GUIDE TO DIRECT CONTRACTING

Government Procurement Services
Government of Montserrat

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List of Acronyms

Acronym	Definition
DC	Direct Contracting
DPC	Departmental Procurement Committee
GOM	Government of Montserrat
GPS	Government Procurement Services
PE	Procuring Entity
PPB	Public Procurement Board
RACI	Responsible Accountable Consulted Informed
STD	Standard Tender Document
XCD	Eastern Caribbean Dollars

PART A: INTRODUCTION

1 Introduction

1.1 Purpose of guide

This guide is designed to provide public officers with easy-to-follow guidance on how to conduct procurement using the direct contracting (DC) method.

DC is a procurement method where a tender is invited from a single supplier only. As a non-competitive method, its use should be avoided wherever possible. Where its use is adequately justified, the process followed will depend on the reasons for its use.

1.2 Legal framework

Public procurement in Montserrat is governed by:

- the Public Procurement Act 2025 (the “Act”); and
- the Public Procurement Regulations 2025 (the “Regulations”).

This guide is issued by Government Procurement Services (GPS) under section 10 of the Act to provide procuring entities (PEs) with the necessary guidance and direction to decide when DC should be used and to implement procurement using this method.

GPS has issued separate guides which provide an overview of the public procurement system, guidance on procurement planning, other methods of procurement and contract award and management.

GPS has also adopted standard tender documents (STDs), contract forms and other procurement forms and templates. The use of these documents is mandatory and this guide provides advice on which documents should be used for the DC method.

The Act and Regulations can be downloaded from https://tenders.gov.ms/publications. All other documents are available from GPS by emailing procurement@gov.ms.

In the event of any discrepancies, the Act and Regulations take precedence over this guide and the standard documents. Any queries or suggestions for updates to this guide or the standard documents should be addressed to the Head of GPS.

1.3 Application

The Act, Regulations and this guide apply to all PEs, including ministries, departments, units and subdivisions of the Government of Montserrat (GOM) that engage in procurement.

Government owned entities are required to follow this guide, unless they have their own procurement rules or regulations, approved by the Cabinet on the recommendation of the Public Procurement Board (PPB).

For guidance on donor funded procurement and exemptions to the Act, refer to the Guide to the Public Procurement System.

PART B: OVERVIEW OF DIRECT CONTRACTING

2 Overview of direct contracting

2.1 What is direct contracting?

DC is a procurement method where a tender is invited from a single supplier only. It is the least competitive and transparent procurement method available and therefore its use should be avoided wherever possible.

There are two broad reasons for using DC:

- for small purchases of goods, works and services below XCD 15,000 where the low value does not justify the use of a competitive procurement method; and
- for higher value purchases and consulting services where the circumstances justify restricting the procurement to a single supplier.

References and templates:

- Section 27 of the Public Procurement Act 2025
- Regulations 2, 24 and 43 of the Public Procurement Regulations 2025
- Forms for approval of direct contracting

This guide has separate sections covering small purchases and higher value DC. See section 3 for small purchases and section 4 for higher value DC.

2.2 Approvals for direct contracting

Approvals are needed at two different stages of the DC process:

- approval from PPB of the justification for using DC; this approval must be obtained BEFORE inviting a tender; and
- approval from either PPB or the Departmental Procurement Committee (DPC) for the award of contract.

These approvals are explained further in the following sections.

PART C: SMALL PURCHASES

3 Small purchases

3.1 What is a small purchase?

A small purchase is any requirement for goods, works or services with an estimated value below XCD 15,000.

The requirement should be identified as a small purchase during procurement planning.

Can you consolidate the purchase with other requirements?

- You must **NOT** divide a procurement into separate contracts to reduce the value below XCD 15,000 and avoid use of a competitive procurement method.
- Aim to combine similar requirements as a single procurement; this may allow use of a competitive procurement method, resulting in better value for money. It will also reduce procurement workloads by reducing the number of procurement processes.
- For repeated purchases of the same or similar items, consider establishing a framework agreement. This will allow multiple separate orders to be placed within the duration of the framework, following a single procurement process.

