

# State Procurement Office



**Executive Overview**  
January 2013

This document is provided as a brief overview of the procurement environment within the State of Hawaii, the mission, activities and programs administered and managed by the State Procurement Office.

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# Mission

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The State Procurement Office (SPO) mission is to promote efficiency, effectiveness, and impartiality in procurement for State and county governments through development, implementation and maintenance of policies and procedures that provide for broad-based competition, accessibility to government contracts, fiscal integrity and responsibility in the procurement process; and to promote efficiency, effectiveness and stewardship in inventory management and surplus property management in an open, fair and transparent process.

## Guiding Strategies

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Leverage evolving technologies to continuously improve transparency of operations, procurement processes and outcomes, inventory management, surplus property management and training. For example, procurement awards and notices are posted and openly visible on SPO's website. The Hawaii Electronic Procurement System (HePS) is currently used for small purchases and available for invitation for bids and request for proposals. Use of webinars has been infused for procurement training.

Expand and enrich the corporate knowledge of procurement practitioners. In FY 2012 the number of state and county government attendees at SPO procurement workshops totaled 8,926; the number of vendors, contractors and service providers totaled 194.

Advocate the importance of procurement, inventory management, and surplus property management as value and revenue centers. For example, in FY 2012, an estimated savings from HePS awards totaled \$12 million, the value of property transferred between agencies for reutilization totaled \$11 million, and the value of surplus property distributed to eligible customers totaled \$13.8 million.

Partner with other organizations to seize synergistic opportunities to benefit the State. For example, partnership with the National Association of State Procurement Officials (NASPO) extends cooperative and strategic procurement sourcing to each of the 50 states, thereby leveraging benefits of volume purchasing and reduction in administrative time and expenses. Moreover, partnership with the other State agencies and the Federal Government has expanded the scope of training workshops provided to government employees.

## Background and Information

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Public purchasing is complex. Procurement personnel are positioned in a rapidly changing environment of emerging technologies, diversity of products and solutions, environmental issues on green buying to recycled products, and the need for quality products and services, best value rather than low price.

Other issues that confront procurement personnel are fairness and transparency, while maximizing competition, and balancing budgets, while meeting the need for flexibility and responsiveness.

The National Institute of Governmental Purchasing (NIGP) defines ‘public purchasing’ as the process of economically obtaining supplies and services for public purpose and use. However, procurement encompasses the complete cycle from buying, to accountability of assets, to disposal of property. State procurement functions face a momentous change from a concentration on purchasing, which is only one aspect of procurement, to a management role embracing the entire procurement process from the initial identification of need through termination of the contract. The emphasis is shifting rapidly from just a “buy transaction” to supply chain management, which includes disciplines such as supplier development and global sourcing.

Today’s customer environment is, for the most part, reaction-based. Agencies react to problems, react to having or not having budgeted funds to a good or service and react to public pressures. This scenario creates an environment whereby the procurement staff, too, can only react. Agencies need to forecast and plan for their needs in advance to enable the procurement staff to work closely with the private sector to develop and deliver solutions.

The Hawaii Public Procurement Code, HRS chapter 103D (Code) and Purchases of Health and Human Services, HRS chapter 103F (HHS) are the single sources of public procurement policy to be applied equally and uniformly. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. The Code and HHS promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

## Organization

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The SPO plans, organizes, directs, and coordinates the various procurement activities within its authority under HRS chapters 103D and 103F. The program develops rules, policies and procedures to implement the procurement law for all state governmental bodies, including the several counties; provides coordination, review, analysis, implementation, and oversight services for various procurement projects; serves as technical resource, provides training and technical assistance to ensure compliance with procurement laws.

The SPO is organized into six sections: Purchasing Services, Policy and Compliance Services, Electronic Procurement and Specialized Services, Inventory Management Services, Surplus Property Services, and Health and Human Services.

A critical extension of the office is the Procurement Officers with delegated authority from the Administrator of the SPO in his capacity as the Chief Procurement Officer (CPO) of the Executive Branch. These Procurement Officers are normally the Department Heads and the Deputy Directors.

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# Purchasing Services

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**Price List Contracts & Vendor List Contracts.** The SPO procures and manages approximately 45 price/vendor list contracts at any given time, totaling an annual estimated \$60 million of expenditure, on behalf of Executive branch agencies, and any of the other twenty chief procurement officer (CPO) jurisdictions, including the Judiciary and the Legislative branches and the counties that commit to participate in the contracts issued by the SPO.

Participating jurisdictions and agencies benefit by obtaining price discounts and other leveraged concessions through volume purchases. In addition there are the efficiency savings - the administrative, procurement and contract management realized by each agency or jurisdiction, rather than having to solicit individual contracts, resulting in multiple contracts for the same commodity or service. Instead these processes are managed by the SPO, and all participating jurisdictions and agencies are the beneficiaries of cooperative purchasing.

