

Section A8.220 General Principles

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A8.220     General Principles

1.     System-wide Procurement Organization

a.     Delegation of Authority

Executive Policy E8.105 Authority to Execute Contractual Documents for Procuring Goods, Services, and Construction, Granting Concessions on University Property, and Entering into Cooperative Agreements delegates to the Senior Vice President for Administration authority to execute all contractual documents for procuring goods, services, and construction, granting concessions and entering into cooperative agreements. The Senior Vice President for Administration has further delegated this authority to the Director, Financial Management and Controller, and the Director, Office of Procurement, Real Property and Risk Management (OPRPRM).

Executive Policy E8.107 Authority to Execute Contractual Documents for Procuring Goods, Services and Construction delegates to Senior Vice-Presidents and Chancellors authority to execute contractual documents for procuring goods, services, and construction in amounts less than \$25,000. Senior Vice Presidents and Chancellors may further delegate this authority to fiscal officers of departmental units under their direction and jurisdiction.

Only University personnel specifically delegated purchasing authority as set forth above are authorized to commit the institution contractually and only within the limits of their purchasing authority.

b.     Director, Office of Procurement, Real Property and Risk Management (OPRPRM)

The procurement function of the University is under the jurisdiction of the Director, OPRPRM, who reports to the Director, Financial Management and Controller.

The Director, OPRPRM, has system-wide responsibility for implementing and administering the provisions of this administrative procedure and for establishing and maintaining a purchasing system for the University of Hawaii. These responsibilities include, but are not limited to, the following:

- 1) Formulating procurement policies, procedures and practices;
- 2) Developing procurement forms;
- 3) Providing guidance on procurement matters to University personnel;
- 4) Resolving vendor complaints and protests;
- 5) Providing central purchasing and supply services as appropriate;
- 6) Supervising the purchasing activities of the University;
- 7) Serving as the University's procurement officer for procuring goods, services, and construction;
- 8) Training of personnel engaged in purchasing and related activities; and
- 9) Taking any other action necessary for the proper direction and control of the procurement function of the University.

c. Fiscal Officers

Fiscal officers are appointed in accordance with and perform the financial functions outlined in Administrative Procedure A8.025, Organizational Responsibilities Within the Fiscal System. One of these functions is to support the acquisition of goods, services, and construction for their organizations. Fiscal officers shall be guided in this endeavor by these procedures. Fiscal officers, in addition to supporting the acquisition, may be delegated limited authority to purchase goods, services, and construction. The fiscal officer may exercise such purchasing authority only after completion of a briefing and training, and approval in writing, by the Financial Management Office. Fiscal officers shall be responsible for contacting this

office to schedule briefings and training.

In the acquisition of goods, services, and construction with costs above their delegated authority, fiscal officers shall act as a liaison between their organizations and the OPRPRM and shall advise and assist requisitioners on the various aspects of procurement and work preliminary to contract award as required or within their capacity. This may include procurement planning, assisting in specification formulation, obtaining quotations, recommending award and contract administration. In this respect, fiscal officers should be cognizant of special and unique problems affecting their departments to which general instructions do not provide a satisfactory resolution. In such cases, the problem should be brought to the attention of the OPRPRM with pertinent information and any proposed resolution. It must be borne in mind that fiscal officers are better able to detect problem situations than System officials and are expected to be the initiators of corrective action.

It shall be the responsibility of fiscal officers to apprise personnel in their departments of University procurement procedures. Failure of fiscal officers to comply with procedures in the Administrative Procedures Manual may result in revocation of their purchasing authority or other disciplinary action.

1) Approval of Contracts and Certification as to Availability of Funds

Fiscal officers shall obtain the signature of the appropriate approving authority and certify as to the availability of funds for purchases from accounts serviced by them. This certification may be accomplished on the requisition form, contract encumbrance and payment form, the contractual document (including purchase orders), or separate correspondence, as appropriate. The fiscal officer's signature on other forms, such as the authorization for payment, constitutes a certification as to availability of funds, whether or not the document itself so stipulates.

Pursuant to Section 103-9, HRS, False certificates or approval; penalty, any public officer or employee who causes or authorizes the purchase of any materials or supplies or the performance of any service or labor on behalf or for the benefit of the University, in the

absence of any appropriations, or in excess of any appropriations made for such purposes, 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.

