

Prepared by Office of Procurement and Real Property Management.  
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A8.250

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A8.200 Procurement

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P 1 of 23

A8.250     Small Purchases

1.     General

Any procurement less than \$25,000 for goods, services and construction shall be made in accordance with procedures set forth herein. The purpose of these procedures is to promote economy, efficiency, and effectiveness in the procurement of goods and services and the construction of public works for the University.

Multiple expenditures shall not be created at the inception of a transaction so as to evade the bidding procedures for formally advertised procurements, and procurement requirements shall not be artificially divided or parceled so as to constitute a small purchase under this section.

2.     Conditions for Use

- a.     University expenditures less than \$25,000 for goods, services and construction shall be made in accordance with these small purchase procedures. Expenditures made pursuant to these procedures do not require public notice or public bid openings.
- b.     Contracts for professional and non-professional services less than \$25,000 may be procured in accordance with these procedures provided that the requirements specified in Section A8.245, Professional Services Procurement, and Section A8.230, Contracting for Services, have been satisfied.
- c.     Fiscal officers shall also comply with applicable University requirements contracts and State Procurement Office price lists.

3.     Adequate and Reasonable Competition

The University buys on a competitive basis to obtain fair and reasonable prices for quality goods, services, and construction. Programs should solicit quotations with the intention of obtaining adequate and reasonable competition.

This phrase means the amount of vendors solicited should be based upon the number of vendors available and the value or price of the goods, services, or construction being procured. Because of variations in circumstances, it is not possible to define what is adequate and reasonable competition for every purchase. However, in general, the more vendors available who can meet the needs of the University and/or the higher the price of the goods, services, or construction being procured, the greater the number of vendors who should be solicited.

4. Solicitation of Quotations via SuperQUOTE

Unless covered by an exception as enumerated in subparagraph 4(e) below, small purchases of goods and services shall be made through use of the SuperQUOTE request for quotation system.

a. Guidelines

Instructions on the use of SuperQUOTE may be accessed at [www.commercepoint.com](http://www.commercepoint.com).

b. Purchases Not Exceeding \$2,500

University programs should seek to obtain adequate and reasonable competition for purchases not exceeding \$2,500 through the solicitation of quotations utilizing the SuperQUOTE electronic system or other means. However, no minimum number of quotations is required for such purchases.

c. Purchases Totaling more than \$2,500 But Less Than \$25,000

Insofar as it is practical and based on the University's specifications, adequate and reasonable competition shall be solicited via SuperQUOTE, the electronic on-line request for quotations system.

d. Schedule of Thresholds for Purchases Utilizing SuperQUOTE

The following schedule summarizes the solicitation of quotations via SuperQUOTE:

<u>Dollar Amount</u>	<u>Type of Quotations Solicited</u>
0 - \$2,500	Electronic quotations via SuperQUOTE are recommended but not required.
\$2,500.01 - < \$25,000	All electronic quotations via SuperQUOTE.

e. Exceptions to the Requirements for Electronic Quotations via SuperQUOTE

Solicitation of electronic quotations via SuperQUOTE is not required for the following purchases:

- 1) Procurements for construction projects;
- 2) Procurements of professional services;
- 3) Purchases of airline tickets; and
- 4) Purchases where the use of SuperQUOTE is not practicable or advantageous, as approved in advance by OPRPM. OPRPM Form 148, Request for Exception to Use of SuperQUOTE in Source Selection (**Attachment 250.13**), shall be used for this purpose.

5. Solicitation of Quotations Excepted from SuperQUOTE

If any of the enumerated exceptions in subparagraph 4(e) above apply, the small purchase shall be made in accordance with the procedures set forth below.

a. Purchases Not Exceeding \$2,500

Although University programs should seek to obtain adequate and reasonable competition through the solicitation of quotations, no minimum number of quotations is required for such purchases.

b. Purchases Totaling More Than \$2,500 But Less Than \$15,000

Insofar as it is practical and based on the University's specifications, adequate and reasonable competition of no less than three verbal or written quotations shall be solicited; however, written quotations shall be solicited for all construction requirements. Upon award, a written quotation should be obtained as supporting documentation for the purchase request.