A price list contract is issued for a specified time period for commonly used goods or services, sets contractual pricing and terms, competitively solicited, unless available from a single source or from a governmental institution such as the Hawaii Correctional Industries.

## Examples of Current Price List Contracts

- **Office Supplies** - includes general office supplies (pens, binders, file folders, notebooks, adhesive pads, tape, clips, etc.), printer cartridges (OEM and Remanufactured), recycled office paper, and calendars.
- **Gasoline/Diesel Fueling & Credit Card Services** - purchase of 87 & 92 grade unleaded gasoline and ultra-low sulfur diesel on Oahu, Maui, the Big Island, and Kauai. Fleet cards are provided for agencies to use when purchasing fuel.
- **Bulk Gas** - purchase of 87 & 92 grade unleaded gasoline and ultra-low sulfur diesel for agencies that have above and below ground gas tanks.
- **Car Rental Services** - fixed-rate, statewide car rental program for various car sizes (i.e. compact, mini-vans) including taxes and fees, one tank of gasoline, and unlimited mileage.
- **Telephone Services and Equipment** - includes features such as 5-digit dialing and toll-free dialing Statewide (excluding Molokai and Lanai).
- **Long Distance Telephone Services** - include interstate, international and interisland direct distance dialing and inbound toll free, director assistance, and operator assisted toll calling services.
- **Disposable Polyethylene Bags** - trash bags in various sizes and gauges.
- **Newspaper Publication** - service for advertisement of public notices.
- **Armored Car Services** - provides armored car services (pick up and drop off) for agencies that collect cash, checks, etc., as part of their daily duties/responsibilities.
- **State of Hawaii Letterhead, Envelopes, and Business Cards** - professional stationary which includes the standard state logo.
- **Standard Padded Forms** - various padded FAMIS, Accounting, Personnel, and Miscellaneous Forms used by State agencies available from Hawaii Correctional Industries.
- **Various State Forms and Non-Printed Carbonless Paper** - standard multi-part snap-out and continuous accounting and personnel forms and carbonless paper.

### Examples of Current Price List Contracts (*continued*)

- **State of Hawaii Inventory Decals** - barcoded decals with human readable numbers to identify and record State property.
- **Coarse Paper Products** - toilet tissue, paper towels, sanitary disposal bags and toilet seat covers for use in restrooms and break rooms of public buildings and facilities.
- **Crystallite Window Envelopes** - customized window envelopes with imprinting used for mailing State-issued checks.

A vendor list contract is issued for a specified time period and lists qualified vendors, competitively solicited, to provide commonly used goods or services, usually at discount rates from a vendor's established catalog or product lists. The SPO strives to provide purchasing agencies with contracts that appropriately allow selection from a range of goods or services provided by qualified vendors.

### Examples of Current Vendor List Contracts

- **Internet Portal Manager and Services Provider** - self-supporting and cost-effective Internet Portal provides enhanced access to public information and services. Current applications include: Hawaii Compliance Express, Hawaii Business Express, DCCA Annual Filing, Insurance License Renewal, Certificate of Good Standing, PVL License Renewals, Wedding Permits, Criminal History Background Check, State Parks Online Reservation, Hawaii State ID, Teacher License Renewals, Land Title Records Ordering System, Vessel Registration, Commercial Marine Licensing System, Online Hunting Licenses, Controlled Substances Registration Renewal, Hawaii Property Tax Payment, Hawaii Motor Vehicle Renewals, Hawaii Unemployment Insurance, Hawaii Water Bill Payments, Maui Motor Vehicle Renewals, Kauai Motor Vehicle Renewals, Kauai Real Property Tax Payment, Kauai Sewer Payment.
- **Telecomm Services** - includes Broadband Ethernet, DSL, Frame Relay, Point-to-Point, ISP, and Managed Network Services.
- **Energy Savings Performance Contracting** - enables facility owners to accomplish energy efficiency and energy conservation goals by primarily paying for energy conservation measures through the facility owner's annual energy savings cash flow model.
- **Products and Services Furnished by Qualified Community Rehabilitation Programs** (Partners in Employment Program) - a partnership between State government and Community Rehabilitation Programs (CRPs) to provide employment for persons with disabilities. The program encompasses a wide range of goods and services provided by qualified CRPs, and authorizes state agencies to contract directly with the CRPs without advertising or calling for offers as required by HRS §103D-1010 on purchases from qualified community rehabilitation programs. A PEP listing is managed and administered by the SPO, and made available to agencies at <http://spo3.hawaii.gov/pvl/price-vendor-lists>; type "02-45" in the Search bar.

