

A8.250a Small Purchases (Implementation of the SuperQUOTE Request for Quotation System)

1. General

Any procurement less than \$25,000 for goods, services or construction 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 and the construction of public works for the University, by:

- a. Ensuring the fair and equitable treatment of all persons who deal with the procurement system of the University;
- b. Maximizing to the fullest extent practicable the purchasing value of public funds; and
- c. Providing safeguards for the maintenance of a procurement system of quality and integrity.

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 or 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 guidelines provided that the requirements specified in APM Section A8.230, Contracting for Services, have been satisfied.

- c. Unless otherwise exempt, fiscal officers shall also comply with University requirements contracts and State Procurement Office SPO price lists.
- d. Preferences pursuant to APM Section A8.265.17 shall not apply to small purchases.

3. Goods and Services

a. Expenditures of \$100 or Less

Expenditures of \$100 or less for goods delivered or services performed shall be made as follows:

- 1) Petty cash, when available, shall be utilized for all expenditures of \$25 or less, subject to the restriction in A8.225, Limitations in Purchasing. Refer to APM Section A8.811)
- 2) The imprest or Departmental Checking System (DCS) check shall be used in most instances for expenditures of \$100 or less (and \$25 or less when petty cash is unavailable), subject to the restrictions in A8.225, Limitations in Purchasing. Purchase orders may be issued if required by the vendor or if an encumbrance must be entered into the University's Financial Management Information System (FMIS). (Refer to APM Section A8.826)
- 3) The University purchasing card may be used for expenditures of \$100 or less in lieu of petty cash or imprest/DCS check.

b. Expenditures Over \$100 and Less Than \$1,000

Expenditures over \$100 and less than \$1,000 shall be made by the issuance of a purchase order or contract or use of a University purchasing card. No minimum number of quotations is required.

c. Expenditures of at Least \$1,000 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:

- 1) Award shall be made to the vendor submitting the lowest electronic quotation that meets or exceeds the

minimum specifications and terms and conditions set forth in the Request for Quotation.

A written quotation [facsimile (fax) quotation is acceptable] shall be obtained from the lowest responsive vendor. For payment purposes, a copy of the SuperQUOTE screenprint of the lowest responsive electronic quotation upon which an award is made shall be attached to the payment document submitted to the Disbursing Office.

- 2) In the event that the vendor submitting the lowest electronic quotation does not meet the specifications and/or terms and conditions set forth in the Request for Quotation, the program may reject the low quote. Justification shall be included in the procurement file regarding reasons for non-selection of the lowest quotation. The program shall consider the second, third, etc. lowest quotation until award can be made to the vendor submitting the lowest quotation that meets or exceeds all specifications, terms and conditions.
- 3) For instructions on preparing a Request for Quotation on SuperQUOTE, refer to the training clip which may be found on the FMIS website at www.fmo.hawaii.edu/fmis/ or may be accessed via the CommercePoint, Inc. website at www.commercepoint.com.
- 4) Exceptions to the Requirements for Electronic Quotations via SuperQUOTE

Solicitation of electronic quotations via SuperQUOTE is 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 traditional methods of source selection (Refer to APM Section A8.220.10);
- c) Purchases less than \$25,000 resulting from competitive sealed bids or proposals;
- d) Sole source procurements;
- e) Procurements for construction projects;

- f) Procurements of professional services;
 - g) Emergency purchases;
 - h) Purchases of airline tickets; and
 - i) University purchasing card transactions.
- d. The following schedule shall be used as a guideline for soliciting quotations:

<u>Dollar Amount</u>	<u>No./Type of Quotations Solicited</u>
0 - \$999.99	No minimum number of quotations required.
\$1,000 - \$24,999.99	All electronic quotations via SuperQUOTE.
\$25,000 or more	Formally advertised procurement (Invitation for Bids, Request for Proposals).