c. Expenditures Totaling More Than \$15,000 But Less Than \$25,000

Insofar as it is practical and based on the University's specifications, adequate and reasonable competition of no less than three written quotations shall be solicited.

d. Schedule of Thresholds for Purchases Excepted from SuperQUOTE

The following schedule shall be used for soliciting quotations for construction and other small purchases not utilizing SuperQUOTE:

<u>Dollar Amount</u>	<u>No./Type of Quotations Solicited</u>
0 - \$2,500	No minimum number of quotations required.
\$2,500.01 - < \$15,000	3 or more written or verbal quotations (Written quotations shall be solicited for all construction requirements.)
\$15,000 - < \$25,000	3 or more written quotations.

6. Request for Quotations (RFQ)

The following guidelines for soliciting and evaluating quotations shall apply when utilizing SuperQUOTE or when processing an excepted purchase:

a. Solicitation of Quotations

- 1) When obtaining quotations, a complete description of the commodity should be provided. The description should set forth the minimum essential characteristics of the item required or the specific services the Contractor is required to perform. Unduly restrictive specifications that specify a particular feature of a product that is unique to one manufacturer shall not be used, unless the particular feature is required to meet the program's needs.
- 2) Brand name specification followed by the words "or acceptable alternate" may be used, but its use shall be limited as much as possible. If brand name specifications are used, it is recommended that more than one brand be named. When using brand name specifications, state the brand name(s) or catalog number(s).

If only one brand is solicited and alternate brands are not acceptable, sole brand justification must be provided stating reasons why only that brand will satisfy the program's requirements. (See Section A8.255 and OPRPM Form 144, **Attachment 255.2**)

- 3) Quotations shall include all delivery charges and applicable taxes; recommended language is as follows: "All prices are f.o.b. (free on board) destination, including all applicable taxes."
- 4) Treat all vendors fairly and equitably.
- 5) Provide sufficient time for the vendors to prepare a quotation. The length of time will vary with the particular circumstances and the vendor must not be "pressured" into preparing an insufficient or erroneous quotation.
- 6) The RFQ shall specify the date and hour for the desired reply date. Eliminate indefinite words such as "ASAP" or "reply immediately".
- 7) Quotations are confidential until the time and date set for receipt of all quotations and after evaluation of the quotations has been complete. At the time that the purchase order is issued, the quotations may be made available to the public, if requested.
- 8) The Office of Procurement and Real Property Management (OPRPM) will assist programs having difficulties in obtaining quotations or making award(s) after quotations are received for purchases within their delegated purchasing authority. If OPRPM determines that the solicitation of quotations was inadequate or otherwise improper for any purchase and that the best interests of the University so require, OPRPM may direct the resolicitation of quotations for the subject expenditure. Moreover, OPRPM may direct the award to a vendor other than the one recommended by the program. Any such action by OPRPM will be coordinated with the program concerned.

b. Evaluation of Quotations

Quotations shall be evaluated, and the purchase shall be awarded to the vendor submitting the lowest responsive quotation. To be considered for award, responsive quotations must meet all the specifications and terms and conditions set forth in the Request for Quotations. Features, capabilities, and terms that are not stated in the RFQ shall not be considered in the evaluation of quotations. All costs of freight, insurance and taxes shall be included in the RFQ and determined before making an award. Programs having difficulties in making an award after quotations are received may contact the OPRPM for assistance.

In the event that the vendor submitting the lowest quotation does not meet the specifications and/or terms and conditions set forth in the Request for Quotation, the low quote shall be rejected. Justification shall be included in the procurement file regarding reasons for non-selection of the lowest quotation. The remaining quotations shall be considered until award can be made to the vendor submitting the lowest quotation that meets or exceeds all specifications, terms and conditions.

Evaluate and award promptly. Keep in mind that many quotations have an expiration date. If the expenditure exceeds the fiscal officer's purchasing authority, the period of time that the quotation is available for acceptance must be sufficient to allow review by a designated departmental fiscal officer with greater purchasing authority or by OPRPM, as applicable.

