

## SOURCE JUSTIFICATIONS A How to Guide

The purpose of this Quick Reference Guide is to help Principal Investigators, Fund Managers, and Department/Campus Buyers know why, when and how to prepare a Source Justification that meets University requirements.

1. Why do I need to do a Source Justification?<sup>i</sup>
  - a. As a public institution, the University must document that it spends taxpayer dollars wisely via proof of price reasonableness and market research performed. There is an underlying assumption that more than one product exists to do the job and the University should acquire the least expensive of the alternatives which meet all requirements.
  - b. The Source Justification documents that there is no alternative to the unique item or service specified on the Requisition.
    - i. Per Bus-43, Page 8, Reasonable Price is “a price that does not exceed that which would be incurred by a prudent person in the conduct of a competitive business. Reasonable price can be established by market test, price or cost analysis, or the experience and judgment of the Materiel Manager. Such judgment considers total value to the University.”
    - ii. Per Bus-43, Page 9, a Sole Source is “the only supplier capable of meeting University requirements within the time available, including emergency and other situations which preclude conventional planning and processing”.
    - iii. Per Bus-43, Page 10, Unique Products and Services are “a product or service the characteristics and functions of which are such that only a single product or service will properly satisfy the University’s needs and all other products or services will be unacceptable for such needs.”
2. When do I need to do a Source Justification?<sup>ii</sup>
  - a. When an item or service costs \$5,000 or more, Federal Funds are being used and no other product or service is available meeting the requirements.
  - b. When an item or service costs \$10,000 or more and no other product or service is available meeting the requirements.
  - c. When an item or service costs \$100,000 or more, the requirement **MUST** be competitively bid by an officially authorized University buyer via a Request for Quote (RFQ) using the Lowest Responsible Quoter or via a Request for Proposal (RFP) using a Cost per Quality Point Analysis. **Contact your Campus Buyer** as soon as you begin the acquisition process, i.e. as soon as you begin seeking information. Your Campus Buyer can help you to avoid the pitfalls that cause delays in the acquisition process.
  - d. **The more expensive the item or service the higher the risk and the more extensive the required documentation.**

3. How to Prepare a Source Justification
  - a. Select a category most applicable to your requirements:
  - b. Select a description most applicable to your requirements:
  - c. Define your minimum unique use requirements.
    - i. See Bus-43 quote above defining “Unique Products and Services”
  - d. How are the minimum unique use requirements described above critical to your needs? As much information as possible in all areas of the source justification is required to be provided.
  - e. A minimum of three (3) total suppliers must be researched per Bus-43 (See Section III-General Requirements, D-Quotation Solicitation, 3-Solicitation). As much detail as possible should be included. This answer should be heavily based off questions A and B on the justification form.
    - i. Attach supporting documentation such as:
      1. Screen shots of web searches that state the search term cannot be found (the terms must be relevant) if three suppliers are not possible.
      2. Messages from suppliers in which they state they will not bid or do not have an equivalent product.
      3. Do not attach supplier source justifications or have suppliers write source justifications. They are written to exclude real competition and are usually evidence that competing products do exist.
  - f. How is the supplier chosen (out of the minimum of 3) the only supplier acceptable?
  - g. The Principal Investigator or, in the case of Administrative Units, the Unit Administrative Officer, should Sign and date the source justification.

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<sup>i</sup> Policy Underlying the Requirement to Justify Source Selection:  
Business and Finance Bulletin 43  
Federal Acquisition Regulations (FAR), Subpart 52.2, Subpart 3.5, and Subpart 6.3  
Public Contract Code, Section 10507

<sup>ii</sup> University policy, as stated in BUS 43, Part 3, Section III.D.1. Competition – “Competition must be sought, as herein prescribed, for any transaction expected to involve an expenditure of \$100,000 or more for goods or services, other than personal or professional services, unless it is determined that a brand or trade name article, thing or product, or proprietary service is unique, available only from a sole source, or is designated to match others used in or furnished to a particular installation, facility, or location. Requirements shall not be artificially divided into separate transactions to avoid competition.”