A new year and a new month is a good time to review forms and processes. Over the rest of the summer, Purchasing will be determining what still works, what needs to be changed, and what to throw away.

The first form to be reviewed is the Prior Authorization form. The form has been revised and the new version is attached. Rather than address just the changes, I want to talk about the reason behind the form and why the information requested is necessary.

One of Purchasing’s main tasks is to seek competitive bids, i.e. to purchase the right product at the best price. There are times, however, when soliciting bids does not make sense, due to unique properties, emergencies, patents, etc. For those special cases, Purchasing still has to document and report those purchases over $5000 that were not competitively bid. The Prior Authorization form is our method of collecting the information re: special purchases. So, starting with the upper right hand corner of the form.

**College/Dept.**: self-explanatory

**Organization No.**: the department name may change but the organization number is more consistent. As these forms are scanned into electronic files, staff keys in the org number as it will be more reliable to use as a search parameter. Refer to http://www.k-state.edu/finsvcs/systems/chartofaccounts/coalinks.html

**Project No.**: the 10-digit number that usually begins with “N” or “G”. This number tells Purchasing funding information, because different steps may be required depending on the source of the money.

**Contact Person, Telephone, & E-mail address**: Provide the department’s purchasing point person not the end-user. Purchasing wants to contact our counterpart in the department. Should the questions get more involved re: the actual product & purpose, then the dept purchasing person may refer Purchasing to another individual.

**Acquisition**: Require the total dollar amount; be sure to include travel, freight, number of years, etc.

**Vendor, Address, Contact Name & Phone or E-mail**: Many times Purchasing needs to contact the vendor for additional information, such as possible cooperatives, better pricing, etc.

**Quote or Proposed Agreement**: These documents can contain conditions of which the department may not be aware, such as confidentiality, insurance, payment terms, etc. Purchasing needs to review.

**Employee of K-State**: As discussed in past, Purchasing needs to make sure the vendor is an independent contractor, not an employee.

**Existing/Current Contract**: If the request is a renewal of an existing contract, then provide the information. It will save time & effort in Purchasing to tracking down the relevant file.

**No Contract but established history**: Provide the information of any previous activity that may have been small dollar in the beginning but business has grown. Purchasing may be able to leverage better pricing if we can show an established buying pattern.

**Description of Material**: The more info, the better. What is being purchased? Cost per each? Over what time frame?

**Reason for Exception**: What is so unique about this product or service that the specified vendor and only the specified vendor can provide it? Why would soliciting bids
be a waste of time and materials to acquire the product or service? Remember – cost is not a reason to “sole source” with a vendor; cost is a primary purpose of the bid solicitation process. Some Prior Authorization rationales are:

- Line item in the grant – The grantor has approved that specific brand from that specific vendor at that specific price as part of the overall grant funding/budget. A generic listing of the item/service dictates bids be solicited.
- Letter from the grantor – Departments may acquire a letter of approval from the grantor for a specific brand from a specific vendor at a specific price to be paid with the grant funds.
- Research equipment/supplies – Purchasing understands compatibility with existing equipment to ensure consistent results in research is critical. Wanting the same brand of equipment for classrooms or because of maintenance knowledge or existing parts already in inventory is nice but not usually necessary. Sometimes diversity is a good thing.
- Training or consulting – Very difficult to summarize what is needed in a trainer or consultant. Sometimes bidding is possible. Sometimes the complex attributes a vendor brings to the process is hard to quantify and defend the spending of large dollar amounts. Purchasing will work with departments as the situations arise.
- Patent or copyright – A letter from the vendor verifying this special status is needed, along with a statement from the end-user stating why that unique feature is needed.
- Original equipment manufacturer maintenance or upgrade services – Equipment is so specialized that only the manufacturer can repair it. Be advised there does exist maintenance management vendors, such as REMI, contract #37107, who can oversee maintenance programs on a multitude of equipment.
- Require equipment, supplies, or services that are compatible with existing equipment – Some OEM’s have authorized dealers, or departments will do the repair work but need to buy parts, or certain reagents are needed to work in the equipment; all valid reasons for sole source rationale. Note: the OEM must declare a dealer a sole source. Sometimes competition is possible among dealers.
- Computer software that is available only from the software developer – Careful here! Always check with the software contract vendor first (currently SHI #36093 or EnPointe #36094). Also be advised that there may be more than one brand of software that could provide the same end result. However some software is so unique and the vendors who create the software will only sell it directly. This rationale requires some homework.
- Purchase of used equipment – Bidding used equipment and making sure that the items quoted are equal is tricky. Plus when buying equipment at auction, one has to act immediately, no time for the bid process. When justifying the purchase of used equipment, always include age of equipment, condition/warranty, and cost of the brand-new, current version.
- Emergency – Threats to public health, safety, and/or property occur suddenly due to weather, equipment failures, etc. During these situations, time is the most critical factor and the normal bid procedures cannot be met. Purchasing should be one of the first contacts made when the emergency situation arises/discovered. Dates are needed in the justification, i.e. when did the emergency occur, what vendors were contacted and how soon can they respond, what temporary steps are necessary to address the emergency until repairs are completed, etc.

**Research:** What steps were taken to verify that the specified vendor is the only source? Who else was contacted? 

**Signature:** The person signing the prior authorization form must be on file at the Purchasing Office.

**REMEMBER** – the more information provided, the faster a decision can be made. Too many times Purchasing needs to go back to the end-user for more details. The request then gets laid to one side and it may be several days before Purchasing circles back to the request.
Acquisition in the amount of $__________________ is requested from Vendor:
Address:
Vendor Contact Name & Number:

Is/has the vendor ever been an employee of Kansas State University? Yes_____  No_____
If yes, please explain nature of employment and period of service?

Existing/Current Contract #
Attach a copy of the vendor’s quote and/or proposed agreement.

Proposed Term of Contract (if applicable): __________________________

Description of Material or Service (give details):

Reason for Exception (provide details):

Describe the research completed to insure that no competition exists including a list of vendors who are unable to provide the goods or services:

Has your department purchased from the vendor during the past 12 months? Yes_____  No_____

College/Department Name: _______________________________________________________________
Authorized Signature: ____________________________________________________________________   (Date) _____________
(Print Name & Title)

Approval: _____________________________________________________________________________ Date: ______________
(Signature & Title)