

CHAPTER 8

MISCELLANEOUS PROCUREMENTS

8.1 RELATED STATUTORY AUTHORITY

- 8.1.1 SC Code § 11-35-540 permits SFAA to promulgate regulations, to approve agencies internal operational procedures for procurement, and to audit and monitor agencies procurement procedures.
- 8.1.2 SC Code § 11-35-1550 permits agencies to procure small purchases in accordance with regulations established by SFAA.
- 8.1.3 SC Code § 11-35-1560 permits the Chief Procurement Officer, the head of a purchasing Agency, or a designee of either officer, above the level of the procurement officer, to authorize in writing a sole source procurement.
- 8.1.4 SC Code § 11-35-1570 permits the Chief Procurement Officer, the head of a purchasing Agency, or a designee of either officer to authorize emergency procurements.
- 8.1.5 SC Code § 11-35-2440 requires that all sole source procurements and emergency procurements be reported to the appropriate Chief Procurement Officer.
- 8.1.6 SC Code § 11-35-3030 requires governmental bodies to obtain labor and material payment bonds on any contract to improve real property if the contract is valued in excess of \$50,000.
- 8.1.7 SC Regulation 19-445.2105 sets forth standards for sole source procurements.
- 8.1.8 SC Regulation 19-445.2110 sets forth standards for emergency procurements.
- 8.1.9 SC Regulation 19-445.2140 A (1) provides the definition for Brand Name Specification. (Brand Name Only)
- 8.1.10 SC Regulation 19-445.2140 A (2) provides the definition for Brand Name or Equal Specification.

8.2 TYPES OF MISCELLANEOUS PROCUREMENTS

- 8.2.1 Small Purchases
- 8.2.2 Sole Source Procurements
- 8.2.3 Emergency Procurements
- 8.2.4 Brand Name Only and Brand Name or Equal Specifications

8.3 SMALL PURCHASES

- 8.3.1 **Protest Rights:** Protest rights do not apply to contracts \$50,000 or less. Contracts over this amount that are awarded under the Small Purchase procedures set forth in this section are protestable; however, they immediately go into effect upon posting of the Notice of Award (SE-375). Do not use the Notice of Intent to Award (SE-370) on Small Purchases.
- 8.3.2 **Limits for Small Purchases:**
 - A. Small purchases are limited to an amount of \$100,000 or less.
 - B. Each Agency may have additional internal procedures that further limit the authority to make small purchases. The Agency's internal procedures should be verified with their procurement officer.
- 8.3.3 **Competition Requirements:** The specific requirements on the Agency to obtain competition for small purchases depend on the amount of the awarded contract or purchase order.
 - A. PURCHASES OF \$10,000 OR LESS:
 - 1. Agency may make small purchases with a total cost of \$10,000 or less without competitive quotes.
 - 2. The Agency should distribute these purchases equitably among qualified suppliers. When practical, the Agency must solicit bids from other suppliers before giving the previous supplier a repeat order.
 - 3. The Agency should make the purchase via their purchase requisition form.
 - 4. The Agency Procurement Officer or their designee must annotate the purchase requisition with the words "Price is fair and reasonable" and sign it.
 - 5. The Agency is only required to verify the reasonableness of the price when the Agency Procurement Officer suspects that the price may not be reasonable, e.g., by comparison to the previous price paid or personal knowledge of the item involved.

B. PURCHASES OVER \$10,000 BUT LESS THAN \$100,000:

1. For construction, the Agency may make written requests for written quotes from a minimum of three qualified sources and receive at least three bona fide responsive and responsible quotes; or, the Agency may provide adequate public notice in South Carolina Business Opportunities (SCBO) and receive at least one responsive and responsible quote.
2. The advertisement for written quotes in SCBO should be listed under the “Minor Construction” section.
3. The Agency must award to the lowest responsive and responsible source. (See Chapter 6 for more information on the evaluation of a Bidder’s responsiveness and responsibility.)
4. The Agency should make the purchase using their purchase requisition form. A copy of the purchase requisition form, with a copy of the written solicitation and submitted quotes, shall be placed in the Agency file.