1) Firm Price vs. Estimated Price

Firm prices and estimated prices should be distinguished when evaluating quotations. Purchase orders should not be awarded based on an estimated price. Firm Price and Estimated Prices are distinguished as follows:

a) Firm Price

A firm price offer is an offer by a vendor to provide goods, services or construction in a signed, written quotation which shall be valid for a specific time period or, if no such time is stated, for a reasonable time, but in no event to exceed three months.

The price agreed to by the vendor and the University when the order is placed will not change until the commodity is delivered and the transaction completed.

Catalog, brochure, advertisement or flyer prices are not firm prices but offers to negotiate. Therefore, prices obtained from these sources are never to be considered firm.

b) Estimated Price

Estimated price is an approximate calculation only and the vendor is not bound by the price provided.

2) Discounts

a) Educational

Discounts to educational institutions are often available from suppliers of goods and services. Inquiry should be made by the person requesting the price quotation as to the amount of any applicable educational discount.

An educational discount does not constitute a sole source and does not preclude the program from seeking competitive quotes.

b) Quantity

A quantity discount is one in which the vendor offers the University a lower price for buying a larger quantity at one time.

c) Price

A cash discount is a deduction from billed price which the vendor allows for payment within a certain time.

3) Taxes

(Refer to Section A8.220).

Since Hawaii permits the vendor to pass excise taxes on to the consumer, requests for quotations should include the phrase "including all applicable taxes."

4) Delivery and Shipping Charges

Request for Quotations should state that prices are f.o.b. destination, which is defined as free on board and point where title passes. It is to the advantage of the University to have the title pass in Hawaii. The seller assumes the responsibility for risk of transportation including the filing of claims for losses or damages. If title passes before it is shipped to the University, the University assumes this responsibility. If shipping charges are not included in the price, it should be quoted as a separate line item.

5) Only One Quotation Received

For purchases of \$2,500 or more where vendors are

solicited but only one quotation is received, award of a purchase order may be made to the vendor submitting the sole quotation if the price is determined to be fair and reasonable and the basis for the decision is included in the procurement file. This determination may be based on a comparison of the proposed price with prices found reasonable on previous expenditures for similar items, discounts given to the University from the vendor's normal fee, comparisons with expenditures of similar institutions, comparisons with catalog prices, the buyer's or fiscal officer's personal knowledge of the item being purchased, or any other means. OPRPM Form 95, (**Attachment 285.1**), should be utilized to establish price reasonableness and maintained in the procurement file.

6) No Quotations Received

If no quotations are received, the purchasing officer shall determine whether it is neither practicable nor advantageous to the University to issue another request for quotations. When making this determination, the purchasing officer should consider whether the preparation of revised specifications for the request could result in quotations being received. The purchasing officer should document reasons why it would be neither practicable nor advantageous, e.g., time constraints, lack of competition in the marketplace, etc. If this determination is made, the purchasing officer should consider alternative procurement methods, e.g., informal solicitation of quotations, direct negotiations, etc., to be used to make the purchase.

c. Verbal Quotations

- 1) All verbal quotations received may be recorded on the University of Hawaii "Record of Verbal Quotations" form (**Attachment 250.3**) or an alternative form deemed acceptable by the purchasing officer and placed in a procurement file in order to demonstrate the propriety of placing the order at the price quoted with the vendor concerned. In most cases, the procurement file should include the completed "Record of Verbal Quotations" form (See Instructions for Completion of University of Hawaii Record of Verbal Quotations Form, **Attachment 250.4**) or alternative form, a written quotation from the vendor who submitted the lowest verbal quotation,

and a copy of the requisition and purchase order awarded.

- 2) Electronic (e-mail/Internet) and facsimile (fax) quotations are acceptable for those purchases that require verbal quotations.
- 3) Upon determination of the lowest quoted price, a written quotation should be obtained from the vendor submitting the lowest verbal quotation.

d. Written Quotations

Written quotations should be obtained by utilizing the SuperQUOTE system. For purchases not subject to the use of SuperQUOTE as specified in Section 4.e, the standard University of Hawaii "Request for Quotation (RFQ)" form (**Attachment 250.5**) should be used to obtain written quotations from vendors. All quotations received shall be retained in a procurement file.

