

ISU Purchasing Department [PURCH]

From: ISU Purchasing Department [PURCH]
Sent: Thursday, November 04, 2010 4:16 PM
Cc: Russell, Shari J [PURCH]; Campbell, Tisha [PURCH]; Thomas, Lisa A [PURCH]; Harms, Cory L [PURCH]; Lackore, Lesley A [PURCH]
Subject: Purchasing Card and Federal Price Reasonableness

To: Purchasing card department coordinators

Iowa State University is required to provide documentation of price reasonableness for any federally funded acquisition that equals or exceeds \$2,500. Effective immediately, for those cardholders who have a business need for higher limits, the allowable per transaction limit on p-card can be increased to \$4,900 and the monthly limit can be raised to \$15,000. Departments will need to request increased limits for cardholders that require these higher limits. As part of delegated responsibility, departments will be required to complete price reasonableness information on the p-card system for all transactions of \$2,500 or more, whenever federal funding is involved in whole or in part. As a proactive measure, documentation may also be completed for federally funded transactions less than \$2,500. The screenshot below displays the new fields. These fields will open on the reallocation screen when a federal fund is entered.

The screenshot shows a form titled "Federal Justification Information - Open to complete fields for federal funded transactions only". Below the title is a section for "Cost / Price Analysis" with instructions to select one or more statements to document that the price paid was fair and reasonable. There are six radio button options, each with a blue highlight. The first five options are: 1) The price incorporates discounts not available to the general public and reflects substantial savings (e.g., university-wide contract prices, negotiated pricing, vendor agreements or Regents/other contract pricing). 2) The quoted prices compare favorably to previous prices paid for the same or similar items on a Purchase Order or Contract Order. 3) The quoted prices compare favorably to Iowa State University in-house pricing (e.g., Information Technology Services, Central Stores, Chem Stores, etc.) for similar items. 4) The vendor has stated that the quoted prices are no greater than those charged to the vendor's most favored customer. 5) The price was obtained from a current printed price list that reflects a discounted price and is lower than manufacturer's list price. The sixth option is "Other". Below these options is a text box labeled "Detailed Explanation for the Justification Identified Above:" with a scroll bar. There are handwritten "JESI" marks in blue ink next to the first, second, and fifth options.

To document price reasonableness, departments should show other sources and pricing that they reviewed prior to placing the order. This documentation must be maintained in the p-card file for the transaction.

Purchasing will offer informational sessions about federal price reasonableness and demonstrate how to complete the price reasonableness portion of the screen, what kind of documentation is acceptable, record retention practices and walk through the options for increasing limits for cardholders in your department.

Sign up for informational sessions will be available on the HRS training system at under the employee tab in AccessPlus and are scheduled the following times:

PURCH – P-card limits & federal price reasonableness sessions

Thursday, November 11	1:30-2:30 pm	1102 Molecular Biology Bldg
Friday, November 12	9:30-10:30 am	114 Marston Hall
Monday, November 15	1:30-2:30 pm	2507 Vet Med
Tuesday, November 16	9:30-10:30 am	1204 Kildee Hall (Ensminger Conference Center)

Wednesday, November 17	10:30-11:30 am	1155 Administrative Services Bldg
Thursday, November 18	3:00-4:00 pm	302 Catt Hall

This message has been sent to the purchasing card coordinator for each department. Please distribute to those in your department who may be involved in the reallocation of p-card transactions, especially those using federal funds.