

 <p>HAWAII HEALTH SYSTEMS CORPORATION <i>"Touching Lives Everyday"</i></p> <p>Policies and Procedures</p>	<p>Department: Corporate Finance</p>	<p>Policy No.: PUR 0001</p>
	<p>Issued by: Kelley Roberson COO & CFO</p>	<p>Revision No.: 2</p> <p>Effective Date: 04/17/2008</p>
<p>Subject: <i>Designation of Procurement Responsibilities to the Facilities</i></p>	<p>Approved by: HHSC Board of Directors</p> <p>By: Raymond Ono Its: Secretary/Treasurer</p>	<p>Supersedes Policy: November 2006</p> <p>Page: 1 of 4</p>

- I. **PURPOSE:** The Hawaii Health Systems Corporation (HHSC) Chief Executive Officer (CEO) is responsible for promoting economy, efficiency, and effectiveness in the procurement of goods, services, and the construction of public works by simplifying, clarifying, and modernizing procurement, centralizing procurement, streamlining a contracts management system, and creating an efficient materials management information system. In addition, compliance with applicable State and federal laws requires adherence to clear policies and procedures in the procurement of goods, services, and construction. The purpose of this policy is to designate the personnel within HHSC with contract signing authority and guidelines for delegation and exercise of that authority.
- II. **POLICY:** The HHSC President/CEO has been appointed by the Board and assumes responsibility for all procurement activities within the corporate office. In addition, the President/CEO has been designated the Chief Procurement Officer (CPO) by the legislature. In these capacities, he is authorized to designate (delegate) certain responsibilities to individual personnel. The corporate office will follow the procurement code, chapter 103D, HRS, as required by law.

The Regional System Boards are responsible and accountable for the procurement function at each facility within the respective region. The regional boards shall establish procurement policies consistent with sound government purchasing practice, but are not required to follow the procurement code to the letter. Regional procurement policies establishing sound government purchasing practices shall recognize that purchases must be accomplished thru fair, competitive methods, where feasible, in order to avoid fraud, favoritism, corruption, and waste. This goal shall be balanced with an efficient process designed to procure quality materials and workmanship for the most reasonable cost.

It is the policy of HHSC that final decisions relating to contract actions shall rest with the Executive Management Team, Hospital Administrators, and their selected delegates. This policy defines the authority and responsibility for making contract decisions within the corporate office and also sets forth guidance for the Regional Boards in exercising procurement authority within the regions, as provided by law.

III. CORPORATE OFFICE PROCEDURE:

A. Definitions:

“board or board of directors” – the HHSC corporate board;

“corporate office contracts” – a contract that is primarily for the benefit of the corporate office, initiated by a corporate official, or executed by a corporate official;

“system contract” – a contract that is intended for use by more than one region and executed by a corporate official.

“multi-regional contract” - a contract that will include the provision of goods or services to more than one region that is initiated by a region (purchase request initiated and approved at the hospital or regional level) and executed by one or more regional officials but not an HHSC corporate official.

“regional contract” – a contract that services one or more facilities or clinics within one region.

B. CEO and COO Authority: The Pres/CEO and HHSC COO/CFO have authority to enter into corporate office and system contracts in any amount for any lawful expenditure up to \$5 million without further Board approval. The Pres/CEO and HHSC COO/CFO may approve nonexclusive physician contracts up to \$5,000,000, with an after-the-fact advisement to the Board of Directors for contracts over \$500,000. The Pres/CEO and HHSC COO/CFO may execute contracts of all amounts after Board approval.

