$10,000** & non-federally funded purchases **≥$100,000** (excluding tax), to substantiate the appropriateness of source selection and price reasonableness. Locations are strongly encouraged to seek competition even in cases where the goods and/or services are exempt from the requirement to competitively bid.

Requisition #:       Dollar Amount:

Desired Supplier:       Campus Department:

1. [**source selecTion**](#Justify_source_selection) **- REQUIRED** – Check the applicable box from one of the funding sections below. If an existing agreement is being leveraged and you have a copy, attach it to the requisition.

**\*Note, only check the applicable boxes directly below your funding source\***

**Federal Funds Non-Federal Funds**

[ ]  New or Existing Formal Competitive Bid# if known       [ ]  New or Existing Formal Competitive Bid# if known

[ ]  Informal Bid if ≤$100K (Complete III & VII) [ ]  Sole Source (Complete II, IV & VII)

[ ]  Sole Source (Complete II, IV, & VII) [ ]  Professional/Personal Services (Complete II, V, & VII)

[ ]  Registered Small Business (Only <$100K; Complete II & VII) [ ]  Unusual & Compelling Urgency (Complete II, VI & VII)

1. [**price reasonableness**](#Justify_price_reasonableness) **– required** \*if\* Sole Source, Small Business, Professional/Personal Services, or Unusual & Compelling Urgency is checked in Section I.

As required by the CA Public Contract Code and FAR provision Subpart 15.4, **how did you determine this is a fair and reasonable price**? (Whenever possible, base price reasonableness on comparable/similar quotes (FAR 13.106-3).

Can you compare the price to historical prices paid for the same or similar items? Did you perform market research or verify the pricing on a published price list/catalog?)

For FEDERAL grants with non-competitive sole source orders **≥** $150,000, 2 CFR § 200.323 requires that we negotiate profit as a separate element of the price. Please describe above how the vendor’s profit was negotiated.

FEDERAL DFAR contracts **≥** $750,000, require that Suppliers submit certified cost or pricing data. Truth in Negotiations Act (TINA) (10 U.S.C. 2306a and 41 U.S.C. chapter 35. Provide the Supplier’s information meeting this requirement here:

1. **INFORMAL BID** (complete **ONLY if Informal Bid** is checked in Section I above)

Informal Bid is the examination of a supplier’s price by comparison with reasonable price benchmarks. To comply with 2 CFR § 200.320(b), price or rate quotations must be obtained from three (3) qualified sources. **Skip Sections IV-VI,** if you are selecting the lowest priced supplier. If selecting a higher priced supplier, please state your justification in Section II.

**Please obtain THREE (3) COMPETITIVE qUOTES. Attach copies of the comparisons and complete the following:**

Supplier A:       Price:

Supplier B:       Price:

Supplier C:       Price:

**Comparison Discounts**

Has the supplier applied any educational, state, or other discounts? Yes [ ]  No [ ]

If yes, what is the total dollar savings or percentage of savings?

1. [**SOLE sOURCE**](#Justify_sole_source) **– (**Complete the below boxes **ONLY** if Sole Source is checked above)

**When there is only one supplier that can meet your product/service requirements**, 2 CFR § 200.320(f) allows for procurement by noncompetitive proposals using the below criteria.

**\*Note, only check the applicable boxes directly below your funding source\***

**Federal Funds Non-Federal Funds**

[ ]  One of a kind [ ]  One of a kind

[ ]  Emergency [ ]  Unique

[ ]  Awarding Agency Approval [ ]  Match existing list UC PO#

[ ]  No Competition (Grant Funds Only)

**Detail the unique circumstances and/or specifications** that make this the **only supplier** capable of meeting your requirement and [why other suppliers were not selected](#Not_a_sole_source); i.e. specifications that didn’t meet performance requirements. Pre-work with the selected supplier to customize the equipment, thereby excluding competition, is not an allowable justification. Price, brand names, and/or geographical preferences cannot be part of this justification.

1. [**PROFESSIONAL OR PERSONAL SERVICES**](#Non_Federal_Funds_Competitive_Bid_Exempt)**-** Define the unique qualifications that the selected supplier will provide. Complete this Section for non-federal orders **ONLY** if Professional or Personal Services is checked above.
2. [**UNUSUAL AND COMPELLING URGENCY**](#Non_Federal_Funds_Competitive_Bid_Exempt) **–** (NON-Federal funds **only**)Failure to act immediately on this purchase might result in: significant bodily harm, significant property loss or damage, violations of law or University policies, or cause significant liability to the University or to members of the University community. Please describe how you determined that this is an Unusual and Compelling Urgency if checked above.
3. [**CONFLICT OF INTEREST STATEMENT**](#Conflict_of_interest) – **REQUIRED**. To the best of my knowledge, no UC employee or near relative of a UC employee is the supplier or holds more than a 10% ownership or controlling interest in the supplier OR the UC employee is exempt because he/she has teaching or research responsibilities and the goods or service is not commercial. I am the individual who has gathered and provided this detailed information and any further questions regarding these details can be directed to my attention.

I certify that this purchase will not present a conflict of interest as defined by university policy and that I have received no income, gifts or gratuities from or have an investment in this supplier. **Agree** [ ]

If you do not agree with the above statement, please provide an explanation:

By initialing below, I hereby certify the foregoing is true and correct to the best of my knowledge.