2) Accountability for Purchase Order Forms

Annual supplies of pre-numbered hard copy purchase order forms are issued to authorized fiscal officers who are accountable to the OPRPRM for all purchase orders issued to them. Distribution of the purchase orders by the fiscal officer to subordinate members of the respective departments shall not relieve the fiscal officer of responsibility and accountability.

The importance of the proper and accurate accountability of purchase order forms cannot be overemphasized. Since completed purchase orders obligate the University to pay varying sums of money, they must be properly controlled and used judiciously. Fiscal officers shall exercise diligence in controlling purchase order forms that are issued to them so as to preclude "unaccounted for" or "missing" purchase order forms at fiscal year end. This shall be accomplished by maintaining a log of the block of purchase order forms issued to the fiscal officer. The log (**Attachment 220.1**) shall be maintained so as to show the up-to-date status of each purchase order form as "Used/Canceled," "Voided," or "On Hand/Unused." The total number in these categories shall, at all times, equal the total number issued to the fiscal officer.

At the end of each fiscal year, but no later than July 10, each fiscal officer shall submit a consolidated report, using **Attachment 220.1**, to the OPRPRM.

A copy of each "canceled" or "voided" purchase order form shall be retained by the fiscal officer and the OPRPRM copy promptly forwarded to the OPRPRM.

2. Procurement Planning

In order to insure that goods, services and construction are available when needed, advance planning of requirements is necessary. Though funds are not always on hand, programs usually

have general knowledge of the expected amount and of receipt of funds and can tentatively plan their procurements based on this information. Backlogs of work usually occur immediately prior to the expiration of fund allotments. To minimize peak purchasing workloads with their consequent delays, programs should process their requirements at the earliest practicable date. Processing requirements near the end of the fiscal year may result in the lapsing of funds. If no bids are received in response to an Invitation for Bids or all bids must be rejected because of defective specifications, there may be insufficient time to rebid, thereby resulting in the loss of funds.

The procurement process consists of three phases: 1) the funding and preparation of requirements by the using program; 2) the purchasing of requirements by either the OPRPRM or the fiscal officer; and 3) the manufacture, fabrication and delivery by the vendor. Because of its geographic location, Hawaii is especially vulnerable to shipment delays. The acceptance of a contractual commitment by a vendor, placement of an order and surface shipment from the mainland to Hawaii usually requires from 45 to 90 days. Depending upon the complexity of the requirement, the desired procurement lead time for the award of a purchase order or contract from the time of receipt of the requirement in the OPRPRM is as follows for the six methods of source selection:

- a. Competitive sealed bidding, approximately one hundred days;
- b. Competitive sealed proposals, approximately one hundred days;
- c. Professional services procurement, approximately one hundred days;
- d. Small purchases, approximately seven days;
- e. Sole source procurement exceeding the threshold for advertised bidding, approximately fourteen days for approval, and if a contract is to be negotiated, approximately sixty days for award; and
- f. Emergency procurement, immediate verbal approval.

To reduce procurement time, programs should begin the processing of a requirement at the earliest possible date. The time necessary for such processing may be reduced by the program performing preliminary work towards the formulation of technical specifications and the researching of sources of supply before the requirement reaches the OPRPRM. If the capability for

performing these two tasks is not available in the requiring program, it should begin to work at an early date with OPRPRM Procurement Specialists toward accomplishing them. In anticipation of an award from a granting agency and to enable programs to comply with project schedules, quotes, bids, or proposals may be solicited prior to receipt of the actual award providing bidders are advised that award is predicated upon funds becoming available.

Frequent reminders to requiring units by staff and fiscal officers of the length of time involved in acquiring goods and services and the need for constant planning should do much to prevent work backlogs and to shorten the acquisition time as well as to reduce costs. For federal screening requirement thresholds for industrial plant equipment and automatic data processing equipment prior to purchase with federal funds, refer to APM Section A8.290, Requirements of Federally Funded Purchases.

