

	<b>DEPARTMENT OF PUBLIC SAFETY</b>	<b>EFFECTIVE DATE:</b> <b>JUN 15 1993</b>	<b>POLICY NO.:</b> <b>ADM. 02.04</b>
	<b>DEPARTMENT ADMINISTRATION</b> <b>POLICY AND PROCEDURES</b>	<b>SUPERSEDES (Policy No. &amp; Date):</b> <b>493.02.10                      9/29/86</b>	
<b>SUBJECT:</b> <b>PURCHASING OF GOODS AND SERVICES</b>			<b>Page 1 of 21</b>

No. 93-19788

1.0 PURPOSE

To effectuate a comprehensive departmental purchasing program by specifying the policies and procedures for the purchase of materials, supplies, equipment or services prescribed by law, applicable regulations, directives, principles, and accepted practices.

2.0 REFERENCES AND DEFINITIONS

.1 REFERENCES

- a. Hawaii Revised Statutes, Chapter 76, Civil Service Law.
- b. Hawaii Revised Statutes, Chapter 103, Expenditure of Public Money and Public Contracts.
- c. Hawaii Revised Statutes, Chapter 354, Correctional Industries.
- d. Governor's Executive Memorandum, Subject: Budget Execution Policy and Instructions, published annually.
- e. Code of Federal Regulations, Volume 41.
- f. Comptroller's Memorandum(s), as issued by Department of Accounting and General Services.

.2 DEFINITIONS

- a. Confirming Purchase Order - A purchase order issued to a supplier for the purpose of formalizing an oral agreement.
- b. Contract - A document which describes the terms and conditions of a signed binding agreement between two or more parties for the delivery of certain goods or services.
- c. Departmental Purchasing - The process of obtaining goods and/or services, when the estimated cost of the goods and services to be contracted is less than \$10,000 and publication in a newspaper of general circulation is not required.

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- d. Equipment - All items of personal property with a unit cost of \$50 or more and with an expected life expectancy of more than one year.
- e. Film and Filmstrips - The classification as to supplies or equipment is dependent upon whether the unit cost is less than or more than \$50 and the life expectancy of the item. If the unit cost is less than \$50, classify items as supplies.
- f. Formal Purchasing - The process of obtaining goods and/or services through bids when the estimated cost of the goods and/or services is \$15,000 or more, by publicizing the requirement for not less than three (3) times in a newspaper of general circulation within the State of Hawaii. No more than one of these public notices shall be made on any one day or on two consecutive days.
- g. Grouped Items - Physically or functionally identical items (items must be of the same type) in the same inventory location that do not qualify as equipment because they cost \$49.99 or less individually, but would be expected to last one year or more and have an aggregated total value of \$50.00 or more as a group.
- h. Informal Purchasing - The process of obtaining goods and/or services through bids when the estimated cost of the goods and/or services is \$10,000 or more but less than \$15,000 by publicizing the requirement for one (1) day in a newspaper of general circulation within the State of Hawaii.
- i. P & P - Policy and Procedures.
- j. Personal Property - Any tangible or intangible object, except real property, which a State agency has title to or which comes into its possession by virtue of purchase, gift, lease or other means of acquisition.
- k. Personal Services/Consultant Contracts - Use of an individual or a company under contract to perform tasks which do not require the direct supervision of a State agency.

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- l. Purchase Order (P.O.)- A unilateral document setting forth an offer to purchase a specific quantity of a certain item at a set price with delivery within specified time and normally used when the total amount to a single vendor is less than \$10,000. A purchase order does not become a bilateral contract until acceptance or performance is made by the vendor.
- m. Repair and Spare Parts - Components which are installed in or on another piece of equipment, and are replacement parts will be classified as supplies regardless of cost.
- n. Real Property - Includes all land and appurtenances thereof and the buildings, structures and improvements erected on or affixed to the same and any fixture attached to such land, building, structure or improvement whose removal therefrom cannot be accomplished without substantial damage to such land, building, structure, or improvement.
- o. Supplies - Consumable goods with a unit cost of less than \$50 or with an expected life of less than one year.
- p. Vendor - A person or firm normally engaged in trade who has the necessary license to engage in such activities.

### 3.0 POLICY

It shall be the policy of this Department to:

- a. Adhere to the policies, rules, guidelines, procedures and practices contained in this P&P, including the Appendices, in the purchase of goods and services for the Department.
- b. Achieve a maximum of competition on a basis of fair and equal opportunity to all qualified and responsible vendors interested in selling to the Department/State.
- c. Enable user agencies to purchase goods and services not solely on the basis of low price, but also with full regard for such factors as quality, availability, durability and maintenance.

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- d. Encourage the purchase and use of locally grown or manufactured commodities for enhancement of the local economy, provided such products are competitive within parameters set by law or by Departmental Policy.
- e. Restrict purchase of goods and services to those items that will directly enhance and contribute to the organizational efforts. Items of personal comfort or use will not be purchased from State or Federal funds unless specific authorization for such use was granted in their budget plan.

#### 4.0 RESPONSIBILITIES

##### .1 DIRECTOR/DEPUTY DIRECTORS

- a. Establish and monitor a purchasing program within the Department.
- b. Maintain awareness of the Standards of Conduct and Conflict of Interest guidelines for all purchases of goods or services for the Department.
- c. Review and approve/disapprove all requests for waiver from the competitive bidding requirement submitted to the Governor or Comptroller.
- d. Delegate responsibility to authorize and sign purchase orders to the Administrative Services Officer, Administrator, Staff Officers and selected key employees.
- e. Sign all contracts for the Department.

##### .2 PROGRAM, PLANNING, AND BUDGETING OFFICER (PPB)

- a. Administer the Department's contract purchasing program.
- b. Provide guidance and assistance on contractual matters.
- c. Review and approve/disapprove all purchases involving special type items as described in Appendix A, paragraph 6 (Authorization to Purchase).

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- d. Review and process all contracts for completeness and conformance to statutory and regulatory requirements; maintain the Department file on all contracts.
- e. Administer and/or execute contracts as authorized by the Director.

**.3 FISCAL OFFICER**

- a. Develop departmental wide policies and procedures covering the areas of purchasing and payment processing.
- b. Develop forms and practices.
- c. Process purchasing documents and to prepare payment coding inputs for payments to vendors.
- d. Ensure that purchases are in conformance with laws, regulations, and administrative policies.
- e. Coordinate all purchasing and disbursement related activities with other State agencies as required.

**.4 DIVISION ADMINISTRATORS AND STAFF OFFICERS**

- a. Authorize and sign purchase orders except for those purchases that require review and approval by the Planning, Program, Budgeting Office (PPB) or other.
- b. Review purchase orders initiated within their purview for conformance with laws, regulations and administrative policies, reasonableness, and proper completion.
- c. Ensure the bona fide need for purchases of equipment, supplies, or services and that purchase orders are issued prior to the ordering of goods or services.
- d. Ensure that sufficient funds are available and that there are no expenditures in excess of the quarterly allotment.

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- e. Ensure that funds, goods, and services are managed and used in the most effective and economical manner.
- f. Disseminate purchasing policy and procedure guidelines to all applicable employees and supervisors and ensure that the responsible individual understands the purchasing policy and procedures.
- g. Ensure the prompt processing of vendors' invoices to the Fiscal Office.
- h. May delegate selected and specific purchasing/purchase order responsibilities to a few key individuals. This must be done in writing to the individual(s) concerned, with the original to Fiscal and an information copy to the PPB. Also provide the Fiscal Office with a complete current list of individuals so designated, and promptly notify the Fiscal Office of any changes to the list.

.5 DEPARTMENTAL EMPLOYEES

All Administrators, Staff Officers, employees and representatives in the Department shall comply with Department's purchasing policy and procedures including Standards of Conduct and Conflict of Interest guidelines (Appendix A and B) and PSD Policy and Procedures ADM.03.01, Ethics Code, Gifts, & Unwarranted Privileges.

5.0. PURCHASING PROCEDURES

.1 Petty Cash Purchases (Under \$25).

If the amount is less than \$25, and the item(s) of interest qualify for Petty Cash purchasing, then use the Petty Cash procedures established for your office or division. Questions on petty cash purchasing may be referred to FISCAL Pre-Audit Staff. Known items which do not qualify for petty cash purchasing are:

- a. Any expenditure prescribed to be made via the State's **payroll** system.
- b. Any expenditure for **out-of-state travel**.
- c. Any expenditure for **out-service training**.

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- d. Any expenditure for **contract or other agreement**-type (not including purchase orders) payments.
  - e. Any expenditure generally held to be questionable because the object of the expenditure is commonly one that officers and employees are expected to pay for from personal funds, or because the **expenditure is not business-related in nature** (such as meals, coffee refreshments and supplies, leis and flowers, greeting cards, parking citations and towing charges, umbrellas, parking space rentals, and briefcases.)
- .2 Departmental Purchases \$25 - \$999.
- a. REQUESTER
    - (1) Obtain oral bids from at least three (3) interested vendors.
    - (2) As a matter of general record and to reflect competition and reasonable pricing, maintain a record of the three (3) oral bids obtained.
    - (3) Select the lowest price bidder, or if selection is other than the lowest bidder, then justify that selection in an Inter-Office Memorandum (IOM), and submit with the purchase order.
    - (4) Prepare purchase order SAF C-03 in favor of the bidder offering the lowest acceptable bid (See Attachment I).
    - (5) Forward the completed purchase order through channels to Division level or equivalent, for review, validation, and signature.
  - b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE
    - (1) Review purchase description and specifications to insure that the item(s) will meet the minimum needs of the requester. Validate or reject the need for purchase. Validate the justification and availability of funds, and when satisfied, sign the P.O. as the authenticator.

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- (2) Return all copies of the P.O. to the requester for purchase action.

c. REQUESTER/PURCHASER

- (1) Distribution/Execution of Purchase Orders.

- (a) Forward **original** copy of P.O. to vendor (See Attachment -I- on "Instructions to Prepare a Purchase Order")..
- (b) Forward **copy 2** to FISCAL/Pre-Audit for encumbrance action (if vendor is new to your agency then see ATTACHMENT VIII).
- (c) Forward **copies 3, 4, 5, and 6** to the Purchase Order Control Person (generally the person that you obtained the P.O. from) for "Awaiting Invoice & Goods" file. Also attach any approvals or justifications that were necessary prior to issuing the P.O..
- (d) Requester retain **copy 7** and file (either by vendor name or by P.O. number)..

- (2) Completion of the Transaction; Goods/Services are Received/or Rendered

- a) Verify that goods/services were received and reconcile with what was ordered on Purchase Order
- b) Sign delivery receipt and attach to branch P.O. #6 and file by P.O. number
- c) Sign purchase order & date as shown in Attachment -I-, Line 16.
- d) If original invoice not yet received file in "awaiting Invoice" file

- (3) Receipt of Invoice

- a) Verify charges with those on the purchase order and correct/change any discrepancy - contact vendor to notify of the changes.
- b) Stamp original invoice with "Invoice Stamp" and properly fill-in.
- c) Ensure that the invoice is an original or one that is certified to be an original Invoice then attach to the related P.O. and forward to Fiscal/Pre-Audit for payment (numerous times a vendor will certify

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that this is a copy of an original, DAGS **will not** accept that statement).

- (4) Forward vendor's invoice with copies to FISCAL/Pre-Audit **within three business days**; late submittals must be accompanied with a written explanation, and if not, will be returned for re-submission.

.3 Departmental Purchases \$1,000 - \$9,999.

a. REQUESTER

- (1) Obtain written bids from three (3) interested vendors.
- (2) Select the lowest acceptable bidder. If selection is other than the lowest bidder, then justify that selection in an IOM and submit with the purchase order.
- (3) Prepare purchase order SAF C-03 in favor of the selected bidder (see Attachment I).
- (4) Forward the completed P.O. through channels to Division level or equivalent, for review, validation, and signature.

b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE

- (1) Review purchase description and specifications to insure that the item(s) will meet the minimum needs of the requester. Validate or reject the need and request for purchase. Validate the justification and availability of funds, and when satisfied, sign the P.O. as authenticator.
- (2) Return all copies of the P.O. to the Requester for purchase action.

c. REQUESTER/PURCHASER

- (1) Distribution/Execution signed Purchase Orders.

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- (a) Forward **original** copy of P.O. to vendor (See Attachment I on "Instructions to prepare a purchase order").
- (b) Forward Copy 2 to FISCAL/Pre-Audit for encumbrance action (if vendor is new to your agency then see ATTACHMENT VIII).
- (c) Forward Copies **3, 4, 5, and 6** to the Purchase Order Control Person (generally the person that you obtained the P.O. from) for "Awaiting Invoice & Goods" file. Also attach any approvals or justifications that were necessary prior to issuing the P.O..
- (d) Requester retain Copy 7 and file (either by vendor name or by P.O. number).

.4 Informal Purchases \$10,000 - \$14,999.

a. REQUESTER

- (1) Prepare an IOM request addressed to PPB. Provide a complete description of the item(s) and /or service(s) for purchase and a concise justification; identify the source(s) of funding. The IOM requester signature will be branch level or higher.
- (2) Forward the IOM purchase request to Division level or equivalent.

b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE

- (1) Review the IOM request for purchase and validate or reject the request. Confirm the justification and availability/source(s) of funds and, when satisfied, sign the request for Division level concurrence.
- (2) Forward IOM purchase request to PPB.

c. PPB

- (1) Review, verify source(s) of funding, and recommend the approval or disapproval.

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- (2) Upon approval, prepare a memorandum to the Comptroller and forward the request package to DAGS.
- (3) Notes:
  - (a) Assuming concurrence, DAGS will issue a bid proposal and accomplish the appropriate public advertisement. DAGS will return a copy of the bid proposal to PPB.
  - (b) DAGS will coordinate/notify PPB Procurement on bids opening and the results (Notification of Bid Results/NBR).
- (4) After bid results have been determined, PPB will notify the requester and forward a copy of the NBR.

d. REQUESTER

- (1) Upon notification of approval, prepare a P.O. in favor of the successful bidder. Indicate the DAGS bid proposal number in item 11 of the P.O. Obtain Division level signature as authenticator.
- (2) Distribution/Execution the signed Purchase Order.
  - (a) Forward **original** copy of P.O. to vendor (See Attachment -I- on "Instructions to prepare a purchase order").
  - (b) Forward Copy **2** to FISCAL/Pre-Audit for encumbrance action (if vendor is new to your agency then see ATTACHMENT VIII)
  - (c) Forward Copies **3, 4, 5, and 6** to the Purchase Order Control Person (generally the person that you obtained the P.O. from) for "Awaiting Invoice & Goods" file. Also attach any approvals or justifications that were necessary prior to issuing the P.O..
  - (d) Requester retain Copy **7** and file (either by vendor name or by P.O. number)..

