

PITFALLS OF SOLE SOURCE PROCUREMENTS

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DISCUSSION POINTS



Definition of a Sole Source Procurement



Definition of a Proprietary Procurement



Approval of Sole Source Procurements



Documentation of Sole Source Justification



SOLE SOURCE

Defined:

- Authorized when there is only one source practicably available for the goods or services required
- Competition is not available
- Is not based on availability alone



SOLE SOURCE

Examples:

- Software license renewals
- Consulting services
- Equipment upgrades
- Maintenance agreements



SOLE SOURCE

Proprietary Procurement:

- Product restricted to the manufacturer
- Sold through distributors
- Competition is available



SOLE SOURCE APPROVALS

- \$0 - \$10,000.00: procurement procedures not required
- \$10,000.01 - \$50,000.00: advanced approval by agency head or designee
- \$50,000.01 and above: advanced approval by DGS/DPS



Sole Source Justifications

When requesting approval for a Sole Source procurement the following justification points need to be addressed:



Justification #1

Why is this the only product or service that can meet the needs of the purchasing agency?





Justification #2

Why is this vendor the only practicably available source from which to obtain this product or service?

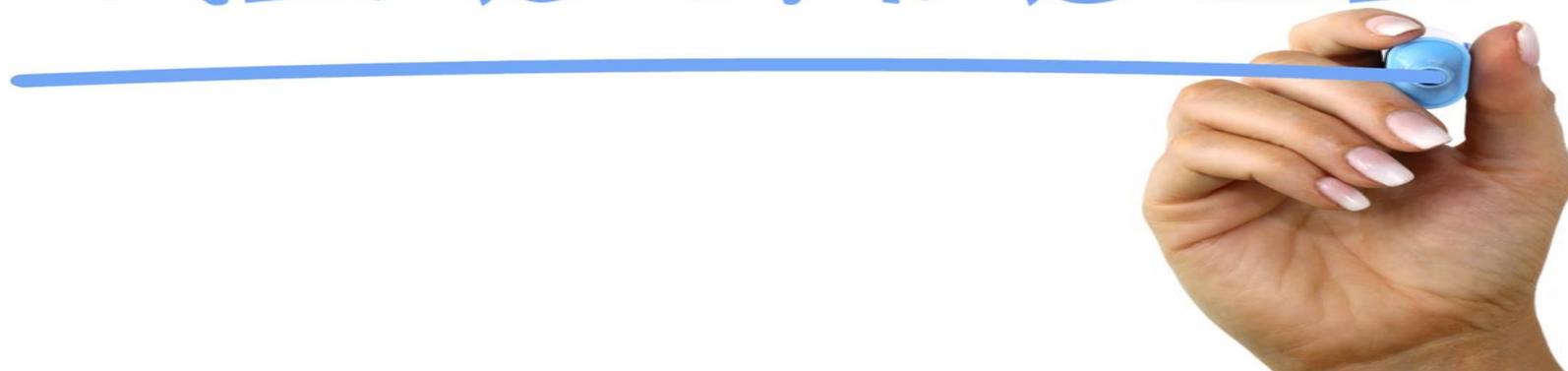




Justification #3

Why is the price considered reasonable?