➔ See the **Guide to Procurement Planning** for more information.

3.2 Approvals for small purchases

The use of DC for small purchases must be approved by PPB BEFORE inviting a tender.

- Where use of DC for a small purchase was included in the procurement plan approved by PPB, you may invite a tender from the selected tenderer immediately.
- Where use of DC for a small purchase was not included in the procurement plan, you must request PPB approval before inviting a tender. Use the **Direct Contracting Supplier Engagement Approval form**.

The contract award must be approved by the DPC.

The accounting officer must monitor the use of DC to ensure that it is not used for repeated small purchases of similar requirements.

3.3 Roles and responsibilities for small purchases

The chart below shows who does what in the procurement process for small purchases by defining who is Responsible Accountable Consulted or Informed (RACI). It lists all tasks and assigns specific roles for each task, as explained in the table below:

R	Responsible	Does the work
A	Accountable	Owns the result and signs off
C	Consulted	Provides input before or during the task
I	Informed	Kept updated about decisions or progress

TASK	Accounting Officer (or as delegated)	End user or other PE staff	Departmental Procurement Committee (DPC)	Public Procurement Board	Tenderer
Prepare description of requirements	A	R			
Approve use of direct contracting (through annual procurement plan or DC Supplier Engagement Approval form)	I	I		R	
Identify tenderer to invite	A	R			
Prepare and issue written invitation	A	R			I
Receive and evaluate quotation	A	R			
Negotiate quotation (if required)	A	R			C
Approve recommended contract award	I	I	R		
Award contract	A	R			I

3.4 Process for small purchases

The procurement process for small purchases is summarised in the table below:

Step in process	Guidance
Plan and define requirements	Prepare a description of requirements with an appropriate level of detail for the value. Consider whether the requirement can be consolidated with other similar requirements. If so, they could be included in a single contract (if quantities and delivery times are known) or framework agreement (if quantities and delivery times are uncertain). • See the **Guide to Procurement Planning** for more information.
Identify tenderer	Use the **GPS supplier register** to identify at least one potential tenderer. You may invite more than one supplier. Where the GPS supplier register doesn't include any suitable suppliers, identify potential tenderers from past procurements, your own knowledge, information from other PEs or market research.
Obtain approval for use of DC	If the requirement is not included in the approved annual procurement plan, obtain PPB approval for use of DC by submitting a **Direct Contracting Supplier Engagement Approval form**.
Prepare and issue invitation	Prepare a written invitation. This may be issued by email or in other written form. The invitation should include at least: • the name and address of the PE; • a description of the nature and quantity of goods, works or services required; • instructions for submitting a quotation including the address and date for submission; and • the key contract terms which will apply, including the payment currency and terms. There is no minimum tendering period for DC. Ask the selected supplier(s) to confirm receipt and whether or not they will submit a tender.

Step in process	Guidance
Receive and evaluate quotation	Receive a written quotation. Evaluate the quotation to ensure that it meets the PE's needs and that the price is not excessive. Where more than one quotation is received, identify the lowest-priced quotation which meets the PE's needs.
Negotiate quotation	Where required, negotiate with the tenderer to ensure that the quotation meets the PE's technical needs and that the price is reasonable. Ensure that a written record of any negotiations is kept on the procurement file.
Award and manage contract	Contract award must be approved by the DPC. Prepare a contract using the format from a request for quotations document. Issue the contract and ensure that it is signed by both parties. Manage implementation and completion of the contract. • See the **Guide to Contract Award and Management** for more information.

PART D: HIGHER VALUE DIRECT CONTRACTING

4 Higher value direct contracting

4.1 Justification for direct contracting

Reasons for using DC include:

- there is only one supplier that is able to provide the goods, works, services or consulting services required;
- the circumstances justify restricting the procurement to a single supplier e.g. in an emergency situation; and
- other circumstances mean that competition would be ineffective or would offer no advantage.