3. Standards of Conduct

University personnel who deal with any phase of contracting should be familiar with Chapter 84, HRS, Standards of Conduct, and shall abide by the following:

- a. Gifts. 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 employee in the performance of the employee's official duties or is intended as a reward for any official action on the employee's part.
- b. Confidential information. No employee shall disclose information which by law or practice is not available to the public and which the employee acquires in the course of the employee's official duties, or use the information for the employee's personal gain or for the benefit of anyone.
- c. Fair treatment. No employee shall use or attempt to use the employee's official position to secure or grant unwarranted privileges, exemptions, advantages, contracts, or treatment, for oneself or others including, but not limited to, the following:
  - 1) Seeking other employment or contract for services for oneself by the use or attempted use of the employee's office or position;

- 2) Accepting, receiving, or soliciting compensation or other consideration for the performance of the employee's official duties or responsibilities except as provided by law;
- 3) Using state time, equipment or other facilities for private business purposes; and
- 4) Soliciting, selling, or otherwise engaging in a substantial financial transaction with a subordinate or a person or business whom the employee inspects or supervises in the employee's official capacity.

d. Conflicts of Interest.

- 1) No employee shall take any official action directly affecting:
  - a) A business or other undertaking in which the employee has a substantial financial interest; or
  - b) A private undertaking in which the employee is engaged as legal counsel, advisor, consultant, representative, or other agency capacity.
- 2) No employee shall acquire financial interests in any business or other undertaking which the employee has reason to believe may be directly involved in official action to be taken by the employee.
- 3) No employee shall assist any person or business or act in a representative capacity before any State or county agency for a contingent compensation in any transaction involving the State.
- 4) No employee shall assist any person or business or act in a representative capacity for a fee or other compensation to obtain a contract, claim, or other transaction or proposal in which the employee has participated or will participate as an employee, nor shall the employee assist any person or business or act in a representative capacity for a fee or other compensation on such contract, claim, or other transaction or proposal within the University.

e. Disclosure. Chapter 84, HRS, requires certain State officials to submit Disclosure of Financial Interest forms to the Ethics Commission. Upon notification, those falling



within the category requiring submittal of the form will be advised by the Commission.

- f. Kickbacks. When expending federal funds, the University of Hawaii is required to comply with the Anti-Kickback Act of 1986, which prohibits the making or accepting of payments for the purpose of improperly obtaining or rewarding favorable treatment.

The following procedures have been established to comply with the requirements of the law:

1) Definitions

Kickback: any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to the University of Hawaii, University employee, contractor or contractor employee for the purpose of improperly obtaining or rewarding favorable treatment.

Contractor: any person who offers to furnish or furnishes any supplies, materials, equipment, or service of any kind under a contract with the University.

Person: a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

2) Responsibility

No person shall:

- a) Provide, attempt to provide, or offer to provide any kickback;
- b) Solicit, accept, or attempt to accept any kickback; or
- c) Charge the federal government or the University, directly or indirectly, the amount of any kickback.

3) Penalties

- a) Any person who knowingly and willfully engages in the conduct proscribed in subparagraph 2) above

may be subject to criminal penalties.

- b) Civil penalties may be recovered from any person who knowingly engages in such prohibited conduct.

4) Audit Procedures

The OPRPRM shall require fiscal officers and other University personnel in contracting or related activities to submit an annual Anti-Kickback declaration on a form to be provided.

5) Procedures to Report Kickbacks

- a) When any person has reasonable grounds to believe that a violation of the Anti-Kickback Act has occurred, he/she shall promptly report in writing the possible violation to the Director, OPRPRM.
- b) University personnel shall cooperate fully with any Federal agency investigating a possible violation of the Act.

6) Procedures to Offset Kickbacks

The federal Contracting Officer may:

- a) Offset the amount of any kickback against any monies owed under the contract with the University; and/or
- b) Direct that the University withhold from sums owed a contractor the amount of any kickback; and
- c) Order that monies withheld under subparagraph b) above be paid over to the federal government unless it has already offset those monies under subparagraph a) above . In either case, the University is required to notify the federal Contracting Officer whenever monies are withheld.

g. Contracts. A state agency shall not enter into any contract to procure goods or services, or for construction, with a legislator, an employee, or a business in which a legislator or an employee has a controlling interest, involving services or property of a value in excess of \$10,000 unless the contract is awarded by competitive sealed bidding or competitive sealed proposal or a notice of intent to award the contract is posted and a copy filed with the State Ethics Commission.

1) A state agency shall not enter into a contract with any person or business which is represented or assisted personally in the matter by a person who has been an employee of the agency within the preceding two years and who participated while in state office or employment in the matter with which the contract is directly concerned.

