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A8.250

A8.200 Procurement

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A8.250 Small Purchases

1. General

Any procurement less than \$100,000 for goods and services may 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 for the University.

Any procurement of construction less than \$250,000 may be made in accordance with the procedures set forth in Section A8.281(2).

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 \$100,000 for goods and services may be made in accordance with these small purchase procedures. Expenditures made pursuant to these procedures do not require public notice or public bid openings. These procedures shall not apply to exempt, sole source, or emergency procurements.
- b. Contracts for professional services less than \$100,000 may be procured in accordance with these procedures or the procedures provided in Section A8.245, Professional Services Procurement; provided that design professional services furnished by licensees under Chapter 464, HRS, shall only be procured in accordance with the Professional Services procedures in Section A8.246.
- c. Fiscal administrators shall also comply with any mandatory University requirements contracts and State Procurement Office price and vendor lists.
- d. Instructions on the use of SuperQUOTE may be accessed at www.commercepoint.com.

3. Adequate and Reasonable Competition

The University buys on a competitive basis to obtain fair and reasonable prices for quality goods and services. 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 or services 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 or services being procured, the greater the number of vendors who should be solicited.

4. Solicitation of Quotations for Goods and Services

Small purchases of goods and services shall be made in accordance with the procedures set forth below.

a. 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.

b. Purchases Totaling more than \$2,500 But Less Than \$100,000

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.

c. 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 - < \$100,000 | All electronic quotations via SuperQUOTE. |

5. Solicitation of Quotations Excepted from SuperQUOTE

a. Solicitation of electronic quotations via SuperQUOTE is not required for the following purchases less than \$25,000:

- 1) Procurements of professional services;
- 2) Purchases of airline tickets and hotel accommodations; and
- 3) 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 250.5**), shall be used for this purpose.

b. 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.

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

Based on the University's specifications and with adequate and reasonable competition, no less than three verbal or written quotations shall be solicited. Upon award, a written quotation should be obtained as supporting documentation for the purchase request.

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

Based on the University's specifications and with adequate and reasonable competition, no less than three written quotations shall be obtained.

e. Schedule of Thresholds for Purchases Excepted from SuperQUOTE

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

| <u>Dollar Amount</u> | <u>No./Type of Quotations</u> |
|-------------------------|--|
| 0 - \$2,500 | No minimum number of quotations required. |
| \$2,500.01 - < \$15,000 | 3 or more written or verbal quotations solicited |
| \$15,000 - < \$25,000 | 3 or more written quotations obtained. |

f. Inability to Solicit or Obtain Minimum Quotations

When the minimum quotations are not solicited or obtained for reasons such as insufficient sources, written justification shall be placed in the procurement file.

g. Small Purchases of \$25,000 or More

Small purchases of \$25,000 or more which are not processed through the SuperQUOTE system shall be conducted through Competitive Sealed Bidding (Section A8.235), Competitive Sealed Proposals (Section A8.240) or Professional Services Procurement (Section A8.245).

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 completed. At the time that the purchase order is issued or the purchasing card order is placed, the quotations shall 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 and the vendor shall be notified of the reasons for rejection. 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 administrator'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 administrator 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 or services 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 administrator'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, it shall be determined whether it is neither practicable nor advantageous to the University to issue another request for quotations. For purposes of this determination, consideration shall be given to whether the preparation of revised specifications for the request could result in quotations being received, as well as the 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, an alternative procurement method, e.g., informal solicitation of quotations, direct negotiations, etc., may be used to make the purchase. The foregoing determination may be made by fiscal administrators when acting within their purchasing

authority; otherwise, the matter shall be forwarded to the OPRPM for review and determination. Documentation of the alternative procurement determination shall be made part of the procurement file.

c. Verbal Quotations

- 1) All verbal quotations received may be recorded on the University of Hawaii "Record of Verbal Quotations" form (**Attachment 250.1**) 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 250.2**) 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 Sections 5 and 6, the standard University of Hawaii "Request for Quotation (RFQ)" form (**Attachment 250.3**) may 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 250.4**).