4. Construction and Other Competitive Purchase Exceptions to the Requirements for Electronic Quotations via SuperQUOTE (Professional Services, Airline Tickets, etc.)

a. Expenditures of \$100 or Less

Expenditures of \$100 or less for construction and other exceptions shall be made as follows:

- 1) Petty cash, when available, shall be utilized for all expenditures of \$25 or less, subject to the restriction in A8.225, Limitations in Purchasing. Refer to APM Section A8.811)
- 2) The imprest or Departmental Checking System (DCS) check shall be used in most instances for expenditures of \$100 or less (and \$25 or less when petty cash is unavailable), subject to the restrictions in A8.225, Limitations in Purchasing. Purchase orders may be issued if required by the vendor or if an encumbrance must be entered into the University's Financial Management Information System (FMIS). (Refer to APM Section A8.826)
- 3) The University purchasing card may be used for

expenditures of \$100 or less in lieu of petty cash or imprest/DCS check.

b. Expenditures Over \$100 and Less Than \$2,500

Expenditures over \$100 and less than \$2,500 shall be made by the issuance of a purchase order or contract or use of a University purchasing card when permitted. No minimum number of quotations is required.

c. Expenditures of at Least \$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 quotations shall be solicited; however, a written quotation should be obtained from the vendor submitting the lowest verbal quotation.

d. Expenditures of at Least \$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.

e. The following schedule shall be used as a guideline for soliciting quotations:

<u>Dollar Amount</u>	<u>No./Type of Quotations Solicited</u>
0 - \$2,499.99	No minimum number of quotations required.
\$2,500 - \$14,999.99	3 or more verbal quotations; however, written quotation should be obtained from vendor submitting lowest verbal quotation.
\$15,000 - \$24,999.99	3 or more written quotations.
\$25,000 or more	Formally advertised procurement (Invitation for Bids, Request for Proposals).

The Office of Procurement, Real Property and Risk Management (OPRPRM) will assist programs having difficulties in obtaining quotations or making award(s)

after quotations are received. Further, if OPRPRM determines that the solicitation of quotations was inadequate or otherwise improper or that the best interests of the University so require, OPRPRM may direct the resolicitation of quotations or require formal bidding for the subject expenditure. Moreover, OPRPRM may direct the award to a vendor other than the one recommended by the program. Any such action by OPRPRM will be coordinated with the program concerned.

f . Request for Quotations (RFQ)

While no minimum number of quotations is required for expenditures below \$2,500, it is recommended that programs still obtain verbal quotations for such purchases, if possible. Verbal Quotations are required for all expenditures of at least \$2,500 but less than \$15,000 for goods, services, and construction, but a written quotation should be obtained from the vendor submitting the lowest verbal quotation. Written quotations are required for all expenditures of at least \$15,000 but less than \$25,000. The following shall be used as guidelines for soliciting quotations:

Verbal Quotations

- 1) Expenditures of at least \$2,500 but less than \$15,000 shall be made by soliciting verbal quotations from no less than three (3) sources to promote competition to the maximum extent practicable and to ensure that the expenditure is advantageous to the University.
- 2) When obtaining verbal quotations, a complete description of the commodity should be provided stating any brand name, model or catalog number(s) and the statement "or acceptable alternate," together with minimum specifications and quantity. 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. The following information should be obtained from the vendor(s) for the procurement file: price, price terms, tax, freight charges, time of delivery, date and time vendor(s) contacted, and the name and title of the individual providing the quotation.

Small business concerns should be given opportunities to submit quotations in response to solicitations.

Expenditures should be distributed equitably among qualified suppliers by securing quotations from differing sources for repeat orders.

- 3) Upon determination of the lowest quoted price, a written quotation should be obtained from the vendor submitting the lowest verbal quotation.
- 4) All quotations received shall be recorded on the University of Hawaii "Record of Verbal Quotations" form (**Attachment 250.3**) 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**), a written quotation from the vendor who submitted the lowest verbal quotation, and a copy of the requisition and purchase order awarded.
- 5) Electronic (e-mail) and facsimile (fax) quotations are acceptable for those purchases that require verbal quotations.

Written Quotations

For expenditures of goods, services, and construction of at least \$15,000 but less than \$25,000, solicitation of written quotations is mandatory. **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.

Facsimile (fax) quotations are acceptable for those purchases that require written quotations.

The following shall be used as guidelines for soliciting written quotations:

- 1) **No less than three (3) written quotations** shall be solicited based on the program's specifications.
- 2) Award shall be made to the vendor submitting the **lowest written quotation** that meets or exceeds the minimum specifications and terms and conditions set forth in the Request for Quotation.

