HAWAII HEALTH SYSTEMS CORPORATION "Touching Lives Everyday"	Department: Corporate Finance	Policy No.: **PUR 0017**
		Revision No.: 1
Policies and Procedures	Issued by: Kelley Roberson COO & CFO	Effective Date: October 1, 2007
Subject: ***Corporate and System-Wide Contracts: Exempt Procurement***	Approved by: Thomas M. Driskill, Jr. President & CEO	Supersedes Policy: November 1, 2006
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I. PURPOSE: This policy provides for the procurement of goods, services or construction outside normal competitive purchasing procedures where Chapter 103D HRS is applicable. This policy allows HHSC to waive, in part or in whole, the competitive procurement process and request an exemption provided it can be adequately demonstrated that the procurement does not admit of competition.

II. POLICY: In some cases, procurement by competitive means would be either not practicable or advantageous to the HHSC; therefore, a request to procure the goods or services by exemption may be made to the Chief Procurement Officer for approval. While competition is encouraged, it is HHSC's policy to utilize the flexibilities granted to the Chief Procurement Office (CPO) in the procurement code in appropriate cases.

III. PROCEDURE:

A. Pre-approved Exemptions by the State Procurement Policy Board

1. The State Procurement Policy Board has adopted administrative rules, including a list of approved procurements that have been deemed exempt from the procurement code. See Hawaii Administrative Rule 3-120-4, Exhibit A. Where exemption from competition is desired, the procurement professional handling the purchase should review this list first to determine if the goods or services are listed in Exhibit A. If the goods and or services are listed, note the exemption in the purchase order or contract.

2. The CPO may request periodic reports from the purchasing departments and contract managers regarding the use of the administrative rule on exemptions.

3. These exempted purchases shall be posted on the State's Procurement Reporting System.

4. The CPO may on an annual basis request additional exemptions be added to the rules by submitting the request to the Procurement Policy Board.

B. Requests for Exemption from the CPO. CPO granted exemptions require completion of the "HHSC Notice of and Request for Exemption from Chapter 103D, HRS" PUR 007, attached.

1. Even if the procurement is not pre-approved for exemption by the Procurement Policy Board, the CPO may approve an exemption upon a determination that it is not practicable or advantageous to HHSC or the State to require compliance with the provisions of the procurement code in making the purchase.

2. The purchasing department or contract management employee handling the purchase shall work with the requester to complete HHSC PUR Form 007, "HHSC Notice of and Request for Exemption," stating the reasons it is not practicable or advantageous to HHSC or the State to require compliance with the procurement code. The PUR Form 007 should be completed and processed with or soon after the processing of the Purchase Request Form. The requester should note that an exemption is requested on the Purchase Request Form.

3. The PUR Form 007shall be signed by a department head or higher-level management.

4. The completed PUR Form 007 shall be forwarded to the Corporate Contract Management Office Procurement specialist. If a rush review of a request is needed, complete and submit a separate memorandum explaining and justifying the reason for the rush review. The PUR Form 007 form shall include the following:
   a. Submit the "requestor" name
   b. Provide description of goods, services, or construction
   c. Provide the name of Vendor, address:
   d. Estimated Price
   e. Term of Contract (Effective date can be: "upon approval of exemption and execution of contract".)
   f. Prior Exemption Ref. No.
   g. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the HHSC or the State
   h. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable
   i. A description of the agency's internal controls and approval requirements for the exempted procurement
   j. Provide the name and position of individuals involved in the approval process. These should be the same names as listed on the Purchase Request.
   k. "Direct inquiries to" field should list the Contract Manager's contact information
   l. Check yes or no if this exemption should be considered for list of exemptions attached to Chapter 3-120, HAR
   m. Departmental Head signature and date

5. After the Contract Management Office reviews it and has received all the required information, the Procurement Specialist will post the request on the HHSC website for public review at http://www.hhsc.org/Procurement/default.cfm. The requester and procurement staff will be notified that the exemption has been

posted. If there is no objection to the pending exemption, the PUR Form 007 will be given to the CPO for consideration and approval after 7 days.

6. Any objections to the request for exempted procurement must be submitted in writing and forwarded to the CPO within seven days from the date the notice was posted on the HHSC website in order to be considered.

7. The CPO shall consider the circumstances of each individual case and may approve the exemption with or without conditions.

8. The CPO shall return the approved/disapproved exemption request back to the Contract Management Office, where it will be disseminated to the requester and procurement employee for the contract file. The procurement employee shall proceed with the completion of the purchase and shall post the contract award on the State Procurement Reporting System.