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- (3) Completion of the Transaction; Receipt of Goods/Services. Forward vendor's invoice to FISCAL **within three business days**; late submittals must be accompanied with a written explanation, and if not, will be returned for re-submission.

e. PPB

- (1) Forward to DAGS a copy of the P.O. and acknowledgment of the Notification of Bid Results.

.5 Formal Purchases of \$15,000 or More.

a. REQUESTER

- (1) Prepare an IOM request addressed to PPB. Provide a complete description of the item(s) and/or service(s) for purchase and a concise justification; identify the source(s) of funding. The IOM requester signature will be branch level or higher.
- (2) Forward the IOM request for purchase to Division level or equivalent.

b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE

- (1) Review the IOM request for purchase and validate or reject the request. Confirm the justification and availability/sources(s) of funds and, when satisfied, sign the request for Division level concurrence.
- (2) Forward IOM purchase request to PPB.

c. PPB

- (1) Review, verify source(s) of funding, and recommend the approval or disapproval.
- (2) Upon approval, prepare a memorandum to the Comptroller and forward the request package to DAGS.
- (3) Notes:

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- (a) Assuming concurrence, DAGS will issue a bid proposal and accomplish the appropriate public advertisement. DAGS will return a copy of the bid proposal to PPB and thence to the requester.
- (b) DAGS will coordinate/notify PPB Procurement on bids opening and the results (Notification of Bid Results/NBR).
- (4) After bid results have been determined, PPB will notify the requester and forward a copy of the NBR.

d. REQUESTER

- (1) Upon notification the requester will:
  - (a) Acknowledge to PPB Procurement in writing the receipt of the DAGS Notification of Bid Results, and provide the accounting codes to be charged on the purchase.
  - (b) Forward the NBR with the accounting codes to PPB Procurement.

e. PPB

- (1) Prepare Contract Input Form C-41 (Attachment X) and Batch Slip A-47 (Attachment XI), and upon approval, sign forms.
- (2) Forward original plus three of C-41 plus one copy of A-47 to DAGS Pre-Audit for contract encumbrance. Also forward copy of C-41 and A-47 to the requester and PSD Accounting.
- (3) Notes: DAGS will prepare the contract, encumber funds, and execute the purchase. DAGS will return a copy of the final contract to PPB, with subsequent distribution to FISCAL Pre-Audit and the requester.

f. REQUESTER

- (1) Upon receipt of the goods/services forward vendor's invoice to FISCAL/PRE-AUDIT **within three business days**; late

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submittals must be accompanied with a written explanation, and if not, will be returned for re-submission.

**.6 DEPARTMENTAL OUT-OF-STATE PURCHASES (FOR UNDER \$10,000).**

**a. REQUESTER**

- (1) To determine the bid price by an out-of-state vendor, first increase each bid by the applicable retail rate of general excise tax and then determine the lowest bid from among all competitors/bidders.
- (2) Taking the calculated increase into consideration, award the contract to the lowest responsible bidder. The contract amount shall be the amount of the bid offered and shall not include the amount of the calculated increase.
- (3) Then follow the purchase procedures for either paragraph .2 or .3, above, as applicable.

**.7 EMERGENCY PURCHASES.**

**a. REQUESTER**

- (1) Notify (orally) the Division Administrator/Staff Officer of the nature of the emergency which, if not corrected, shall cause danger to life and property.

**b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE**

- (1) Orally request authorization from Deputy Director/Director to correct the emergency and provide the reasons for the emergency plus the source(s) of funding.
- (2) When notified of approval, prepare purchase order (P.O.) and insert the words "Emergency - Confirmation Order" in the body of the P.O. Competitive bidding is waived for emergency purchases under \$10,000 however, a written request for a waiver from competitive bidding shall be requested from the Governor in those purchases in excess of \$10,000. This request

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for a waiver must be submitted within two (2) working days from the time the emergency was identified or discovered to the PPB Office. The request shall contain the nature of the emergency, the impact if the emergency is not corrected, the name of the individual or firm contacted to accomplish the work, and reasons why that firm was selected. Request shall be prepared on letterhead stationery and a copy provided for Director's Reading File.

- (3) Expedite submission of justification to PPB for those emergency purchase of \$10,000 or more. Waiver from formal bidding procedures must be obtained from the State Comptroller's Office prior to the accomplishment of work.

c. PPB

- (1) Expedite review and processing of emergency requests.
- (2) Obtain Director's signature.
- (3) Notify requester or Division Administrator of approval status.

d. REQUESTER

- (1) Upon receipt of the Governor's approval, prepare a P.O.. Obtain authorized signature.
- (2) Distribution/Execution signed Purchase Order.
  - (a) Forward **original** copy of P.O. to vendor (See Attachment -I- on "Instructions to prepare a purchase order").
  - (b) Forward Copy 2 to FISCAL/Pre-Audit for encumbrance action (if vendor is new to your agency then see ATTACHMENT VIII).

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- (c) Forward Copies **3, 4, 5, and 6** to the Purchase Order Control Person (generally the person that you obtained the P.O. from) for "Awaiting Invoice & Goods" file. Also attach any approvals or justifications that were necessary prior to issuing the P.O.
- (d) Requester retain Copy **7** and file (either by vendor name or by P.O. number).

- (3) Completion of Transaction  
 Upon receipt of goods and/or services, forward vendor's invoice along with the governor's approval letter to FISCAL **within three business days**; late submittals must be accompanied with a written explanation, and if not, will be returned for re-submission.

**.8 DEVIATION FROM DAGS PRICE LIST (FOR PURCHASES UNDER \$10,000).**

**a. REQUESTER**

- (1) Prepare the form request in in original plus two; forward original plus one copy to PPB (See Attachment III, sample). Provide reasons for the request and the impact if request is not approved.
- (2) Forward original form to Division level.

**b. DIVISION ADMINISTRATOR OR STAFF OFFICER.**

- (1) Review and validate or reject the request.
- (2) If not approved, return to initiator with reasons.
- (3) If approved, initial and forward to PPB with comments and recommendations.

**c. PPB**

- (1) Review and validate or reject the request.

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- (2) If rejected, return to initiator(s) with reasons.
- (3) If approved, obtain Director's signature and forward to the State Comptroller for decision.

d. REQUESTER

- (1) Upon notification of approval from PPB, prepare a P.O. and attach copy of Comptroller deviation approval.
- (2) Obtain Division level signature as authenticator.
- (3) Distribution/Execution signed Purchase Order.
  - (a) Forward **original** copy of P.O. to vendor (See Attachment -I- on "Instructions to prepare a purchase order")..
  - (b) Forward Copy 2 to FISCAL/Pre-Audit for encumbrance action (if vendor is new to your agency then see ATTACHMENT VIII).
  - (c) Forward Copies 3, 4, 5, and 6 to the Purchase Order Control Person (generally the person that you obtained the P.O. from) for "Awaiting Invoice & Goods" file. Also attach any approvals or justifications that were necessary prior to issuing the P.O.
  - (d) Requester retain Copy 7 and file (either by vendor name or by P.O. number)..
- (4) Completion of Transaction  
 Upon receipt of goods and/or services, forward vendor's invoice to FISCAL **within three business days**; late submittals must be accompanied with a written explanation, and if not, will be returned for re-submission.

.9 SOLE SOURCE PURCHASES (FOR \$10,000 OR MORE).

a. REQUESTER

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- (1) Prepare the request form found in ATTACHMENT VI in five copies (original plus two to FISCAL; one to Director's reading file; retain one). Explain the reasons why the responsible purchase does not "lend itself to competition." Describe the impact if not approved.
- (2) Forward the completed request (original plus one copy) to Division level.

b. DIVISION ADMINISTRATOR OR STAFF OFFICER

- (1) Review and validate or reject the request.
- (2) If not approved, return to initiator with reasons.
- (3) If approved, forward to PPB (original) with comments/recommendations.

c. PPB

- (1) Review and validate or reject the sole source purchase request.
- (2) If rejected, return to initiator(s) with reasons.
- (3) If approved, obtain Director's signature and forward to DAGS for decision.
- (4) Upon DAGS approval, return a copy of approved document to requester(s).

d. REQUESTER

- (1) Coordinate with PPB Procurement to determine which category purchasing procedure to follow.

.10 ACQUISITION OF TELECOMMUNICATIONS EQUIPMENT.

a. REQUESTER

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- (1) Prepare acquisition request using DAGS TR Form 1, Telecom Request (See ATTACHMENT VII).
  - (2) Obtain cost estimate from supplier and indicate source of funding.
  - (3) Forward DAGS TR Form 1 to Division level or equivalent.
- b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE
- (1) Review and validate or reject the request.
  - (2) If approved, confirm funding source(s) and forward to the Department Telecommunications Coordinator (DTC) in the PPB Office.
- c. DTC
- (1) Review and validate or reject request.
  - (2) Upon approval and signature, forward to Budget & Finance (B&F), Telecommunications Branch.
  - (3) When B&F results are received, notify the requester and provide a copy of the approved/disapproved request.
- d. REQUESTER
- (1) Coordinate with PPB Procurement to determine which purchasing procedure to follow.
- .11 PURCHASE OF EQUIPMENT, OTHER THAN TELECOMMUNICATIONS.
- a. REQUESTER
- (1) Prepare the standard request form found in ATTACHMENT IV in original plus three (3) copies (retain one copy for file).
  - (2) Forward to division level or equivalent.

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b. DIVISION ADMINISTRATOR, STAFF OFFICER, OR DESIGNEE

- (1) Review and validate or reject the request.
- (2) Upon approval, determine funding source(s). Provide comments and recommendations. Date and sign each copy. Forward to PPB.

c. PPB

- (1) Review and validate or reject the request. Verify funding.
- (2) Pass response to requester via Division level.

d. REQUESTER

- (1) Upon receipt of approval, prepare a P.O., or other document, as applicable, in accordance with the procedures specified above for the type/category of purchase.
- (2) Coordinate with PPB Procurement as needed.

.12 PURCHASE OF VEHICLES.

a. REQUESTER

- (1) See ATTACHMENT E and ATTACHMENT F and prepare input request (original plus two copies).
- (2) Forward to Division level or equivalent.

b. DIVISION ADMINISTRATOR OR STAFF OFFICER

- (1) Review and validate or reject the request.
- (2) Upon approval, forward to PPB.

c. PPB

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- (1) Review for adherence to the program's expenditure plan.
- (2) If approved, forward to DAGS for action.
- (3) Upon DAGS approval or other, notify requester and provide NBR.

6.0 SCOPE

This policy and procedures shall apply in its entirety to all elements and employees of the Department. The Correctional Industries program and the Hawaii Paroling Authority program are expected to adhere to the State and the Department's Policies and guidelines contained herein unless specifically exempted by statute, Administrative or Director's Directive.

APPROVAL  
RECOMMENDED:

*Robert C Viduya*

Robert Viduya  
Deputy Director for Administration

*JUNE 14, 1993*

Date

APPROVED:

*George W Sumner*  
George W. Sumner, Director

*6-15-93*  
Date

	<b>DEPARTMENT OF PUBLIC SAFETY</b>  <b>DEPARTMENT ADMINISTRATION</b> <b>POLICY AND PROCEDURES</b>	<b>EFFECTIVE DATE:</b> JUN 15 1993	<b>POLICY NO.:</b> ADM. 02.04
		<b>SUPERSEDES (Policy No. &amp; Date):</b> 493.02.10      9/29/86	
	<b>SUBJECT:</b> <b>APPENDIX A - PURCHASING RULES AND GUIDELINES</b>		<b>Page 1 of 18</b>

No. 93-19788

A. PURCHASING RULES AND GUIDELINES

1. Mandatory Purchase of Hawaii Products.

- a. Maximum use shall be made of Hawaii products as listed in the Hawaii Products List (HPL) issued by the State Comptroller.
- b. State law requires that goods or services be procured from the HPL, provided such goods and services meet the maximum specifications and the selling price does not exceed the delivered or lowest bid in Hawaii of a similar non-Hawaii product by: more than three (3) percent where Class I Hawaii products are involved; five (5) percent where Class II Hawaii Products are involved; and ten (10) percent where Class III Hawaii products are involved. Also, an additional five (5) percent preference shall be given to Hawaii products made or services performed by certified workshops or non-profit corporations employing physically or mentally handicapped persons.
- c. Where the value of the Hawaii input to the product constitutes twenty-five (25) percent but less than fifty (50) percent of the manufactured cost, classify as Class I; fifty (50) percent or more but less than seventy-five (75) percent of the manufactured cost, classify as Class II; and seventy-five (75) percent or more of the manufactured costs, classify as Class III.
- d. The lowest total bid/bidder, after taking into consideration the above preferences, shall be awarded the contract; however, the contract amount of any contract awarded shall be the amount of the bid or price offered, exclusive of the preferences.

2. Preference for American-made Products.

- a. Expenditures of public funds for the purchase of goods and services shall give preference to American-made products.
- b. Foreign products may be purchased, provided there is no American product comparable in character, quality, and price.

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3. Department of Accounting and General Services (DAGS) Price List.
  - a. Use of the DAGS Price List is mandatory for all purchasing activities within the Department.
  - b. Any deviation from such price list must be approved by the State Comptroller.
  - c. An exception to the use of the DAGS Price List may be obtained from the State Comptroller by submission of a Request for Exception to DAGS Price List. (Attachment -III-)
  
4. PSD Price List
  - a. A price list created by the departmental procurement office generally for items specific to this department.
  - b. Affected departmental agencies are required to purchase from this price list.
  - c. A copy of the bid advertisement shall be attached to purchase orders from the price list that are \$10,000 or more.
  
5. Out-of-State Purchases.
  - a. Where the bidder or vendor is from out-of-state, not doing business in the State, the package bid or purchase price for the purpose of determining the lowest priced bid, shall be increased by the applicable retail rate of the general excise tax.
  - b. The lowest responsible bidder, taking into consideration the above increases, shall be awarded the contract, but the contract amount of any contract awarded shall be the amount of the bid offered and shall not include the amount of the bid adjustments.
  
