

SOLE SOURCE PROCUREMENT

Introduction

Public procurement is a critical process within state government, ensuring taxpayer dollars are responsibly managed while providing quality goods and services that meet the needs of government agencies and public programs. While there are many different procurement methods, competitive sealed bidding remains the primary process for ensuring fairness, transparency, and cost-effectiveness.¹ **However, there are circumstances in which a formal competitive bidding process is impractical or impossible—such as when a product or service can only be provided by a single source or no reasonable alternative source exists.**²

During emergencies like the [COVID-19 pandemic](#), *sole source procurement* was a necessary tool to meet urgent public needs. Yet, the rapid and widespread use of non-competitive contracting also exposed weaknesses in oversight, transparency, and ethical safeguards. The appropriate application of sole source procurement requires deep understanding to stop abuse, protect market competition, and uphold public confidence.

What is Sole Source?

The term “sole source” refers to the supplier, not the commodity or service. While it is a commonly referenced designation, there is no standard, universally accepted definition. **Generally, a sole source procurement occurs when a public agency determines that only one supplier can provide a particular product or service that meets its specified requirements.** The intent is to provide flexibility when competition is not possible—not to bypass fair and open competition entirely. Some examples of when sole source procurement may be appropriate include:

- An item where compatibility is the overriding consideration
- A component or replacement part for which there is no commercially available substitute, and which can be obtained only directly from the manufacturer³
- A specific item is needed for trial use or testing, including testing of a prototype
- Procurement of a public utility service⁴
- An exclusive maintenance, service, or warranty agreement⁵

¹ [Model Procurement Code for State & Local Gov't \(Am. Bar Ass'n 2000\)](#). Section 3-202 denotes competitive sealed bidding as the default source selection method.

² “Sole Source Procurements,” NASPO Procurement Glossary, last modified January 30, 2026, <https://www.naspo.org/glossary/>

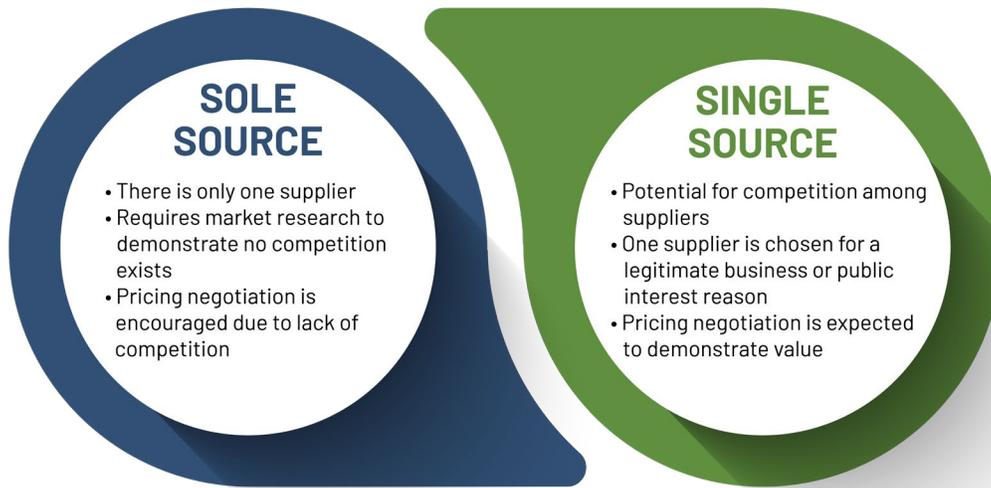
³ UT Admin Code R33-108-101a (2024).

⁴ [Louisiana Office of State Procurement Division of Administration. Procurement Handbook \(2016\), 4.](#)

⁵ UT Admin Code R33-108-101a (2024).

Single vs. Sole Source Procurement

Some entities make distinctions between single source procurements and sole source procurements.⁶



All U.S. states and territories allow some form of sole source procurement, and although the main purpose remains consistent, implementation varies significantly. States differ in their dollar thresholds, approval processes, required documentation, public notice provisions, and review frequency.

Some states have moved toward automating or centralizing the approval processes, while others have decentralized authority to expedite agency-level needs. These structural differences affect how quickly state agencies can adapt to changes in the market while upholding accountability and ethical standards. Three different process examples are:

Centralized

The CPO shall make a determination and findings justifying the sole source procurement.

Washington, D.C. § 2-354.04(b)
(2011)

Hybrid

The Agency Head shall conduct negotiations, as appropriate, as to price, delivery, and terms. If the contract amount is greater than \$75,000, the contracts must be forwarded to the PSCRB [Personal Service Contract Review Board] for approval prior to any services being rendered.

27 Miss. Code. R.100-3-206.03
(2015)

Decentralized

A contract may be awarded without competition if the Agency Head, prior to the procurement, determines in writing that there is only one source for the required contract.