**Department End User Initials:** **Department End User Name:**

**Email and Phone number:** **Date:**

**DEFINITIONS & RESOURCES:**

**How do I justify a source selection if the product or service that hasn’t been competitively bid and what is allowable for different funding sources?**

**Non-Federal Funds Competitive Bidding Exemptions**

1. **Sole Source**: The product or proprietary service is
* **Distinctly unique/proprietary** and is the only one which will properly meet the needs of the University.
* **Designed to match existing** equipment/the service is required for business continuity (to be thoroughly explained in Question 3).
* **Sole Source** and only available only from one Supplier.
1. **Unusual and Compelling Urgency**: Failure to act immediately on this purchase might result in: significant bodily harm, significant property loss or damage, violations of law or University policies, or cause significant liability to the University or to members of the University community that precludes conventional planning and processing. **Please Note: A lack of planning on the part of the department does not constitute a valid unusual and compelling urgency.**
2. **Professional Services:** Highly specialized functions, typically of a technical nature, performed by a supplier that, with respect to the services to be rendered, most commonly a) has a professional license; b) is licensed by a regulatory body; and/or c) is able to obtain professional errors and omissions insurance. Professional services are of a nature that the University would consider the supplier’s experience, qualifications and skills to be more important than comparative cost when selecting a supplier. Examples of professional services include medicine and related medical services, and legal, accounting, architectural, and engineering services.
3. **Personal Services:** Technical or unique functions performed by a supplier that is distinctly qualified to render the services. Personal services are of a nature that the University would consider the supplier’s experience, qualifications and skills to be more important than comparative cost when selecting a supplier. Examples of personal services include specialized translation services, specialized technical editing, technical appraisals, transaction valuation, specialized coaching, interior decorating, and contracts with musicians, artists and others in the performing arts.

**Federal Funds Competitive Bidding Exemptions:**

1. **Sole Source**
* Necessity of propriety item which must be compatible with existing equipment or systems and which is available only from the original manufacturer.
* Necessity of possessing specific features essential for the completion of the task or project at hand, and which are available from only one source in the world.
* Change of brands or manufacturers would compromise the continuity and integrity of the project.
1. **Emergency**
* Only allowable in rare circumstances.
* Not to be used in lieu of time management.
1. **Awarding Agency Approval**
* You must obtain an email or other written communication directly from your awarding agency specifically allowing UC not to source the equipment/services. Simply including a line item in your budget for the exact model/vendor of the equipment does not satisfy this option.
1. **(For grant funds only) No Competition**:
* After solicitation of a number of sources, competition is determined inadequate. This could be no responses from vendors, or vendors replying they cannot meet our specs, etc. The efforts to solicit will need to be included in the sole source justification, and possibly attached to the requisition as backup.

The following **will not validate** a Sole Source transaction:

* Preferred pricing and budgetary constraints.
* Brand name or departmental preference for a specific supplier, product or service.
* Geographical preferences.
* Department/PI working with a specific supplier to create custom/specialized equipment, thereby bypassing a competitive market.
* Historical precedence or a claim of best price. Only current competitive bidding in the open market substantiates best possible pricing.

**How do I justify price reasonableness?** "Just make sure you can back up what they write with listings, price histories, or other data. Back up is the key. An auditor should not have to question anything."

The following are examples of how to substantiate Price Reasonableness, together with a discount (discount alone is not justifiable), in order of preference:

1. Price competition - comparison of quotes
2. UCOP, State, or GSA contract pricing or comparison with prices under these existing contracts
3. Prior price history with the same vendor, same items (include the PO number and $ amount paid)
4. Comparison with current, or recent prices for a similar item(s) with another vendor
5. Market research, and/or catalog or established price list (sales to the general public - screen shot ok)

**Conflict of Interest**

pursuant to the California Public Contract Code (Sections 10516-10517), a UC employee is unable to enter into a vendor relationship with the UC, unless that employee has teaching or research responsibilities. A former UC employee cannot sell goods or services to the UC if s/he engaged in any part of the decision-making process while a UC employee for a period of 24 months after having left the UC. A former UC employee cannot enter into a contract with any UC department if s/he was employed in that department in a policymaking position in the same general subject area within the 12-month period prior to his or her retirement, up to a period of 12 months after such retirement.

As specified in 2 CFR §§ 200.112 and 200.318(c)(1), the University is obligated to disclose any potential conflict of interest involving its employees, officers, or agents, any member of his/her immediate family or his/her partner.

UC Policy BUS-43 states that it is University policy to separate an employee’s University and private interests, and to avoid the appearance of favoritism in awarding contracts. The University cannot enter into a contract to acquire goods or services if an Employee-Vendor relationship (including near relatives as suppliers) exists, unless the goods or services are not available commercially, as determined by your campus Procurement department.

The Political Reform Act stipulates UC employees are not able to participate in the making of a decision if they have a financial interest in the outcome of the decision. By definition, an employee has a financial interest in the contracts of his/her spouse or registered domestic partner. Other factors requiring an employee to disqualify him/herself from participating in a decision-making process include investments, gifts, loans, or other financial ties to suppliers.