**National Association of State Procurement Officials (NASPO)** is a non-profit association dedicated to strengthening the procurement community through education, research, and communication. It is made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States. NASPO, of which Hawaii is a member, is an organization through which the member purchasing officials provide leadership in professional public procurement, improve the quality of procurement, exchange information and cooperate to attain greater efficiency, economy, and customer satisfaction. More information on this organization is

available at [www.naspo.org](http://www.naspo.org). Multiple price and vendor list contracts are available at <http://spo3.hawaii.gov/pvl/price-vendor-lists>; type “NASPO” in the Search bar.

#### Examples of Current NASPO Contracts

- **Laboratory Equipment and Supplies** - full line catalog of laboratory equipment and supplies at discounted rates, excluding items in excess of \$75,000 and items which are not specifically designed or intended for laboratory use.
- **Inmate Kiosks** - allows offenders in designated correctional facilities access to automated services such as e-messaging, inmate banking services, inmate grievances, video visitation, and music purchasing/downloads, with little or no assistance of staff.
- **Legal Subscription Services** - online legal research databases which include case law, court rules, jury documents, regulatory codes and registers, federal judicial material, and public records.
- **HIV, Saliva Alcohol, & Hepatitis C Testing Kits** - products include tests to detect antibodies to HIV virus, HCV virus, and oral fluid testing solutions for drugs of abuse testing.
- **Automated External Defibrillators** - AED equipment, advanced life support devices, disposable products, training, and related services.

**Western States Contracting Alliance (WSCA)** is the western division of NASPO. It is a multi-state cooperative contracting consortium comprised of 15 western states, of which Hawaii is a participating member. The purpose of WSCA is to achieve cost effective and efficient acquisition of quality products and services by combining the purchasing power of the member states including county and municipal governments through cooperative purchasing. More information on this organization is available at [www.aboutwsca.org](http://www.aboutwsca.org). Multiple price and vendor list contracts are available for agencies use at <http://spo3.hawaii.gov/pvl/price-vendor-lists>; type “WSCA” in the Search bar.

#### Examples of Current WSCA Contracts

- **Multifunction Copiers and Related Software** - agencies have the opportunity to purchase, rent, or lease five different types of multi-function copiers with related software: black and white, hybrid (black and white and color), high speed black and white, high speed hybrid, and wide format.
- **Mailing Equipment Supplies and Maintenance** - includes but is not limited to postage meter rental, mailing systems, postal scales, letter openers, letter folders/inserters, labelers, tabbers, extractors, and software license and subscription.
- **Body Armor** - various types such as ballistic, concealable, tactical, ballistic/stab resistant. The following options may be added: additional trauma or hard armor plate protection that is permanently secured to the body armor carrier on both sides and bottom of the body. Each body armor is manufactured to fit a specific individual and conducted by a manufacturer-designated distributor.
- **Software Value Added Reseller (VAR)** - a one stop shop for computer software. Current contract offers sixty (60) different software for purchase.
- **Data Communication Products and Services** - include routers, switches, lan/wan wireless, CSU, DSU, and onsite support services such as installation, software maintenance, hardware repair, on site telephone support and training.
- **Computer Equipment and Peripherals** - servers and storage, desktops, printers, including peripherals such as scanners, monitors, keyboards, and projectors. There are 19 vendors participating.