Use of direct contracting for emergencies and extreme urgency

Where a **public emergency has been declared** under the Montserrat Constitution Order, you may use DC.

Other circumstances must meet the definition of **extreme urgency** in the Regulations to justify use of DC. This is a situation that wasn't foreseeable, is outside of the PE's control and where use of any other procurement method would:

- cause serious risk to life, public health or safety, continuity of essential services or statutory compliance;
- cause substantial financial or operational loss;
- cause harm to government interests;
- be otherwise detrimental to the procuring entity or beneficiaries of the procurement.

Poor planning, internal delays or administrative failings in the PE do not justify extreme urgency.

Late funding releases or late notification of donor or appropriation conditions are considered to be outside of the PE's control and do justify extreme urgency.

You may only use DC for procurement with a value of XCD 15,000 or higher where the procurement meets the criteria specified in the Act and Regulations. These are summarised in the table below, but you should consult the relevant parts of the Act and Regulations for the precise wording:

Type of procurement	Justification for use of direct contracting
Goods, works and services *See section 27 of the Act*	• There is only one possible supplier for technical reasons or due to intellectual property rights and no reasonable alternative or substitute exists.

Type of procurement	Justification for use of direct contracting
	• There is a need for standardisation or compatibility with previous purchases and a change of supplier would result in disproportionate costs or technical difficulty. • There is extreme urgency or a declared public emergency. See the guidance box above for further definition of emergency and extreme urgency. • No suitable tenders were received under a competitive process. In this case, the contract conditions proposed in the initial procurement must not be substantially altered. • You are buying supplies on a commodity market. • You can buy supplies or services on advantageous terms due to supplier insolvency or similar.
Consulting services *See regulation 43*	• Only one consultant is qualified or one consultant has exceptional experience. • An existing contract may be extended to provide additional similar services. In this case, the consultant's performance on the original contract must be satisfactory and you must confirm that there is no advantage in further competition. • The task is a continuation of previous work recently carried out and continuity of technical approach, experience or professional liability of the same consultant is preferable. In this case, the consultant's performance on the original contract must be satisfactory.

4.2 Approvals for direct contracting

The justification for use of DC must be included in the annual procurement plan wherever possible. In some cases, such as DC related to a declared public emergency or extreme urgency, this may not be possible.

➔ See the **Guide to Procurement Planning** for more information.

You must also obtain PPB approval for use of DC BEFORE issuing an invitation to a supplier. Use the **Direct Contracting Supplier Engagement Approval form** to record the justification for use of DC and to request PPB approval.

Following the procurement process, the contract award must be approved by:

- PPB where the value of the procurement is XCD 200,000 or higher; or
- the DPC where the value is below XCD 200,000.

PPB approval in the event of a declared public emergency

Where a public emergency has been declared under the Montserrat Constitution Order, you may award a contract without PPB's prior approval **where it is not feasible to obtain the approval in time**.

In such cases, you must submit a report to PPB as soon as practical after the end of the emergency. This report must include:

- reference to the emergency declaration;
- details of the goods, works or services purchased
- the name of the supplier;
- the rationale for the contract award;
- the scope or value of the contract;
- time limits imposed; and
- steps taken to ensure fairness and value for money.