6. Authorization to Purchase.
  - a. Administrators and Staff Officers are authorized to sign numbered purchase orders, however, advance approval is required for purchases of equipment or special type items. Special type items

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requiring purchasing review and/or approval by the Planning, Programming, & Budget Officer (PPB) are:

- (1) Equipment purchases/leasing (See definitions for "Equipment and Grouped items", PSD 1902, Attachment - IV-).
  - (2) Installation of telecommunication services and/or equipment (Telecom Request DAGS TR-1 form, Attachment -VII-).
  - (3) Repairs or renovation to office or buildings
  - (4) Relocation of Offices
  - (5) Purchase of services, use consultant or personal service type contracts
  - (6) Out-of-State Travel
  - (7) Vehicles (See Attachment -V-)
  - (8) Real Property acquisition and/or Office Leasing
- b. Administrators and Staff Officers may delegate the authority to sign purchase orders to key individuals and are subject to the same limitations stated in this P&P. **Submit the name(s) of personnel so designated with a signature specimen to the Fiscal Office at the start of each new fiscal year.** Changes must also be promptly reported to the Fiscal Office.
7. Purchasing Document.
- a. Purchases of less than \$10,000:
    - (1) All Department purchases of services, supplies, equipment, motor vehicles, special assistance programs, etc., and payment of invoices and claims shall be made by the Requisition and Purchase Order, Form SAF C-03.

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- (2) State Accounting Form C-03 shall be completed in accordance with the detailed instructions contained in Attachment I.
  - (3) Any commitments made by administrators, staff officers or employees in the Department using other than the purchase order form (SAF C-03) shall not be recognized.
  - (4) A confirming purchase order is limited to emergency purchases or when specifically authorized.
- b. Purchases of more than \$10,000, but less than \$15,000:
- (1) The SAF C-03 may be used to finalize the purchase of goods or services which were the result of informal purchasing. The decision as to whether to use a purchase order form or to finalize the purchase by a formal contract will be determined by the complexity of the procurement. Purchases which do not require detailed or complex specification and/or statement of work shall be finalized by purchase order. All other procurement transactions will be by formal contract.
- c. Purchases of \$15,000 or more:
- (1) Purchases in this category shall be finalized by a formal contract.
  - (2) All formal contracts are to be encumbered in the total amount of the contract. The exception will be for those contracts which specifically state that the goods or services will be ordered by the use of a purchase order.
  - (3) Use of Federal funds in purchases of \$15,000 or more:

Contract certifications have been issued that are backed by the appropriation or allotment, as the case may be. For those contracts for which the State is the source of funding, the State has felt confident in proceeding on the legal clearance that was obtained. However, for those contracts

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payable in whole or in part from Federal Funds, the State does not have the same capability for ultimately backing up a contract certification. Therefore, for the purpose of contract disclosure to contractors, all expending agencies are required to include in any contract which is payable in whole or in part from Federal funds, the following proviso:

It is covenanted and agreed by and between the parties hereto that, as to the portion of the obligation under this contract to be payable out of federal funds, this contract shall be construed to be an agreement to pay such portion to the contractor only out of federal funds to be received from the federal government when the federal funds are so received and shall not be construed as a general agreement to pay such portion at all events out of any funds other than those which are received from the federal government.

d. Supplemental Purchase Order Form For Encumbered Purchase Orders

(1) A Supplemental P.O. Form (See Attachment VIII) must be submitted to the Fiscal Office for **all overages of encumbered amounts.**

(2) An **authorized** (signed by a staff who was delegated the authority to sign purchase orders) Supplemental P.O. Form or Supplemental Purchase Order must be submitted to the Fiscal Office for all **overages** that are **10 percent** of the encumbered amount and **not less** than \$25.00.

8. Purchases Requiring Prepayment:

Any purchase requiring an advance or prepayment shall be identified in the Purchase Order. Whenever possible, additional supporting documents showing that prepayment is required or the savings that would be generated because of the prepayment should be forwarded with the purchase order.

9. Purchasing with Federal, Special, and/or Trust Funds.

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- a. Purchases involving federally funded projects, grants, trust and/or special funds etc. shall be governed by this policy and procedures. When the Federal purchasing procedures are more stringent than the state purchasing procedures, then the Federal procedures shall be used.
  - b. Purchase Orders issued against the **Administrator's Activity Trust Fund** shall include, in the description area of the purchase order document, a statement that **this expenditure is for the general inmate population.**
- 10. Purchasing of Printing, Binding, and Stationery Services.
  - a. Printing, binding, and stationery work for the State, except those performed by the Corrections Division, shall be performed by vendors within the State of Hawaii. However, if it can be shown that the work cannot be performed within the State, or that the lowest price for which the work can be procured within the State exceeds the bid or charge of a mainland vendor outside the State by 15%, then the work shall be performed by the mainland vendor (DAGS Chief procurement Officer's memo dated March 18, 1976, "Printing Preference Statute, Section 103-51). Any work performed outside the State must be justified by the purchaser that the preceding condition has been met and this condition must be stipulated on all contracts for such work. In order to test the above condition the following procedure should be used: -
    - (1). If the Hawaii bid price is low, there is no need for further calculations; award may be made ~~to~~ the Hawaii bidder.
    - (2). If a mainland bid price is low, divide the difference between the mainland price and the Hawaii price by the mainland price. This will provide the percent by which the Hawaii price exceeds the mainland price.
    - (3). If the percentage, so calculated, is less than 15%, award should be made to the Hawaii bidder. If the percentage is 15 or more; award should be made to the mainland bidder.
  - b. **Prior clearance shall be obtained from Correctional Industries in accordance with paragraph 10c, below.**
- 11. Commodity or Service from Correctional Industries.

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- a. All articles or products required by State departmental agencies which the Correctional Industries, Corrections Division are capable of producing, shall be procured to the extent of need and availability of supply from the Correctional Industries.
- b. State agencies desiring printing services shall provide Correctional Industries with:
  - (1) a sample of the material to be printed;
  - (2) grade and color of paper;
  - (3) size of form;
  - (4) quantity needed; and
  - (5) desired delivery date and any special instructions.
- c. Based on the job order requirements, a cost estimate shall be provided by the Correctional Industries. If they are unable to perform the work requested, the requester shall be provided a clearance (waiver) to enable the requester to procure the printing services from commercial sources. A copy of this clearance will be attached to the purchase order when processing for payment. Estimates from at least two other commercial vendors will be noted on the clearance form.

12. Purchase of Christmas Cards.

- a. **Purchases of Christmas Cards are not authorized, except in cases where prior approval has been obtained from the State Comptroller.**

13. Competitive Purchasing or Bidding.

- a. All purchases and contracts for supplies, materials, equipment and services shall be based on competitive bidding.
- b. The selection of a vendor shall be made after an evaluation of price, delivery, service and quality of item. Such purchases shall

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be made without regard to favoritism. This may be achieved by obtaining bids from at least three vendors. Every effort should be exerted to develop local competition and the responsibility for identifying alternate sources is placed upon the person making the purchase.

- c. It is necessary that the prospective bidder be provided meaningful specifications on the items to be purchased. All pertinent and applicable requirements related thereto, including required delivery dates, shall be provided in order to establish a basis of award. Vendors should also be made aware of the basis of award.
- d. The specifications for goods or services shall be developed by the requesting agency and will be stated in such a manner as to express the minimum requirements necessary to accomplish the task or job assignment. **Anything in the specifications which may be construed as a luxury will be omitted from the specifications.** Specifications shall be written to ensure competition. When specifying a bid item by name and model number, instead of adding "or equal", name the other products that you would be willing to accept.
- e. Specifications submitted which contain only one word or other brief description will be returned for additional information.
- f. Competitive bids are not required where:
  - (1) No competition exists (where there is only one source available to make the purchase, a sole source approval is required) or where the rates are fixed by law or ordinance, such as in the case of public utility services.
  - (2) Professional ethics precludes competitive bidding. In this case, contracts will be negotiated after investigation, evaluation of prior performance; and the availability of firms or individuals to determine the best contractor. Prior approval from the Governor, Attorney General, State Comptroller, and/or Department of Personnel Services may be required prior to entering into the contract (See Attachment IX).

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14. -- Penalty for Violations in Purchasing.

A person who violates the law dealing with competitive bidding, public advertisement, capital improvement projects, observance of the Hawaii products list and the printing, binding and stationery work requirement, or who fails to terminate the contract when deemed necessary to protect the best interest of the State, shall be fined not more than \$1,000 or imprisoned not more than one year or both.

16. Purchases Exempt From Bidding.

- a. Salaries or pay of officers or employees;
- b. Permanent settlements, subsidies, or other claims or objects for which a fixed sum must be paid by law;
- c. Other purposes which do not admit of competition;
- d. Purchases from the federal, the state, county or municipal governments, or agencies thereof; and
- e. Performance of public works by any agency of the federal, state, county or municipal government.
- f. Approved Sole Source Purchases.

In the case of the purchase of commodities, equipment or services, the main valid reason for not advertising is that the purchase is for a "purpose which does not admit of competition." Purposes which do not admit of competition have the following essentials:

- (1) A unique feature, characteristic or capability is essential in order for the agency to accomplish its work;
- (2) A particular commodity, equipment or service has the unique feature, characteristic or capability required;
- (3) The particular commodity, equipment or service having the unique feature, characteristic or capability is **available from only one supplier or contractor.**

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(4) See **Attachment VI** for forms to be used for submitting sole source applications.

g. In the event only one brand can provide the essential unique feature, characteristic, or capability, the purchase may be considered "restrictive" rather than "sole source." In this event, the purchase may still be competitive since the brand may be available from more than one supplier and a bid may call for only that brand. Only if such a brand is available from but one supplier could it be considered "sole source."

16. Lease/Rental of Equipment.

a. Agreements for lease/rental of equipment are deemed to be purchases and shall be subject to the requirements of public advertising and competitive bidding when:

- (1) Lease/rental cost is \$10,000 or more during a one year period, or
- (2) Lease/rental agreement contains an option to buy and total expenditures under this option (including rental payments) amount to \$10,000 or more. Requirements shall not be parceled out or sub-divided so as to defeat or evade this requirement.

17. Splitting Requirements in Purchasing Goods or Services is Prohibited.

**Known annual requirements** for goods or services shall not be divided or parceled so as to circumvent the provisions of HRS 103-22, which require public advertising of requirements in excess of \$10,000 or more.

18. Advertisement for Bids Required.

Advertisement for bids shall be published in a newspaper of general circulation in the State at least once (1) when the sum to be expended is \$10,000 or more but less than \$15,000 and at least three (3) times when the sum to be expended is \$15,000 or more. Requests for such purchases must be submitted to PPB for procurement act.

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19. Ownership of Items Received with Purchases.

Items of value and any other items of merchandise which may be given as a bonus, dividend or gift resulting from a purchase are considered State property.

20. Contracts for Goods and Services

- a. All contracts shall be in writing and made with the lowest responsive and responsible bidder. The contract shall be executed in the name of the Department.
- b. If the lowest bid or any other bid is rejected, or if the contract was awarded and the bidder fails to enter into the contract and furnish satisfactory security, the officer may, in his discretion, award the contract to the lowest remaining responsive and responsible bidder or the officer may publish another call for tenders (bids).
- c. Any public contract may include a provision for the retaining of a portion of the amount due under the contract to the contractor to insure the proper performance of the contract, provided that sum does not exceed five (5) percent of the amount due the contractor and that after fifty (50) percent of the contract is completed and progress is satisfactory, no additional sum shall be withheld. If progress is not satisfactory, the contracting officer may continue to withhold portion of the amount due, not exceeding five (5) percent of the amount due the contractor.
- d. The contracts officer shall be notified of the non-performance of the contractor. Remedy to correct or terminate the contract can then be taken.
- e. Any public contract is binding when the "Notice To Proceed" has been issued.
- f. **All contracts for the Department shall be reviewed by the Planning, Programming, & Budget (PPB) Contracts Officer and the Attorney General prior to submittal to the Director or his designee for signature.**

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21. Personal Services/Consultant Contracts.

a. Contract or Agreement

If an individual is not employed in a position, all services provided by that individual shall be through a contract or agreement and subject to departmental and the Department of Personnel Services (DPS) review for certifying the exemption of these services from civil service.

b. Contracts with Individuals

The Director of PSD is authorized to exempt the services of certain individual contractors. This authority is applicable only to those contracts which fulfill the three conditions described below:

- (1) The delivery of completed work or product is by or during a specified time. Architectural or engineering plans; transcript of a hearing, medical evaluation and care of welfare recipients; and the implementation of a new recordkeeping system are several work and product examples.
- (2) There is no employee-employer relationship. As an example, the contractor is not designated an agent or representative of the State, is not authorized to direct or supervise the work of State employees, does not work under the direction and supervision of a State employee or official, and is not required to perform work during specific hours or dates set by the State agency.
- (3) The authorized funding for the services is from other than the "A" or personal services cost element.

c. Procedures for the Review of the Civil Service Exemption

- (1) For those services that are subject to DPS review and certification (those not fulfilling all of the conditions in "b" above), the contract is to be submitted to DPS prior to its execution. Upon the review and exemption of the services, the contract will be so certified and returned to the department.

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(2) Services, that the department would act on the exemption (those that meet all of the conditions in "b" above), are subject to DPS review and corrective action. Prior to entering into the contract:

(a) The exemption is to be certified with the following statement on the signature page of the contract:

"I certify that these services may be performed concurrently with a private business or profession or other private employment, and it is impracticable to ascertain or anticipate the portion of time to be devoted to the service of the State. Pursuant to Section 76-16(15), Hawaii Revised Statutes, the services are exempt from the State civil service."