## Examples of Current WSCA Contracts (*continued*)

- **Facilities Maintenance Repair and Operations (MRO)** - industrial parts and supplies such as air filters, lamps, ballasts, motors and accessories, electrical equipment, fasteners, batteries, flashlights, outdoor garden supplies and equipment, paint and accessories, plumbing, pneumatic tools, power tools, safety equipment, hand tools, welding and soldering, heating, ventilation, air conditioning/refrigeration.
- **Wireless Communication Equipment and Services** (i.e. cellular phones) - includes wireless voice and broadband services, accessories and devices at discounted rates.
- **Satellite Phones, Equipment and Services** - provides wireless satellite phone equipment to include categories such as phones, fax, cases & holsters, chargers, batteries, specialty products, antennas, custom cable, data, SIM card, user guide, LBT, VAD, handset, headset, aviation, ram mounts, and Iridium Satellite Service.
- **Public Safety Communication Equipment** - includes radios, communication towers, microwave antennas, test equipment, and support services.
- **Auto Parts** - NAPA automotive parts for government vehicles. The State may buy NAPA auto parts from independent owners based in Hawaii at WSCA pricing.
- **Small Package Delivery Service** - FedEx provides service and pricing delivering individual packages up to 150 pounds and bulk shipping up to 99,999 pounds. FedEx offers shipping services from Hawaii to the continuous United States and reverse, shipping between the islands, and within the island of Oahu. FedEx offers Priority Overnight, Standard Overnight and 2 Day Service.
- **Tires, Tubes, and Services** - name brand automotive vehicle tires, tubes, and services such as tire installation/change, flat repair, rotation, new valve, wheel balance, and alignment services.
- **Electronic Monitoring Equipment and GPS Services** - continuous signaling electronic and alcohol monitoring services, random/scheduled tracking services, satellite monitoring with remote tracking services and support services.
- **Police Radar, Lidar, Parts & Equipment** - stationary, automated, down-the-road radar speed-measuring devices and Lidar speed-measuring devices and systems used by law enforcement agencies.
- **Electronic Payment Acceptance Services** - EPAY accessories and equipment which may include credit and debit card processing, E-check processing, electronic check conversion/remote deposit processing, and State electronic fund transfer/general electronic payment processing services.
- **Telephone Based Interpreter Services** - 365 days a year/7 days a week/24 hours a day telephone based interpreter services in 85 languages/dialects provided on an 'as needed' basis for limited English proficiency clients.
- **Breast Pumps and Related Accessories** - electric and manual breast pumps, kits, adapters and battery packs.
- **Digital Print and Copy Services** - includes standard black/white copies, color copies, oversize copies, binding, file copying, transparencies, and tabs.
- **Wireless Management and Contract Compliance Services** - includes contract compliance/cost recovery (invoice audits) services to ensure carriers are charging proper contract rates and fees and wireless management services to include monthly monitoring of invoices to prevent overages, identifying zero usage lines and recommending plans based on usage.

**Hawaii Products Program.** HRS section 103D-1002 provides a preference to promote the use of Hawaii products by governmental purchasing agencies. ACT 186, SLH 1994, enacted the Hawaii Products preference, to promote the use of products mined, excavated, produced, manufactured, raised, or

grown in Hawaii that have over fifty percent Hawaii input counted towards the total cost of the product. Hawaii Products consist of two classes: Class I, a 10% preference and Class II, a 15% preference when the Hawaii input is for any agricultural, aquacultural (aqua-farming), horticultural, silvicultural (forestry), floricultural (flower farming), or livestock product is raised, grown or harvested in the State.

The Hawaii Products List is currently grouped by Construction Products and Soil Amendments/Products; Food Products; Gas Products; and Plastic and Foam Products. SPO provides and performs as technical expert and resource to manage the review, analysis, recommendation for the Hawaii Products program, including forms and documents, responses to applications, conduct workshops and training. The current listing of Hawaii products and information are available for viewing at <http://hawaii.gov/spo/goods-services-construction/preferences-103d-pt-x/hi-products/hawaii-product-preferences>.

**Vendor Guide** offers the business community many opportunities to sell their goods, services, and construction to government agencies. This web based guide (<http://hawaii.gov/spo/doing-business-with-the-state>) offers a brief overview of the structure of procurement in the state of Hawaii, and provides links to various websites and other sources of procurement information that will help vendors provide goods, services, and construction to the State of Hawaii. In addition, the SPO conducts special training and informational sessions for Vendors, Contractors, and Service Providers on “Doing Business with the State and Participate in SPO programs” via a webinar or in a class room setting once in every calendar quarter.

In 1993, the Hawaii legislature took steps to ensure that vendors all work from a single source of procurement laws and rules. The SPO strongly opposes legislation that authorizes agencies an exemption from the procurement code. HRS chapter 103D promotes the policy of fair and equitable treatment of all persons who deal with the procurement system. It fosters effective broad-based competition and increases confidence in public procurement. Public procurement’s primary objective is to provide everyone equal opportunity to compete for government contracts and to prevent favoritism, collusion or fraud in awarding of contracts.

## Policy and Compliance Services

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**Legislation and Rule Making.** The Hawaii Public Procurement Code, HRS chapter 103D, is the source of public procurement policy to be applied to the procurement of goods, services, and construction. All State and County personnel involved in procurement activities (soliciting quotations, preparing specifications, evaluating bids or proposals, etc.) must be familiar with the procurement code and its administrative rules. Each legislative session presents the opportunity for the revision and enhancement of the procurement code. The SPO actively participates in the legislative process by preparing legislation and advising on revisions to the procurement code. As bills become enacted and signed into law, the SPO develops Procurement Directives or Circulars for issuance of rules, policies or procedures. SPO performs all required activities necessary for the formal promulgation and adoption of rules.

In an effort to further ensure State and County procurement personnel adhere to the code, the SPO conducts statewide training on the procurement statutes, rules, policies and procedures to all

procurement personnel statewide, including other jurisdictions and reviews and recommends revisions, performs comparative analyses of procurement practices in other jurisdictions.