8.3.4 Special Requirement for Purchases Over \$50,000 but Less Than \$100,000:

- A. The Agency will use the Invitation for Minor Construction Quotes (SE-311) as the written request for quotes, whether soliciting quotes directly from Contractors or advertising in SCBO.
- B. The Agency will create Project Documents using the Table of Contents – Minor Construction in Appendix B.3 that lists the forms that must be included.
- C. Projects Exceeding Agency’s Basic Authorization of \$50,000.
 1. The Agency must choose one of the following methods to proceed:
 - a. Soliciting Quotes directly from three (3) or more Contractors: The Agency will submit the completed SE-311 (page 1 in MS Word format and page 2 signed and dated by the Agency) and project documents to the OSE Project Manager for review and approval. The OSE Project Manager will send the approved SE-311 to the Agency. The Agency will include the signed SE-311 in the project documents and distribute them to qualified Contractors.
 - b. Advertising in SCBO: The Agency will submit the completed SE-311 (page 1 in MS Word format and page 2 signed and dated by the Agency) and project documents to the OSE Project Manager for review and approval. The OSE Project Manager will send the approved page 1 of the SE-311 to SCBO for advertisement and forward a signed copy to the Agency. The Agency must include the signed SE-311 in the project documents.
 2. The Agency can open quotes any time after the Quote Due Date & Time established in the SE-311. No public opening should take place; however, the Agency should create a Quote Tabulation for information.
 3. Posting Notice of Award: After determining the lowest responsive and responsible source, the Agency will send the Notice of Award (SE-375) with required back-up documents to the OSE Project Manager for approval. The OSE Project Manager will send the Agency the approved copy of the SE-375, which they will post at the location indicated in the Invitation. The Agency will also send the SE-375 and the Quote Tabulation to all Offerors and OSE electronically the same day it is posted. These contracts are immediately effective upon posting the SE-375 and the Agency may direct the Contractor to start work even though the time to protest the award has not passed.
 4. No Quotes Received: If the Agency does not receive any quotes prior to Quote Due Date and Time, they shall close out the procurement as follows:
 - a. Submit an SE-375 to OSE with “No Quotes Received” shown as the Name of Offeror.
 - b. After OSE approves the SE-375, post the form at the location shown in the Invitation.
 5. No Contract to Be Awarded: If the Agency does not intend to award a contract to any of the Offerors, they shall close out the procurement as follows:
 - a. Submit an SE-375 to OSE with “No Contract to be Awarded” shown as the Name of Offeror and indicate the reason under “Remarks”. Attach the Quote Tabulation to the SE-375.
 - b. After OSE approves the SE-375, post the form at the location shown in the Invitation and send it to all Offerors the same day it is posted.
 6. Before the Contractor begins the work, the Agency must complete an SE-580, sign the Agency Certification and submit it to OSE along with the Inspection/Material Testing Order (SE-955) and a signed copy of the SE-962. OSE will sign the SE-580 and return a signed copy to the Agency.

- D. Projects Within the Agency’s Construction Contract Certification.**
- 1.** The Agency must choose one of the following methods:
 - a.** Advertising in SCBO: The Agency will complete the ad online at <https://scbo.sc.gov/advertise> and must provide a link to a completed pdf of the SE-311, page 1, in the Description of Project section in the SCBO ad.
 - b.** Soliciting Quotes directly from three (3) or more Contractors: The Agency will distribute the completed SE-311 and the project documents to qualified Contractors.
 - 2.** The Agency can open quotes any time after the Quote Due Date & Time established in the SE-311. No public opening should take place; however, the Agency should create a Quote Tabulation for information.
 - 3.** Posting Notice of Award: After determining the lowest responsive and responsible source, the Agency will post the SE-375 at the location indicated in the Invitation and send a copy of the SE-375 and the Quote Tabulation electronically to all those who submitted a quote. These contracts are immediately effective upon posting the SE-375 and the Agency may direct the Contractor to start work even though the time to protest the award has not passed.
 - 4.** No Quotes Received: If the Agency does not receive any quotes prior to Quote Due Date and Time, they shall close out the procurement by posting an SE-375 with “No Quotes Received” shown as the Name of Offeror.
 - 5.** No Contract to Be Awarded: If the Agency does not intend to award a contract to any of the Offerors, they shall close out the procurement by posting the SE-375 with “No Contract to be Awarded” shown as the Name of Offeror and indicate the reason under “Remarks”. Attach the Quote Tabulation to the SE-375 and send them to all Offerors.
 - 6.** Before the Contractor begins the work, the Agency must complete an SE-580, sign the Agency Certification and Approval, and provide a copy to the Contractor. If required, the SE-962 shall be signed by all parties and a copy provided to all parties.
- E.** The Agency will complete and sign the Minor Construction Contract (SE-377) and send it to the Contractor for execution and securing bonds.
- F.** The Agency shall obtain the executed contract, Performance and Payment Bonds, each in an amount of 100% of the Contract Price, and the required certificate of insurance.
- 8.3.5** Agencies should be wary of using the Small Purchase procedures when the predicted award price is greater than \$90,000. In the event the lowest responsive and responsible bid is greater than the \$100,000 small purchase limit, the Agency may be required to cancel the solicitation and re-bid using the competitive sealed bidding process described in Chapter 6.