\_\_\_\_\_  
 Director/PSD

\_\_\_\_\_  
 Date

(b) A copy of the contract with a certification of the exemption of the services or the following information through a memorandum is to be submitted to DPS:

- description of the work or product to be provided by the contractor and the date for its delivery or completion;
- description of the work relationship between the contractor and the state agency;
- the cost element account of funding for the services; and
- name of the contractor, the period of the contract services and the cost of the contract services.

d. Contracts with firms require exemption clearance when the contract terms involve ALL of the following:

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- (1) The services are to be provided or performed in State facilities.
  - (2) State equipment and materials will be used.
  - (3) The work of the firm's agents or employees will be under the direction and supervision of a State employee.
  - (4) The services are of a continuing nature and need and would normally be performed by a State Employee.
- e. All services provided by an individual shall be obtained by the use of a contract or agreement. The use of a purchase order to secure the services of an individual or consultant is authorized provided the purchase order is issued pursuant to an executed contract or agreement.
- f. The Governor's Budget Execution Policy requires that all requests for consultant services be submitted to the Governor for written approval. Departmental requests for consultant services shall contain the following information:
- (1) Reasons for requiring the services of a consultant.
  - (2) Description of the nature and extent of services for which the Consultant is to be engaged.
  - (3) The product to be delivered (documented report, implementation of a system, etc.).
  - (4) Period for which the consultant is to be engaged.
  - (5) Probable cost (a rough estimate will suffice) and means of financing.
- NOTE: Negotiations with consultants shall be contingent upon receiving the Governor's approval.
- g. Consultant services which do not require the Governor's approval are:

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- (1) Medical services;
- (2) Legal services; and
- (3) Engineering and Architectural services
- (4) See Attachment IX

h. The following opinion on personal services and consultant contracts from the Attorney General's office is provided for your information and guidance:

Basically, civil service laws have been enacted for the benefit of individual employees and were not intended to apply to corporations or other legal entities. This conclusion is borne out by the fact that, as a general rule, it is not contemplated that a firm, as distinguished from an individual, would occupy or fill a position. Assuming the foregoing contention is sound, the requirement of certification of consultant contracts may then depend upon whether the consultant is an individual or some other entity, corporate or otherwise.

An additional comment is pertinent with reference to consultant contracts, where the consultant is other than an individual. Because the uniqueness of personal services would no longer be a factor where a firm is involved, the applicability of the competitive bidding requirements of HRS, Chapter 103, may have to be considered by any agency proposing to contract with a consultant firm, as distinguished from an individual. No attempt is made here to decide the issue but the caveat is noted because a contention has been made that the hiring of independent contractors who perform professional services would be covered by HRS, Chapter 103, but not by HRS, Chapter 76.

To conclude, we believe that HRS, Chapter 76-16, applies to consultant contracts, at least where individual consultants are involved, and that certification of such contracts by the Director of Personnel Services is necessary.

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22. Request for Approval of Sole Source Determination for Purchase of Computer Hardware, Software and Peripheral Devices.

- a. HRS, Chapter 103-22 requires that expenditures of public money in excess of \$10,000 be made through the competitive bid process, except for purchases which do not admit of competition. The burden of proof that a purpose does not admit of competition is the responsibility of the department or agency requesting the sole source approval. Please remember that a **SOLE SOURCE PROCUREMENT** is an exception to the rule.
- b. The form in Attachment -VI- must be completed by the departmental agency considering a sole source purchase of the following types of equipment:
  - (1) Computer components, printers, peripheral devices and attachments.
  - (2) Word processing units and peripheral devices and attachments.
  - (3) Microcomputer units and attachments.
  - (4) Software or packaged programs that are used with any of the above.
- c. The user agency must complete all the questions on the the form entitled Request For Exemption From Bidding, Attachment -VI- (use additional blank paper if necessary). Identify the specific features or items which you feel justify a sole source purchase. Also, explain why the features or items are essential. Remember that compatibility, cost, training and other factors by themselves **are not** necessarily reasons for an agency to justify a sole source purchase. If it is believed they are, supporting documentation will be required.
- d. In the justification, it must be very clear that other vendors have been contacted and that the item cannot be supplied by another vendor and the purchase is unique.

PSD  P & PM	<b>SUBJECT:</b>  <b>APPENDIX A - PURCHASING RULES AND GUIDELINES</b>	<b>POLICY NO.:</b> ADM. 02.04
		<b>EFFECTIVE DATE:</b> JUN 15 1993
		Page 17 of 18

23. Purchase of Vehicles.

- a. The Governor's Budget Execution Policy mandates that all purchases of motor vehicles and leases of passenger cars must be processed through DAGS. Budget allocation guidelines and deadlines for submitting requisitions to the DAGS Purchasing Branch are as follows:

<u>Category</u>	<u>Budget Allocation Deadlines for Guidelines Requisitions</u>	
Passenger Cars 31, ____	2nd quarter	July
Trucks, all types	3rd quarter	
Sport Wagons	October 15, ____	
Vans		
Buses		
Miscellaneous motor vehicles *	3rd quarter	
	October 15, ____	
	4th quarter	
	January 15, ____	

\*to include lift trucks, tractors, mowers, gas and electric carts, sweepers, loaders, graders, back-hoes, cranes, rollers

- b. To establish more efficient and standardized procedures for vehicle purchases, agencies are hereafter requested to submit, along with detailed specifications for each unit to be purchased, additional information as outlined on the enclosed form (Attachment -V-). It is believed that by communicating certain important information to DAGS Purchasing Branch, through PPB-Procurement, agencies will succeed in obtaining the vehicles best suited for their purposes with a minimum of delay.

PSD P & PM	SUBJECT:  <b>APPENDIX A - PURCHASING RULES AND GUIDELINES</b>	POLICY NO.: ADM_02.04
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- c. Also enclosed for assistance in preparing a request is a basic specification for subcompact vehicles and light duty pickup trucks. Requests may include but not be limited to the general specifications listed. Similarly, many of the options listed may not be required for your specific application. Bear in mind that a complete and descriptive specification would, in most instances, result in a product most suited to your need and application. It would thus benefit your program to communicate to DAGS Purchasing Branch as much information as possible.
- d. **As a general rule, the purchase of used vehicles from a non-government source will not be allowed. The State Comptroller is permitted to allow exceptions to these requirements.**

[P&P.RULES]

	<b>DEPARTMENT OF PUBLIC SAFETY</b>  <b>DEPARTMENT ADMINISTRATION</b> <b>POLICY AND PROCEDURES</b>	EFFECTIVE DATE: JUN 15 1993	POLICY NO.: ADM. 02.04
		SUPERSEDES (Policy No. & Date): 493.02.10                      9/29/86	
<b>SUBJECT:</b> <b>APPENDIX B - CONFLICT OF INTEREST INFORMATION</b>		Page 1 of 3	

No. 93-19788

- A. State law requires that:
1. State employees, by virtue of their ownership of a business entity, should refrain from conducting official State business with their firms.
  2. There is a two-year waiting period for former employees before they can participate in business transaction with their former State agency.
- B. Section 84-15 prohibits the State agency from entering into any contract of \$4,000 or more with any business entity in which a legislator or any employee has a controlling interest.
1. This applies to contracts, including purchase orders, of \$4,000 or more. However, award can be made to these individuals after public notice and competitive bidding.
  2. Controlling interest is defined as: Not the commonly used definition of ownership of 51% or more, but to the extent the legislator or employee takes an active interest in a business or an undertaking. the percentage of interest owned is not so important as the actual ability of an individual to actively manage or direct a business.
  3. This restriction applies to all employees including members of a board or a commission and without regard to compensation.
  4. State employees should not be placed in a position where they must recommend, supervise, or evaluate persons, projects or other matters in which they have a financial interest.
- C. Section 84-15 also places restriction on employees and former employees, who, while a State employee, participated in any way on the contract in question.

PSD  P & PM	<b>SUBJECT:</b>  <b>APPENDIX B - CONFLICT OF INTEREST INFORMATION</b>	POLICY NO.: <b>ADM. 02.04</b>
		EFFECTIVE DATE: JUN 15 1993
		Page 2 of 3

1. A former employee must wait two years before he can represent or assist a contractor in any contracts with his former agency on matters that he participated on while a State employee.
  2. A State employee cannot represent or assist any contractor while a State employee.
- D. Any contract entered into in violation of the above requirements is voidable on behalf of the State.
- E. In order to conform to the law, all contracts of \$4,000 or more, to include purchase orders, must be supported by the declaration form. Any contracts or purchase orders with present or former employees or with firms represented or assisted present or former employees or with firms represented or assisted by present or former employees must also be supported by the declaration form.
- F. Section 84-15 shall not apply to a personal contract of employment with the State.
- G. No employee shall solicit, accept or receive, directly or indirectly, any gift, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it can reasonably be inferred that the gift is intended to influence the individual in the performance of their official duties or is intended as a reward for any official action on their part.
- H. No employee shall disclose information which by law or practice is not available to the public and which was acquired in the course of their official duties, or use the information for their personal gain or for the benefit of anyone.

Sample Declaration by Individuals for Personal Services Contract

1. I declare that I am not a legislator, elected or appointed officer, compensated or uncompensated, member of a State board or commission, or other employee of the State of Hawaii.
2. I declare that I have not participated in a State capacity in the past two years, in the subject matter of this contract.

PSD P & PM	<b>SUBJECT:</b>  <b>APPENDIX B - CONFLICT OF INTEREST INFORMATION</b>	POLICY NO.: ADM. 02.04
		EFFECTIVE DATE: JUN 15 1993
		Page 3 of 3

\_\_\_\_\_

Date

\_\_\_\_\_

Signature

**NOTE:** The above declaration will be signed and attached only to the purchase order of all personal services contract in excess of \$4,000. If the purchase order is awarded after public notice and competitive bid, only the second paragraph is applicable.

[P&P.APPDX-B]



11. Description Indicate the full description of the item(s) including stock number, model number, brand name, color, etc., or full description of the type of service to be provided including dates. If applicable, **enter DAGS price list number or other approval numbers as required.** Travel type purchase orders should include dates and destination information.
12. Object Indicate the 4-digit object symbol to which the purchase is to be applied.
13. Unit Price Indicate the price per unit based on the unit of sale.
14. Amount Enter the amount of the line item. If more than one line item, add each line item for total of the purchase order. (Show tax charge below the total of the purchase order as a separate line item to arrive at the grand total of the purchase order.)
15. Requester Type in the name of the requester, telephone number, and follow with the initials of requester.
16. Goods/Services Received by  
Date Enter the name of the employee that signed the delivery tag and date items accepted.
17. Voucher Number For Fiscal Use
18. Authenticated By: To be signed by person authorized to sign purchase orders **FOR THAT ACTIVITY THAT IS BEING CHARGED.** Example: If you are authorized to sign PO's issued by Activity Code 302 but this PO is being charged to Activity Code 300 then you should not sign the Purchase Order.
19. Requisition No. Optional - May be used by division or branch for internal control.
20. Vendor Number For Fiscal Use
21. For Department Use Only For Fiscal Use
22. Classification Structure Codes To be completed by the requisitioning office. Separate lines should be used for multiple charges.

SFX - Suffix	Enter 2-digit suffix code for each line entered starting with 01.
TC - Transaction Code	Enter 3-digit transaction code 621.
F - Fund	Indicate the applicable fund, such as:  G - General Fund S - Special/Federal Fund T - Trust Fund
YR - Year	Indicate the last two digits of the year in which the fund was appropriated by the Legislature:  Example: FY 1993-94 use 94
APP - Appropriation	Enter the 3-digit appropriation symbol that will be charged for the purchase.
D - Department	Enter PSD code "V1"
Object - Object of Expenditure	Enter the 4-digit expenditure code to which the purchase is to be applied. This code should be the same as those listed in Item 12 (See Attachment B for the list of Object Code).
CC - Cost Center	Enter applicable 4-digit cost center code.
Proj. No. - Project Code	Enter applicable 6-digit project code or if not applicable, leave blank.
PH - Project Phase	Enter applicable 2-digit PH code or "00."
ACT - Activity Code	Enter 3-digit Activity Code.
Estimated Cost	Enter the estimated cost of the line entry including applicable tax or freight charges. The totals in this column should be the same as the grand total of the purchase order under Item 14.
Actual Cost	For Fiscal Use
M - Modifier Code	For Fiscal Use
R - Reverse Code	For Fiscal Use

Opt Dept. Data - Optional  
Department Data

Optional Departmental use (for non-administrative type expenditures only). The purchase order has field only for 11 characters per line, computer field allows up to 22 characters. To continue the optional department data if it exceeds 11 characters on a line entry, continue on next line.

[ P&PAPPC.DOC -- 03/11/93 ]

**STATE OF HAWAII  
REQUISITION & PURCHASE ORDER  
DEPARTMENT OF PUBLIC SAFETY**

(1) ADMINISTRATIVE OFFICE

(2) FIS

ORGANIZATION

FUNCTION AND ACTIVITY

**NOTICE TO VENDORS**

Conditions of purchase are listed on the back side of this purchase order. Please read carefully. Payments may be delayed if all steps are not followed.

(3) Entonics Associates, INC.

Suite 406 King-McKinley Building  
1040 So. King Street

Honolulu, Hawaii 96782

The State of Hawaii is an EQUAL EMPLOYMENT OPPORTUNITY and AFFIRMATIVE ACTION employer. We encourage the participation of women and minorities in all phases of employment.

PURCHASE ORDER NO. (4)

Date March 4, 1993 (5)

Deliver Before June 4, 1993 (6)

**DELIVERY ADDRESS**

Dept of Public Safety (7)  
677 Ala Moana Blvd, Room 700  
Honolulu, Hawaii 96813

**BILLING ADDRESS**

Dept of Public Safety  
Attn: Fiscal Office (8)  
677 Ala Moana Blvd.  
Honolulu, Hawaii 96813

QUAN.	UNIT	DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT
5	Dozen	Widgets	3290	20/doz	100.00
(9)	(10)	(11)	(12) 4% Tax	(13)	4.00
					104.00
					(14)

DAGS PL # 93-51

Purpose: To Maintain supply of widgets for thing-a-ma-jig

(15) Clifford N. Asato 587-1191

REQUISITIONER

TELEPHONE

VOUCHER NUMBER

(17)

AUTHENTICATED BY:

(18)

GOODS/SERVICES RECEIVED IN GOOD ORDER AND CONDITION BY DATE

AUTHORIZED SIGNATURE

REQUISITION NO.