**Procurement Manual.** The SPO maintains a web-based procurement manual for purchasing agencies available at <http://hawaii.gov/spo/state-county-personnel-manual>. It is continuously updated with new information to provide State and County personnel with a central resource for fine-tuned processes and procedures. Having a procurement manual improves the overall training process and helps maintain consistency and accuracy, prevents problems before they arise, and alleviate staff transitions.

**Statewide Procurement Training** is a vital tool to ensuring purchasing agencies utilize proper procurement practices and maintain required procurement files and records. With applicable procurement training, personnel gain knowledge and understanding of the procurement process, its application, and the importance of keeping complete procurement/contract files with proper documentation.

FY 2011 was the year for transitioning workshops from face-to-face sessions to webinars. Webinars are interactive web-based seminars conducted through the internet. The presenter has the ability to conduct polls, and attendees can ask questions and be answered by the presenter in real-time. For the first six-months of FY 2011, 33% of workshops were conducted as webinars. By fiscal year end, 70% of the workshops and by the end of FY 2012, 95% of all workshops were conducted as webinars. For the period April to June 2011, neighbor island webinar attendance numbered approximately 566. Considering the rising cost of airfares and travel expenses, more neighbor island personnel were able to be trained, and the state's cost savings for the three-month period is estimated at \$75,000.

#### Advantages of Webinar training over Face-to-Face training

- Cost effectiveness; savings in time and travel expenses for both the presenter and attendees
- Broad-based participation; with internet connection, state and county procurement personnel from all islands can participate
- Accommodates up to 1,000 attendees per session

In its continuous effort to provide training to public employees involved with HRS chapters 103D and 103F procurements, the SPO held 133 procurement related workshops in FY 2012. Trainings included regularly scheduled workshops, informational sessions for state/county employees, and open-forum meetings for procurement personnel.

Statewide procurement personnel workshop attendance totaled 8,926 in FY 2012. Attendees included first timers as well as those attending as a refresher. Participating jurisdictions included the Executive Branch, Department of Education, Judiciary, Legislative Branch, Office of the Governor, Office of the Lieutenant Governor, Office of Hawaiian Affairs, the City and County of Honolulu, and the Counties of Maui, Hawaii and Kauai.

Training has resulted in systemic improvement, more knowledgeable procurement personnel, and increased organizational and individual efficiency.

The following procurement training workshops are offered by the SPO:

Training Workshops  
HRS 103D - Goods, Services, and Construction

- #100 - Competitive Sealed Bidding Method of Procurement
- #105 - Competitive Sealed Proposals Method of Procurement
- #110 - Emergency and Sole Source Methods of Procurement
- #115 - Professional Services Method of Procurement
- #120 - Small Purchase Method of Procurement
- #122 - Basics of Writing Specifications/Scope of Work (*provides general tips to writing thorough, clear/concise specifications/scope of work that apply to all methods of procurement*)
- #125 - Exemptions from HRS chapter 103D (*covers what is an 'exemption from HRS Chapter 103D'; the listings of exempt procurements; essential requirements and forms to document an exempt procurement*)
- #126 - Procurement Code of Ethics & Compliance (*topics include procurement code of ethics, parceling, procurement violations, application of civil and criminal penalties for procurement violations, and assessment of administrative fines for employees and vendors*)
- #127 - Understanding, Detecting and Preventing Anti-Trust Violations (*conducted by Dept. of the Attorney General, Federal Dept. of Justice*)
- #130 - Construction Procurements (*conducted by Dept. of Accounting and General Services, Public Works Division*)
- #135 - Contract Administration (*overview of the necessary components in efficient and effective contract administration*)
- #136 - Contract Processing Requirements (*conducted by Dept. of Accounting and General Services, Accounting Division*)
- #137 - Preparing Department Financial Statements in accordance with Hawaii State Statutes (*conducted by Dept. of Accounting and General Services, Accounting Division*)
- #140 - Overview of SPO Website & Posting Procurement Awards, Notices and Solicitations (PANS)
- #141 - Reporting/Posting Awards (*covers information and demonstration of reporting/posting awards on the SPO Awards website*)
- #145 - Green Purchasing (*conducted by Dept. of Health/Dept. of Business, Economic Development, and Tourism*)
- #150 - Insurance Requirements for Contracts (*conducted by Dept. of Accounting and General Services, Risk Management Division*)
- #155 - Intra and Out-of-State Travel Procedures (*designed to facilitate travel arrangements for per diem, air, hotel, car rental, and other ground transportation costs such as taxi fare, bus, shuttle, for official travel*)
- #160 - Inventory Management (*provides a comprehensive understanding on the requirements of the State of Hawaii's Inventory Management System*)
- #170 - Overview of Procurement Practices – HRS Chapter 103D
- #171 - Overview of Property Loss, Auto Accident and Tort Claims (*conducted by Dept. of Accounting and General Services, Risk Management Division*)
- #175 - pCard Overview and Updates (*includes cardholder responsibilities, restricted purchases and blocked merchant category codes, dispute procedures, emergency pCard program, and security measures*)
- #176 - pCard Program Changes and Updates

