Section 7.2.1: Sole Source Approval

PURPOSE AND POLICY

Each agency should establish and follow a standard process for various grant adjustments. The subgrantee must seek prior approval or provide justification in a grant modification or amendment request for the sole source subcontract award and/or must document any competitive process used to select the vendor, if such information was not provided in the application. The Office of Grants and Federal Resources (GFR) recommends that subgrant modifications or amendments are processed via the eCivis Subrecipient Manager (SRM).

A grantor agency may choose to follow the sole source approval process proscribed by the Arizona Department of Administration (ADOA) State Procurement Office (SPO), which is published in the Arizona Procurement Manual. If a grantor agency chooses to develop and implement its own sole source approval policy, the agency's policy must meet, at a minimum, the standards set forth by ADOA SPO. According to the [Arizona Procurement Manual](#), the following conditions require sole source approval:

> A sole source procurement is authorized when there is only one source practicably available for the goods or services required. Competition is not available in a sole source situation, thus distinguishing it from a proprietary purchase (brand-name only) where the product required is restricted to the manufacturer(s) stipulated, but is sold through distributors and competition between them can be obtained. Sole source justification based solely on a single vendor's capability to deliver in the least amount of time is not appropriate because availability alone is not a valid basis for determining sole source procurement. Note: For sole source procurements exceeding $10,000, a written quotation must be obtained from the vendor. Sole source procurements less than the informal bid limit do not meet the definition of a sole source.

If a subgrantee seeks sole source approval for goods or services as defined above after the subgrant is finalized, this request must be treated as a grant adjustment request.

PROCEDURE

1. **Submit grant adjustment request**

   The subgrantee submits a written request for a grant adjustment to the grant program manager, preferably in the eCivis SRM file.

2. **Review the grant adjustment request**

   The grant program manager reviews the grant adjustment request to determine if the requested change is allowable under the grant terms and conditions, is necessary and reasonable, and is consistent with the goals and objectives of the grant. The grant program manager ensures that amount requested to sole source is acceptable and adheres to all applicable state and federal policies and regulations.

If the request is denied, the grant program manager provides justification in the award file, preferably in eCivis SRM file. If the grant program manager has additional questions regarding the request, the grant program manager must contact the subgrantee. The subgrantee may then revise the grant adjustment request and re-submit it to the grant program manager.

3. Approve or deny the grant adjustment request and notify subgrantee

The grant program manager, following his/her agency's policies related to procurement and grant adjustments, will approve or deny the grant adjustment request.

If a change is needed, the grant program manager asks the subgrantee, in writing, to make the changes and resubmit the request.

If the grant program manager denies the modification or amendment request, the grants program manager will notify the subgrantee in writing.

If the request is put on hold (e.g., to allow the grant program manager to gather additional details from the subgrantee), the grant program manager must inform the subgrantee of the reason why it is being put on hold.

Once the modification or amendment is approved, the grants program manager will notify the subgrantee in writing. Again, the preferred method of handling these modifications and amendments is through the eCivis SRM.

4. Record of the grant adjustment request disposition

Once a final determination regarding the modification or amendment is rendered, the grants program manager will notify the subgrantee of the decision. The final disposition – approved or denied – is included in the award file, preferably in the eCivis SRM.