

# | Source Selection



# | Table of Contents

- 03 The Procurement Process
- 04 Identify the Need
- 06 Conduct market research to determine expected cost, specifications, availability, and potential vendors
- 08 Small Purchase Procedures
- 09 Sole Source and Emergency Procedures
- 10 Requests for Qualifications
- 11 Competitive Procedures



# The Procurement Process



Per §11-35-310 of the South Carolina Procurement Code, "Procurement" means buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services, information technology, or construction, including description of requirements, selection, and solicitation of sources, preparation and award of contracts, and all phases of contract administration.

---

There are four major steps to the procurement process:



**1** Identify the need



**2** Conduct market research to determine the expected cost, specifications, availability, and potential vendors



**3** Determine the source selection method



**4** Complete the procurement in accordance with the determined method.

This guide is designed to help procurement officials with steps 1-3

# Identify the need

The first step in the procurement process is to determine specifically what needs to be procured.



**The SC Procurement Code §11-35-310 defines the following types of purchases:**

33) "Supplies" means all personal property including, but not limited to, equipment, materials, printing, and insurance

(31) "Services" means the furnishing of labor, time, or effort by a contractor not required to deliver a specific end product, other than reports which are merely incidental to required performance. This term includes consultant services other than architectural, engineering, land surveying, construction management, and related services. This term does not include employment agreements or information services as defined in Section 11-35-310(1)(c).

(7) "Construction" means the process of building, altering, repairing, remodeling, improving, or demolishing a public infrastructure facility, including any public structure, public building, or other public improvements of any kind to real property. It does not include the routine operation, routine repair, or routine maintenance of an existing public infrastructure facility, including structures, buildings, or real property.

While the SC Procurement Code does not specifically define "commodities," they are basic goods and materials that are widely used and not meaningfully differentiated from each other.\* These are also commonly referred to as "goods."

\* definition from <https://www.investopedia.com/terms/c/commodity.asp>

# I Identify the need

§ 11-35-310 definitions continued:

(1) "Information Technology (IT)" means information resources, telecommunications, and information services:

(A) "Information resources" means any equipment including interconnected systems or subsystems of equipment that is used in the automatic acquisition, creation, conversion, duplication, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the using agency.

(i) "Information resources" includes, but is not limited to, computers, ancillary equipment, including imaging peripherals, input, output, and storage devices and devices necessary for security and surveillance, peripheral equipment designed to be controlled by the central processing unit of a computer, databases, software, firmware, middleware, and application and application development software; whether owned, leased, licensed, or accessed as a service; and routine maintenance and support.

(ii) "Database" means a collection of recorded information in a form capable of, and for the purpose of, being stored in, processed, and operated on by a computer.

(iii) "Software" means computer programs that comprise a series of instructions, rules, routines, or statements, regardless of the media in which recorded, that allow or cause a computer to perform a specific operation or series of operations.

(iv) For purposes of this definition, equipment is used by an agency if the equipment is used by the agency directly or is used by a contractor under a contract with the agency that requires its use.

(B) "Telecommunications" means voice, data, message, and video transmissions, and includes the transmission and switching facilities of public telecommunications systems, as well as operating and network software.

(C) "Information Services" means services provided by a contractor associated with any aspect of information resources or telecommunications, except that information services does not include information resources or telecommunications.

## Conduct market research to determine the expected cost, specifications, availability, and potential vendors

Once what is being purchased is defined, a procurement officer needs to conduct market research to determine the expected costs, specifications, and any potential vendors before putting together the solicitation.



**Market research** is the process of defining the specific need and determining the most appropriate acquisition method for a procurement.

There are two types of market research:

**Primary market research** is research you do yourself in order to gather the data. Examples of primary market research include surveys and focus groups.

**Secondary market research** is data that others have gathered and published. Examples of secondary market research include data published by trade associations, local chambers of commerce, and professional organizations such as NIGP and NASPO.

A **Request for Information (RFI)** is a formal process for gathering information from potential suppliers for a good or service.