- 3) In the event that the vendor submitting the lowest written quotation does not meet the specifications and/or terms and conditions set forth in the Request for Quotation, the program may reject the low quote. Justification shall be included in the procurement file regarding reasons for non-selection of the lowest quotation. The program shall consider the second, third, etc. lowest quotation until award can be made to the vendor submitting the lowest quotation that meets or exceeds all specifications, terms and conditions.

g. Preparing a Request for Quotation Form

(Refer to Attachment 250.6).

h. Exceptions to the Requirements for Competitive Quotations

The "Record of Verbal Quotations" form and the "Request for Quotation" form are not required for the following purchases:

- 1) Purchases from a State Procurement Office (SPO) price list or a University of Hawaii requirements contract;
- 2) Procurements which are exempt from traditional methods of source selection (Refer to APM Section A8.220.10);
- 3) Purchases less than \$25,000 resulting from competitive sealed bids or proposals; or procurement of professional services; and
- 4) Sole source procurements.

5. Expenditures Within the University System

Expenditures within the University system shall be made in accordance with APM Sections A8.265.8, Ethyl Alcohol, A8.265.9.b, Telecommunications Equipment and Services, A8.265.19, Printing, Binding and Stationery, and A8.265.24, University Services.

6. Purchases from Vendors Who Do Not Accept Purchase Orders

Purchases from vendors who do not accept purchase orders may be made only:

- a. When no other source is available for the goods/services

required;

- b. When the price is clearly in the University's best interests; and
- c. When prior approval of the fiscal officer, or OPRPRM (if expenditure exceeds the fiscal officer purchasing authority), has been obtained.

7. 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 small 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.

8. Authority for Issuance of Purchase Orders

a. Approval of Requirement

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

b. Certification of Funds

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. (Refer to APM Section A8.661 Funds Control)

c. Purchasing (Delegated) Authority

Fiscal officers receive their delegated purchasing authority from the Senior Vice President and Chancellor who has jurisdiction over their respective departmental units. Only individuals who have been granted purchasing

authority can issue purchase orders within their delegated limits. All expenditure requirements of \$25,000 or more shall be submitted to the OPRPRM with supporting documents for processing.

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

9. Requisition

a. General

The requisition may 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, if used, shall be submitted through appropriate staff and fiscal officers for approval and purchasing action. The requisition should not be used for purchases made utilizing the SuperQUOTE system.

b. Action by Program

- 1) Prepare the requisition (**Attachments 250.1 and 250.1a**) in the appropriate number of copies as follows:
 - a) One copy - when a purchase order will be awarded.
 - b) One copy - when requesting supplies and services from campus vendors (other than UH Bookstores)
 - c) Three copies - when ordering from UH Bookstores.
- 2) Route requisition to fiscal officer in accordance with Instructions for Preparation of University of Hawaii Requisition Form, **Attachment 250.2**.

c. Action by Fiscal Officer

- 1) Verify amounts, account code(s), object codes, and

addresses.

- 2) Certify funds
- 3) Ensure that description is adequate and precise.
- 4) Examine and verify request for quotations.
- 5) Verify requisite approvals.
- 6) Verify that purchase is in accordance with State and federal laws, rules and regulations and University policy.
- 7) Verify basis for award.
- 8) If requirement is within fiscal officer's approving authority:
 - a) Transfer information to purchase order; and
 - b) Issue purchase order.

(In accordance with **Attachment 250.6**).
- 9) If requirement exceeds fiscal officer's approving authority, the requisition, request for quotations, and supporting documents shall be routed to the OPRPRM for approval and issuance of a purchase order.

d. Action by OPRPRM, 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 State and federal laws, rules and regulations and University policy.
- 6) Verify basis for award.
- 7) Issue purchase order or contract.

10. Evaluation of Quotations and Award of Purchase Orders

Quotations shall be evaluated and award of a purchase order made to that 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 determined before making an award. Programs having difficulties in making an award after quotations are received may contact the OPRPRM for assistance.

a. 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:

1) 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.

2) Estimated Price

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

b. Discounts

1) 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.