Electronic (e-mail/Internet) and Facsimile (fax) quotations are acceptable for those purchases that require written quotations.

e. Preparing a Hard Copy Request for Quotation Form

(Refer to **Attachment 250.6**).

7. Exceptions to the Requirement for Soliciting Competitive Quotations

Solicitation of competitive quotations, either through the SuperQUOTE electronic system or in verbal or written format, are not required for the following purchases:

- a. Purchases from a State Procurement Office (SPO) price list or a University of Hawaii requirements contract;
- b. Procurements which are exempt from the standard methods of source selection (Refer to Section A8.220);
- c. Sole source procurements; and
- d. Emergency procurements.

8. Expenditures Within the University System

Expenditures within the University system shall be made in accordance with Section A8.265, as applicable.

9. Authority for Issuance of Purchase Orders

a. Approval of Purchase Request

Each purchase request must be authorized by a responsible official in charge of the applicable program to certify that the purchase is consistent with the program it is intended to support.

b. Certification of Funds and Compliance with University Policies and Procedures

The fiscal officer responsible for the funds of the applicable program shall certify that sufficient funds are available to pay for the goods, services, or construction, and that the purchase is in accordance with applicable University policies and procedures.

c. Delegated Purchasing Authority

Fiscal officers receive their delegated purchasing authority from the Vice President or Chancellor who has fiscal jurisdiction over their respective departmental units. Only individuals who have been granted purchasing authority can issue purchase orders within their delegated limits.

Individuals who issue purchase orders which exceed their delegated limits may have their purchasing authority revoked, may be held personally responsible for the purchase, and may be subject to disciplinary action.

10. Requisitions and Purchase Orders

a. General

The requisition should be used for the following:

- 1) To request the expenditure of funds for goods, services, or construction by purchase order;
- 2) To order goods and services from campus vendors.

Requisitions shall be submitted through appropriate staff and fiscal officers for approval and purchasing action.

b. Action by Program

- 1) Prepare the requisition pursuant to instructions in this section for Preparing Electronically Generated Purchasing Documents.

- 2) Complete pertinent supporting documents as appropriate and obtain approvals by pertinent approving authorities.
- 3) Route printed requisition package to fiscal officer for further processing.

c. Action by Fiscal Officer

- 1) Verify purchase specifications, including but not limited to, vendor name/address, delivery method and deadlines, special order instructions, amounts, account code(s), object code(s), and addresses.
- 2) Ensure that description is adequate and precise.
- 3) Verify that purchase is in accordance with State and federal laws, rules and regulations and University policy.
- 4) Examine and verify request for quotations.
- 5) Verify basis for award.
- 6) Verify requisite approvals.
- 7) Certify fund availability and policy compliance by signing requisition.
- 8) Electronically transfer requisition information to purchase order.
- 9) Ensure that pertinent policy statements, e.g. exemption statements, airline ticket refund instruction, etc. are properly noted on the purchase order as required by policy.
- 10) If requirement is within fiscal officer's approving authority, sign and issue purchase order. Distribute copies to vendor and University of Hawaii departments.
- 11) If requirement exceeds departmental purchasing authority, the requisition, request for quotations, and supporting documents shall be routed to the OPRPM for approval and issuance of a purchase order.

d. Action by OPRPM, Where Applicable

- 1) Verify amounts, object codes, and addresses.
- 2) Ensure that description is adequate and precise.

- 3) Examine and verify request for quotations.
- 4) Verify requisite approvals.
- 5) Verify that purchase is in accordance with University policies and procedures.
- 6) Verify basis for award.
- 7) Issue purchase order or contract.

11. Preparing Electronically Generated Purchasing Documents

Refer to ePurchasing System, User Guides, which are available at the following website:  
<http://www.fmo.hawaii.edu/efmis/>.

12. Use of Non-Electronic Requisitions and Purchase Orders

Under certain conditions or extenuating circumstances, e.g. scheduled or unscheduled system maintenance periods or emergency situations which preclude user access to computer system, it may not be possible to generate purchasing documents on-line. In those situations, hard copy requisitions or carbon purchase orders may be utilized. For instructions on preparing hard copy requisitions and purchase orders, refer to **Attachments 250.1, 250.2, 250.7 and 250.8**.