(19)

FOR DEPARTMENT USE ONLY

VENDOR

NUMBER	SFX
XXXXXXXXXX	XX

(20)

(21)

EX	TC	F	YR	APP	D	OBJECT	CC	PROJ NO.	PH	ACT	ESTIMATED COST	ACTUAL COST	M	R	OPT DEPT DATA
X	XXX	X	XX	XXX	XX	XXXX	XXXX	XXXXXXXX	XX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XX	XX	XXXXXXXXXXXX
(22)															

**ATTACHMENT II**

**DEPARTMENT OF PUBLIC SAFETY  
CLASSIFICATION OF OBJECTS OF EXPENDITURES  
FY 1995**

<b>Object Codes</b>	<b>Pay Type Code</b>	<b>Personal Services (PAYROLL)</b>
2001	B	Regular Pay
2001	E	Irregular Pay
2001	R	Retroactive Pay
2002	O	Ordinary Overtime Pay
2003	P	Holiday Overtime Pay
2006	N	Night Shift Differential
2007	T	Temporary Assignment Premium
2010	-	Payroll/Reclassifications
2011	M	Meal Payments
2012	Y	Shortage Differential
2013	Y	Related Differential
2014	Y	Permanent Differential
2015	Y	Salary Adjustment Differential
2016	Y	Temporary Differential
2017	L	Sabbatical Leave Differential
2018	Y	Assignment Differential
2019	G	Stipend
2020	Y	ACO Retention Pay - Jan 1, 1991
2024	F	Split Shift
2025	S	Standby Duty Premium
2026	I	Hazardous Duty Premium
2027	K	Emergency Work Premium
2028	-	Sick Leave Pay (While on Workmen's Compensation Disability)
2029	-	Vacation Pay (While on Workmen's Compensation Disability)
2030	-	Vacation Pay at Termination
2031	V	Vacation Pay (For Excess Vacation Credits)
2034	-	Pension Accumulation
2035	-	Post Retirement
2036	-	All Other Contributions to Employees' Retirement System
2037	-	Retirement Contribution - FICA
2038	-	Group Life Insurance
2039	-	Health Plan Contribution
2040	-	Dental Plan Contribution
2041	-	Workmen's and Unemployment Compensation Contribution
2044	-	Retiree Health Insurance
2049	-	Assessment of Accrued Vacation and Sick Leave
2090	-	Training Overtime Reimbursement
2099	-	Default - Payroll

<b><u>Personal Services Rendered by Other Departments or Agencies (State Employees)</u></b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
2910	- Attorney General's Office	
2911	- Department of Accounting & General Services	
2912	- Department of Budget & Finance	
2913	- Department of Health	
2914	- Department of Personal Services	
2990	- Other Departments or Agencies DAGS Surplus Processing Fee	
2999	- Default - Personal Services Rendered by Other Departments or Agencies	Fiscal Use Only

<b>OPERATING SUPPLIES - Includes articles and commodities that are consumed in operations within a relatively <u>short</u> period of time.</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3005	- Janitorial Supplies	Includes all classes of articles and products used in keeping buildings and equipment in sanitary and efficient condition. Includes the cost of: soap, towels, cosmetics, toiletries, cleaning compounds, fluids, polishes, toilet paper, brooms, mops, and other cleaning and toilet supplies. Charges for towel and linenservices are also included in this classification.
3010	- Educational Supplies	
3020	- Motor Vehicle Gas & Oil	
3021	- Motor Vehicle, Supplies and Parts	It includes minor and emergency gas station purchases such as replacements of light bulbs, windshield wiper blades, spark plugs, minor tire repairs (but not recapping) and tire changes. It does not include repairs by outside sources which must be charged to Repairs and Maintenance - Motor Vehicles classification.
3030	- Agricultural, Botanical, Horticultural and Pesticides Supplies	Includes articles of things consumed for agricultural, botanical or horticultural purposes, such as fertilizers, plants, insecticides, seeds, spraying fluids, binders, twine, baling wire, etc.
3040	- Fuel Oil & Lubricants (Other than for Motor Vehicles)	Charges for the acquisition of gasoline, diesel fuel, oil and lubricants for machinery and equipment other than cars, trucks and other motor vehicles.
3050	- Medical & Hospital Supplies	Medicine, drugs, chemicals, small instruments, and other technical supplies to be used for medical, surgical, dental, veterinary, laboratory, and physiological purposes.
3060	- Clothing & Sewing Supplies	Clothing, uniforms, other wearing apparel, clothing materials, and sewing supplies. Includes uniforms and other wearing apparel of all kinds.
3070	- Safety Supplies	
3090	- Other Operating Supplies	
3099	- Default - Operating Supplies	

<b>REPAIR AND MAINTENANCE SUPPLIES</b>		<b>Includes all items of tangible personal property bought for use in connection with the upkeep of fixed assets.</b>
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3110	- Building and Construction Materials	Includes materials and supplies used by State employees in general repairs, alterations, and maintenance of building and structures.
3190	- Other Repair and maintenance Supplies	
3199	- Default - Repair and Maintenance Supplies	Fiscal Use Only

<b>OFFICE SUPPLIES</b>		<b>Includes all classes of supplies required for office use. This classification covers charges for: letterheads, filing folders, adding machine paper, binders, carbon paper, clips, indexes, ink, desk pads, stencils, machine ribbons, rulers, printed forms, envelopes, pencils, pens and other articles designed primarily for office use. Charge all costs of photocopy machine such as rental, supplies, paper and repair to Object Code 3203. Mimeograph supplies and paper should be charged to Object Code 3290</b>
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3201	- Envelopes	
3202	- Printed and Standard Forms	
3203	- Photocopy Machine Costs	
3204	- Data Processing Supplies	
3206	- Microfilm/Microfiche	
3290	- Other Stationery & Office Supplies	
3299	- Default - Office Supplies	Fiscal Use Only

<b>FOOD SUPPLIES</b>		Includes all classes of food and foodstuffs for human consumption, dry ice packing for food and for storage of surplus foods and animals purchased for immediate slaughter. Does not include livestock purchased for breeding or dairy purpose which is chargeable to the Livestock classification; and does not include forage for livestock, which is chargeable to the Forage and Care of Animals classification.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
3305	- Meats	For Food Services Use Only.	
3306	- Produce	For Food Services Use Only	
3307	- Dairy	For Food Services Use Only	
3308	- Breads	For Food Services Use Only	
3309	- Groceries	For Food Services Use Only	
3310	- Forage & Care of Animals	Food for animals, fowl, and fish, and articles and supplies for their maintenance.	
3390	- Other Food Supplies		

<b>OTHER SUPPLIES</b>		Includes charges for the acquisition of supplies not properly chargeable to any other materials and supplies classifications. Includes items such as packing materials, cartons, wrappers, recreational supplies, photographic supplies, household supplies, ammunition for weapons, occupational and physical therapy aids.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
3410	- Other Supplies		
3499	- Default - Other Supplies	Fiscal Use Only	

<b>DUES AND SUBSCRIPTIONS</b>		Includes charges for professional association dues whether for the department or authorized employees on its behalf and subscriptions to newspapers, journals, and periodicals.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3510	- Dues and Subscriptions	
3599	- Default - Dues and Subscriptions	For Fiscal Use Only

<b>FREIGHT AND DELIVERY CHARGES</b>		Includes expenditures for freight service, express service, drayage and expenses for transportation of things, or incident to the transportation of things. Wherever possible, freight and delivery charges should be charged to the same classification as the cost of material supplies and property to which freight and delivery costs apply, such as the appropriate sub classifications under Materials and Supplies includes charges for professional association dues whether for the department or authorized employees on its behalf and subscriptions to newspapers, journals, and periodicals.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3610	- Courier and Armored Delivery Services	
3620	- Other Freight & Delivery Charges, Demurrage Charges	
3699	- Default - Freight and Delivery Charges	Fiscal Use Only

<b>POSTAGE &amp; POSTAL CHARGES</b>		Includes charges for postage stamps, stamped envelopes, stamped postal cards, postage meter settings and postal permit deposits, box rentals, and postal registry and insurance fees.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3710	- Postage	
3720	- Postage Meter Machines Rental	
3790	- Other Postage & Postal charges	
3799	- Default - Postage	

<b>TELEPHONE &amp; TELEGRAPH</b>		Includes charges for telephone rentals and tools, telegraph, teletype, cable, radiogram, local telegraph, messenger services, etc.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
3801	- Inter-Island Tolls		
3802	- Out-of-State Calls		
3803	- Cable, Radiogram, Messenger Services		
3790	- Other Postage & Postal charges		
3804	- Installation, Removal and Relocation		
3805	- Teleprocessing Line Charge		
3806	- Computer Line Charges Circuit Lines		
3807	- Beepers, Pagers		
3808	- Modem		
3809	- Cellular Telephone Charges		
3810	- Telephone - Basic Charges		
3811	- Radio Call Sign Frequency Charge		
3890	- Other Telephone and Telegraph Charges, Radio Communication Circuit Line		
3899	- Default - Telephone and Telegraph Charges	Fiscal Use Only	

<b>PRINTING &amp; BINDING</b>		Includes the cost of all printing, duplicating, engraving, binding, and other expenses incident top publications issued by departments jobbed out to vendors. Office forms, accounting books, etc., are not to be charges here, but to the Stationery and Office Supplies classification.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
3910	- Printing and Binding	
3999	- Default - Printing and Binding	

<b>ADVERTISING</b>		Includes charges for commercial, legal, and promotional advertising or publication of official notices, such as dissolution notices, hearing notices, advertng for bids, etc.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
4010	- Advertising	
4099	- Default Advertising	

<b>CAR MILEAGE</b>		Includes car mileage claims submitted by State employees, consultants and other individuals or firms traveling on State business. Includes parking meter charges and monthly auto allowances.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
4110	- Employees	
4120	- Consultants	
4190	- Other Individuals or Firms	
4199	- Default - Car Mileage	

<b>TRANSPORTATION, INTRA-STATE</b>			Includes primarily inter-island air transportation expenses but may include intra-island transportation costs incurred by a State employee or other persons in the State's service while away from official headquarters. Includes taxi fare to and from airport. Bus and other minor transportation costs are chargeable to Other Travel classification.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
4210	- Employees		
4220	- Consultants		
4290	- Other Individuals or Firms		
4299	- Default - Car Mileage	Fiscal Use Only	

<b>SUBSISTENCE INTRA-STATE</b>			Includes all intra-state per diem allowances, direct payments for room and meals and incidental items such as telephone calls, nominal amounts for postage and urgently needed supplies or services. Significant expenditures not appropriately classified as travel or subsistence but itemized on travel vouchers must be assigned proper Object Codes. Includes airport parking charges (Private Auto).
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
4310	- Employees		
4320	- Consultants		
4390	- Other Individuals or Firms		
4399	- Default - Subsistence, Intra Fiscal Use Only State		

<b>TRANSPORTATION OUT-OF-STATE</b>		Includes all Out-of-State Transportation expenses incurred by a State employee or other persons in the State's service while away from official headquarters. Includes taxi fare to and from airport.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
4410	- Employees	
4420	- Consultants	
4490	- Other Individuals or Firms	
4499	- Default - Transportation, Out-of-State	Fiscal Use Only

<b>SUBSISTENCE OUT-OF-STATE</b>		Includes all Out-of-State Per Diem allowances, direct payments for room and meals and incidental items such as telephone calls, nominal amounts for postage urgently needed supplies or services. Significant expenditures not appropriately classified as travel or subsistence but itemized on travel vouchers must be assigned proper Object Codes.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
4510	- Employees	
4520	- Consultants	
4590	- Other Individuals or Firms	
4599	- Default - Subsistence Allowance, Out-of-State	Fiscal Use Only

<b>HIRE OF PASSENGER CARS</b>		Refers to cost of hiring passenger cars from outside sources for State employees or other persons in the State's service such as rental of U-Drive cars.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
4610	- Employees		
4620	- Consultants		
4690	- Other Individuals or Firms		
4699	- Default - Hire of Passenger Cars	Fiscal Use Only	

<b>MOTOR POOL CARS</b>		Includes charges for DAGS motor pool car use incurred by a State employee or other persons in the State's service.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
4710	- Motor Pools		
4799	- Default - Motor Pool Cars		

<b>OTHER TRAVEL</b>		Includes all other travel charges not otherwise classified; for example, bus tokens.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
4805	- Parking Meter and Attendant Charges		
4810	- Other Travel		
4820	- Other Travel - Consultants		
4899	- Default - Other Travel	Fiscal Use Only	

<b>UTILITIES</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
5010	- Electricity	
5099	- Default - Electricity	Fiscal Use Only
5110	- Gas	
5199	- Default - Gas	Fiscal Use Only
5210	- Water	
5299	- Default - Water	Fiscal Use Only
5310	- Sewer	
5399	- Default - Sewer	Fiscal Use Only
5410	- Other Utilities	Fiscal Use Only
5499	- Default - Other Utilities	Fiscal Use Only

<b>RENTAL OF LAND BUILDING OR SPACE IN BUILDING</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
5510	- Rental of Land, Building, Space in Building	Includes charges for rental of land, building, office, storage, garage, or other building space.
5599	- Default - Rental of Land Building or Space in Building	Fiscal Use Only

<b>RENTAL OF EQUIPMENT</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
5601	- Rental of Data Processing Equipment	Includes charges for rental of all equipment such as typewriters, data processing machines, adding or calculating machines, other office equipment, etc. <b>Rental of photocop machine should be charged to Object Code 3203.</b>
5602	- Rental of Motor Vehicles - Equipment	Includes rental of motor vehicles (except passenger cars) and construction equipment from outside vendors.
5603	- Teleprocessing Terminal Rental	
5604	- Teleprocessing Terminal Installation, Removal, and Relocation	
5605	- Rental of Office Equipment	
5690	- Other Rental of Equipment (Gaspro, Cylinder and Oxygen)	
5699	- Default - Rental of Equipment	Fiscal Use Only

<b>OTHER RENTALS</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
5710	- Other Rentals	Includes all rentals not otherwise classified. When renting a building, or space in a building, utility charges are chargeable to this account if not included in the rent. Also includes rent of storage for federal commodities, entertainment, education and training film rentals.
5799	- Default - Other Rental	Fiscal Use Only