8.4 SOLE SOURCE PROCUREMENTS

8.4.1 Agency’s Authorization of Sole Source Procurements:

- A.** The Agency must determine for itself that there is only one source for the required service or construction.
- B.** The Chief Procurement Officer, the head of the Agency or their designee above the level of the Agency’s procurement officer, must authorize the sole source procurement.
- C.** The Agency must document, in writing, its determination that there is only one source for the service or construction and its authorization for the purchase utilizing the Justification for Sole Source Procurement (MMO/OSE-102).
- D.** The Agency must place a copy of its written determination in its procurement file. If the sole source is added to a contract by change order, contract modification, or contract negotiation per a request or directive by the Agency and is part of a construction project that exceeds the Agency Construction Contract Certification, the Agency must send a copy of the written determination to the OSE Project Manager.
- E.** The Agency’s determination is subject to protest.
- F.** Sole Source Procurements will be audited by Audit and Certification.

8.4.2 Advertising Sole Source Procurements

Except for contracts with a total potential value of \$50,000 or less, a Notice of the Intent to Award Sole Source (MMO/OSE-102A) without competition must include a copy of the MMO/OSE-102 and be advertised by the Agency in South Carolina Business Opportunities (SCBO) as follows:

- A.** Contracts with a total potential value greater than \$50,000 must be advertised in SCBO for at least 5 business days before entering a contract.
- B.** Contracts with a total potential value greater than \$250,000 must be advertised in SCBO for at least 10 business days before entering a contract.

8.4.3 OSE Code Review:

- A. For projects that exceed an Agency's construction contract certification, OSE will review the project and any work associated with a Sole Source Justification.
- B. OSE WILL NOT REVIEW OR APPROVE the Agency's determination for a sole source procurement.

8.4.4 Basis and Procedure for Sole Source Procurements:

See SC Code § 11-35-1560 and SC Regulation 19-445.2105 for the basis of making a sole source procurement public notice and the requirements for the determination that a sole source procurement is necessary.

8.4.5 Bid Security, Bonds, and Insurance for Sole Source Procurements:

- A. The Agency need not require bid security for a sole source procurement; however, the Agency must require the Contractor to provide a performance bond and labor and material payment bond when the sole source procurement is for construction greater than \$50,000.
- B. The Agency may waive bonding requirements for construction contracts under \$50,000 if they have protected the interests of the State.
- C. The Contractor must provide the standard contractor's insurance policies.
- D. See Chapter 6 for detailed information concerning bond and insurance requirements.

8.4.6 Change Orders or Amendments to Sole Source Procurements:

- A. The Agency may only approve change orders to meet a change in scope, time, or cost directly related to the sole source procurement.
- B. The Agency may not use change orders to add additional procurements that the Agency can obtain from other qualified sources.
- C. If the Agency approves any change orders, they must submit an approved copy to OSE marked "Change Order to Sole Source Procurement – For Information Purposes Only."

8.4.7 Reporting Sole Source Procurements:

The Agency must submit a quarterly report of all sole source procurements to the Materials Management Office (MMO) as directed by Audit and Certification at the following link: <https://reporting.procurement.sc.gov> .

8.5 EMERGENCY PROCUREMENTS**8.5.1 Agency Authorization of Emergency Procurements**

- A. The Agency must determine for itself the need for an emergency procurement.
- B. The Chief Procurement Officer, the head of the Agency or their designee must make or authorize an emergency procurement. The Agency may only make an emergency procurement when there is an immediate threat to public health, welfare, critical economy and efficiency, or safety.
- C. The Agency must document, in writing, the emergency condition and the circumstances or events that resulted in the emergency condition utilizing Justification for Emergency Procurement (MMO.OSE-103).
- G. The Agency must place a copy of its written determination in its procurement files. If the emergency procurement is part of a construction project that exceeds the Agency Construction Contract Certification, a copy of the written determination must be sent to the OSE Project Manager for information only.
- D. The Agency's determination to proceed with an emergency procurement is subject to protest.
- E. Emergency Procurements will be audited by Audit and Certification.