4. Parceling of Purchases

- a. These procedures specifically prohibit parceling which is defined as the artificial division or fragmentation of a purchase of same, like, or related items of goods, services, or construction into several purchases of smaller quantities, so as to evade limits of delegated purchasing authority or competitive bidding requirements.
- b. When deciding if the division of a purchase is artificial or natural, the fiscal officer shall consider the following:
- 1) The higher the price of a group of purchases, the more likely they should be consolidated;
- 2) The more similar the goods, services, or construction or the more possible it is to find a group of goods, services, or construction from one type of vendor, the more likely they should be consolidated; and
- 3) The more predictable the procurement of similar goods, services, and construction is, the more likely they should be consolidated.
- c. The dollar amount for determining whether to bid or not to bid is based on the total dollar amount of the purchase of same, like, or related goods, services, or construction during any twelve-month period as processed by a fiscal officer. If these expenditures for a twelve-month period as processed by a fiscal officer are more than the advertised

bidding threshold, competitive bids should be issued to establish a contract. Competitive bids should also be solicited for lease and lease-purchase contracts for equipment, maintenance contracts, or any other multi-year contracts, if:

- 1) The total expenditure for one year is more than the advertised bidding threshold;
  - 2) The lease agreement includes an option to purchase and the total expenditure under this option is more than the advertised bidding threshold (including lease payments); or
  - 3) The total expenditure for the multi-year contract is more than the advertised bidding threshold even though the total annual expenditure does not amount to more than the advertised bidding threshold.
- d. It shall be the responsibility of the fiscal officer to ensure that requirements are consolidated so that the goods, services, or construction are publicly bid.
- e. Requirements totaling more than the advertised bidding threshold for goods, services and construction from a fiscal officer, except those on State or University price lists, book fund purchase orders issued by Library Services and the Law School Library and purchases of materials, supplies, and books by University of Hawaii bookstores for resale, shall be submitted to the OPRPRM for procurement action.

5. Year-End Contracting

To insure the completion and recording of all fiscal transactions at the close of the fiscal year, the cut-off date of April 1 is established for the following purchases, except emergency requirements:

- a. Purchase requirements for goods, services and construction which require formal advertised bidding. Potentially complex requirements should be coordinated with and submitted to the OPRPRM as soon as possible prior to April 1 of each fiscal year. Purchase requirements submitted after April 1 will be processed only if time permits;
- b. Procurement of professional services which exceed the advertised bidding threshold;

- c. Sole source requirements for goods, services and construction which exceed the advertised bidding threshold; and
- d. All contract modifications, including renewals.

6. Vendor Demonstration of Equipment

Because knowledge of equipment characteristics cannot be gained solely from technical literature or verbal descriptions, the University encourages departments to take advantage of vendor demonstrations.

a. Guidelines to consider for vendor demonstrations:

- 1) Whenever possible, University employees should visit vendor advertised displays to view equipment for which they may have a need;
- 2) Equipment may be viewed, and sometimes demonstrated, at the vendor's place of business;
- 3) The vendor may consent to bring the equipment to the University and demonstrate it. In such instances, wide attendance is encouraged; and
- 4) The vendor may, at his/her own volition, ask to have the equipment installed for a trial period.

b. Procedures:

If equipment installation is accepted, University personnel should be guided by the following:

- 1) Such installation and trial period must be at the volition of the vendor;
- 2) The trial period must be for the minimum time necessary to acquire operating knowledge of the equipment and the period must be specified and agreed to by both parties before installation;
- 3) The vendor shall be responsible for third party liability or any damage caused by the vendor's negligence or acts;
- 4) Prior to installation at a University location, the vendor should be advised that the risk of loss of the

equipment is with the vendor;

- 5) The vendor must be advised that permission to install equipment and its subsequent trial usage by the University does not in any way obligate the University to purchase the equipment, nor will there be any charge associated with this installation; and
- 6) The vendor should be asked to sign a statement similar to the following:

STATEMENT

Whereas the undersigned is an authorized representative of \_\_\_\_\_ (Company Name) \_\_\_\_\_ with authority to commit the company, and

Whereas the undersigned is desirous of installing \_\_\_\_\_ (Equipment/Model No.) \_\_\_\_\_ at \_\_\_\_\_ (Univ. Location) \_\_\_\_\_ for a period of \_\_\_\_\_ (#) \_\_\_\_\_ days, beginning \_\_\_\_\_ (Date) \_\_\_\_\_ for the purpose of the University using the equipment to determine its suitability for (purchase) (lease) other use ( \_\_\_\_\_ ).

Therefore, \_\_\_\_\_ (Company Name) \_\_\_\_\_ agrees to hold the University harmless from all costs and liability during this period and agrees that installation and operation of the equipment at this location does not obligate the University to acquire this equipment.