13. Continuation and Confirming Purchase Orders

a. Continuation Purchase Orders

1) General

Continuation purchase orders may be issued to facilitate acquisition of items when:

- a) the nature but not the precise amount of the requirement is known;
- b) the source of supply has been determined; and
- c) a number of repetitive orders are anticipated by an organization during the period of time that the continuation order is in effect.

This method of purchasing should be used when the above conditions exist rather than issuing numerous individual purchase orders.

The total amount of the continuation order

should be estimated as closely as the purchasing variables will permit.

Issuance is subject to the purchasing authority granted to the individual fiscal officer. A continuation order should not be issued for a period longer than three months. Prior to issuance of a continuation purchase order, other available alternatives, such as utilization of a University purchasing card, should be examined to determine if a continuation purchase order is the most satisfactory and efficient method of achieving desired results.

2) Procedure

Action by Program:

- a) If the requirement is competitive, quotations should be solicited in accordance with Section A8.250. The program should advise vendors of its estimated monthly requirement to allow vendors to submit accurate quotations.
- b) If the requirement is a sole source, a sole source justification and Form 95, (**Attachment 285.1**), (when applicable) should be prepared.

Action by Fiscal Officer:

- a) Prepare purchase order pursuant to instructions in this section. Sign and issue purchase order if within fiscal officer authority. If the purchase order amount exceeds departmental purchasing authority, prepare and submit approved requisition package to the OPRPM for processing.

b. Confirming Purchase Orders

- 1) Confirming orders should not be used as an expedient to circumvent University purchasing regulations and procedures and should not be used to supplant sound purchasing planning and systematic procurement of goods, services and construction. Confirming orders should only be used in emergency situations.

2) Procedure

- a) The program should notify the fiscal officer

and upon approval, obtain the purchase order number. The fiscal officer shall obtain approval from a designated departmental fiscal officer with greater purchasing authority or from the OPRPM, as applicable, if the estimated amount exceeds the program/fiscal officer's approving authority.

- b) The fiscal officer shall certify the availability of funds and compliance with applicable policies and procedures and obtain the authorizing signature.
- c) The fiscal officer will contact the vendor and order goods or services or authorize the construction, citing the appropriate purchase order number.
- d) The purchase order should be clearly marked "confirming" to avoid duplicate orders.
- e) When purchase orders are issued on a confirming basis and the goods or services have been received or the construction completed, the receiving report shall be completed and submitted to the Disbursing Office with the vendor's original invoice at the same time as the disbursing copy of the purchase order.

#### 14. Administration of Purchase Orders

##### a. Procurement File

All quotations received shall be recorded and placed in a procurement file. When a specified number of quotations are required but are not obtained, e.g., sufficient sources are not available, the reason(s) shall be recorded and placed in the procurement file.

The procurement file should contain the following documents, where applicable:

- 1) Requisition;
- 2) Quotations - written, and/or a Record of Verbal Quotations (**Attachment 250.3**) or alternative form;
- 3) Abstract of prices from each vendor;
- 4) Written justification when award is made to other than the vendor submitting the lowest quotation;
- 5) Purchase order and/or other contractual document;
- 6) Purchase order change form and any modifications to the specifications;
- 7) Evidence of purchase completion and date;

- 8) Copy of payment document; and
- 9) Correspondence

b. Voiding Purchase Orders (Prior to Issuance)

Occasionally, it will be necessary to void a purchase order prior to issuance because of errors, lack of funds, or a change in program direction. When such an event occurs, the purchase order shall be voided to prevent misuse. For hard copy purchase orders only, the voided purchase order shall be accounted for in accordance with APM, Section A8.220, Accountability for Purchase Order Forms. For electronically generated purchase orders, the purchase order should be deleted or cancelled noting the reason for non-issuance.

1) Procedure

Action by Fiscal Officer

- a) Mark all printed copies void, indicating the program, date and name of official authorizing the action.
- b) For hard copy purchase orders only, forward purchase order to the OPRPM.