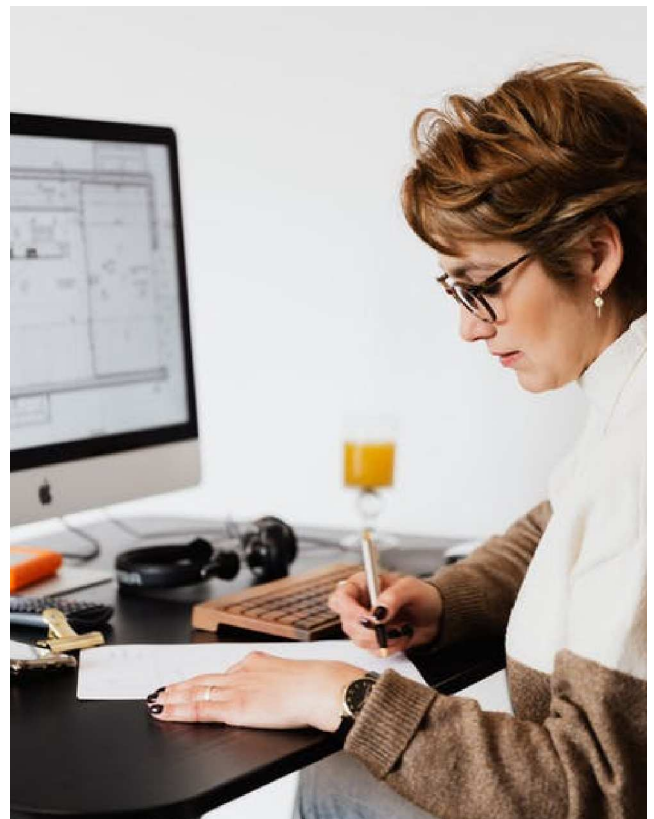
# Conduct market research to determine the expected cost, specifications, availability, and potential vendors

Sometimes there may already be a contract in place for an item or service. There are three main types of contracts.

A **State Term Contract** is a contract established by the Division of Procurement Services for specific goods, services, or information technology which is available for use by all state agencies and political subdivisions. **Note: all governmental bodies must use state term contracts (see the next page for definitions and exceptions). Use of the state term contracts is optional, but recommended for political subdivisions.**

An **Agency Contract** is a contract for the repeated purchase of specified goods or services over a specified period of time by a single agency. These contracts may be established by the agency or by the Division of Procurement Services on behalf of the using agency.

A **Multi-Agency Contract** is a contract for the repeated purchase of specific goods or services over a specified period of time by agencies listed in the contract. These contracts are established by the Division of Procurement Services on behalf of the using agencies. If allowed by the solicitation, additional agencies may be added to the contract during its term.



Find an item on statewide contract on the Division of Procurement Services' webpage:  
<https://procurement.sc.gov/contracts/search?b=9919-0-0>

# Conduct market research to determine the expected cost, specifications, availability, and potential vendors



§11-35-310 of the SC Procurement Code gives the following definition of Governmental Body

(18) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive or judicial branch. Governmental body excludes the General Assembly or its respective branches or its committees, Legislative Council, the Legislative Services Agency, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts or any entity created by act of the General Assembly for purpose of erecting monuments or memorials or commissioning art that is being procured exclusively by private funds.



§11-35-310 of the SC Procurement Code gives the following definition of Term Contract:

(37) "Term contract" means contracts established by the chief procurement officer for specific supplies, services, or information technology for a specified time and for which it is mandatory that all governmental bodies procure their requirements during its term. As provided in the solicitation, if a governmental body is offered the same supplies, services, or information technology at a price that is at least ten percent less than the term contract price, it may purchase from the vendor offering the lower price after first offering the vendor holding the term contract the option to meet the lower price. The solicitation used to establish the term contract must specify contract terms applicable to a purchase from the vendor offering the lower price. If the vendor holding the term contract meets the lower price, then the governmental body shall purchase from the contract vendor. All decisions to purchase from the vendor offering the lower price must be documented by the procurement officer in sufficient detail to satisfy the requirements of an external audit. A term contract may be a multiterm contract as provided in Section 11-35-2030.

