

CONTRACTING AND PURCHASING SERVICES POLICY MANUAL

 NORTHERN ARIZONA UNIVERSITY	POLICY PUR 301-07
	Section: Orders and Requisitions
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	Responsible office: Purchasing
	Origination date: 07/01/1996
Subject: Cost Analysis	Effective date: 07/01/1996
Source: University policy ABOR 3-803	Revision date:

PURPOSE

To determine if cost is reasonable

POLICY

PUR 301-07-01: Responsibility

Contracting and Purchasing Services is responsible for determining prices paid for goods and services are reasonable for all orders processed as a competitive solicitation or as a requisition document. Buyers will review each procurement to ensure the prices paid are reasonable.

Departments will make every effort to secure the lowest cost on departmental purchases.

PUR 301-07-02: Determining Reasonable Price Procurements of Less than \$25,000

For procurements of less than \$25,000, the buyer will use professional judgment as to whether or not the prices to be paid are reasonable. The buyer's signature on the purchase document is the only evidence required that this determination has been made.

Procurements of at Least \$25,000 but Less than \$50,000

For procurements of at least \$25,000 but less than \$50,000, the buyer will compare quoted prices. In the event of a sole source or single bid received, the buyer will justify why the price is reasonable. The buyer's signature on the purchase document is the only evidence required that this determination has been made.

Procurements of \$50,000 or More

For procurements of \$50,000 or more, the buyer will compare quoted prices. In the event of a sole source, the buyer will may compare the price lists of similar suppliers, or compare the quoted price to the previously determined target price. If the buyer does not consider the quoted price reasonable, he or she will request detailed cost and pricing data from the proposed vendor. The buyer's signature on a bid waiver form is evidence this determination has been made.

Single Bid Received in Procurements of \$50,000 or More

For formal solicitations where only a single bid is received, the buyer may review:

1. current market prices
2. General Services Administration ([GSA](#)) price schedules
3. prices previously paid
4. price lists of manufacturers of similar equipment

and

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5. a previously established target price, if applicable.

If the buyer does not consider the quoted price reasonable, he or she will request detailed cost and pricing data from the proposed vendor.

PUR 301-07-03: File Documentation

The contract file for procurements costing more than \$50,000 must include a statement that the buyer has reviewed the quoted prices and considers the price reasonable.

CROSS REFERENCE

[PUR 205-00](#) Prohibited Purchases
[PUR 301-09](#) Requisition Documents
[PUR 302-01](#) Departmental Purchase Orders
[PUR 302-02](#) Purchasing Card Transactions
PUR 303-00 Competitive Bidding (Complete Section)
[PUR 304-01](#) Sole Source