Action by OPRPM

- a) Ensure that all printed copies are voided, and that the program, date and signature of fiscal officer are on the copies.
- b) Destroy Vendor copy, Receiving Report and Disbursing copy.
- c) Forward file copies to fiscal officer.

15. Purchase Order Changes

a. General

- 1) A purchase order change is written documentation of a change or modification to a purchase order after it has been issued to the vendor. Purchase order changes serve as formal notification to the vendor of a change to a previously issued purchase order, and should be used to clarify the order specifications, thereby minimizing potential liability to University departments and personnel relating to the order. Accordingly, while a purchase order change would generally not be required for minor or non-substantial modifications, purchase order changes should be

issued when there are significant modifications to material elements of the order, as determined by the fiscal officer, which affect price (e.g., quantity, unit price, total dollar amount, etc.), delivery (e.g., delivery date or method, etc.), or terms (e.g., item specifications, payment terms, period of performance, etc). In addition, when the modification, even if minor, would result in a purchase which exceeds the limits of a fiscal officer's purchasing authority, a purchase order change should be issued.

- 2) Examples of conditions which would call for the issuance of a purchase order change to the vendor include:
  - (a) Increase or decrease in quantity;
  - (b) Significant increase in total dollar amount;
  - (c) Changes to purchase orders issued by OPRPM;
  - (d) Changes to purchase orders which result in a purchase which exceeds the limits of a fiscal officer's purchasing authority;
  - (e) Changes which would significantly alter the original specifications of the item(s) to be purchased or would significantly modify the terms of the purchase;
  - (f) Significant changes in delivery dates or method of delivery;
  - (g) Partial or total cancellation of the order.
- 3) Examples of conditions which would not necessitate the issuance of a purchase order change to the vendor include:
  - (a) Vendor-initiated decrease in quantity about which the University is notified in writing by the vendor due to its inability to fulfill the order;
  - (b) Price increases of a non-substantial amount, as determined by the fiscal officer, for purchase orders issued under the fiscal officer's purchasing authority and which would not result in a purchase which exceeds that authority;
  - (c) Addition of or changes to tax, shipping charges or insurance, in any dollar amount

deemed reasonable by the fiscal officer, on purchase orders issued under the fiscal officer's purchasing authority and which would not result in a purchase which exceeds that authority;

(d) Any decrease in dollar amount.

b. Procedure:

The procedure for issuing a purchase order change is as follows:

- 1) If the changed order results in a purchase which remains within the limits of a fiscal officer's purchasing authority, the purchase order change form should be issued by the fiscal officer.
- 2) If the changed order results in a purchase which exceeds the limits of a fiscal officer's purchasing authority, the fiscal officer should initiate the purchase order change form and forward it, together with any required supporting documentation, to a designated departmental fiscal officer with greater purchasing authority or to the OPRPM, as applicable, for review and execution.
- 3) The purchase order change form should not be used to change the vendor with whom you are doing business or to add new items to the purchase order. In these instances, another purchase order should be issued to the new vendor or for the new items. However, a purchase order change form may be used to add taxes, shipping charges or insurance to the purchase order.
- 4) Purchase order change forms may also be used as a processing document to record internal University changes, e.g., account/object code changes, addition of new account/object codes, vendor code changes, etc. If the purchase order change form is being used to record internal University changes only, a copy should not be issued to the vendor.

c. Preparation of Purchase Order Change Form

- 1) Refer to ePurchasing System, User Guides, which are available at the following website: <http://www.fmo.hawaii.edu/efmis/>, to prepare electronically generated purchase order change forms.

- 2) If a carbon purchase order was previously issued, refer to **Attachments 250.9 and 250.10** for instructions for preparation of a hard copy purchase order change form.