REASONABLE





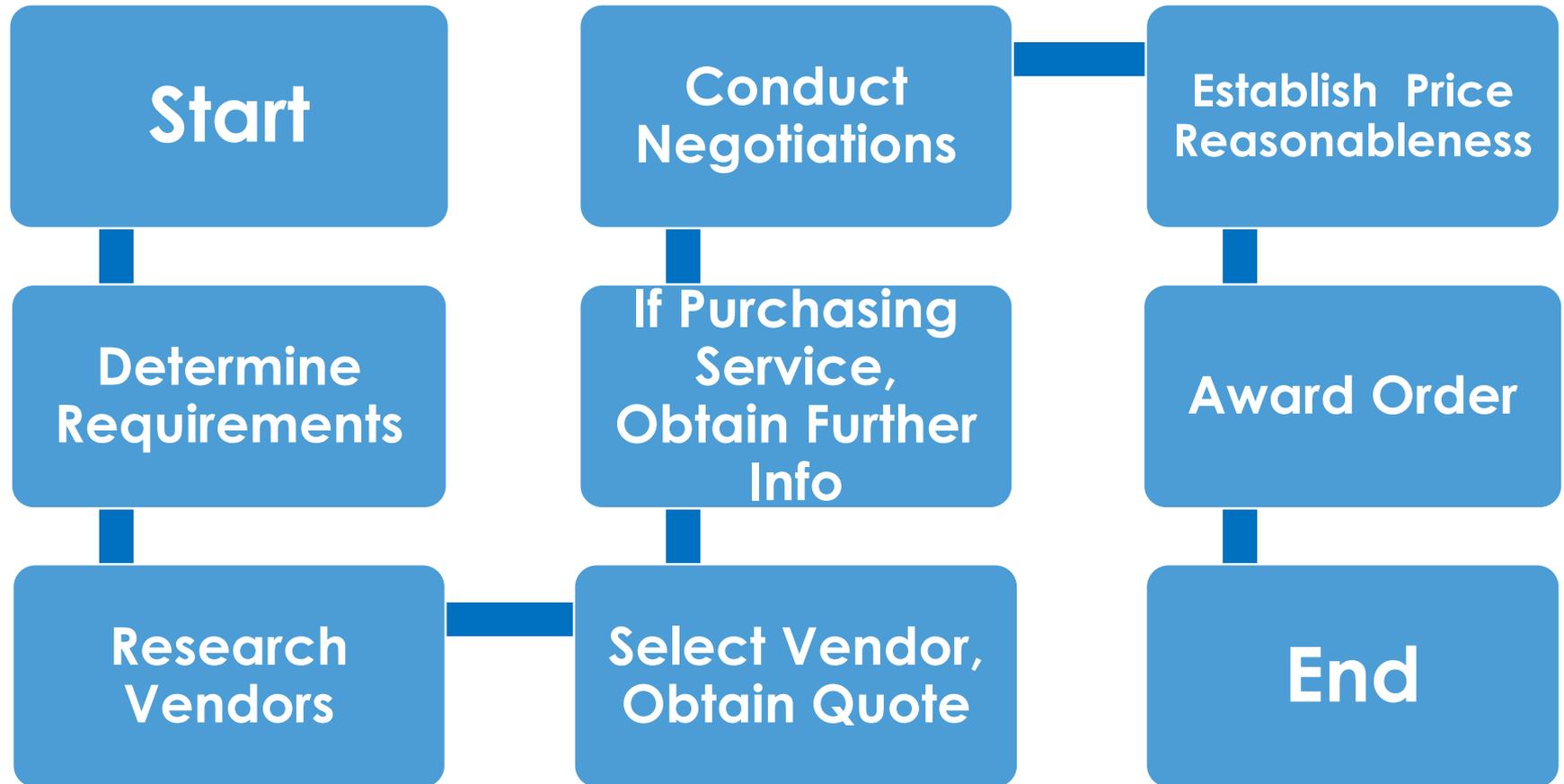
Justification #4

What efforts were made to conduct a noncompetitive negotiation to get the best possible price for the taxpayers?





Sole Source Process





TEST YOUR KNOWLEDGE



DISCUSSION 1

Explain why this is the only product or service that can meet the needs of the department making the purchase.

Answer provided: Product is part of a SaaS procurement from 2011. It integrates with our Agenda and Minutes Management product



DISCUSSION 2

Explain why this vendor is the only practicably available source from which to obtain this product or service.

Answer provided: This Software as a Service product can only be purchased through the vendor offering the service



DISCUSSION 3

Explain why the price is considered reasonable.

Answer provided: Price was renegotiated this year



DISCUSSION 4

Describe the efforts that were made to conduct a noncompetitive negotiation to get the best possible price for the taxpayers.

Answer provided: Pricing was renegotiated this year with City Manager's office



SCENARIO 1

You work for an institution of higher education. Your institution has a laboratory with 25 - A400 Oscilloscopes. The professor approaches you as one of these machines needs to be replaced. The manufacturer of the A400 only sells direct for institutions of higher education. The price for an A400 is \$35,000. Is this a sole source?



SCENARIO 2

Does the Sole Source Notice of Award require signature before posting?



SCENARIO 3

Your agency wants to conduct training for employees. The training will cost \$28,476. The materials to support the training will cost an additional \$30,000. The materials for the training have a copyright. The company is described as an industry leader whose results are unmatched. They are used by many top companies to perform these trainings including other state agencies, the federal government, and Fortune 500 companies. Is this a sole source?



SCENARIO 4

Is it a requirement for the Sole Source Notice of Award to be posted on VBO?



SCENARIO 5

A State Agency's purchase of (300) 5/8" Neptune T-10-ProCoder R900i water meters in the amount of \$73,500 qualifies as a sole source procurement because Core & Main is the only source practicably available. The Neptune water meters are already in use and the remote reading radio devices which the Agency currently uses will only work with these water meters. It would be unreasonably expensive to purchase any other type of water meter. Core & Main is the exclusive distributor for Neptune water meters for the Virginia, West Virginia, and Maryland markets. The contract with Core & Main is anticipated to be awarded by the Agency on or about August 26, 2019.

Is this adequate justification for a Sole source?



SOLE SOURCE AID



Report and Resource Center



Start doing business with Virginia...click [here](#) to register.

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ATTN Vendors - click [HERE](#) to learn which report you should run!

eVA Welcomes: [3s Inc](#) • [AG Witt LLC](#) • [APPLIED INDUSTRIAL TECHNOLOGIES](#) • [ARCH Roanoke](#) • [Acendr](#)

Fiscal Year is July 1 - June 30
Data is current as of 09:00 am on 11/06/2019

Reports Documents

Public Reports

Order Data

- 700 Purchase Order View
- 701 See a summary of Purchase Orders for one Vendor
- 702 Who's Buying What I Sell?
- 703 Commodity Summary Spend at a Glance
- 704 Which Businesses are Getting Orders? (by Zip Code/County)

Vendor Data

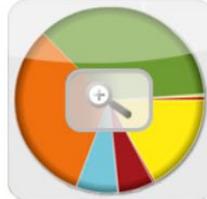
- 720 Vendor Search by Name, ID, or NIGP Commodity Code(s)

Other Reports

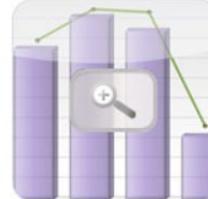
- 740 eVA Buyer Shipping and Billing Addresses
- 741 Solicitation Listing (PPEA-PPTA Offered)

Commonwealth Purchasing Metrics

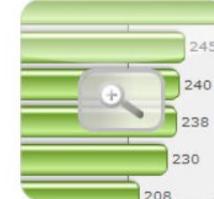
Order \$ Distribution



Order History



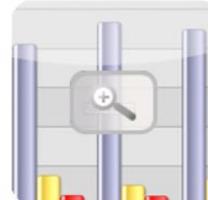
Top 20 Vendors



Top 20 Commodities



Order Totals Grouped by Dollar Range



Order Counts by Dollar Range

