

2.106 Sole Source Purchase

Public procurement law requires free and open competition. It is the policy of RCUH to require that the most advantageous price and delivery terms be obtained on all purchases; this is often accomplished by obtaining competitive quotations.

When only one product or service has the unique features, characteristics, or capabilities that can meet a Project's specific, essential need, and that one product or service is only available from a single source, the purchase may proceed without obtaining competitive quotations.

Although a purchase may be made on a sole source basis, the reasonableness of the purchase price must still be established. The [Attachment 1 Determination of Cost or Price Reasonableness](#) form is required for sole source purchases that exceed \$10,000 (\$3,500 when using federal contract funds).

I. Details of Policy

A. When Is a Sole Source Purchase Permitted?

A sole source purchase is permitted when the following **three (3)** conditions apply:

1. The Project has a unique requirement that is essential to its work, and
2. The requirement can only be met by a particular product, service, or construction that has unique or special design/performance features, characteristics, or capabilities, and
3. The particular product, service, or construction is only available from a single source.

B. Is This a Sole Source Purchase?

1. Product Specified in a Federal Award: A sponsor's approval of an award budget that may include a product specified by brand and model should not be viewed as approval of a sole source purchase.
2. Sole Brand: A sole brand that is available from multiple sources does not meet the conditions for a sole source purchase.
3. Established Vendor Relationship: A Project may, over time, establish a mutually satisfying working relationship with a vendor. This relationship by itself does not establish a sole source purchase justification.

C. Sole Source Justification Form

Since a sole source purchase is not based on any differentiation in quality or price, a fair evaluation of comparable products or services must be documented on the [Attachment 2 Sole Source Justification](#) form.

The justification must do the following:

1. Describe the unique features, characteristics, or capabilities of the purchase (Part IA of the form),
2. Explain why the features, characteristics, or capabilities are essential to the Project's work (Part IA of the form),
3. Provide verification that the product, service, or construction cannot be obtained from any other source (Part IB of the form), and
4. Explain what impact a sole source deferral or denial will have on the Project (Part II of the form).

See [Attachment 58 Sample Sole Source Justifications](#) for assistance with sole source justifications.

D. When Is a Sole Source Justification Form Not Required?

A Sole Source Justification form is not required for the following procurement actions:

1. Purchases \$10,000 or less (\$3,500 or less when using federal contract funds).
2. Source selection based on a competitive record, e.g., Request for Quotation, Request for Proposal, Invitation for Bid: The fact that multiple quotes are received establishes that the product or service is available from more than a single source.
3. An exempt procurement action cited by UH: The University of Hawai'i's Office of Procurement and Real Property Management (OPRPM) provides a list of procurement actions that are exempt from any source-selection method, (e.g., competitive bids); refer to [UH AP 8.220 General Principles](#), Section 9.

Any procurement action processed by a University program on the basis of a UH exemption must cite the following statement on the purchase order: "Exempt purchase, pursuant to AP Section 8.220, Exemption No. [cite the applicable exemption number from the list]."

4. A sole source procurement action pre-approved by UH: The University of Hawai'i's OPRPM maintains a list of sole source procurement actions that do not require a sole source justification; refer to [UH AP 8.255 Sole Source Procurement](#), Exhibit A.

Any procurement action processed by a University program on the basis of pre-approval by UH must cite the following statement on the purchase order "Approved for Sole Source Procurement pursuant to Administrative Procedure 8.255, Sole Source No. [cite the applicable sole source number from the list]."

E. Extension of an Existing Contract on a Sole Source Basis

Generally, the extension of an existing contract (initially sole sourced or competed) past its initial term shall be processed as a new procurement; refer to [Policy 2.205 Multi-Term Contracts](#).

If it is clearly beneficial to the Project that uninterrupted service be available past the initial term, an extension will be allowed without processing a new procurement. The Project shall prepare a contract amendment, purchase order change form, and the [Attachment 1 Determination of Cost or Price Reasonableness](#) (CPR) form. On the CPR form, the Project must also document the benefits of the extension to the Project.

II. Responsibilities

A. Principal Investigator

Document the sole source purchase decision. Complete the Sole Source Justification form and submit it to the FA for approval. Respond to the FA's inquiries.

B. Fiscal Administrator

Regardless of the purchase price, ensure that the sole source purchase is justified and that the basis for the sole source purchase decision is in the procurement file. Respond to any inquiries from the RCUH Procurement staff.

III. Relevant Documents

[Attachment 1 Determination of Cost or Price Reasonableness](#)

[Attachment 2 Sole Source Justification](#)

[Attachment 58 Sample Sole Source Justifications](#)

[Policy 2.110 Cost or Price Reasonableness](#)

[Policy 2.205 Multi-Term Contracts](#)

[UH AP A8.220 General Principles](#)

[UH AP 8.255 Sole Source Procurement](#)

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