4.3 Roles and responsibilities for direct contracting

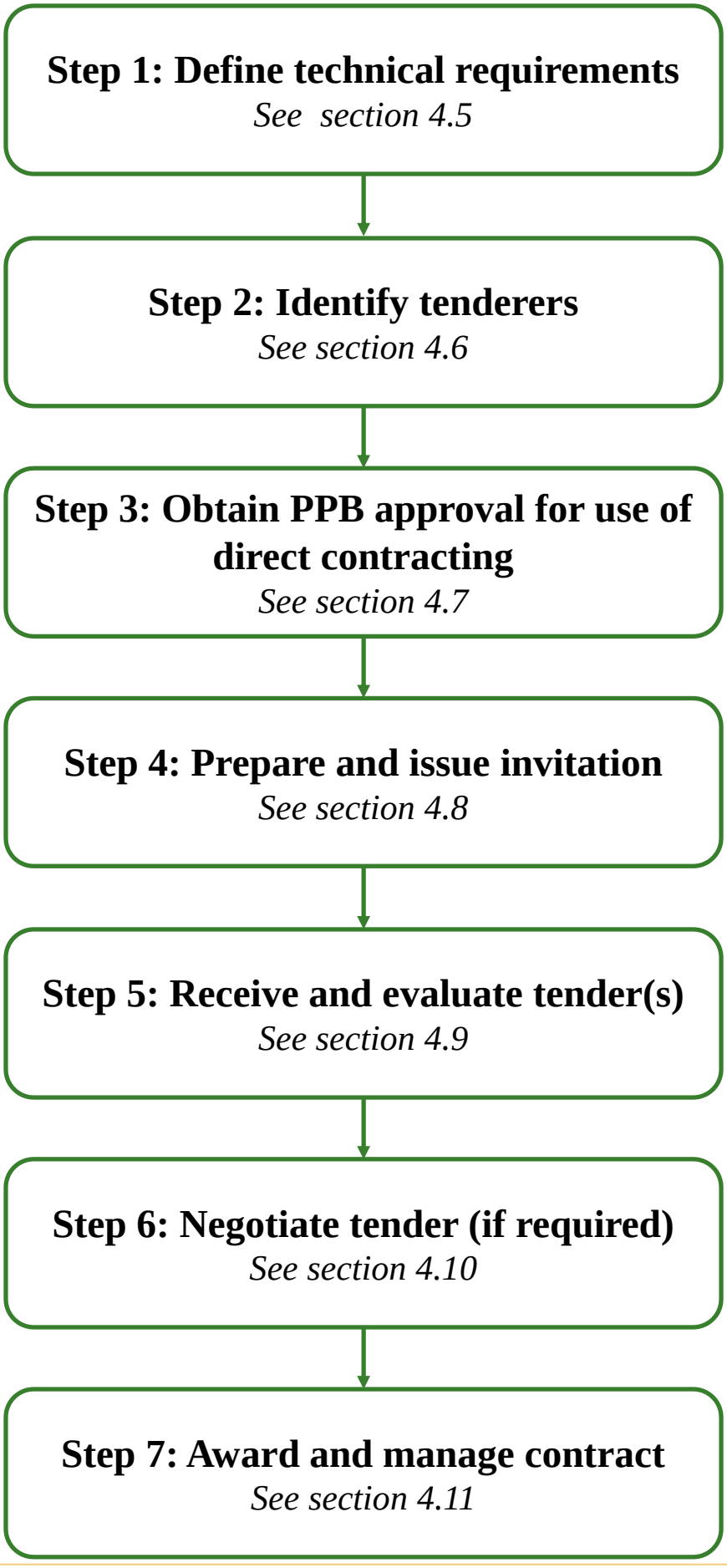
The chart below shows who does what in the DC process by defining who is Responsible Accountable Consulted or Informed (RACI). It lists all tasks and assigns specific roles for each task, as explained in the table below:

R	Responsible	Does the work
A	Accountable	Owns the result and signs off
C	Consulted	Provides input before or during the task
I	Informed	Kept updated about decisions or progress

TASK	Accounting Officer (or as delegated)	End user or other PE staff	Procurement staff	Head of GPS	PPB	DPC	Tenderer
Prepare description of technical requirements	A	R					
Identify tenderer(s) to invite	A	R	C	C			
Prepare justification for use of direct contracting	A	R					
Approve use of direct contracting	I	I		C	R		
Prepare written invitation document	A	R	C	C			
Approve invitation document	R	I		R			
Issue invitation document	A	R					I
Receive and evaluate tender(s)	A	R					
Negotiate tender	A	R					C
Approve contract award	I	I			R	R	
Award contract	A	R					I

4.4 Overview of direct contracting process

Although the DC method may be non-competitive, the procurement process will follow the same basic steps as competitive methods i.e. defining requirements, inviting a tender (or tenders), evaluation of the tender(s) and contract award and contract management. For DC, the tender may be negotiated. The flowchart on the next page shows the main steps in the DC process. Sections 0 to 4.11 of this guide give further information on each step in the process.


