

SECTION: 7

ACQUISITION PROCEDURES

SUBJECT:

PURCHASE DOCUMENTATION

Procedure #7.4.1

POLICY:The Buyer is responsible for accurately documenting and dating all purchasing actions. Actions include all steps taken to procure the goods and/or services (including vendor selection, competition, and bidding), and any steps taking to verify price reasonableness.

Buyers should be prepared to review any purchase if called upon by Internal, State, or Federal auditors; through public disclosure requests; or as part of legal proceedings.

PROCEDURE

1. Purchase Documentation

For orders placed within eProcurement (Ariba), the system will automatically document any and all steps taken within Ariba. There is no need to complete a separate form if all appropriate steps occur within Ariba. If the purchase is completed within Ariba, but certain steps are completed outside of Ariba, these steps should be accurately documented and attached to the order within Ariba.

For purchases completed outside of Ariba, the Buyers Purchase Documentation form ("Doc Sheet") must be completed for all purchases over the direct purchase limit. All sections of the form must be completed. If additional explanation regarding an aspect of the purchase is necessary, attach a separate sheet with the additional explanation.

When competition has been sought and only one offer is received, the Buyer should check the "only single offer received after competitive solicitation" on the Doc Sheet (if applicable). These purchases are considered "non-competitive" and appropriate price/cost analysis is required for the purchase.

a. Debarment

Orders using federal contract funds and exceeding \$30,000, or using federal grant funds and exceeding \$25,000 require the Buyer to ensure that the proposed contractor is not federally debarred. For federal grants, This is accomplished by the following actions : (1) inclusion of clause 14 of the UW Standard Terms and Conditions (federal grants only); or (2) checking the System for Award Management (SAM) and obtaining a printout showing that the contractor is not debarred; or (3) by contractor signature on the debarment form, certifying that the contractor is not debarred. For federal contracts, this is accomplished by contractor signature on the debarment form, certifying that the contractor is not debarred.

b. Changes in Purchase Amount/Contract Term

If an increase in the purchase dollar amount occurs, or a contract is extended for an additional period, the Buyer must appropriately document the change and the new total amount of the order. If the amendment increases the amount of the order above the Buyer's signature authority, forward the file to a Supervisor for review and signature.

c. Order Documentation

Order information such as selected vendor's name, address (including zip code), delivery terms (shipment method, F.O.B., etc), and payment terms must be included when documenting a purchase.

d. Record Chronology

All files should be documented in chronological order. If the purchase is not completed in Ariba (where files will automatically be stored in chronological order), file all documentation in the following order:¹

1. Requisition (as received from department)
2. Attachments submitted with requisition (if applicable)
3. Copy of the RFX/Bid Document as it went to the bidders **or** Sole Source Justification
4. List of contractors to whom the RFX/Bid Document was sent
5. Memo from department prompting change/addendum (if applicable)

¹ #4-9 are not required for non-competitive procurements.

6. Copy of addendum as issued (if applicable)
7. Bids Received (note which, if any, are non-responsive)
8. Recap of the bids received
9. Evaluation documentation
10. Cost or price analysis (if applicable)
11. Doc Sheet (if applicable)
12. Purchase order
13. Departmental request(s) for change order(s) (if applicable)
14. New Doc Sheet (if applicable)
15. Change Order **or** Cancellation
16. New purchase order **or** Cancellation notice to contractor

2. Price Reasonableness Analysis and Documentation

The Buyer should ensure that the price paid for all goods and services is fair and reasonable. The steps taken to ensure price reasonableness will vary depending on the dollar amount of the purchase and whether the purchase was competitively awarded or negotiated.

a. Price Reasonableness Determination and Documentation

For competitively awarded purchases, no separate price justification is necessary. For purchases awarded without competition, but which are under \$10,000, knowledge that the price paid is reasonable in relation to the current market prices is sufficient. For non-competitive purchases under \$25,000/unit and \$250,000 total, the price warranty checklist is a sufficient measure to ensure price reasonableness. For commercial items over \$25,000/unit and \$250,000 total, conduct a price analysis. For non-commercial items over \$25,000/unit and \$250,000 total, conduct a cost analysis. For non-commercial items over \$700,000, conduct a cost analysis, obtain a certificate of current cost and/or pricing data and obtain a negotiation memorandum.

b. Market Research

Market research broadly refers to the steps taken to establish a “market price” for goods and/or services, against which a price comparison can occur. Market research can take a variety of different forms, some of which include:

1. Publicly available pricing for the same or equivalent products/services
2. Historical pricing data
3. Prices charged to other institutions similar to UW

Document what forms of market research were used, the results, and how the results of market research established that the price paid was reasonable.

c. Price Negotiation Memorandum

A Price Negotiation Memorandum (PNM) is only required for purchases over \$700,000 for non-commercial items purchased without competition. It is a document that describes the basis for supplier costs and the price paid to the supplier and any negotiations regarding these costs and price.

See Policy 7.1.4 for more information regarding Cost Analysis, the Truth in Negotiations Act, and completing a Price Negotiation Memorandum.

See policy 7.3.3 for more information and detail regarding price justification.