16. Status of Purchase Orders

After purchase orders are awarded, fiscal officers shall be responsible for maintaining their status to assure that vendors deliver goods, perform services, and complete construction in accordance with the delivery schedule specified in the purchase orders. To preclude long outstanding purchase orders, fiscal officers shall maintain a suspense file which will indicate delinquency one day after the due date. On the day following the due date, fiscal officers shall initiate follow-up by telephone, if feasible, or by letter with a requirement for the vendor to reply by a specified date. If telephone inquiry is made, fiscal officers shall document the purchase order file to show the date, name of person contacted, and record of conversation, for future reference. When inquiries reveal excessive delays in making delivery without valid reason(s), consideration shall be given to canceling the order and reordering from another vendor. Any problem regarding delivery shall be brought to the attention of the OPRPM.

Where a large, complex and important order or an order that has been placed with a vendor of uncertain capability is involved, follow-up shall be made periodically between award and delivery date to detect any probable difficulties in advance. Complete files shall be maintained on these cases to support the University in any subsequent dispute action.

17. Receipt and Acceptance of Supplies or Services

a. Inspection and Acceptance

The buyer has the right before payment or acceptance to inspect the goods at any reasonable place and time and in any reasonable manner. Expenses of inspection shall be borne by the buyer. The procedure for inspection is as follows:

- 1) Check all packages and weights against shipper's manifest.
- 2) Observe and record the condition of packing or other evidence of rough or faulty handling, with the carrier's representative present, prior to acceptance.
- 3) Check all items to ascertain conformance with the supplier's packing slip.

- 4) Open all packages immediately after delivery and check to determine that goods received are as ordered.
- 5) Record overages, shortages, and damaged and incorrect materials.
- 6) If necessary, perform testing of the goods.
- 7) If goods are damaged:
  - (a) Do not dispose of shipping containers;
  - (b) Do not move the goods until the carrier's claim representative has made an inspection.
- 8) Notify the carrier immediately (by telephone and follow-up in writing) of any shipment problems.
  - (a) Maintain a "log" of all events, stating names, dates and locations.

If the goods are conforming, the buyer has an obligation to pay for the goods accepted. However, if the goods are nonconforming, the buyer must immediately notify the vendor that the goods are unacceptable and specify the reason for rejection if the defects are ascertainable by inspection. Failure to notify the seller immediately of any defect(s) may constitute acceptance and the buyer may have no legal recourse.

In general, the parties to a contract are excused from their performance obligations when performance has been rendered impossible or unreasonably burdensome by circumstance beyond the control of the parties at the time the contract was consummated. Under these circumstances, the seller must notify the buyer immediately that the seller is unable to fulfill the terms of the contract and state the reason for nonperformance. When this situation occurs, the program shall notify the OPRPM immediately. Because of legal implications, the OPRPM will determine the course of action to be taken. The burden of proving nonconformity rests with the buyer.

b. Receiving Report and Certification of Goods, Services, and Construction

The Receiving Report shall be used to:

- 1) Acknowledge acceptance of goods, services, and construction.
- 2) Authorize payment (accompanied by the original/certified original invoice)

The Receiving Report shall be forwarded to the Disbursing Office for payment only if the goods or services have been received and accepted in good order and condition or the construction has been completed to the satisfaction of the University.

Pursuant to Section 40-56, HRS, the person actually receiving the goods or services or accepting the construction project shall certify receipt by dating and signing the Receiving Report. However, those programs with centralized receiving, may have the fiscal officer sign the receiving report as long as there is evidence that the goods or services have been received, that the goods, services or construction have been inspected and accepted and, in the case of goods, properly secured.

Pursuant to Section 103-9, HRS, any public officer or employee who falsely certifies or approves for payment any bill or voucher with the intent that the materials or supplies so purchased or the service or labor so performed shall be paid for by the University shall be fined not more than \$500, or imprisoned not more than one year, or both.

For instructions on completing the Receiving Report, see **Attachments 250.11** and **250.12** or contact the Disbursing Office for further assistance.

c. Total Receipt

After the goods, services or construction have been inspected and accepted as outlined in subparagraph e.1) and have been received in good order and condition, the Receiving Report shall be dated and signed as provided in subparagraph e.2) and shall be forwarded to the fiscal officer for further processing.