\_\_\_\_\_  
(To Be Signed by Company Rep)

- 7) If any operating costs are involved, the transaction shall be regulated in accordance with University procurement policy. Any questions on procedure and agreements beyond departmental purchasing authority shall be referred to the OPRPRM; and
- 8) Any agreement requiring execution by the University will be forwarded to the OPRPRM.

7. Taxes

- a. For an overview of State tax laws, refer to Publication-1, Information on Hawaii State Taxes Administered by the

Department of Taxation (**Attachment 220.2**). The publication provides information on State tax laws pertaining to general excise and use taxes which affect vendors doing business in the State. It is suggested that fiscal officers familiarize themselves with these laws in order that they be able to advise vendors, especially out-of-state vendors who may not be aware that the goods and services they provide to the University may be subject to taxation. Further, to provide out-of-state vendors with an overview of Hawaii tax laws and to assist them in formulating their quotations, you may wish to provide them with a copy of Publication-1 when soliciting quotations. If additional copies are needed, existing copies may be photocopied. This awareness of tax liability is especially crucial in those situations when a tax clearance certificate is required, (Refer to Section A8.275.4.f).

- b. In the State of Hawaii the general excise and use taxes are applicable, as follows:
- 1) General Excise Tax (Chapter 237, HRS) is levied on gross receipts or gross income derived from all business activities in the State, e.g., sale or leasing of tangible personal property; contracting; the rendering of services, including professional services; commissions; and the rental of real property. The general excise tax is not a sales tax. It is imposed on persons (individuals, corporations, partnerships, or other entities) receiving the income for the privilege of doing business in Hawaii and may be passed on to the University.

Out-of-state vendors as well as vendors located in Hawaii are subject to the general excise tax on activities in the State or sources within Hawaii. An out-of-state vendor is subject to the general excise tax if the vendor has sufficient presence in the State; presence in the State is established if the vendor has an office, inventory, property, employees, or other representation located in the State or if services in conjunction with sales of property, such as training, installation, or repairs, are provided in the State. Other factors which are considered in determining if the sale of goods or services of out-of-state vendors is taxable are where delivery and acceptance of goods takes place and where title or risk of loss passes from the seller to the buyer.

The general excise tax rate is currently set at 4.166%.

- 2) Use Tax (Chapter 238, HRS) is a tax on the landed value of tangible personal property imported into Hawaii for use in the State. If tangible personal property is imported into Hawaii for resale at the retail level or for lease or rental to another person or business, the vendor will be subject to the use tax at the rate of 1/2 of 1% of the landed value of the property, i.e., the invoiced or manufactured cost of the property, plus freight and insurance.
- c. An exemption from the general excise tax for scientific equipment is covered in Section A8.290.
- d. Although the University is a tax exempt educational institution, there is no numbered University of Hawaii tax exemption certificate.
- e. Sales taxes of other states are payable when title passes in such states (FOB source).
- f. Questions pertaining to Hawaii State Taxes should be directed to the State of Hawaii, Department of Taxation, Taxpayer Services Branch, 830 Punchbowl

Street, Honolulu, Hawaii 96813-5045, telephone: toll free (800) 222-3229 or (808) 587-4242.

## 8. Procurement Violations

- a. Most procurement violations are normally inadvertent, and the result of administrative error, lack of knowledge, or simple carelessness. Corrective action may involve the implementation of better procedures, employee training, and progressive discipline. The OPRPRM shall conduct investigations of procurement violations and shall determine what corrective action is warranted.
- b. Certain procurement violations may be subject to corrective action as described below:
  - 1) A person who contracts for or purchases goods, services, or construction in a manner the person knows to be contrary to the requirements of the Administrative Procedures Manual shall be liable for all costs and damages to the University arising out of the violation.



- 2) A person who intentionally or knowingly contracts for or purchases goods, services, or construction under a scheme or artifice to avoid the requirements of the Administrative Procedures Manual may be subject to removal from office and shall be liable to the University for any sum paid by it in connection with the violation, and that sum, together with interest and costs, shall be recoverable by the University.

9. Methods of Source Selection

Unless exempt by administrative procedure, all purchases utilizing public funds, irrespective of their source, shall be made in accordance with one of the following methods of source selection:

- a. Competitive sealed bidding;
- b. Competitive sealed proposals;
- c. Professional services procurement;
- d. Small purchases;
- e. Sole source procurement; and
- f. Emergency procurement.