<b>REPAIR AND MAINTENANCE - Office Furniture and Equipment</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
5805	- Office Furniture and Equipment	Charges for contractual or non-contractual repairs and maintenance services performed annually, monthly, or on a per job basis. Such charges include repairs to typewriters, adding machines, dictaphones, fans, desks, chairs, etc.
5810	- Machinery and Equipment	Charges for contractual and non-contractual repairs and maintenance of machinery and equipment such as elevators, tractors, shop equipment, etc.
5820	- Building and Structures	Charges for contractual and non-contractual repairs, alterations, and maintenance of buildings and structures. When such repairs and maintenance are performed by Staet employees, materials used are chargeable to the Buildings and Construction Materials classification (Object Code 3110) and Labor charges are chargeable to the appropriate Object classification under Personal Services.
5830	- Motor Vehicles	Charges for contractual repairs or servicing of motor vehicle such as washing, greasing, recapping, overhauling, and all types of repairs. Also includes Safety Check.
5835	- Boats and Repair	Charges for repair and servicing of boats
5836	- Boat Fuel	Purchase of Boat Fuels
5840	- Data Processing Equipment	Repair and maintenance
5890	- Other Repairs and Maintenance	Charges for contractual repairs or maintenance of items not otherwise classified.
5899	- Default - Repairs and Maintenance	Fiscal Use Only

<b>INSURANCE</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
5910 -	Insurance	Charges incurred by the State for fire, liability, fidelity and other insurance policies.
5999 -	Default - Insurance	Fiscal Use Only

<b>DEPRECIATION AND AMORTIZATION</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
6010 -	Depreciation and Amortization	
6099 -	Default - Depreciation and Amortization	Fiscal Use Only

<b>INTEREST EXPENSE</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
6210 -	Interest on Delinquent Accounts	
6290 -	Other Interest Expense	
6299 -	Default - Other Interest Expense	Fiscal Use Only

<b>PUBLIC ASSISTANCE</b>		
<b>Care of Persons</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
6601 -	Cash Allowances	Support expenses of all persons receiving aid, relief or support of any kind from the State, including State wards not in State institutions, support and other expense of court wards in homes, private foster homes, or private institutions. Exclude support and maintenance of prisoners at mainland institutions which is chargeable to Object Code 7204. Includes board, food, clothing, rehabilitation, etc., but does not include hospitalization which is classified under Hospital Care.
6602 -	Clothing Allowances	
6605 -	Other Expenses for Care of Persons	

<b>HOSPITAL CARE</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
6610	- Hospital Care	Expenses of Hospitalization, including medical care and treatment when such medical care and treatment is incidental to and a part of the charge for hospitalization. Medical, dental, optical, and other professional fees, when not a part the hospitalization charges must be charged to the proper sub classification under the Services on Fee Basis classification..
6611	- Convalescent Care	
6612	- Out-Patient Care	
6613	- Other Expenses for Hospital Care	
6620	- Patient Inmate and Ward Travel	Includes charges for transportation of all patients and inmate of Staet intitutions, all wards of the court, and all persons receiving aid, relief or support from the State. Includes air, water and ground transportation and subsistence allowances. Also, includes travel cost for transporting inmates to mainland institutions.
6636	- Hawaii Paroling Authority Gate Money	
6699	- Default - Public Assistance	Fiscal Use Only

<b>JUDGMENTS AND CLAIMS</b>		Includes all payments except worker's compensation payments, on account of death, accident, injury to person, or damage to livestock and property for which the State was liable and for which an award was made by courts, boards or commissions. These expenditures are included under this classification since no tangible assets are acquired. Condemnation awards should be capitalized because they give rise to assets.
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
6810	- Judgments and Claims	
6899	- Default - Judgments and Claims	Fiscal Use Only

<b>Services on Fee Basis (Other than State Employees)</b>	<b>Includes services rendered to the State under agreement or contract by independent contractors or county personnel. The charges for which may either be a flat amount or an amount measured by a unit of services rendered. Also included are honorary payments customarily made in recognition of certain services rendered. (Courier and Armored Car Delivery Service use Object Code 3600).</b>	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
7101	- Medicaid Fiscal Agent Costs	
7102	- Bank Service Charges	
7103	- Legal Services	
7104	- Accounting and Auditing Service	
	<b>Medical Services</b>	
7107	- Pharmacy	
7108	- Physician Services	
7109	- Nurses Services	
7110	- Medical Consultant Services	
7111	- Dental Services	
7112	- Laboratory Services	
7113	- Ophthalmological Services	
7114	- Radiological Services	
7115	- Surgical Services	
7116	- Physical Examinations	
7117	- Psychological/Psychiatric Services	
7118	- Pre-Trial Diagnostic Services	
7119	- Other Medical Services	
	<b>Operation/Maintenance</b>	
7120	- Janitorial Services	
7121	- Security Guard Services	
7129	- Other Operation/Maintenance Services e.g. trash pick up	
7131	- County Attorney's Fees	
7132	- Family Court Costs	
	<b>Other Services on a Fee Basis</b>	
7190	- Witness Fees	
7191	- Court Reporter Fees	
7192	- Employment and Training Service	
7194	- Passive Electronic Monitoring	SISC project
7195	- Active Electronic Monitoring	SISC project
7196	- Photocopy/Photographic Services	
7197	- Computer or Tabulation Services	
7198	- Other Services on a Fee Basis	
7199	- Default-Services on a Fee Basis (Other than State Employees)	

**OTHER CURRENT  
EXPENDITURES**

<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
7201	- Service and Merit Awards	
7202	- Special Fund Assessment (Act 34, SLH 1964)	Fiscal Use Only
7203	- Training Costs and Registration Fees	
7204	- Support and Maintenance (Prisoners at Mainland Institutions)	
7205	- Employees Uniforms Allowance	
7206	- Employees Weapons Allowance	
7210	- Adjustment for cash Shortages	
7290	- Other Current Expenditures	Include in this classification, objects for current operating expenditures not provided for in any of the above-listed classifications. If expenditures in this object code are over 10% of total Operating Expenditures be prepared to provide details of expenditures.
7299	- Default - Other Current Expenditures	Fiscal Use Only
7300	- Interest Charges (226)	Fiscal Use Only

**LAND AND LAND  
IMPROVEMENTS**

Price of land, legal expenses, title fees, brokerage, condemnation awards, and other costs of acquisition, removal or relocation costs of buildings (less salvage), expenses of clearing and grading, and special assessments. Structural improvements are to be shown under Buildings and Other Structures classification.

<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
7510	- Land and Land Improvements	
7599	- Default - Land and Land Improvements	Fiscal Use Only

**BUILDINGS**

Real property, other than land and land improvements, includes the cost of buildings, structures, additions and fixtures, which are permanently attached, obtained through purchase, construction by contract, or construction by the government unit's own labor force. Includes also architect's fees, engineering fees, legal expenses, brokerage fees, piping, wiring and all other expenditures required to put the long-life asset into usable condition. Construction expenditures are to be coded according to the natural classification under Personal Services and Other Current Expenses. This classification is to be used when the work is completed and the building or other structure becomes usable.

<u>Object Codes</u>	<u>Description</u>	<u>Special Instructions</u>
7610	- Buildings	
7699	- Default - Buildings	Fiscal Use Only

<b>MACHINERY AND EQUIPMENT</b>		General Office Equipment, Includes costs of office machines such as typewriters, calculators, duplicating machines, etc.	
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>	
7701	- Mimeographs and Duplicator		
7702	- Typewriters	Fiscal Use Only	
7703	- Calculators		
7704	-		
7705	- Main Frame Computer Software	Does not include PC Software Code for PC Software - <b>3204</b>	
7706	- Telecommunication Equipment		
7709	- Other General Office		
7710	- Chairs		
7711	- Desks		
7712	- Files and Cabinets		
7713	- Tables		
7719	- Other General Office Furnishings		
7720	- Optical Equipment		
7730	- Acoustic Equipment		
7740	- Recreational Equipment		
7750	- Grounds Maintenance Equipment		
7760	- Motor Vehicles	Includes costs of passenger cars, delivery trucks, tractors, motorcycles, etc., used for transportation purposes. also includes the acquisition of original accessories not a part of the purchase price of motor vehicles. Costs of new replacement parts and outside repairs are chargeable to the Operating Supplies or Repairs and Maintenance classifications.	
7770	- Food Service Equipment		
7780	- Purchase of Boats		
7790	- Other Machinery and Equipment		
7799	- Default - Machinery and Equipment	Fiscal Use Only	

<b>OTHER CAPITAL OUTLAY</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
7810	- Livestock	Includes the cost of horses, cattle and other animals bought for freeing and general utility purposes. Does not include animals purchased for immediate consumption.
7820	- Books and Library Material	Charges for the acquisition of library books, classroom texts references, etc.
7890	- Other Capital Only	
7899	- Default - Other Capital Outlay	Fiscal Use Only

<b>ITEMS FOR RESALE OR REISSUE</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
8710	- Store Purchases for Resale	
8790	- Other Items for Resale or Reissue	
8799	- Default - Items for Resale/Reissue	Fiscal Use Only

<b>AGENCY AND CLEARING ACCOUNTS</b>		
<b>Object Codes</b>	<b>Description</b>	<b>Special Instructions</b>
9210	- Trust and Agency Accounts Business Checks from Banks	Liquidation of State's liability for moneys held in trust or as agent-examples: a. Return of Contractor's Deposit b. Return of Court Deposits c. Return of Other Deposits
9290	- Other Agency and Clearing Accounts	
9299	- Default - Agency and Clearing Accounts	Fiscal Use Only

REQUEST FOR EXCEPTION FROM DAGS PRICE LIST

TO: State Comptroller  
ATTN: Central Purchasing Branch

This agency requests approval to purchase \_\_\_\_\_

\_\_\_\_\_  
(full description including brand and number)

from \_\_\_\_\_  
(name of supplier)

at \_\_\_\_\_ per \_\_\_\_\_. This is an exception to DAGS Price  
(unit price) (unit)

List No. \_\_\_\_\_.

Justification for Exception: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Department: \_\_\_\_\_

Requested by: \_\_\_\_\_

Department Head

Telephone: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVAL - DISAPPROVAL

Based on the information above, permission is/is not granted to purchase as requested,  
with the following limitation: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

STATE COMPTROLLER

JOHN WAIHEE  
GOVERNORGEORGE W. SUMNER  
DIRECTORROBERT C. VIDUYA  
DEPUTY DIRECTORGEORGE IRANON  
DEPUTY DIRECTORERIC PENAROSA  
DEPUTY DIRECTORSTATE OF HAWAII  
DEPARTMENT OF PUBLIC SAFETY677 Ala Moana Boulevard, Suite 1000  
Honolulu, Hawaii 96813

June 3, 1992

No. 92-14892

TO: DAs, BAs and SOs *Robert C. Viduya*

FROM: Robert C. Viduya, Deputy Director for Administration

SUBJECT: REVISED "REQUEST TO PURCHASE EQUIPMENT/MOTOR  
VEHICLES/COMPUTER HARDWARE/SOFTWARE" FORM (PSD 1902)

Effective immediately the attached revised "REQUEST TO PURCHASE EQUIPMENT/MOTOR VEHICLES/COMPUTER HARDWARE/SOFTWARE" FORM (PSD 1902) will be used by all PSD offices for requesting approval to purchase equipment. A master copy of the revised form is attached for reproduction. *Please discard all old versions of this form, to ensure that proper information is submitted for consideration.*

The following steps will be followed when processing the request to purchase form.

1. The requestor will complete the PSD 1902, providing all requested information. *Any form with missing information will be returned to the requestor.* The completed form will be forwarded with any necessary attachments to the Branch Administrator or Staff Officer for signature.
2. The form will then be forwarded to the Program, Planning & Budget/Operating Budget Office (PPB-O) for determination of fund availability.
3. PPB-O will then forward the request to the respective Division Administrator for purchasing approval.
4. Final purchasing approval will be given by the Deputy Director for the respective Division.
5. After all signatures are obtained on the form, whether the request is approved or disapproved, a copy of the request shall be sent to the PPB-Operating Budget Office.

As a reminder:

- Purchases over \$4,000 require a bid or DAGS exemption from bid, unless purchasing from the State bid/price lists.

DAs, BAs, SOs  
June 3, 1992  
Page Two

- Purchases of equipment outside the State Bid List, when equivalent is available on the State Bid List, requires a DAGS exception from bid.
- Please ensure compliance with all other Executive, Departmental, Administrative, and State statutory requirements. (E.g., B&F/ICSD Form T-204 or T-205 A/B must be completed, for computer-hardware/software. DAGS TR Form 1 must be completed for communications requests)

If there are any questions, please call Paul Kawaguchi at 548-1235.

PPB:PTK:kaw  
[doc# equipreq]

Attachment

REQUEST TO PURCHASE EQUIPMENT/MOTOR VEHICLES/  
COMPUTER HARDWARE/SOFTWARE

GRAM ID/DIVISION/ACTIVITY CODE

BRANCH/SECTION

Date

REQUESTED BY

Phone

Date

BA/SO Signature

Date

Items(s) of Equipment to be Purchased and Cost (include related costs such as maintenance, if any):

Object Code	Description	Qty.	Cost Per Unit	Total Cost	Related Costs (Describe)
-------------	-------------	------	---------------	------------	--------------------------

JUSTIFICATION:

1. Is item budgeted and included in approved expenditure plan?

Yes Complete questions 2-5, and submit request to Planning, Programming and Budget Office (PPB).

No Complete questions 2-5, and submit with a copy of the revised expenditure plan to the Planning, Programming and Budget Office (PPB).

2. What funds are allocated for this purchase? \*If item(s) are non-budgeted identify funds to be reallocated and provide explanation of impact of this funding reallocation.

FUNDING:	F	YR	APP	D	OBJECT	CC	PROJ NO.	PH	ACT	PSD NO.
SOURCE										
*REALLOCATED										

3. Identify the problem/need and explain how the aquisition will address the problem/need.

4. What will be the impact, if this request is denied?

5. When is purchase planned (month or quarter)? \_\_\_\_\_

\*SUFFICIENT FUNDS/INSUFFICIENT FUNDS:

APPROVED/DISAPPROVED:

Budget Office

Date

DA Signature

Date

ADDITIONAL APPROVALS REQUIRED:
Computer/Software B&F/ICSD Form T-204 or T-205 A&B (Thru PSD/MIS)
Telecom Request DAGS TR Form 1 (Thru PPB/Procurement)
Request for Bidding (Submit thru PPB-Procurement)
DAGS Exemption from Bidding/Sole Source (Thru PPB/Procurement)
DAGS Exemption from Bid List (Thru PPB/Procurement)
Other:

APPROVED/DISAPPROVED:

Deputy Director Signature

Date

\*Please ensure compliance with all other Executive, Departmental, Administrative, and State statutory requirements.

cc: 1-PPB-Operating Budget Office  
1-Fiscal-Attach to Purchase Order(s)



16. ARE THERE PLANS FOR LINKING HARDWARE TO ANOTHER COMPUTER?

YES (COMPLETE ITEMS A AND B)  NO

A. WHAT FILES/TYPES OF DATA ARE NEEDED?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. WHERE DOES FILE/DATA RESIDE?