C. Delegation:

1. The HHSC Pres/CEO may delegate contract signing authority to corporate staff, such as, the vice presidents. The Pres/CEO may also delegate contracting authority to the regional CEOs until such time as the Regional Boards assume control of the contracting function for multi-regional and regional contracts.
2. Each Regional Board shall adopt policies specifying the delegation of regional and multi-regional contracting authority within the region to include, at a minimum, the dollar thresholds and other criteria for execution of contracts by the Regional CEO and rules relating to delegation of contracting authority.
3. The delegations shall be documented in PUR Form 021, attached, and shall specify the following information:
 - Name and title
 - Facility
 - Categories of procurement (goods, services, and/or construction)
 - Dollar level of procurement (e.g., under \$4,000; under \$25,000; \$100,000 or less; up to \$500,000, etc.)
 - Method of source selection (competitive sealed bid, competitive sealed proposal, professional services, emergency procurement, noncompetitive purchases, etc.)
4. Computer hardware and software: Procurement of computers and computer software exceeding \$10,000 requires prior approval of the HHSC Chief Information Officer (CIO). Procurements up to \$10,000 will be reviewed and

approved by the Regional Information System representative. All procurement requests for I/T related items over \$10,000 shall be processed thru the VP-CIO office for approval.

D. Guidelines for Regional System Board Procurement Practices:

1. Regional Boards shall not exercise authority to enter into any form of contract or delegate such authority until procurement policies consistent with the goal of public accountability and public procurement practices have been adopted and disseminated to staff involved in purchasing.
2. Procedures adopted by the Regional Boards relating to procurement shall be sent to the HHSC Board of Directors once adopted.
3. Procedures adopted by the Regional Boards shall include, at a minimum, the following:
 - a. Fair and reasonable formal competition for purchases over \$100,000;
 - b. Quotes shall be obtained for purchases over \$10,000 and under \$100,000; Best value purchases below \$10,000, with quotes obtained where feasible.
 - c. An exception policy which allows a high level official to waive the competition and quote requirements under limited, specified circumstances, such as, emergencies, and includes a written determination that it is not in the best interests of the hospital or not feasible to obtain competition. A report of all exceptions exercised shall be compiled by each region and sent to the HHSC Board semi-annually;
 - d. Documentation of the procurement process and support for the decisions;
 - e. Use of standardized contracts and general conditions when available and feasible, consistent with applicable laws and sound business practices;
 - f. Ethics and conflict of interest policies;
 - g. An informal protest process for aggrieved vendors;
 - h. Guidelines for active participation in system-wide cost savings measures, such as, the Group Purchasing Organization Contract, where feasible;
 - i. Review and approval of contracts by legal counsel in accordance with HHSC corporate policies;
 - j. Consistency in the policies among the regions to the extent feasible, taking into consideration the types of facilities and services provided within the facilities;
 - k. Safeguards to foster compliance with laws, regulations, and HHSC policies;
 - l. Material and inventory policies consistent with applicable hospital accounting standards;
 - m. Contract record disclosure policy consistent with the law;
 - n. Clear designation of roles and responsibilities, such as, technical representatives, contract managers, and others involved in the contracting process.

IV. APPLICABILITY: All HHSC facilities and CEO staff.

V. REFERENCES: HRS 323F; Chapter 103D, HRS. Reference to Chapter 103D does not intend to waive any applicable exemption.

Hawaii Health Systems Corporation

Designation of Facility Procurement Officer

The individual indicated below is designated as a Hawaii Health Systems Corporation (HHSC) Facility Procurement Officer. The designee may make procurement decisions, including signing of contracts and Procurement Requests within the level of authority granted. The designee will perform his/her duties in accordance with the following laws and guidelines:

- HHSC Policies and Procedures; Resolutions of the HHSC Board and Regional Board
- Governor's Budget Execution Policies, Fiscal Year as Applicable
- HRS 323F; HRS 103D, and implementing regulations (where applicable)

Hospital: _____

Name of Designee: _____

Categories of Procurement: _____
(goods, services, and/or construction)

Dollar Level of Procurement: \$ _____ up to \$ _____
(under \$4,000; up to \$25,000; up to \$50,000, \$100,000 or less; up to \$200,000, up to \$500,000 etc.)

Methods of Source Selection: _____
(competitive sealed bid, competitive sealed proposal, professional service procurement, small purchases, emergency procurement, or discretionary purchases)

Limitations on any of the above/special conditions: _____

Accepted by Designee: (signed, dated) _____

Regional CFO: (date, print name and sign) _____

Regional CEO: (date, print name and sign) _____

Facility Administrator: (if applicable, date, print name, sign) _____

Send completed copy to Regional Contract Managers.

PUR Form 021 07/07