These six methods of source selection are discussed in detail in sections to follow.

10. Exempt Procurements

- a. The following have been approved by the President to be exempt from the requirements of the six methods of source selection:
  - 1) Disbursement of funds for grants, subsidies, or purchases of services as defined in Sections 42F-101 and 103F-101, HRS;
  - 2) Payments to or on behalf of public officers and employees for salaries, fringe benefits, professional fees, or reimbursements provided for by administrative procedure;
  - 3) Payment of obligations that the University is required to pay by law, including paying fees, permanent

settlements, subsidies, or other claims, making refunds, and returning funds held by the University as trustee, custodian, or bailee;

- 4) Disbursement of funds for entitlement programs, including public assistance, unemployment, and workers compensation programs, established by state or federal law;
- 5) Payment of dues or fees of professional organizations of which the University or its officers and employees are members excluding the payment of individual professional fees, e.g., bar dues and medical license fees, which is an inappropriate expenditure of public funds (Refer to Section A8.265.16);
- 6) Disbursement of funds for deposit, investment, or safekeeping, including expenses related to their deposit, investment, or safekeeping;
- 7) Disbursement of funds to governmental bodies of the State of Hawaii;
- 8) Disbursement of funds as loans, under loan programs administered by the University;
- 9) Procurement of goods, services, or construction from a governmental body, including the federal government, or another state or its political subdivision. University of Hawaii departments and programs may procure goods and services from the University of Hawaii Bookstores that are routinely stocked and marketed and not specially ordered (Refer to Section A8.265);
- 10) Procurement of goods and services for the Office of Intercollegiate Athletics of the University of Hawaii at Manoa with moneys from the University of Hawaii at Manoa intercollegiate athletics revolving fund.
- 11) Services of expert witnesses for potential and actual litigation of legal matters involving the

state, its agencies, and its officers and employees, including administrative quasi-judicial proceedings;

- 12) Works of art for museum or public display;
- 13) Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published in print, video, audio, magnetic, or electronic form;
- 14) Opponents for athletic contests;
- 15) Utility services whose rates or prices are fixed by regulatory processes or agencies;
- 16) Performances, including entertainment, speeches, and cultural and artistic presentations;
- 17) Goods and services for resale by the University;
- 18) Services of printers, rating agencies, support facility providers, fiscal and paying agents, and registrars for the issuance and sale of the University's bonds;
- 19) Travel arrangements purchased by the University of Hawaii for its intercollegiate athletics programs;
- 20) Services of lecturers and speakers;
- 21) Subgrants and subcontracts to organizations directed by the funding agency (Refer to Section A8.290);
- 22) Materials, supplies, and foodstuffs purchased for use by students in instructional programs when the type or amount required must be determined as part of the course curriculum;
- 23) Affiliation agreements with hospitals and other health care providers required for University of Hawaii clinical education programs;
- 24) Services of legal counsel, guardian ad litem, psychiatrists, and psychologists, when required by court order, or by the Rules of Court in the case of interpreters, in criminal and civil proceedings;
- 25) Educational material used in University courses, libraries, and employee training including textbooks, workbooks, visuals, kits, guides, and tests, in print,

video, audio, magnetic, or electronic form;

- 26) Insurance or insurance broker services;
- 27) Animals and plants;
- 28) New or used items which are advantageous and available on short notice and subject to sale, such as through an auction, bankruptcy, foreclosure, etc.;
- 29) Food and fodder for animals;
- 30) Rental of hotel facilities for conferences, meetings, and training sessions;
- 31) Advertisements in specialized publications, such as in ethnic or foreign language publications, trade publications, professional publications;
- 32) Professional consultant services as required under Chapter 658, HRS;
- 33) Services for the publication of scholarly and educational books and journals which shall be limited to:
  - a) Manuscript evaluation, copy editing, proofreading, indexing, design, manuscript clean-up, page make-up, and typesetting;
  - b) Design, production, and printing of promotional materials, and commission sales representation;
  - c) Warehouse storage and fulfillment services, and
  - d) Editorial and production services, including printing and binding, when full publication services are required for projects too difficult or too time consuming to produce in-house;
- 34) Interpreter services;
- 35) Publication of scholarly papers in specific professional journals;
- 36) Medical services for injured student athletes. These services include but are not limited to:

- a) Treatment by out-of-state medical health professionals when athletes are on the road for games;
  - b) Treatment for a difficult to diagnose and/or longstanding medical condition by a series of medical health professionals by referrals;
  - c) Treatment by a physician when athlete is referred by the team physician or by any one of the volunteer physicians;
  - d) In-patient or out-patient surgical services performed by a physician assigned to an athlete by a hospital; and
  - e) Treatment by a family physician as requested by a student athlete;
- 37) Medical services for research projects;
- 38) Procurement of repair services when dismantling is required to assess the extent of repairs;
- 39) Radio and television airtime, print and other media when selection is to be made by current audience/reader demographics;
- 40) Registration fees for conferences, seminars, etc.;
- 41) Contracts with attorneys for legal services;
- 42) Purchases of commodity hardware and software for computing, telecommunications, and media support of \$25,000 or more (Refer to APM Section A8.265.9.a for procedure);
- 43) Telecommunications services of \$25,000 or more (Refer to APM Section A8.265.9.a for procedure); and
- 44) Rental of booth space for exhibits at conventions and trade shows when organized by a single sponsor.

All purchases of \$2,500 or more processed on the basis of any of the above exemptions must cite the following statement on the purchase order or contract:

"Exempt purchase, pursuant to APM Section A8.220.10,

Exemption No. (cite exemption number, 1 through 44, from the above list)."

- b. Pursuant to Section 304-8.94, HRS, the expenditure of funds from the revolving fund of the University of Hawaii at Manoa Outreach College Conference Center for all costs associated with conducting conferences, seminars, and courses, including but not limited to, expenses for honoraria, hotel and room rentals, food and refreshment, printing and mailing, airfare and per diem, leis, rental of audio-visual equipment, and conference supplies and materials, are exempt from the six methods of source selection.

All purchases of \$2,500 or more processed on the basis of this exemption should cite, for audit purposes, the following statement on the purchase order or contract:

"Exempt purchase, pursuant to Section 304-8.94, HRS."

- c. Pursuant to Section 304-8.945, HRS, the expenditure of funds from the revolving fund of the University of Hawaii at Hilo College of Continuing Education and Community Service Conference Center for all costs associated with conducting conferences, seminars, and courses, including but not limited to, expenses for honoraria, hotel and room rentals, food and refreshment, printing and mailing, airfare and per diem, leis, rental of audio-visual equipment, and conference supplies and materials, are exempt from the six methods of source selection.

All purchases of \$2,500 or more processed on the basis of this exemption should cite, for audit purposes, the following statement on the purchase order or contract:

"Exempt purchase, pursuant to Section 304-8.945, HRS."

- d. Pursuant to Section 305-5, HRS, the expenditure of funds from the revolving funds of Conference Center programs conducted by the various community colleges for all costs associated with conducting conferences, seminars, and courses, including but not limited to, honoraria, hotel and room rentals, food and refreshment, printing and mailing, airfare and per diem, leis, rental of audio-visual equipment, and conference supplies and materials, are exempt from the six methods of source selection.

All purchases of \$2,500 or more processed on the basis of this exemption should cite, for audit purposes, the

following statement on the purchase order or contract:

"Exempt purchase, pursuant to Section 305-5, HRS."

- e. Pursuant to Section 304-8.41, HRS, the expenditure of funds from the revolving funds of commercial enterprises for all costs and expenses associated with the operation of the enterprises, including hiring personnel, renovating commercial space, and purchasing merchandise, supplies, and equipment, are exempt from the six methods of source selection.

All purchases of \$2,500 or more processed on the basis of this exemption should cite, for audit purposes, the following statement on the purchase order or contract:

"Exempt purchase, pursuant to Section 304-8.41, HRS."

- f. Fiscal officers shall issue purchase orders for "exempt" purchases within their delegated purchasing authority only, except for insurance purchases (Exemption No. 26), which shall only be made by the OPRPRM pursuant to Section A8.265.10. All purchase orders exceeding this authority shall be submitted to a designated departmental fiscal officer with greater purchasing authority or to OPRPRM, as applicable, for review and processing.
- g. Although the foregoing are exempt from the requirements of the six methods of source selection, a determination of price reasonableness for purchases of \$2,500 or more as required under APM Section A8.285, must be made to insure that public funds are being expended to the best advantage of the University. Form 95, Determination of Cost or Price Reasonableness (**Attachment 285.1**) shall be used for this purpose.