Training Workshops (*continued*)  
HRS 103D - Goods, Services, and Construction

- #180 - Personal Services Contracting (*conducted by Dept. of Accounting and General Services, Audit Division*)
- #185 - Prevailing Wage, Certified Payroll & Contracting Agency Responsibilities (*conducted by Dept. of Labor and Industrial Relations*)
- #190 - SPO Price and Vendor List/Cooperative Contracts
- #195 - Surplus Property (*covers process to obtain state and federal surplus property*)
- #500 - Open Forum: HRS Chapter 103D and 103F

Training Workshops  
HRS 103F - Purchases of Health and Human Services

- #200 - Basics of Procuring Health & Human Services (*overview of HRS Chapter 103F, Purchases of Health and Human Services, and its administrative rules*)
- #205 - Planning, Using the Request for Information (RFI) and Collaboration for Health & Human Services
- #210 - Treatment, Restrictive, Crisis and Small Purchase of Health & Human Services, and Exemptions from HRS chapter 103F
- #215 - Request for Proposals (RFP) Process for Health & Human Services
- #220 - Evaluating Proposals for an RFP for Health & Human Services
- #225 - RFPs: Getting from a Notice of Award to an Executed Contract for Health & Human Services
- #230 - The SPO Website for Planning, Procuring and Contracting for Health & Human Services

Training Workshops  
HePS (Hawaii Electronic Procurement System)

- #HePS 100 - HePS Basic Buyer Training (*covers how to conduct Small Purchase Request for Quotes on HePS*)
- #HePS 110 - HePS Open Session: Help Clinic (*open-house session for hands-on help*)
- #HePS 123 - HePS for Fiscal Staff (*for staff who review, approve or process payments for HePS awards*)
- #HePS 134 - HePS for Supervisors (*for administrators and supervisors of staff using HePS*)
- #HePS 147 - Understanding HePS (*overview of HePS functions and demonstration of how vendors view solicitations and respond*)
- #HePS 202 - Beyond Buyer Basics (*for buyers who have utilized HePS and are ready to learn more advanced features*)
- #HePS 203 - Researching in HePS: Doing Your Homework
- #HePS 204 - Understanding Approvals in HePS (*includes an overview of how approval routes are created and criteria included in developing approval routing*)
- #HePS 205 - For Approvers: Basics, Refresher and Beyond (*covers how approval routes work, procedures/mechanics of approving/rejecting a solicitation or award, routes with multiple approvals*)
- #HePS 233 - Canceling Solicitations and Awards in HePS (*includes considerations in deciding to cancel and when, and how to cancel solicitations*)

Training Workshops (*continued*)  
HePS (Hawaii Electronic Procurement System)

- #HePS 277 - Line Item Awards in HePS
- #HePS 278 - Split Awards in HePS
- #HePS 281 - Editing and Amending Awards in HePS
- #HePS 287 - Finding History in HePS (*for HePS buyers and HePS Administrators*)
- #HePS 295 - New Features in HePS
- #HePS 301 - HePS Buyer Training for Competitive Sealed Bidding & Request for Proposals
- #HePS 352 - For HePS Administrators – Part 1
- #HePS 354 - For HePS Administrators – Part 2
- #HePS 452 - For HePS Administrators – Part 3
- #HePS 454 - For HePS Administrators – Part 4

Online registration for scheduled workshops, as well as training reference material, is available at the SPO website.

**Doing Business with the State.** The SPO informational sessions on how to do business with the State provides vendors, contractors and service providers an overview of the various state and county purchasing jurisdictions, the various methods of procurement, public notices for the various solicitations available, previous awards made, methods of payment, a brief overview of Hawaii Compliance Express (HCE), information on the Hawaii Electronic Procurement System (HePS), and how to navigate the SPO website. Doing business with the State informational sessions was initiated in December 2008. As of the close of FY 2012, 23 sessions have been offered and 194 individuals from various private organizations have been trained.