EDPD-IBM MAINFRAME

EDPD-WANG VS MIN

OTHER (SPECIFY) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

17. RECOMMENDATION OF USER AGENCY DP COORDINATOR, SIGNATURE & DATE

APPROVED  DISAPPROVED

/ /

18. ACTION OF REQUESTOR'S DEPARTMENT HEAD, SIGNATURE & DATE

APPROVED  DISAPPROVED

/ /

19. DIRECTOR, ICS DIVISION, SIGNATURE & DATE

APPROVED  DISAPPROVED

/ /

20. DIRECTOR OF FINANCE, SIGNATURE & DATE

APPROVED  DISAPPROVED

/ /



## ATTACHMENT -V-

### VEHICLE PURCHASE REQUEST DATA

#### STANDARD SPECIFICATION FOR AUTOMOBILE, SUBCOMPACT

Types	<ul style="list-style-type: none"><li>- Type 1: 2-door sedan with liftback</li><li>- Type 2: 2-door sedan with trunk</li><li>- Type 3: 4-door sedan with liftback</li><li>- Type 4: 4-door sedan with trunk</li><li>- Type 5: 2-door station wagon with lift back</li><li>- Type 6: 4-door station wagon with lift back</li></ul>
Model	<ul style="list-style-type: none"><li>- 1985 or later</li></ul>
Wheel base	<ul style="list-style-type: none"><li>- 90 inch minimum</li></ul>
Engine	<ul style="list-style-type: none"><li>- 4-cylinder only</li><li>- 1.5 liter minimum</li><li>- gasoline powered</li></ul>
Radiator	<ul style="list-style-type: none"><li>- coolant recovery system</li></ul>
Transmission	<ul style="list-style-type: none"><li>- automatic, minimum three (3) forward speeds and one (1) reverse speed</li></ul>
Body, Interior	<ul style="list-style-type: none"><li>- upholstery of manufacturer's standard vinyl</li></ul>
Exterior	<ul style="list-style-type: none"><li>- white, high gloss enamel</li><li>- rust proofing per Federal Spec 297, as amended</li></ul>
Tires	<ul style="list-style-type: none"><li>- 4 tires with wheels; radial ply of the size and load range recommended by the manufacturer for the vehicle bid.</li><li>- 1 spare tire with wheel of the same type as the other four. "Space saver" type spare acceptable.</li><li>- Tires furnished shall also conform to the current recommendation of the Tire and Rim Association, Inc.</li></ul>
Brakes	<ul style="list-style-type: none"><li>- hydraulic, self-adjusting, disc front, drum rear</li></ul>
Electrical System	<ul style="list-style-type: none"><li>- 12-volt with alternator capable of charging battery at low engine speed</li></ul>
Other	<ul style="list-style-type: none"><li>- jack and wheel wrench</li><li>- AM radio, factory installed</li></ul>

SPECIFICATIONS

1. Model - 1/2-ton / 3/4-ton / 1-ton
2. Type - 2-wheel drive/4-wheel drive
3. G.V.W. Rating - \_\_\_\_\_ lbs. capacity minimum
4. Wheel base - short wheel base (6-1/2 feed bed)  
- long wheel base (8 feed bed)
5. Engine - gasoline powered/diesel powered  
- \_\_\_\_\_ CID  
- \_\_\_\_\_ cylinders
6. Transmission - manual/automatic; \_\_\_\_\_ speeds  
Transfer Case - 2 speed (for 4-wheel drive vehicles)
7. Cab - conventional/crew cab
8. Body - \_\_\_\_\_ feet bed, all steel  
- wideside/fender side  
- utility body;high/intermediate/low silhouette;  
horizontal/vertical cabinet arrangement;  
flip-top/closed upper compartment;  
- tool boxes; side-mounted/cross-bed mounted  
- side packs; fender-side mounted  
- contractor type overhead pipe racks, \_\_\_\_\_ inch  
inside diameter, to extend over a-b.  
- contractor type overhead lumber racks  
- tie down hooks  
- electric/hydraulic liftgate with power closing,  
\_\_\_\_\_ lbs. lift capacity  
- rust proofing complete
9. Bumpers - standard/step-type  
- pineal hook and "D" rings, \_\_\_\_\_ lb. tow  
capacity  
- ball type tow hitch, \_\_\_\_\_ lb. tow  
capacity  
- tow hooks mounted on front/rear chassis frame  
- electric winch mounted on front/rear bumper;  
\_\_\_\_\_ lb. pulling capacity;  
- \_\_\_\_\_ feet of \_\_\_\_\_ inch galvanized cable &  
hook

10. Tires/Wheels
  - manufacturer's standard for G.V.W. submitted or specify size, ply rating and tread design
  - same size spare with carrier; unmounted/underframe mounted/bed mounted/fenderside mounted
11. Brakes
  - manual/powered
12. Steering
  - manual/powered
13. Axle
  - manufacturer standard for G.V.W. submitted or specify capacity for front and rear
14. Springs
  - manufacturer's standard for G.V.W. submitted or specify capacity for front and rear
15. Shock Absorbers
  - manufacturer's standard/heavy duty
16. Electrical System
  - manufacturer's standard/heavy duty
17. Other
  - reverse warning signal
  - gauges (specify type)
  - fuel tank (standard or specify capacity)
  - locking gas cap
  - dual exterior rear view mirrors, 6" x 9", low-mount on swingaway brackets
  - AM radio, factory installed
  - cigarette lighter
  - safety equipment (specify type and description, i.e. fire extinguisher, flare kit, revolving lights, sirens, spot lights)
  
  - color (if other than "State Buff")

(2) The good/service may be obtained by this sole source exemption because:

(a) The good/service has the following unique features/characteristics/capabilities:

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---

---

(b) These unique features/characteristics/capabilities are essential to the performance of our work because:

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---

---

(c) The following other possible sources and/or goods/services were investigated but do not meet our needs for the following reasons:

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---

(3) The price of the good/service is regulated by the following tariffs or regulatory rate schedules:

---

---

ATTACH ADDITIONAL SHEETS IF NECESSARY

BID EXEMPTION REF. NO. \_\_\_\_\_

QUESTIONS RELATING TO THIS REQUEST MAY BE DIRECTED TO:

\_\_\_\_\_ at TEL. NO.: \_\_\_\_\_

IF REQUIRED, SEPARATE MEMORANDUM TO/FROM THE GOVERNOR, ATTORNEY GENERAL, AND/OR DIRECTOR OF FINANCE APPROVING THIS REQUEST ARE ATTACHED.

A COMPLETED NOTICE OF BID EXEMPTION IS ATTACHED.

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
Department/Agency Head

\_\_\_\_\_  
Designee (if any)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

-----

COMPTROLLER'S COMMENTS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_ APPROVED      \_\_\_\_\_ DENIED

\_\_\_\_\_  
STATE COMPTROLLER

\_\_\_\_\_  
Date

BID EXEMPTION REF. NO. \_\_\_\_\_

## TELECOM REQUEST

DATE

USER AGENCY  
NO.

TR NO.

Dept. of Budget and Finance  
Information and Communication  
Services Division  
Kalanimoku Building, Basement  
1151 Punchbowl Street

REQUESTOR/PROJECT COORDINATOR

NAME \_\_\_\_\_

TITLE \_\_\_\_\_

PHONE \_\_\_\_\_

LOCATION OF SERVICE \_\_\_\_\_

BLDG. \_\_\_\_\_ ROOM \_\_\_\_\_ PHONE \_\_\_\_\_

VIA

FROM

(Dept/Div)

(Branch)

(Billing Address)

 CPE CENTREX PURCHASE LEASE LEASE  
PURCHASE OTHER 24 HOUR  
FACILITY

DESCRIPTION

JUSTIFICATION

ESTIMATED COSTS

MONTHLY \$ \_\_\_\_\_ ANNUALLY \$ \_\_\_\_\_ INSTALLATION \$ \_\_\_\_\_ TOTAL \$ \_\_\_\_\_

Attach Quotations, Proposals, Diagrams or Brochures (Use additional sheet as required)

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

Department Authorization

Title

APPROPR SYMBOL TO BE

CHARGED \_\_\_\_\_

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

Dept. Telecom Coordinator

PHONE \_\_\_\_\_

ICS DIVISION

(FOR B&amp;F USE ONLY)

Reviewed by \_\_\_\_\_

 DISAPPROVE REASON

Approved by \_\_\_\_\_

Title \_\_\_\_\_ Assistant Administrator

(SERVICE REQUEST, TELEPHONE COMPANY USE ONLY)

PLEASE PROVIDE THE FOLLOWING INFORMATION AND RETURN TO B&F/ICSD, SYSTEMS NETWORKING BRANCH  
ESTIMATED

TELEPHONE CO. SERVICE ORDER NO. \_\_\_\_\_

Service Charge \$ \_\_\_\_\_

RELATED TELEPHONE NO(S) \_\_\_\_\_

Recurring \_\_\_\_\_

(Instructions on Reverse Side)

Completion Date \_\_\_\_\_

NEED TR APPROVAL

EXCLUDED

## TELEPHONES

- a) new purchases, moves, purchase or lease contract, maintenance contract, disconnects.
- b) long distance service such as FEX, WATS, Call America, Long Distance USA, Starnet, etc.
- c) Landline service such as telephone, teletype and data circuits.
- d) Automatic answering devices.

## RADIOS

- a) Handheld transceivers (walkie-talkie), mobiles, base station, repeaters, microwave, pagers (beepers), maintenance contracts.

- a) modems, multiplexers, line drivers, couplers.

## RECORD/HARD COPY

- a) Electronic mail, facsimile telecopier, Telex/TTY.

## VIDEO

- a) Teleconferencing equipment.

## TELEPHONES

- a) Station repairs.

## RECORDERS

- a) Audio (voice, music), video (VHS, Betamax).

## RADIOS

- a) AM/FM receivers, shortwave sets, scanners, hi-fi equipment.

## PUBLIC ADDRESS

- a) Microphone, audio amplifiers, loud speakers, intercoms.

## PROJECTORS

- a) Slide, movie, overhead.

## VIDEO

- a) Receiver, recorder, camera, closed circuit, amplifier.

This Telecom and Centrex Authorization Request form is to be used to:

- 1) Request Telecom purchase approval for items classified in column above.
- 2) Request Centrex service: It is the responsibility of the Department Telecom Coordinator within each State agency to coordinate any moves, changes, additions, or removals of telephone equipment in the department and to forward the necessary requests on this form to CSD, DAGS.

Specific questions should be addressed to the agency Telecom Coordinator or Telecom Branch 648-2104.

STATE OF HAWAII

DEPARTMENT OF PUBLIC SAFETY

SUPPLEMENTAL P.O. FORM

TO: FISCAL OFFICE - PRE-AUDIT SECTION      DATE: \_\_\_\_\_

P.O. NUMBER: \_\_\_\_\_      P.O. DATE: \_\_\_\_\_

EXCESS AMOUNT: \$ \_\_\_\_\_

REASON FOR SUPPLEMENTAL: \_\_\_\_\_  
\_\_\_\_\_

CHARGE TO:

F	YR	APP	D	OBJECT	CC	PROJ	NO	PH	ACT

PSD 1921 (03/92)

\_\_\_\_\_  
AUTHORIZED SIGNATURE

-----tear-----

STATE OF HAWAII

DEPARTMENT OF PUBLIC SAFETY

SUPPLEMENTAL P. O. FORM

TO: FISCAL OFFICE - PRE-AUDIT SECTION      DATE: \_\_\_\_\_

P.O. NUMBER: \_\_\_\_\_      P.O. DATE: \_\_\_\_\_

EXCESS AMOUNT: \$ \_\_\_\_\_

REASON FOR SUPPLEMENTAL: \_\_\_\_\_  
\_\_\_\_\_

CHARGE TO:

F	YR	APP	D	OBJECT	CC	PROJ	NO	PH	ACT

PSD 1921 (03/92)

\_\_\_\_\_  
AUTHORIZED SIGNATURE



EXECUTIVE CHAMBERS  
HONOLULU

JOHN WAIHEE  
GOVERNOR

July 21, 1992

ADMINISTRATIVE DIRECTIVE NO. 92-01

TO: All State Department and Agency Heads

SUBJECT: Policy and Procedures for Expenditures of Public Moneys Without Advertisements for Bids

I. INTRODUCTION

This directive provides a central point of reference to assist the state agencies in adhering to the laws which allow expenditures of public moneys to be made without advertising for bids.

All heads of departments and agencies are asked to disseminate this directive to all departmental staff members concerned with purchasing and contracting. Excluded from this directive are the University of Hawaii, the Department of Education, and any state entity specifically exempt from complying with the requirements of Haw. Rev. Stat. ch. 103, pt. II, or vested with separate procurement authority. This directive supersedes State Comptroller Circular No. 1977-3, Sole Source Purchase, dated December 22, 1977.

II. SOURCES OF AUTHORITY FOR EXPENDING PUBLIC MONEYS WITHOUT ADVERTISEMENTS FOR BIDS

Public bidding laws are enacted to avoid collusion, favoritism, and fraud, and to promote competition amongst potential vendors so that public agencies obtain the services and goods they require at the lowest cost.

Under Hawaii law, public moneys may not be spent without bidding unless one of the following situations exists: (1) a particular agency's expenditures are expressly exempt from the bidding requirement; (2) expenditures of public moneys for particular goods, services or purposes are expressly exempt from bidding; or (3) courts have construed public bidding and

contracting laws as permitting expenditures of public moneys for particular goods, services or purposes without first having to advertise for bids.