Step 1: Define technical requirements
See section 4.5
Step 2: Identify tenderers
See section 4.6
Step 3: Obtain PPB approval for use of direct contracting
See section 4.7
Step 4: Prepare and issue invitation
See section 4.8
Step 5: Receive and evaluate tender(s)
See section 4.9
Step 6: Negotiate tender (if required)
See section 4.10
Step 7: Award and manage contract
See section 4.11

4.5 Step 1: Define technical requirements

Prepare a description of your requirements. The structure and content will be different for each type of procurement i.e. for goods, works, services or consulting services.

- See the **Guide to Procurement Planning** for how to define your technical requirements.

The level of detail in the description of requirements should be proportionate to the value and complexity of the procurement and the circumstances justifying use of the DC method. Even in cases of emergency, the description must have sufficient detail to ensure that the supplier understands the need and the offer can be evaluated for compliance with this.

Where only one supplier is able to meet the need, consider whether alternative products or approaches could be accepted, allowing greater competition.

In cases of extreme urgency, you must limit the scope of the contract to what is needed to meet the urgent need. For example:

- limit the quantity of goods to what is required to meet the urgent need, with additional quantities purchased through a competitive procurement method;
- limit the duration of a services contract to the time required to allow a service provider to be procured through a competitive process; and
- limit the scope of a works contract to emergency repairs to ensure public safety or allow delivery of public services, with non-emergency repairs or reconstruction procured through a competitive process.

4.6 Step 2: Identify tenderer(s)

Where only one supplier is able to provide the goods, works, services or consulting services required, the tenderer will have been identified when preparing the description of requirements.

In other cases, identify one or more potential tenderers. While DC can be limited to one tenderer, **it is recommended to invite more than one wherever possible** to obtain greater competition and because some suppliers may not submit a tender.

Use the GPS Supplier Register to identify potential suppliers for all categories of goods, works and services included on the register.

Where the GPS Supplier Register doesn't include suppliers for the goods, works or services required, identify additional suppliers based on past contracts, your knowledge of the market or other sources of information. Other sources may include:

- other procuring entities who buy the goods, works or services, whether based in Montserrat or other countries
- chambers of commerce, trade or professional associations
- trade or industry directories, journals or publications
- embassies or development partners
- external technical experts (providing they have no conflict of interest)

- online searches for suppliers.

In cases of extreme urgency, you are required to invite tenders from as many sources as practical in the time available. This should include all registered suppliers for the goods, works or services required.

4.7 Step 3: Obtain PPB approval for use of direct contracting

You must obtain PPB's approval for use of DC BEFORE issuing an invitation, unless you are using DC in a declared public emergency.

Use the **Direct Contracting Supplier Engagement Approval form** to record the justification for use of DC and to request PPB approval. Complete Part A of the form which requires the following information:

- a description of the goods, works, services or consulting services;
- the estimated value of the contract;
- the reason for using DC, including both the grounds from the Act or Regulations and a justification with all relevant details; and
- the proposed supplier.

Submit the form through the Head of GPS. PPB will complete Part B of the form to indicate its decision.

4.8 Step 4: Prepare and issue invitation

Prepare a written invitation. For more complex requirements, if time allows, use one of the STDs as a starting point, adapting the document as required. Choose the most appropriate STD, based on the value and complexity of the requirement, the type of procurement and the contractual conditions proposed.

For simpler requirements, cases of extreme urgency or procurement of consulting services from an individual consultant, issue an email or other written document containing essential information to enable the supplier(s) to prepare and submit a tender.

