

Source Selection in Government Contracting

Adapted from DAU's ACQuipedia listing on Source Selection, with additional information and perspective from Richard Ferro, BOK Subcommittee Chair, Rhode Island PTAC

Source Selection generally refers to the process of evaluating a competitive bid or proposal to enter into a Government procurement contract. The term "source selection" is used for referring to acquisitions awarded according to Federal Acquisition Regulation Parts 13 (*Simplified Acquisition*), 14 (*Sealed Bidding*), or 15 (*Contracting by Negotiation*). However, it is most commonly used specifically for FAR Part 15 acquisitions.

Any company that is responding to a government solicitation where Value (non-cost factors) versus lowest price alone is the basis for an award decision needs to have a very clear understanding of what factors and concerns the awarding authority will use to select the winning contractor(s). Procurement under FAR Part 15, *Contracting by Negotiation*, generally involves non-cost factors in the award decision process.

The Source Selection Process

The Source Selection process may be formal or informal. Formal source selection is used for high-dollar value or complex acquisitions where someone other than the procuring contracting officer is the source selection authority (SSA) and utilizes an evaluation plan specifically established for that acquisition. Informal source selection procedures are less complex, as the procuring contracting officer (PCO) determines which offer constitutes best value for the Government without formal input from other Government officials specifically designated for that purpose.

Agency heads are ultimately responsible for source selection. The contracting officer is designated as the SSA unless the agency head appoints another individual for a particular acquisition or group of acquisitions. In DoD, the SSA must be an individual other than the PCO for acquisitions with a total estimated value of \$100M or more.

The concept of best value is at the heart of source selection. An agency can obtain best value in negotiated acquisitions by using any one or a combination of source selection approaches. In different types of acquisitions, the relative importance of cost or price may vary. For example, in acquisitions where the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may play a dominant role in source selection. At one end of the best value continuum is the tradeoff process. At the other end is the lowest priced technically acceptable concept. A tradeoff process is appropriate when it is in the Government's best interest to consider award to other than the lowest priced offeror or other than the highest technically rated offeror. When a tradeoff process is used:

- All evaluation factors and significant sub-factors that will affect contract award and their relative importance should be clearly stated in the solicitation

- The solicitation should state whether all evaluation factors other than cost or price, when combined, are significantly more important than, approximately equal to, or significantly less important than cost or price.
- The tradeoff process permits tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced proposal. The perceived benefits of the higher priced proposal must merit the additional cost.

The lowest price technically acceptable source selection process is often used when best value is expected to result from selection of the technically acceptable proposal with the lowest price. When using the lowest price technically acceptable process:

- The evaluation factors and significant sub-factors that establish the requirements of acceptability are usually set forth in the solicitation. These solicitations specify that award will be made on the basis of the lowest evaluated price of proposals meeting or exceeding the acceptability standards for non-cost factors.
- Tradeoffs are not permitted.
- Proposals are evaluated for acceptability, but are not ranked using non-cost/price factors.

Source Selection and PTAC Clients

PTAC clients responding to a government Request for Proposal (RFP) or Request for Quotation (RFQ) that requires a presentation and/or narrative that clearly defines “how” they are going to address the stated requirements, and why their solution is in the best interest of the government (as opposed to their competition), should be thoroughly familiar with the stated Evaluation Criteria and “Basis for Award” i.e., Evaluation Factors contained in the RFP/RFQ.

Generally, the best time to educate your clients about government source selection is before they plan to draft a proposal in response to a solicitation (RFP/RFQ). It is important that they understand the specific evaluation criteria during the early stages of their Bid/No Bid decision making process (before they make a decision to submit a response to the solicitation in the form of a proposal)

Example: The selection criteria/evaluation factors contained in the RFP specifies that Government Past Performance/Experience with the specific/similar requirement is at the “top” of the list in importance, and “mandated”. If the company doesn’t have it, perhaps “No Bid” is the correct decision. Why waste your time if you have no chance of winning?

Teaching Your Clients about Source Selection

Source Selection education can be accomplished in at least two ways

1. On a one-on-one basis, perhaps when reviewing a specific RFP/RFQ to decide if there is a fit with the company’s business plan and readiness to commit resources, or during review of a “draft” proposal the client has prepared.
2. By surveying the PTAC client base and targeting those clients whose products and services lend themselves to defining their solution to a stated problem, then scheduling group training sessions.