Find an item on statewide contract on the Division of Procurement Services' webpage:  
<https://procurement.sc.gov/contracts/search?b=9919-0-0>



# Determine the source selection method

## Small purchase procedures

Agencies can use the following processes to make purchases up to their certification limit. All agencies have a minimum certification of \$50,000. Some agencies may have a higher certification granted by the State Fiscal Accountability Authority. Each agency determines its individual small purchase procedures. The Division of Procurement Services must conduct procurements on behalf of the agency for procurements over their certification.

Purchase Procedures	Threshold	Description	Tips	Code Reference
<b>No Competition</b>	Purchases up to \$10,000	Agency may buy directly from the vendor so long as the purchases are equitably distributed and the price is considered fair and reasonable.	Must include "price is considered fair and reasonable" on the purchase and sign.	§11-35-1550(2)(A)
<b>Request for Quotes (RFQ)</b>	\$10,000 - \$25,000 or COTS or small construction purchases up to \$100,000	Agency may request in writing 3 or more written, bona fide quotes from qualified vendors. If 3 quotes are not or cannot be obtained, the agency must advertise in South Carolina Business Opportunities (SCBO). Requests must be equitably distributed among vendors unless advertised as above.	Must attach the three quotes to the purchase requisition. If an agency's threshold is under \$100,000, the agency must contact the appropriate DPS Sourcing Team Lead for approval before making a COTS or small construction purchase between agency threshold and \$100,000.	§11-35-1550(2)(B)
<b>Advertised Small Purchases</b>	\$25,000 - \$100,000	Agency must advertise in SCBO. Award is made to the lowest responsive, responsible bidder unless using a proposal process where award is made to the highest-ranked offeror.	If an agency is not certified to purchase above \$50,000, then it must work with DPS for any purchases between its threshold and \$100,000	§11-35-1550(2)(C) §11-35-1550(3)

# Determine the source selection method

## Sole Source and Emergency Procedures

Purchase Procedure	Threshold	Description	Tips	Code Reference
<b>Sole Source</b>	No threshold	A contract may be awarded without competition if the head of the purchasing agency or a designee determines in writing that there is only one source for the required supply, service, information technology, or construction item. Intent to sole source over \$50,000 must be advertised in SCBO before awarding.	Any designee that makes a determination must be above the level of a procurement officer. A justification which contains sufficient factual grounds and reasoning to provide an informed, objective explanation to specify why no other contractor will be suitable or acceptable to meet the need must be written and placed in the procurement file.	§11-35-1560(A) R19-445.2105(C)
<b>Emergency</b>	No Threshold	The head of a purchasing agency or a designee may proclaim emergency conditions exists if there is an immediate threat to public health, welfare, critical economy, efficiency, or safety. Any agency can make emergency procurements when emergency conditions exist and the normal methods of procurement will not meet immediate need. Procurements must be made with as much competition as practicable under the circumstances.	A written determination that sets forth the basis of the emergency and the basis for the selection of the contractor should be prepared as soon as practicable. The determination must be included in the procurement file. When a contract is greater than \$50,000, notice of the award must be posted in SCBO as soon as practicable thereafter. The posted notice must contain a statement of the right to protest under §11-35-4210(1). The agency must allow 5 business days for the protest period. When posting in SCBO, enter the end date of the protest period as the bid opening date and time in the ad.	§11-35-1570(A) R19-445.2110(B) (D)(G)

Sole source and emergency procurements must be submitted with quarterly reports and will be subjected to review to ensure compliance with the requirements established by The Division of Procurement Services Audit and Certification department.