The invitation should include at least:

- the name and address of the PE;
- a description of the goods, works or services required, including quantities and delivery requirements;
- instructions on the content and submission of tenders, including the period that tenders must be valid for;
- the form of contract, including the payment currency and terms and warranty requirements;
- whether alternatives to the technical description or contractual conditions will be considered;
- where more than one tender is being invited, how tenders will be evaluated; and
- a statement that the procuring entity does not bind itself to accept any offer.

There is no minimum tendering period for DC, but you should allow sufficient time for the supplier(s) to prepare and submit a responsive tender, considering the value, complexity and

circumstances of the procurement. Shorter tendering periods are acceptable in cases or declared public emergency or extreme urgency.

Issue the invitation. Where more than one supplier is invited, issue the invitation to all identified suppliers at the same time. The invitation should normally be issued by email. It is good practice to request an automatic confirmation of receipt of the email.

During the tendering period, respond to any requests for clarification of the invitation document.

4.9 Step 5: Receive and evaluate tender(s)

Tenders should normally be submitted electronically through https://mytenders.co.uk/ or in hard copy. In cases of extreme urgency, tenders may be accepted by email. Keep a record of the tender or tenders received.

Where only one tender is received, evaluate the quotation to ensure that:

- it meets the PE's needs in terms of quality, performance, delivery or completion periods and any other requirements; and
- the price is not excessive.

When evaluating the price, consider whether it is reasonable and offers value for money, considering the circumstances. For example, additional costs may be required for urgent delivery or higher unit prices may apply for small quantities. Where possible, compare prices to other contacts for similar requirements, including contracts awarded following competition.

Where more than one tender is received, identify the most advantageous tender, based on the evaluation criteria listed in the invitation document.

You do not need to prepare an evaluation report.

4.10 Step 6: Negotiate tender

You are permitted to negotiate with the supplier (or the successful supplier where more than one tender is received). Negotiations are optional. You do not have to hold negotiations where they are not considered necessary or there is insufficient time in cases of emergency or extreme urgency.

Hold negotiations where:

- they are needed to request adjustments to the tender so that it complies with the PE's requirements; and/or
- the price is considered excessive and reductions should be requested.

Use the evaluation process to determine whether negotiations are required and to prepare for negotiations with the supplier. The evaluation will have identified:

- any areas where the tender does not comply with the PE's requirements; and
- whether prices are reasonable.

Use this information to identify key points for negotiation and prepare an agenda for negotiations. Identify the changes the PE would like to the tender and the minimum acceptable responses from the tenderer.

Do not reduce the quality of the goods, works or services to achieve cost savings!

Where the budget is insufficient:

- investigate whether additional funding can be allocated;
- use negotiations to request reductions in unit prices;
- reduce the quantity purchased or the duration or scope of the contract; or
- consider alternative solutions to meet the PE's needs.

Ensure that negotiations are recorded in writing and minutes agreed with the tenderer.

4.11 Step 7: Award and manage contract

Request approval of the contract award recommendation from PPB or the DPC, unless this is not possible where a public emergency has been declared.

Use the **PPB and DPC Submission and Decision form** to record details of the proposed award and request approval. Attach relevant documents to the form.

You do not need to prepare an evaluation report, but you should prepare a summary of the procurement process with an analysis of the tender(s). This should include:

- why DC was used and confirmation of PPB's prior approval;
- details of the tenderer(s) invited to submit a tender;
- details of the invitation process and receipt of tender(s);
- an analysis of whether the tender(s) met the PE's needs and any areas of concern;
- an analysis of whether the recommended tender offers value for money, considering the circumstances of the procurement; and
- details of any negotiations with the recommended tenderer.

No standstill period is required for DC. Following approval of the award, prepare and issue a contract to the single or successful tenderer. Use the form of contract included in the invitation document and adapt it as required to reflect points agreed during negotiations.

Where the contract value is greater than XCD 100,000, publish a contract award notice.

A contract manager will be designated to ensure the signing and mobilisation of the contract and to manage the contract through to completion.

- See the **Guide to Contract Award and Management** for more detailed guidance on how to award and manage contracts.