29 DE Code § 6904 (2024)

⁶ "Emergency Preparedness Guide," NASPO, last modified December 1, 2022, <https://cdn.naspo.org/RI/2022EmergencyPreparednessGuide.pdf>.

State Examples and Innovations



- In 2018, the State of Alaska worked with 15 executive branch agencies to identify their biggest pain points with the procurement office. The agencies were overwhelmingly in agreement—Alaska needed a statutory process for gaining approval of non-competitive single source contracts. End users noted that single source requests took too long, and there were no consistent standards and processes.^{7,8}
- Hawaii is among the few states that expressly imposes term limits on contracts awarded through sole source procurements, capping the contract duration at one year unless approval is granted for a multi-term contract pursuant to HAR §3-122-149 (1995).⁹
- Indiana recently revised its sole source policy to reflect an updated understanding of IN Code 5-22-10-13 (2024). The state now allows sole source requests for the supply of commodities only.¹⁰
- Massachusetts does not recognize sole source procurement as a competitive exemption under regulation 801 MA Code of Regs 801.21.00.¹¹ It is also worth noting that Massachusetts specifically prohibits local jurisdictions from, “artificially [creating] an emergency by postponing normal purchases.” In its procurement manual, Massachusetts explicitly notes that invoking the emergency procurement procedure in the absence of a genuine emergency is not a valid justification for a non competitive procurement.¹²
- Montana implemented a sole source committee that would review sole source requests which not only eliminated the need for one person to be the sole approver, but it also increased visibility into how many sole source approvals were being requested. Montana’s Central Procurement Agency also posts a notice of its intent to sole source in its eProcurement system. On a few occasions, this helped the state learn of additional suppliers who could provide the good or service which resulted in a competitive procurement.¹³
- Wisconsin also found handling sole source requests to be a lengthy, cumbersome process. In 2017, the state addressed this problem by building a new automated system for customers to request the necessary purchasing authority, eliminating the previously required hard copy request packets that needed to be hand delivered and physically stored in the purchasing department or the State Record Center. On rare occasions, hard copies were lost and needed to be recreated manually, which required staff time and resources.¹⁴

⁷“Continuous Improvement in Statewide Procurement,” Cronin Submission Booklet, NASPO, accessed December 4, 2025, <https://cms.naspo.org/wp-content/uploads/2023/08/2018-Cronin-Booklet.pdf>.

⁸ In 2022, Alaska updated its State Administrative Manual to include updated language in the delegation of authority table to clarify which delegations are allowed via [Memorandum 102](#). The State also issued [Procurement Information Message \(PIM\) #93](#) detailing the documentation requirements for single source Requests for Alternate Procurements (RAP’s).

⁹ HAR §3-122-81(1995).

¹⁰ As states reflect on their procurement processes post COVID-19, we could see more updates to state procurement processes requiring more ethical, justifiable approaches to all types of procurement.

¹¹ Michael Asner, *The Request for Proposal Handbook*, 5th ed. (Michael Asner Consulting, 2014), 280.

¹² Commonwealth of Massachusetts Office of the Inspector General, *The Chapter 30B Manual: Procuring Supplies, Services and Real Property*, page 63, May 2023.

¹³ Several other states and territories, including Florida (FL Admin Code R 60A-1.045 (2024)), Illinois (30 ILCS 500/20-25 (2017)), New Mexico (N.M. Adin Code § 1.4.1.54 (2022)), and Oregon (Rule 125-247-0275) have statutory requirements of public notice posting for sole source procurements.

¹⁴“Leveraging Agile Systems to Automate the Approval Process for Sole Source Procurements,” Cronin Submission Booklet, NASPO, accessed December 4, 2025, <https://cms.naspo.org/wp-content/uploads/2023/08/2018-Cronin-Booklet.pdf>.

Ethics and Competition



The COVID-19 pandemic underscored both the necessity and the vulnerabilities of sole source procurement. When faced with global supply shortages, emergency needs, and unprecedented timelines, states often had little choice but to rely heavily on sole source and emergency contracts for critical goods such as personal protective equipment (PPE), medical supplies, and essential services. While justified under the circumstances, the surge in non-competitive contracting revealed systemic risks.

Public procurement operates under strict ethical standards, relying heavily on competition due to its duty to serve public interests.¹⁵ Procurement ethics are centered on fairness, transparency, accountability, and stewardship of public funds. Sole source procurement challenges these principles by removing competition—one of the strongest tools procurement professionals have to ensure integrity while delivering value.