9. Contracts entered into pursuant to an exemption are restricted to the terms stated in the exemption, unless amended. Therefore, if the exemption requests an exemption for a period of one year, the contract may not exceed one year.

C. Amendments to Exemptions.

1. Amendments to exempt contracts that may change the original scope of the contract, change the dollar amount or extend the time period of the contract can only be made with the prior approval of the CPO.

2. To amend a contract exempted from Chapter 103D, HRS, the "requestor" shall complete and submit a "Notice of Amendment to Exemption From Chapter 103D, HRS, Contract" (HHSC PUR Form 006) along with the Purchase Request to the Contract Management Department. The PUR Form 006 form shall include the following:

   a. Submit the "requestors" name
   b. Provide the Contractor's name
   c. Include the Exemption Reference number
   d. Provide description of goods, services, or construction
   e. Include the scope of work for the contract is revised
   f. Original contract price
   g. Amended Contract Price
   h. Provide the reason the amendment is necessary
   i. Direct inquiries should list the Contract Manager's contact information
   j. Departmental Head signature and date

3. Once satisfied with the information provided, the Contract Management Office will post the completed request for amendment of the exempted contract on the HHSC web site under Awarded Procurements at http://www.hhsc.org/Procurement/default.cfm for seven days in order to allow interested parties to object.

4. Any objections to the request for amended exempted procurement must be submitted in writing and forwarded to the CPO within seven (7) days from the date the notice was posted in order to be considered.

5. After seven (7) days, the CPO shall consider any objections and the circumstances of each individual case and may approve the request to amend the exemption.

6. The CPO shall forward a copy of each approved or disapproved PUR Form 006 to the Contract Management Procurement Specialist, who shall forward the signed forms to the procurement staff and requester.

D. Posting: The procurement professional handling the exemption shall ensure that the exempted contracts are posted on the State Procurement Reporting System in a timely manner.

IV. APPLICABILITY: All contracts governed by Chapter 103D, HRS, where an exemption from 103D is desired.

V. REFERENCES: 103D-102, HRS, and HAR §3-120-5, and its Exhibit A, "Procurements Exempt From Chapter 103D, HRS". Reference to Chapter 103D and its implementing regulations does not intend to waive any applicable exemption.

HAWAII HEALTH SYSTEMS CORPORATION
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103D, HRS

1. TO: Chief Procurement Officer

2. FROM:

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:	
4. Name of Vendor: Address:	5. Price: $
6. Term of Contract: From: To:	7. Prior Exemption Ref. No.
8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:	
9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:	

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

11. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:

Name	Position	Involvement in Process
		☐ Approval ☐ Administration
		☐ Approval ☐ Administration
		☐ Approval ☐ Administration
		☐ Approval ☐ Administration
		☐ Approval ☐ Administration
		☐ Approval ☐ Administration

12. Direct inquiries to:
Department:
Contact Name:
Phone Number:
Fax Number:

13. This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: YES ☐ NO ☐

Agency shall ensure adherence to applicable administrative and statutory requirements

14. ***I certify that the information provided above is, to the best of my knowledge, true and correct.***

_____ _____
Department Head Date

Reserved for CPO/Delegee Use Only

15 .Date Notice Posted_____

The Head of the Purchasing Agency is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
HHSC
3675 Kilauea Ave.
Honolulu, Hawaii 96816

Chief Procurement Officer's comments:

16. ☐ **APPROVED** ☐ **DISAPPROVED**

_____
Chief Procurement Officer Date

HAWAII HEALTH SYSTEMS CORPORATION
NOTICE OF AMENDMENT TO EXEMPTION FROM CHAPTER 103D, HRS, CONTRACT

1. TO: Chief Procurement Officer

2.FROM:
Department/Division/Agency

3. Name of Contractor: 4. P.E. Reference No.

5. Description of goods, services, or construction:

6. Scope of work for the contract is revised as follows:

Original Contract Price: $ Amended Contract Price: $

7. Reason: This/These amendment(s) are necessary because:

8. Direct questions to: _____ Phone: _____

Agency shall ensure adherence to applicable administrative and statutory requirements.

9. ***Pursuant to § 103D-102, HRS, and § 3-120-5, HAR, I certify that the information provided above is, to the best of my knowledge, true and correct***

_____ _____
Department Head Date

Reserved for CPO/Delegee Use Only

Date Posted: _____

11. Submit written objections to this notice of intent to amend a procurement exemption contract within seven calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer
HHSC
3675 Kilauea Ave.
Honolulu, HI 96816

12. Chief Procurement Officer's Comments:

☐ APPROVED ☐ DISAPPROVED _____
Chief Procurement Officer Date