Benefits of "Doing Business with the State"

- Assistance to Hawaii small businesses; small businesses that may otherwise not be considered in the private sector have equal opportunity to compete for public contracts
- Know your government customers; learn the various methods of procurement
- Learn of opportunities to compete for government contracts; find where procurement notices of solicitation are posted
- Understand your competition/competitors

The SPO has, and continues to accommodate all requests from purchasing agencies to the interested public for information, assistance, and training. The SPO participates as guest speaker or participant in organizations, sponsored workshops, conferences and seminars such as the Small Business Administration, American Council of Engineering Companies of Hawaii, Association of Government Accountants, Hawaii Chamber of Commerce, and National Association of Purchasing Managers.

# Electronic Procurement and Specialized Services

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**Hawaii Electronic Procurement System (HePS)** is the electronic procurement system for the State of Hawaii for issuing solicitations, receiving responses, and making awards while providing an open, fair and documented process. The SPO launched the HePS program in 2005 as a pilot and began full implementation in late 2006. The program provided an estimated savings of \$12 million in FY 2012 by adding efficiency to the procurement process, and is designed to notify vendors of the availability of a solicitation, ensuring registered vendors are afforded an opportunity to submit an offer. HePS promotes greater competition due to the simplified process of submitting offers electronically.

Executive departments, the Department of Education (DOE), and the Judiciary utilize HePS for small purchases. During the period from March to June in 2012, the Department of Education awarded over \$111 million through HePS. The SPO utilizes HePS for all of its larger procurements as well as the procurements SPO issues on behalf of other agencies. HePS includes:

- **Vendor registration:** Vendors register on HePS and create a profile identifying the categories of goods, services or construction the vendor provides.
- **Electronic solicitations:** Government purchasers (HePS buyers) release solicitations on HePS in electronic forms. The solicitations are posted on the internet via HePS and made available in a standard format to vendors registered on HePS.
- **E-mail notification:** E-mail notifications are automatically sent to vendors registered for the categories of goods and services being procured, providing a link directly to the solicitation. Solicitation amendments are also issued electronically with e-mail notifications sent to vendors.
- **Submission of electronic quotes:** Vendors submit quotes electronically and may also add comments or attach files as appropriate. A vendor may amend the quote electronically as many times as necessary up to the submission due date and time.
- **Electronic award:** Once a solicitation closes, the HePS buyer reviews the submissions. When a decision is made, the HePS buyer notifies the vendor on HePS and the awarded vendor receives a notice of award in an e-mail. Non-selected offerors are also notified.
- **Searchable records:** Each step of the procurement is recorded including dates issued, amendments, responses received and awards made.

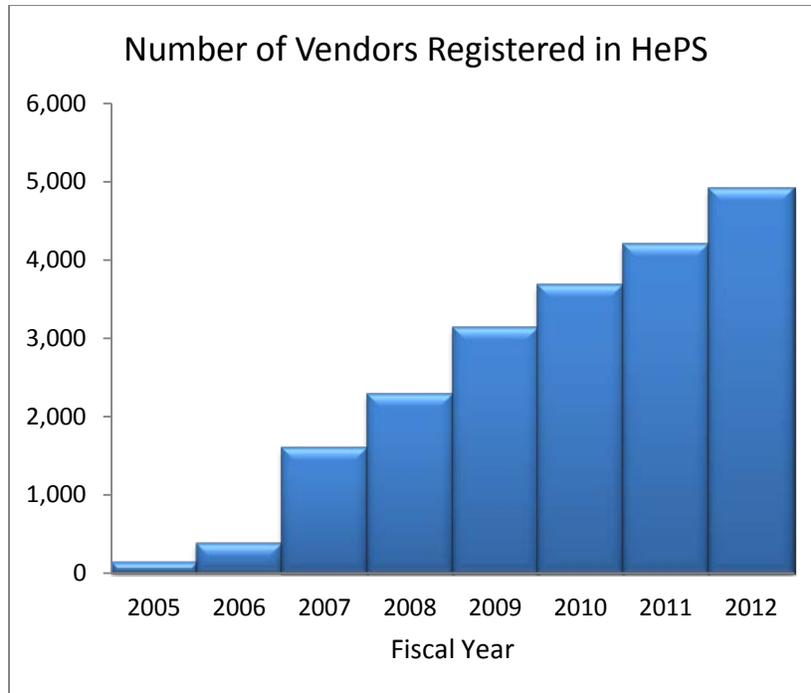


Figure 1. The number of vendors registered in HePS has significantly increased each year since the program launched in 2005.

Advantages of the HePS include:

#### Small Business Friendly

- Vendors have more opportunities to submit quotes for small purchases. Prior to HePS, small purchases were procured by requesting quotes from a minimum of three vendors. Vendors now have access to requests for quotes which they would have no knowledge of previously. HePS is an efficient and fair way to do business.
- Vendors receive notifications of solicitations by e-mail.
- Vendors can search the award abstracts for results of submitted quotes.