8.5.2 Advertising Emergency Procurements

Except for contracts with a total potential value of \$50,000 or less, a Notice of Award of Emergency Procurement (MMO/OSE-103A) must include a copy of the MMO/OSE-103 and be advertised in South Carolina Business Opportunities for a minimum of five (5) business days, as soon as practicable thereafter.

8.5.3 OSE Code Review

- A. For projects that exceed an Agency's construction contract certification, OSE will review the project and any work associated with an Emergency Justification. OSE will expedite this review.
- B. OSE WILL NOT REVIEW OR APPROVE the Agency's determination for an emergency procurement.

8.5.4 Permanent Improvement Project Approval

If the emergency procurement results in a project meeting the definition of a Permanent Improvement Project, the Agency must submit the project to SFAA immediately for approval.

8.5.5 Basis and Procedure for Emergency Procurement

See SC Code § 11-35-1570 and SC Regulation 19-445.2110 for the requirements for an emergency purchase public notice and for the determination that an emergency purchase is necessary. See Sloan v. DOT, Opinion No. 26534 (S.C. 2008) for the definition of an emergency as set forth by the South Carolina Supreme Court. You may find the Supreme Court's decision at: http://procurement.sc.gov/files/Sloan_v._DOT.pdf

8.5.6 Bonds and Insurance

- A. The Agency must require the Contractor provide a performance bond and labor and material payment bond when the emergency procurement is for construction of \$50,000 or more.
- B. The Agency may waive bonding requirements for construction under \$50,000 if they have protected the interests of the State.
- C. Insurance provided by the Contractor or A/E is required on all Emergency Procurements.
- D. See Chapter 6 for additional information concerning bond and insurance requirements.

8.5.7 Change Orders or Amendments to Emergency Procurements

- A. The Agency may only approve a Change Order to meet a change in scope, time, or cost specifically related to the conditions or circumstances that justified the emergency procurement.
- B. The Agency may not use Change Orders to add additional procurements that are not necessary to respond to the emergency.
- C. If the Agency approves any Change Orders, they must submit them to OSE marked "Change Order to Emergency Procurement - For Information Purposes Only."

8.5.8 Reporting Emergency Procurements

The Agency must submit a quarterly report of all emergency procurements to the Materials Management Office (MMO) as directed by Audit and Certification at the following link: <https://reporting.procurement.sc.gov> .

8.6 BRAND NAME ONLY AND BRAND NAME OR EQUAL SPECIFICATIONS**8.6.1 Agency's Authorization of Brand Name Only Specification**

- A. The Agency must determine for itself that only one brand of a required item for a construction project exists. The Agency is responsible for justification and authorization of its purchase.
- B. The Agency's Procurement Officer, must document its determination in writing that only one brand meets the requirements for a portion of a construction project, and that brand is available from multiple potential contractors.
- C. The Agency must submit justification for construction-related brand name only specifications to OSE for review on form MMO/OSE-139 and place a copy of it in their procurement file.
- D. The Agency must submit a separate form MMO/OSE 139 for each brand name only specification; however, multiple products by the same manufacturer can be included on the same form.
- E. The Agency's determination is subject to protest.
- F. Brand Name Only Specifications will be audited by Audit and Certification.
- G. The Agency may not use the procedures for authorizing a Brand Name Only Specification to add items at the Agency's request or direction by change order, contract modification, or contract negotiation after solicitation and receipt of bids or proposals. In such cases, the agency must follow the procedures applicable to Sole Source Procurements.

8.6.2 Agency's Authorization of Brand Name or Equal Specification

- A. Specifications that list a construction item by brand name "or equal" shall include a description of the particular design, functional, or performance characteristics which are required.
- B. Where a brand name or equal specification is used in the Bidding Documents, the documents shall contain explanatory language that the use of a brand name and model number is for the purpose of describing the standard of quality, performance, and characteristics desired and is not intended to limit competition.