What is cost or price analysis?

- A required determination to insure that the price is reasonable and acceptable and that public funds are expended to the best advantage of the University
- Shopping Around & Looking for the Best Deal
- Why pay more when you don’t have to?
- Treat the purchase like your own
When is a CPR form required?

This expenditure is being made under the following condition:

- Sole Source (OPRPM Form 65 should also be attached)
- Emergency procurement where only one quote is received
- Competitive bidding where only one bid is received
- Solicitation of competitive proposals where only one proposal is received
- Price adjustment to Contract No.
- Request for quotations where only one quote received
- Request for quotations where lowest quote NOT selected
- Exempt Procurement (APM section A8.2.20)
- Other

If you have only one quote > $2,500, then you need to do a CPR form.

PRICE ANALYSIS
General Guidelines

- Evaluate prices for the same or similar goods or services (i.e. apples to apples, not apples to oranges)
- Include a discussion in detail of research conducted
- Include a discussion of negotiations conducted with the vendor/contractor
- Include discussion of other efforts made to validate price paid to the vendor/contractor
1st Cost/Price Analysis

- Comparison of previous UH/RCUH PO and contract prices with current proposed price for the same or similar items. Both the validity of the comparison and the reasonableness of the previous price(s) have been established. The referenced UH/RCUH purchase orders/contracts and issuance dates are:

Insufficient Examples

Example 1
“Purchase Order No. 123456, dated August 26, 2004.”

Example 2
Voucher id: 17159 Ch #: 898965 Paid 10/30/03
7662 752788 08/26/02
1332 636434 09/26/01

Example 3
“Contract No. 123456. The rate for a senior systems consultant remains consistent.”
Good Example

“Contract No. C123456, with Eworld Enterprise Solutions, Inc. effective January 2002, included a senior systems consultant at the same rate of $155.00 per hour. We find this fee to be reasonable and fair since the rate has remained constant for the same senior systems consultant since we began contracting with this consultant in 2002.”

2nd Cost/Price Analysis

☐ Comparison with Vendor’s published price lists, market prices, pricing indexes, and discount or rebate arrangements. (Attach published price lists or other published pricing information used).
Insufficient Examples

Example 1
Price list attached.

Example 2
Price offered is same as price list. See attached list for highlighted item.

Example 3
This is the price offered to all other academic institutions, per attached email dated April 13, 2004, from John Smith, Armfield, Inc.

Example 4
See vendor’s quotation.

Good Example

“The published list price for this item according to the attached list is $30,000. Vendor is giving us a 10% discount or $3,000 off the list price. Therefore, the price of $27,000 for the...is considered fair and reasonable.”
3rd Cost/Price Analysis

- Comparison of proposed price with independent cost estimates. *Attach estimates used.*

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**Good Example**

“The work required is estimated to take 4 months at 100% FTE, whether performed by an employee or by the contractor. The applicable salary range for an employee with post-doctoral experience as a population geneticist would be between $4,000 - $4,750 / month, plus fringe benefits estimated at 36.8%. The cost for a UH employee to perform the work would therefore be between $21,888 ($4,000/mo x 4 months = $16,000 + 36.8% fringe = $21,888) and $25,992 ($4,750/mo x 4 months = $19,000 + 36.8% fringe = $25,992).
Good Example (Continued)

The contractor is charging UH $20,000 plus tax for the required work. We have reviewed the proposed pricing and have deemed it fair and reasonable because the cost to hire an individual with relevant experience would be higher than the contractor's proposed price.”

4th Cost/Price Analysis

☐ Comparison of proposed price with prices obtained through market research for the same or similar items. Attach documentation of research conducted.
**Insufficient Example**

Example 1

“No other Vendor offers equipment matching the specifications of item requested.”

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**Good Example**

“Rhein Consulting Laboratories is providing a discount for volume and research purposes. The normal cost is $225/specimen. The quoted price is $150/specimen for analysis of 12 hormones, which reflects a 20% discount, i.e. $15/hormone. A local lab in Hawaii (DLS) charges more than $200/specimen for the analysis of 3 hormones, i.e. $60/hormone. Therefore, the price is considered fair and reasonable in comparison because Rhein Consulting Laboratories price includes the analysis of more hormones for a lesser price per specimen.”
5th Cost/Price Analysis

☐ Analysis of pricing information provided by Offeror. *See attached pricing information.*

Insufficient Example

Example 1

“This firm was selected because of their expertise. They are the only ones with the specialized experience to provide the services.”
Good Example

"The vendor provided copies of invoices to other universities for the same equipment item. The attached invoices show that each university was charged $8,000 for this item. This matches the price quoted to UH and therefore the price is considered fair and reasonable."

6th Cost/Price Analysis

☐ The order is priced in accordance with existing UH/RCUH Contract/Purchase Order No. ________ which was competitively established.
Insufficient Example

Example 1
“See contract attached.”

Good Example

“Per the attached excerpt from contract C123456 effective July 2005, the vendor is charging the University a rental fee of $150.00/month and a per copy fee of $0.001/copy. Per the attached renewal quote effective July 2006, the vendor is charging the University the same rental and per copy fees. For this consideration, the price is deemed fair and reasonable.”
REMEMBER!

- CPR Form needs to be substantiated (attach supports)
- Focus on price/cost only ... keep sole source and other discussion on Sole Source Form or some other memo
- Calculate...Calculate...Calculate (Math)
  - Don’t leave that section on Page 2 blank
  - Show calculations
- Explain...Explain...Explain (English)
  - Don’t leave that section on Page 2 blank
  - Explain logic

Any Questions?