2) Quantity

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

3) Price

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

c. Taxes

(Refer to APM Section A8.220.7).

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

d. 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.

e. Tie Quotations

(Refer to APM Section A8.235.14.d).

f. Price Reasonableness

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

solicited but only one response 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. OPRPRM Form 95, **(Attachment 285.1)**, should be utilized to establish price reasonableness and maintained in the procurement file.

11. Preparing a Requisition

(Refer to **Attachment 250.2**).

12. Preparing a Purchase Order

(Refer to **Attachments 250.8**).

13. Sole Source Expenditures Under \$25,000 for Goods, Services, and Construction

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 (at least \$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, OPRPRM 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, OPRPRM 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 OPRPRM, as applicable, for review and execution.

14. Services Contracts Under \$25,000

Programs with either professional or non-professional service requirements of less than \$25,000 may procure such services in accordance with small purchase procedures, provided that the considerations for independent contractors addressed in Section A8.230, Contracting for Services, have been satisfied.

For service requirements of less than \$4,000, fiscal officers may issue purchase orders. Appropriate documentation supporting the purchase as specified in these small purchase procedures shall be maintained.

For service requirements of at least \$4,000 but less than \$25,000, programs shall prepare a contract on OPRPRM Form 63,

Services Contract, (**Attachment 230.5**). Fiscal officers shall execute the contract within their purchasing authority, issue a purchase order for encumbrance and payment purposes and retain appropriate support documentation as specified in APM Section A8.230.

15. 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. A continuation order may be issued where the annual amount of expenditure is less than \$25,000 as long as the above criteria are met.

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, available alternate procedures, such as petty cash expenditures, 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 **Attachment 250.6**. 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) A purchase order should be issued in accordance with **Attachment 250.8**, or if the purchase order amount exceeds the fiscal officer's authority, a requisition should be forwarded to the OPRPRM 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 and/or when restating the same terms originally placed orally.
- 2) Procedure
 - a) The program should notify the fiscal officer and upon approval, either obtain the purchase order number or prepare the purchase order. The fiscal officer shall obtain approval from a designated departmental fiscal officer with greater purchasing authority or from the OPRPRM, 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 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.

16. Administration of Purchase Orders

a. Procurement File

All quotations received shall be recorded and placed in a procurement file or archived electronically when utilizing the SuperQUOTE system. 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**);
- 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. The voided purchase order shall be accounted for in accordance with APM, Section A8.220.1.c.2), Accountability for Purchase Order Forms.

1) Procedure

Action by Fiscal Officer

- a) Mark all copies void, indicating the program, date and name of official authorizing the action.
- b) Transmit purchase order to the OPRPRM.

Action by OPRPRM

- a) Ensure that all 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) Transmit file copies to fiscal officer.

c. Purchase Order Changes

1) General

A purchase order change is any change or modification to a purchase order after it has been issued. The changes or modifications which require issuance of a University purchase order change form include:

- a) Increase or decrease in quantity except for a vendor-initiated decrease in quantity about which the University will be notified in writing by the vendor due to its inability to fulfill the order;
- b) Increase in dollar amount:

- (1) For purchases less than \$4,000, if the increase is 50% or more of the total amount, a purchase order change form is required except for changes or

modifications to taxes, shipping charges or insurance which may be made without a purchase order change form if the amount involved is deemed reasonable by the fiscal officer.

Any increase in dollar amount less than the above 50% threshold or **any** decrease in dollar amount does not require a purchase order change form; the fiscal officer should cross out the dollar amount on the receiving report and fiscal officer copy and replace the amount with the invoiced price.

- (2) For purchases \$4,000 through \$24,999.99, a purchase order change form is required for any increases in dollar amount except for changes or modifications to taxes, shipping charges or insurance which may be made without a purchase order change form if the amount involved is deemed reasonable by the fiscal officer and provided, the revised total amount of the purchase order is less than \$25,000.

Any decrease in dollar amount does not require a purchase order change; the fiscal officer should cross out the dollar amount on the receiving report and fiscal officer copy and replace the amount with the invoiced price.