# Request for Qualifications

While a **request for qualifications (RFQ or RFQu)** is not a competitive sealed procedure, it can be used in conjunction with the competitive process if there is a large field of prospective offerors which needs to be narrowed. This request must require information only on offerors' qualifications, experience, and ability to perform the requirements of the contract. The offerors are then ranked in writing from most qualified to least qualified with proposals solicited from at least the top two prospective offerors, though more can be considered if it is deemed advantageous. Elimination in an RFQ does not mean an offeror is not responsible. It simply means that, in the opinion of the evaluators, the offeror is not best qualified.

Before a request for qualifications may be issued pursuant to §11-35-1530(4), the head of the purchasing agency or a designee shall prepare a written justification stating the necessity for pre-qualifying offerors.



§11-35-1530(4) states the following about RFQs:

(a) Before soliciting proposals, the procurement officer may issue a request for qualifications from prospective offerors. The request must contain at a minimum a description of the scope of the work to be solicited by the request for proposals and must state the deadline for submission of information and how prospective offerors may apply for consideration. The request must require information only on their qualifications, experience, and ability to perform the requirements of the contract.

(b) After receipt of the responses to the request for qualifications from prospective offerors, rank of the prospective offerors must be determined in writing from most qualified to least qualified on the basis of the information provided. Proposals then must be solicited from at least the top two prospective offerors by means of a request for proposals. The determination regarding how many proposals to solicit is not subject to review.

# Determine the source selection method

## Formal Competitive Procedures

There are two terms to understand before discussing formal competitive procedures.

**Responsive** means that the vendor submitted a bid or offer which conforms in all material aspects to the solicitation. See §11-35-1410(8)

**Responsible** means that the vendor can fulfill the requirements as defined in the in solicitation. See §11-35-1410(9)

Purchase Procedure	Description	Tips	Code Reference
<b>Competitive Sealed Bidding (Invitation for Bid or IFB)</b>	The default and most common formal competitive method. All procurements must be awarded by this method, unless otherwise justified pursuant to §11-35-1510	Award is made to the lowest priced responsive and responsible bidder	§11-35-1520
<b>Competitive Fixed Price Bidding (Fixed Price Bid or FPB)</b>	The purpose of fixed price bidding is to provide multiple sources for specific services, supplies, or information technology based on a preset maximum price which the State will pay.	Requires a written determination for use.	§11-35-1525
<b>Competitive Best Value Bidding (Best Value Bidding or BVB)</b>	Best value bidding allows for criteria other than price to be evaluated for award	Award is made to the highest ranked responsive and responsible offeror whose offer is deemed most advantageous to the state. Subjective evaluation criteria must be listed with their weight or relative importance in the solicitation. Price cannot be weighted below 60%. Method requires a written determination for use.	§11-35-1528

# Determine the source selection method

## Formal Competitive Procedures

Purchase Procedure	Description	Tips	Code Reference
<b>Competitive Online Bidding (Reverse Auction)</b>	Reverse auctions work like typical auctions except lowest, not highest, price wins.	Vendors must be registered prior to auction. The lowest bid price must be posted electronically to the internet and updated on a real-time basis. A bidder may not lower its price unless that price is below the lowest bid. Bid prices may not be increased. The closing date and time need not be a fixed point in time, but may be dependent on a variable specified in the solicitation. Requires a written determination for use.	§11-35-1529
<b>Competitive Sealed Bidding (Request for Proposals or RFP)</b>	RFPs allow factors other than price to determine award. They are built around mandatory and desirable specifications that describe either the solution or the business problem to be solved.	Unlike BVBs, RFPs allow for factors other than price to make up a majority of the scoring criteria. Scoring criteria must be listed in the solicitation in order of importance, but the assigned value need not be published. Award must be made to the responsible and responsive offeror whose offer is deemed most advantageous to the State. Requires written determination for use.	§11-35-1530
<b>Competitive Negotiations</b>	Used for complex, high-dollar solicitations, this method is conducted similar to an RFP, but negotiations are entered into with the top responsive and responsible offerors.	Only The Division of Procurement Services can use this source selection method. Requires a written determination for use.	§11-35-1535