The above procedure shall also be followed for Continuation Purchase Orders.

d. Partial Receipt

Receiving Reports shall not be held up until all the goods or services have been received or all of the construction project has been completed. When partial delivery of goods or services is received or partial

completion of the construction project is accepted, a photocopy of the Receiving Report indicating items received, clearly circled, should be submitted via the fiscal officer to the Disbursing Office with an original/certified original invoice.

The above procedure shall also be followed for Continuation Purchase Orders.

e. Receipt of Damaged, Defective, or Discrepant Goods

After conducting the inspection as outlined in subparagraph e.1), Inspection and Acceptance, and defects are noted, the requisitioner shall retain all bills of lading, airway bills, packing slips, damaged containers or goods, and copies of invoices and forward them to the fiscal officer. The fiscal officer will contact the vendor for replacement.

f. Report of Discrepant Shipping or Invoicing

Mistakes in invoicing or shipping shall be reported to the fiscal officer, referring to the order number and vendor involved, so that negotiations or corrections can be conducted. Fiscal officers shall maintain a detailed report of negotiations or attempts at correction.

g. Vendor Evaluation

(Refer to Section A8.275).

18. Use of Non-Standard Purchase Orders

a. The following libraries are authorized to issue departmental purchase orders in lieu of standard University purchase orders for research and reference materials including books, maps, periodicals and pamphlets, which are published in print, video, audio, magnetic, or electronic form:

- 1) Hamilton Library
- 2) Sinclair Library
- 3) Law Library
- 4) Community Colleges Libraries
- 5) UH Hilo Library

The libraries shall be exempt from the requirement for certification of fund availability on the purchase order form.

- b. The UH Bookstores are authorized to issue departmental purchase orders in lieu of standard University purchase orders for resale items only. UH Bookstores shall be exempt from the requirement for certification of fund availability on the purchase order form.

19. Purchase Contracts

Fiscal officers are authorized to execute purchase contracts (e.g., equipment maintenance and rental agreements, software license agreements, etc.) within their purchasing authority.

Most terms and conditions in vendor contracts are acceptable to the University and their forms can be used to effect a contract. Fiscal officers shall review the terms and conditions of vendor contracts and refer those clauses pertaining to liability, indemnification, insurance, damages and other questionable areas to the OPRPM for review. Fiscal officers shall not execute contracts with clauses requiring the University to indemnify or defend contractors and/or third parties. Upon completion of review by the OPRPM, the contracts will be returned to the fiscal officer for execution.

20. Small Purchases Processed on a Sole Source Basis

- a. Sole source expenditures must meet the following criteria:
  - 1) The particular goods, services, or construction have a unique feature, characteristic or capability which is essential in order for the program to accomplish its work; and
  - 2) The particular goods, services, or construction having the unique feature, characteristic or capability are available from only one supplier or source.
- b. When requesting a sole source purchase within the fiscal officer's purchasing authority (greater than \$2,500 but less than \$25,000 for goods, services and construction), requisitioner must complete and submit the following documents:
  - 1) Request for Sole Source, OPRPM Form 65 (**Attachment 255.1**). An authorized designee shall certify to the best of his/her knowledge that the information provided is true and correct.
  - 2) Original Approvals from any other administrative directive, circular, or guideline (i.e. telecom

approval, President's approval, etc.)

- 3) Determination of Cost or Price Reasonableness, OPRPM Form 95 (**Attachment 285.1**), to verify that price offered is considered fair and reasonable.
  - 4) If Federal Funds will be expended, Authorization to Purchase Equipment with Federal Contract or Grant Funds, UH Form 39, and copies of the award document from the granting agency and budget sheet indicating the approved line item.
  - 5) A completed requisition.
  - 6) An original, a FAX transmittal or an e-mail, depending on the amount of the purchase, of a written firm quotation which should include method of delivery, freight costs, delivery time, insurance, all applicable taxes, and discounts, if any.
- c. Fiscal officers operating within their delegated authority shall ensure that each sole source purchase is fully justified, the price is determined to be fair and reasonable, and the basis for decision is included in the purchase order file. Sole source purchases not within the fiscal officer's authority shall be submitted to a designated departmental fiscal officer with greater purchasing authority or to the OPRPM, as applicable, for review and execution.