

NDCSWINST 4200.1B
02MMD
08 March 1999

NAVDENCEN SOUTHWEST INSTRUCTION 4200.1B

Subj: SOLE SOURCE JUSTIFICATION FOR OPEN PURCHASE

Ref: (a) FAR Part 6
(b) NAVSUPPINST 4200.85C

Encl: (1) Flow Chart
(2) Incomplete/Inadequate Justifications
(3) Adequate Justification
(4) Justification Letter

1. Purpose. To establish standard procedures for restricting a solicitation to only one source; i.e., sole source.

2. Cancellation. NAVDENCENSIEGOINST 4200.1A.

3. Background

a. The contracting officer is required by references (a) and (b) to rotate awards among qualified sources for procurement actions. In addition, orders above \$2,500 will be completed and awarded to the lowest bidder, which meets the government's minimum requirements and best value. A sole source purchase action can be authorized only after the contracting officer has determined that the requisitioner has provided a valid reason to preclude the requirement from competition. Valid reasons can include:

(1) Repair parts, which are Original Equipment Manufacturer's (OEM) parts.

(2) Compatibility with existing equipment, supplies or system until such time that system replacement shall be considered for economic reasons.

(3) The source has "Proprietary" rights over the item or service that is required.

(4) The item requested is a publication, either a single book or a periodical.

b. References (a) and (b) also require that all sole source solicitations shall include a comprehensive justification explaining why only that item will meet the governments' requirements. Statements such as "only known source which can meet the delivery date" are insufficient to support sole source purchase.

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4. Procedures

a. Enclosure (1) shall be reviewed and followed by all requestors.

b. Sole source justification shall be clear, factual, and sufficiently detailed to substantiate a procurement action that is in the best interest of the government. Enclosure (2) and (3) provide examples of sole source justifications. Justifications older than one year will not be accepted by the contracting officer.

c. Sole source justifications for items used repeatedly shall be reviewed on a yearly basis by the responsible requestor. Copies of justifications older than one year will not be accepted by the contracting officer.

d. Requests accompanied by a sole source justification which are found to be available through the stock system will be returned to the requestor for additional justification on why the stock item is not sufficient to meet the Government's requirements.

e. All sole source justifications will be reviewed by the contracting officer prior to being processed by a Purchasing Agent. If the determination that justification is adequate then the competition requirements will be waived, otherwise the request will be returned to the requestor with the reason(s) for the rejection.

5. Action. All branch supply personnel command consultants and purchasing department personnel will ensure that sole source requests are submitted in accordance with this instruction.

6. Forms. Requisitioners will submit sole source requests utilizing enclosure (4). Additional copies are available in Material Management Department.

D. D. WOOFER

Dist:

List 1, Case 1, 2

INCOMPLETE/INADEQUATE SOLE SOURCE JUSTIFICATIONS

The following are examples of incomplete/inadequate statements provided by requisitioners in an effort to justify sole source purchases:

Sample Statement 1:

This equipment is urgently required to meet mission essential needs. The ABC Company, who has provided this equipment in the past, can furnish the material within 25 days. Due to the urgency involved this equipment must be purchased from the ABC Company on a sole source basis.

Unanswered Questions for Sample Statement 1:

- What are the mission essential needs and how does the intended use of this equipment relate to those needs?
- What is urgent about receiving this piece of equipment and how does it relate to meeting essential needs?
- What type of negative impact will a delay in the equipment receipt have on the continued operation of this command?
- What are some peculiar characteristics or critical features of this equipment which precludes its substitution or procurement from another source.

Sample Statement 2:

This equipment must be compatible with existing equipment. XYZ Corp is the only known source. No substitute will be accepted, the Director has authorized or directed that this equipment be procured from XYZ Corp.

Unanswered Questions from Sample Statement 2:

- How will the equipment be used with existing systems or equipment?
- What features or critical elements need to be compatible?
- **COMMENT.** Sole source procurement is not justified solely on a "conclusion statement" received from higher authority. The requisitioner shall furnish required background information and justifications.

Enclosure (2)