When competition is eliminated, the burden of proof shifts heavily to the requesting agency. **Agencies need to demonstrate thorough documentation, justification, and market research. Without these safeguards, they risk overpayment, favoritism, and erosion of public trust—often visible through bid protests and audit findings.**¹⁶

Common Red Flags and Pitfalls

Even with the right processes in place, every sole source procurement can feel like a case study in balancing practicality with public trust. The following red flags represent common ethical and procedural vulnerabilities:

- **Equating “Proprietary” with “Sole Source”**

A proprietary product does not automatically justify a sole source procurement. Multiple suppliers may be able to distribute, service, or provide alternatives to a proprietary item. Several states, including Colorado, Louisiana, Massachusetts, and Mississippi explicitly distinguish these terms in statute to prevent overuse and encourage broader market research.¹⁷

- **Narrowly Drafted Specifications**

Specifications written so narrowly that only one supplier qualifies—intentionally or not—undermine fairness and can signal favoritism. Broader, performance-based specifications typically yield more competitive and innovative solutions.¹⁸

- **Reactive Use Due to Poor Planning**

Agencies sometimes resort to sole sourcing because they did not begin the procurement process early enough. Proper forecasting and project management can prevent this misuse and maintain competitive integrity.

¹⁵ Timothy Hawkins, Michael Gravier, and Edward Powley, “Public Versus Private Sector Procurement Ethics and Strategy: What Each Sector Can Learn From the Other,” *Journal of Business Ethics*, 103 (2011): 567-586, https://digitalcommons.bryant.edu/mark_jou/28/.

¹⁶ Timothy Hawkins, Michael Gravier, Susan Niranjan, and Matthew Douglas, “Why Empower Your Buyer? Antecedents and Consequences of Buyer Authority,” *Journal of Public Procurement*, 25 no. 3 (2025) 424-446, doi: <https://doi.org/10.1108/JOPP-11-2024-0122>.

¹⁷ Colorado (CRS 24-103-205 (2025)), Louisiana (LA Admin Code XXIII-321 (2025)), Massachusetts (MA Gen L cha 30B § 7 (2023)), and Mississippi ([Mississippi Procurement Manual](#) 3.109.02 (2018)).

¹⁸ NM Stat § 13-1-126 (2024).

Proven Methodologies



To safeguard competition, ethics, and accountability, agencies should adopt a standardized framework for managing and reviewing sole source procurements. The following best practices reflect lessons learned across multiple states:

1. Transparency and Public Notice

Publish a *Notice of Intent to Sole Source* allowing potential suppliers to challenge or express interest. This simple step can reveal previously unidentified qualified suppliers and prevent inappropriate sole source designations. Even if only one supplier emerges, the public notice demonstrates due diligence—reinforcing accountability. If multiple vendors respond, the notice establishes a clear basis for competitive procurement.¹⁹

2. Comprehensive Market Research

Ensure timely market research and acquisition planning processes are in place to determine fair pricing and verify supplier exclusivity. Market analysis also strengthens negotiation leverage.

3. Defined Approval Process

Align the review and approval process with state policy. Ensure justifications are thoroughly vetted and approved prior to award, ideally through a centralized or committee-based review model.

4. Standardized Templates and Documentation

Use a consistent approval form to capture essential details, including:

- Description of the goods/services requested
- Nature and justification of the sole source request
- Market research findings and evidence supporting the determination of a single supplier
- Compatibility or technical requirements limiting competition
- Special delivery or performance conditions

5. Proper Planning

Effective procurement planning begins well before a need becomes urgent. Forecasting requirements, engaging stakeholders early, and conducting market research help procurement professionals demonstrate that decisions are driven by strategic preparation rather than outside pressures.

6. Recordkeeping and Monitoring

Maintain a continuous log of all sole source procurements and contracts. Conduct periodic reviews to confirm that each contract remains necessary and that the justification for non-competition still applies.

7. Contract Term Limits

Establish reasonable term limits for sole source contracts to encourage future competition, reduce supplier dependency, and mitigate ethical and/or legal risks.

8. Education and Training

Provide regular training to agency staff on identifying legitimate sole source situations, conducting market research, and documenting justifications. Educating end users helps reduce unnecessary reliance on non-competitive contracts.

¹⁹It is also important to note that if there was only one supplier for the original procurement of a proprietary product, a new competitive procurement is still necessary as new bidders may have entered the market during the contract term.

Conclusion

Sole source procurement is a legitimate and sometimes indispensable tool within public procurement—but it also demands heightened ethical diligence. Lessons from the COVID-19 pandemic demonstrated that while flexibility is vital, transparency and accountability should never be compromised.

By adopting standardized, proven methodologies—such as public notice, thorough market research, documented justification, and periodic review—agencies can responsibly navigate the balance between efficiency and ethics. In doing so, they uphold the fundamental values of public procurement: fairness, transparency, and stewardship of public trust.

Resources for Further Learning

NASPO Procurement U course on sole source procurement:
[Introduction to Sole Source Procurement](#)

NASPO Procurement U course on market research:
[Introduction to Market Research](#)

NASPO's [State & Local Government Procurement: A Practical Guide](#)

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