The bidding requirement is set forth in Haw. Rev. Stat. § 103-22. This section, along with § 103-23, also expressly exempt the following types of expenditures from the bidding requirement:

Expenditures of \$4,000 or less;

Expenditures to pay salaries of officers or employees;

Expenditures to pay permanent settlements, subsidies, or other claims or objects for which a fixed sum must be paid by law;

Expenditures for purposes which do not admit of competition, including sole source purchases (see discussion below);

Expenditures to purchase materials or supplies from any other department, bureau, organization, or political subdivision of the federal, state, or county governments, other than University of Hawaii bookstore;

Expenditures for performance of public work and contracts by or between a state agency and any other department, bureau, organization, or political subdivision of the federal, state, or county government;

- \* Expenditures for repairs of roads, waterworks, and buildings;
- \* Expenditures of no more than \$15,000 to alter buildings, or to build new roads, waterworks, and buildings;
- \* Expenditures of more than \$15,000 for new roads, waterworks, and buildings made by the expending division of government itself after first advertising for bids and thereafter publishing a true account of the amounts expended and the amounts of the bids which were received in response to the advertisement and then rejected;

Submit in Duplicate (8/92)

REQUEST FOR EXEMPTION FROM BIDDING

TO: STATE COMPROLLER  
DEPARTMENT OF ACCOUNTING & GENERAL SERVICES

FROM: \_\_\_\_\_  
\_\_\_\_\_ DIVISION/BRANCH  
DEPARTMENT OF \_\_\_\_\_

RE: REQUEST FOR EXEMPTION FROM BIDDING

Pursuant to Administrative Directive 92-01, the Department of

requests an exemption from bidding to purchase \_\_\_\_\_

from \_\_\_\_\_

for \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

Term of Contract From: \_\_\_\_\_ To: \_\_\_\_\_

Prior Bid Exemption Reference No.(s) \_\_\_\_\_, if any.

(Complete one of (1) - (4)):

(1) The services required are (check one):

\_\_\_ Professional in nature -- \_\_\_\_\_

\_\_\_ Not professional in nature, but can only be provided by a person with the following special training and/or skills:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_ Not professional in nature, but necessitates the exercise of special taste or discretion. Explain.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTACH ADDITIONAL SHEETS IF NECESSARY

BID EXEMPTION REF. NO. \_\_\_\_\_

- \* Expenditures for work which is unknown or cannot be specified with reasonable certainty beforehand;
- \* Expenditures for which bids were advertised but no tenders were received.

Those expenditures preceded by an "\*" above require the Governor's prior approval pursuant to Haw. Rev. Stat. § 103-23.

In addition to these types of expenditures, expenditures of funds appropriated for grants, subsidies and purchases of service pursuant to article VII, section 4 of the State Constitution are also exempt from the advertisement requirements of ch. 103. Similarly, expenditures for goods or services for civil defense and other emergency functions are also exempt from the provisions of pt. II, ch. 103 if their application would impede or tend to impede accomplishment of those functions or is otherwise impracticable. See Haw. Rev. Stat. § 128-10.

### III. "SOLE SOURCE" PURCHASES

"Sole Source" purchases are the most common type of expenditure exempted from the public bidding laws' requirements under the above-referenced "does not admit of competition" provision. A "sole source" purchase may be made when there is only one source available from which a particular good or service may be obtained. Most "sole source" purchases are for goods, although purchases of services from computer programmers or computer system designers may qualify for the "sole source" exemption because often computer software, particularly system operating programs, are proprietary and third parties are not permitted access to the confidential or secret material needed to design or maintain the software.

To justify a "sole source" purchase, an agency must establish that

- (1) A unique feature, characteristic or capability is essential in order for the agency to accomplish its work;
- (2) A particular commodity, equipment or service has the unique feature, characteristic or capability required;

- (3) The particular commodity, equipment or service having the unique feature, characteristic or capability is available from only one supplier or source.

When an item with the essential unique feature, characteristic, or capability is available from more than one supplier, the purchase is a "restrictive" purchase rather than a "sole source" purchase and should be bid unless it qualifies under some other exemption.

When an item is referred to by a brand rather than generic name, the item may not have the requisite unique feature, characteristic or capability to qualify for "sole source" status since "or equals" with different brand names may exist.

IV. PROFESSIONAL SERVICES OR SERVICES REQUIRING SPECIAL TRAINING, SKILLS, TASTE OR JUDGMENT

Courts have interpreted public bidding laws as exempting expenditures for professional services, or services which require special training and skill, or the exercise of special taste or discretion from the requirements imposed by those laws. This exemption is rooted in provision like the "does not admit of competition" provision in § 103-22 and the "not now known or capable of certainty" exception in § 103-23. Thus, even though there is more than one attorney or physician licensed and thus qualified to render legal or medical advice and services in Hawaii, so that it cannot be said that these kinds of services are available from only one source, these kinds of services can be purchased with public moneys without first advertising for bids and satisfying all of the other provisions of public bidding laws. These kinds of professional and special services which the courts have found exempt from the bidding laws include the services of:

Physicians

Attorneys

Architects

Engineers

Surveyors

Accountants and auditors

Construction superintendents or supervisors

Real-estate appraisers or brokers

Title abstracters or preparers of real-estate records

Insurance brokers

Financial advisers

Artists, actors, and musicians

If electronic data processing, telecommunication, or computer system design services are needed, agencies should consult Administrative Directive 1977-2, Policy on Electronic Data Processing Services in the Hawaii State Government, Administrative Directive No. 87-1, Policy Governing Acquisition and Utilization of Telecommunication Services and Facilities, and the Information and Communication Services Division of the Department of Finance, and determine whether an exemption from bidding is justified for the services sought to be purchased. If a "sole source" or unique skill or training exemption cannot be identified to justify an exemption from bidding, consideration should be given to either using a two-step bidding process or developing stringent responsibility criteria to pre-screen bidders for capability pursuant to Haw. Rev. Stat. § 103-25.

Requests for exemptions from bidding to acquire management or functional studies should be approached similarly. To secure a bidding exemption agencies must describe the objectives of the study and how unique training, skills or judgment are needed to ensure that those objectives are met.

Agencies should understand that obtaining electronic data processing or telecommunications services, or management or functional studies from nationally known accounting firms does not automatically allow them to invoke the "accountants and auditors" exemption which courts have carved out of public bidding laws. This must be based upon the applicable criteria on a case by case basis.

Similarly, public relations work, particularly that which require art or design work, or specialized communication skills may also be exempt from bidding if the applicable criteria are met.

V. EXPENTITURES FOR "PUBLIC EXIGENCY"

Courts have also permitted public agencies to expend public moneys without regard to public bidding laws like Haw. Rev. Stat. ch. 103, pt. II to deal with emergencies which threaten the public health or welfare. Potential loss of funds at the end of a fiscal year is not a public exigency or emergency and thus is not a basis for exemption from ch. 103's bidding requirements.

VI. EXPENDITURES FOR GOODS OR SERVICES FOR WHICH PRICES ARE REGULATED BY TARIFFS OR RATE SCHEDULES

Courts have also concluded that expenditures for services rendered by a public utility or for services subject to tariffs, or other fee/price regulations are also exempt from the requirements of public bidding laws. Like professional services, these kinds of services may be available from more than one source. The exemption has been conferred because the regulatory process establishes the price of the service or the good and that price is presumed to be the lowest one available.

VII. PROCEDURES FOR EXPENDING PUBLIC MONEYS WITHOUT ADVERTISING FOR BIDS OR SATISFYING THE OTHER REQUIREMENTS OF HAW. REV. STAT. CH. 103, PT. II

Expenditures for purposes expressly exempt from the bidding requirement by Haw. Rev. Stat. §§ 103-22 or 103-23, or any other provision of the Hawaii Revised Statutes, may be made without securing the Comptroller's approval or complying with any of the procedures set forth in this directive.

Expenditures for the services of design consultants, including architects and engineers, attorneys, accountants and auditors, and physicians without bidding may be made only after all of the provisions of the following applicable administrative directives, circulars and guidelines are satisfied:

- (1) Administrative Directive 90-15, Criteria and Procedures for Selecting Professional Design Consultants, dated February 5, 1990
- (2) Administrative Directive 89-02, Policy Governing the Employment and Retention of Attorneys, dated March 3, 1989

- (3) Comptroller's Circular No. 196, Filing Reports with the Comptroller, outlining the procedures to be followed to obtain the services of accountants and auditors, dated September 23, 1968
- (4) Annual Governor's Budget Execution Guidelines or Instructions

All other expenditures of public funds which agencies may want to make without bidding, may only be made in accordance with the following procedures.

- (1) Complete and submit a "Request for Exemption From Bidding" form to the Comptroller. The department or agency head and his/her designee (if any) shall certify that to the best of their knowledge the information provided on the form is true and correct;
- (2) Complete and submit a "Notice of Bid Exemption" for the Comptroller's use should the request for exemption from bidding be approved.
- (3) Complete and submit a separate memorandum of justification if expedited review of a request is needed.

Each request will be time-stamped by the Comptroller and processed in the order that they are received. The Comptroller will either approve the bidding exemption request or inform the agency of the reasons for its disapproval. A copy of the "Notice of Bid Exemption" for each request for exemption which is approved by the Comptroller will be posted on the bulletin board of the Purchasing and Supply Division, Department of Accounting and General Services.

Agencies may negotiate with vendors who will be providing the goods or services without bid prior to obtaining the Comptroller's approval for their request for bidding exemption as long as only information is obtained to complete the request for exemption and no obligation is incurred. If the acquisition of services without bidding is approved, the standard form Agreement for Consultant Services (Form AG-1(11-91)) developed by the Attorney General shall be completed and executed by the parties.

Agencies seeking services subject to the following administrative directives, circulars, or guidelines must satisfy all of the requirements which they impose before

submitting their agency's requests for exemption from bidding to the Comptroller:

- (1) Administrative Directive 87-1, Policy Governing Acquisition and Utilization of Telecommunication Services and Facilities, dated February 6, 1987
- (2) Administrative Directive 1977-2, Policy on Electronic Data Processing Services in The Hawaii State Government, dated September 15, 1977
- (3) ICS Circular 90-1, Policy on Consultant Services for Computer Systems, Information Systems, and Technology Projects, dated September 14, 1990
- (4) Annual Governor's Budget Execution Guidelines or Instructions

VIII. PROCEDURES FOR AMENDING CONTRACTS EXEMPTED FROM BIDDING REQUIREMENTS

Even though the general conditions (Attachment 5) of the standard form Agreement for Consultant Services includes a modification provision, amendments to contracts entered into after the Comptroller has approved a request for exemption from bidding may be made only with the approval of the Comptroller if the proposed amendment would change the original scope of service, or increase the amount which the State must pay by 10% or more.

To obtain the Comptroller's approval for an amendment, the agency must:

- (1) Complete and submit separate memorandum to the Governor, Attorney General, and/or the Director of Finance requesting approval to amend the contract if any or all of them approved the contract which the agency seeks to amend.
- (2) Complete and submit a Notice of Amendment to Non-Bid Contract to the Comptroller, if the Governor, Attorney General, and/or Director of Finance, approves their request to amend.
- (3) Attach copies of the original Request for Exemption from Bidding and the contract or agreement which the agency engaged after the Comptroller approved that request.

The department head and his/her designee (if any) shall certify that to the best of their knowledge, the information provided is true and correct.

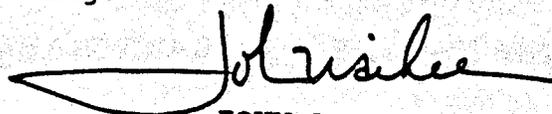
If the Comptroller determines that the original exemption from bidding is no longer justified or could not be justified if the scope of services were amended, and disapproves the request, the Comptroller will so inform the agency. The agency may submit a request for exemption for bidding if it is able to justify an exemption on a different basis. Otherwise, the goods or services may be acquired only by competitive bidding.

If the Comptroller approves the request to amend, the completed Notice of Amendment to Non-Bid Contract shall be posted on the bulletin board of the Purchasing and Supply Division, Department of Accounting and General Services.

#### IX. PURCHASING VIOLATIONS

The policy and procedures set out in this directive shall be strictly adhered to. Under no circumstance shall an agency expend more than \$4,000 to acquire a good or service without either complying with all of the requirements of ch. 103, pt. II or first obtaining the Comptroller's exemption from bidding and otherwise adhering to the requirements of this directive. Departments are reminded that Haw. Rev. Stat. §§ 40-39, 103-9, and 103-48 impose sanctions and penalties against any person who causes the State to incur or expend funds contrary to the provisions of any law relating to the expenditure of public funds, including the provisions of Haw. Rev. Stat. ch. 103.

All forms needed to implement the provisions of this directive will be forthcoming.



JOHN WAIHEE



# STATE OF HAWAII BATCH SLIP

DEPARTMENT \_\_\_\_\_

FUND \_\_\_\_\_

**PART A**

BATCH TYPE*	DEPT. CODE	DEPT. BATCH REFERENCE NO.	TRANS FISCAL MO.	BATCH I.D.				DEPT. BATCH STATUS	CENTRAL ACCTNG. BATCH STATUS	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	MM	DD	YY	NO.	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>								
INTERFACE	ONLINE	ID-A	TRANS. COUNT				BATCH AMOUNT			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ORIGINAL				ORIGINAL			
			CORRECTED				CORRECTED			

**PART B**

DOCUMENT NUMBER	REASON FOR REJECTION	TRANS. COUNT	AMOUNT	REJECTED BY
TOTAL BATCH CORRECTION				

REMARKS:

**\* BATCH TYPE**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>A —Treasury Deposit Receipt B-13, B-14</li> <li>B —Appropriation Warrant A-01</li> <li>C —Request for Transfer of Funds A-21</li> <li>D —Unrequired Appropriations to be Lapsed A-08</li> <li>E —Request for Allotment A-19</li> <li>F —Allotment Advice A-15</li> <li>G —Estimated Receipts B-31</li> </ul> | <ul style="list-style-type: none"> <li>P —Contract Input C-41</li> <li>Q —Requisition &amp; Purchase Order C-03, C-04</li> <li>R —Encumbrance Advice C-06</li> <li>S —Universal Input Form A-28</li> <li>T —Journal Voucher A-27</li> <li>Y —Departmental Input</li> </ul> |
|---|--|

<p>_____</p> <p>_____</p> <p style="text-align: center;">DATE</p>	<p>_____</p> <p>_____</p> <p style="text-align: center;">AUTHORIZED SIGNATURE</p>
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