This procedure shall also be applicable to:

- (a) Purchase orders of less than \$25,000 issued by OPRPRM, e.g., procurement legal advertisements, insurance purchases, short term leases;
- (b) Sole source, emergency and exempt purchase orders of \$25,000 or more issued by OPRPRM; and
- (c) Purchase orders of \$25,000 or more issued by fiscal officers for items

included in State Procurement Office (SPO) price lists and University requirements contracts.

- c) Changes in description or specifications;
- d) Changes in account or object codes;
- e) Changes in delivery dates;
- f) Partial or total cancellation;
- g) Vendor code changes due to new primary code (FMIS processing only); and
- h) Add taxes, shipping charges or insurance.

2) Definition:

Modifications - Any change in the description, quantity of line item, delivery date, account or object codes, partial or total cancellation.

Partial Cancellation - When a portion of the order is canceled.

Total Cancellation - When the entire order is canceled.

3) Procedure:

The procedure for accomplishing any change falling within the above categories shall be as follows:

- a) If the change results in a total amount of the purchase order that is within the fiscal officer's authority, the purchase order change shall be accomplished by the fiscal officer.
- b) If the change causes the total amount of the purchase order to exceed the fiscal officer's authority, the purchase order change shall be forwarded by the fiscal officer to a designated departmental fiscal officer with greater purchasing authority or to the OPRPRM, as applicable, for review and execution.
- c) If the change causes the total amount of the

purchase order to exceed the small purchase threshold, and award of the purchase order was based on a competitive Request for Quotations, such change shall not be issued by the fiscal officer but shall be forwarded to the OPRPRM. The OPRPRM may cancel the purchase order and solicit formal bids for the requirement.

- d) If the award of the purchase order was on a sole source basis, and the change causes the

total amount of the purchase order to exceed the fiscal officer's authority, the fiscal officer shall initiate the purchase order change and forward it, together with a copy of the sole source justification (refer to Section A8.250.14, Sole Source Expenditures under \$25,000 for Goods, Services, and Construction), to a designated departmental fiscal officer with greater purchasing authority or to the OPRPRM, as applicable, for review and execution.

- e) The purchase order change form shall 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, the purchase order shall be canceled and another purchase order shall 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) Preparation of Purchase Order Change Form

See **Attachments 250.9 and 250.10** for Instructions for preparation of this form.

d. 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 OPRPRM.

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.

e. Receipt and Acceptance of Supplies or Services

1) 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:

- a) Check all packages and weights against shipper's manifest.
- b) Observe and record the condition of packing or other evidence of rough or faulty handling, with the carrier's representative present, prior to acceptance.
- c) Check all items to ascertain conformance with the supplier's packing slip.
- d) Open all packages immediately after delivery and check to determine that goods received are as ordered.
- e) Record overages, shortages, and damaged and incorrect materials.

- f) If necessary, perform testing of the goods.
- g) If goods are damaged:
 - (1) Do not dispose of shipping containers;
 - (2) Do not move the goods until the carrier's claim representative has made an inspection.
- h) Notify the carrier immediately (by telephone and follow-up in writing) of any shipment problems.
 - (1) 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 OPRPRM immediately. Because of legal implications, the OPRPRM will determine the course of action to be taken. The burden of proving nonconformity rests with the buyer.

- 2) Receiving Report and Certification of Goods, Services, and Construction

The Receiving Report, **Attachment 250.11**, shall be used to:

- a) Acknowledge acceptance of goods, services, and construction. (See **Attachment 250.12** for Instructions for Preparation of Receiving Report)
- b) 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, False certificates or approval; penalty, 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.

3) 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.

4) 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 to the Disbursing Office with an original/certified original invoice via the fiscal officer.

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

5) 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.

6) 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.

f. Vendor Evaluation

(Refer to A8.275.4.1).

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. Small Purchase Contracts

Fiscal officers are authorized to execute small purchase contracts e.g., equipment maintenance and rental agreements, and software license agreements, 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 contact. 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 OPRPRM for review. Fiscal officers are not legally able to agree to indemnify or defend contractors and/or third parties. Upon completion of review by the OPRPRM, the contracts will be returned to the fiscal officer for execution.

Section A8.250a Small Purchases (Implementation of the
SuperQUOTE Request for Quotation System)

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