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, is not required for the following purchases:

- a. Purchases from a State Procurement Office (SPO) Price or Vendor list or a University of Hawaii master purchase agreement or requirements contract;
- b. Procurements which are exempt from the requirements of Chapter 103D, HRS (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 administrator responsible for the funds of the applicable program shall certify that sufficient funds are available to pay for the goods or services, and that the purchase is in accordance with applicable University policies and procedures.

c. Delegated Purchasing Authority

Fiscal administrators 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 to request the expenditure of funds for goods or services by purchase order. Requisitions shall be submitted through appropriate staff and fiscal administrators 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 requisition package to fiscal administrator for further processing.

c. Action by Fiscal Administrator

- 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 approving requisition.
- 8) Approve requisition to generate 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 administrator's approving authority, sign and issue purchase order.
- 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, 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 Kualifinancial System, User Guides, which are available at the following website:
<http://www.hawaii.edu/kualifinancial>

12. 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 Administrator:

- a) Prepare purchase order pursuant to instructions in this section. Sign and issue purchase order if within fiscal administrator 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 and services. Confirming orders should only be used in emergency situations.
- 2) Procedure
 - a) The program should notify the fiscal administrator and upon approval, obtain the purchase order number. The fiscal administrator shall obtain approval from a designated departmental fiscal administrator with greater purchasing authority or from the OPRPM, as applicable, if the estimated amount exceeds the program/fiscal administrator's approving authority.
 - b) The fiscal administrator shall certify the availability of funds and compliance with applicable policies and procedures and obtain the authorizing signature.
 - c) The fiscal administrator 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.

13. 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 250.1**) 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

14. Purchase Order Amendments

a. General

- 1) A purchase order amendment (as referred to in the Kualii Financial System) is written documentation of a change or modification to a purchase order after it has been issued to the vendor. Purchase order amendments 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 amendment would generally not be required for minor or non-substantial modifications, purchase order amendments should be issued when there are significant modifications to material elements of the order, as determined by the fiscal administrator, 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 administrator's purchasing authority, a purchase order amendment should be issued.
- 2) Examples of conditions which would call for the issuance of a purchase order amendment 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 administrator, 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 administrator, on purchase orders issued under the fiscal administrator'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 amendment is as follows:

- 1) If the changed order results in a purchase which remains within the limits of a fiscal administrator's purchasing authority, the purchase order amendment should be issued by the fiscal administrator.
- 2) If the changed order results in a purchase which exceeds the limits of a fiscal administrator's purchasing authority, the fiscal administrator should initiate the purchase order amendment and forward it, together with any required supporting documentation, to a designated departmental fiscal

administrator with greater purchasing authority or to the OPRPM, as applicable, for review and execution.

- 3) The purchase order amendment 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 amendment form may be used to add taxes, shipping charges or insurance to the purchase order.
- 4) Purchase order amendments 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 amendment is being used to record internal University changes only, a copy should not be issued to the vendor.

c. Preparation of Purchase Order Amendment

- 1) Refer to Kualifinancial System, User Guides, which are available at the following website: <http://www.hawaii.edu/kualifinancial>, to prepare electronically generated purchase order amendments.

15. Status of Purchase Orders

After purchase orders are awarded, fiscal administrators shall be responsible for maintaining their status to assure that vendors deliver goods and perform services in accordance with the delivery schedule specified in the purchase orders. To preclude long outstanding purchase orders, fiscal administrators shall maintain a suspense file which will indicate delinquency one day after the due date. On the day following the due date, fiscal administrators 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 administrators 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.

16. 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. Receipt and Certification of Goods, Services, and Construction

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

c. Receipt of Damaged, Defective, or Discrepant Goods

After conducting the inspection as outlined in subparagraph a, 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 administrator. The fiscal administrator will contact the vendor for replacement.

d. Report of Discrepant Shipping or Invoicing

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

e. Vendor Evaluation

(Refer to Section A8.275).

17. 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.

18. Purchase Contracts

Fiscal administrators 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. However, fiscal administrators shall not execute contracts with clauses requiring the University to indemnify, defend, or hold harmless contractors and/or third parties. Fiscal administrators shall review the terms and conditions of vendor contracts and may refer those clauses pertaining to indemnification, liability, damages and other questionable areas to the OPRPM for review. Questions on contract provisions pertaining to insurance should be referred to the Office of Risk Management for review.

Upon completion of review by the OPRPM, the contracts will be returned to the fiscal administrator for execution.

19. Small Purchases Processed on a Sole Source Basis

- a. Sole source expenditures must meet the following criteria:
 - 1) The particular goods or services have a unique feature, characteristic or capability which is essential in order for the program to accomplish its work; and
 - 2) The particular goods or services having the unique feature, characteristic or capability are available from only one supplier or source.
- b. When requesting a sole source purchase less than \$25,000 for goods or services, 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 documents 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 administrators are authorized to approve sole source purchases under \$25,000 and falling within their purchasing authority. Fiscal administrators 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 administrator'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.