#### Open Process

- Vendors that submitted quotes are notified via email when the solicitation is awarded and have access to an abstract listing all vendors and quotes

#### Record Keeping and Documentation/Search Function

- HePS maintains solicitations/awards in one place, and documents all actions taken in HePS. For broad based competition, HePS buyers can search HePS prior to solicitation to ensure vendors are registered for the goods, services or construction being procured ensuring better competition.

### Sharing Information/Streamlining

- Past solicitations may be searched, restaged, amended as necessary and reissued when new needs arise. HePS buyers can search for and restage any solicitation issued on HePS, not just their own. This allows sharing of knowledge and keeps buyers from having to “reinvent the wheel.”

### pCard Enabled

- The purchasing agency may pay by pCard (similar to a credit card) on HePS rather than issuing a purchase order thus speeding up payment to vendors.

### Compliance

- HePS improves compliance with the statutes and rules due to its open process, the standardization of utilizing electronic forms, etc. Each department administrator has access to current reports including all solicitations, awards history and solicitations that are pending award.
- HePS improves vendor compliance as well by making it easier for buyers to verify their vendors are compliant with the IRS, Dept. of Labor, DCCA, and State tax offices. HePS integrates with Hawaii Compliance Express (HCE) to provide buyers with compliance information about the vendor at the time of award in HePS.

**SPO Website** expedites information distribution ensuring an open transparent process; all SPO forms and updated information on procurement are available at <http://hawaii.gov/spo>. The SPO website maintains flowcharts, templates, and instructions to assist procurement personnel, while providing the business community access to procurement related information. The link to [For State & County Personnel](#) directs personnel to updated information and instructions to assist with their procurements. The link [Doing Business with the State](#) contains information, forms, registration for training to assist potential vendors.



<http://hawaii.gov/spo>

**Procurement Notices System (PNS).** Posting on the Internet provides the public, specifically the business community, with a central location for viewing procurement notices. Beginning July 2003, the Executive Branch and participating Jurisdictions post HRS chapters 103D and 103F procurement notices to <http://spo3.hawaii.gov/notices/notices>, which were previously placed in newspaper publications.

HRS chapter 103D notices for procurements of goods, services, and construction, for IFB, RFP, and professional services procurements, and HRS chapter 103F notices for procurements of health and human services, for RFP, treatment and restrictive purchase of services are posted to the PNS for viewing by the public and businesses.

**Goods, Services and Construction Awards** posting to the Internet began January 2006, to bring greater transparency to government with the issuance of Procurement Circular No. 2006-01 to require Executive agencies to post contract award information on-line. Award information is available by selecting the 'Contract Awards & Info' link at the SPO homepage, and includes awards:

\$2,500 or more:

- Exempt procurements
- Sole Source
- Emergency
- Small purchases

All dollar amounts:

- Competitive Sealed Bidding (Invitation for Bids)
- Competitive Sealed Proposals (Request for Proposals)

Primary information includes - Contract/PO No., procurement type, vendor, department, and description. Secondary information includes - Notice of award date, start date, end date, original award amount, final contract amount, contact person's name, phone and e-mail address.

The system Search feature is by contract/PO no., method, department, division, vendor, and goods/services.

**Professional Services Awards** posting to the Internet began May 2000. Awards of \$5,000 or more are posted on the website for a period of 37 months from date of posting by the agency.

The system Search feature is by agency, category, awardee name, and services/project name.

Primary information includes - Date of award, awardee, project services description and dollar amount. Secondary information includes - Project name, posting date, names submitted for selection, name of purchasing agency, category of professional service, agency contact name, telephone number, and e-mail address, name and title of official making the selection, relationship between principals and the official making the selection, review committee names, and selection committee names.

**Health and Human Services Awards** posting began in 1999 with state agencies reporting purchases of health and human services to the online awards database designed to:

- Provide accurate and timely information on all purchases of health and human services;
- Enable state agencies and community members to effectively plan and coordinate services; and
- Streamline the reporting process by replacing the annual reports required pursuant the administrative rules for HRS chapter 103F.

In FY 2012, there were 793 awards reported totaling \$368,634,990. Jurisdictions included in the database are the Executive Branch, Department of Education, and The Judiciary. Contract information identifies:

- Purchasing agency
- Provider
- Geographic area served
- Population served
- Funding (source, fiscal year, method of compensation, actual expenditures)
- State agency contact information
- Major accomplishments of the contract.

The database can be searched by department, division, fiscal year, geographic area, target population, service and provider.

**HRS chapter 103F, Request for Proposals (RFP)**, effective October 2004, state agencies post RFPs for purchases of health and human services onto the SPO request for proposals website (RFPW). State agencies issuing purchases of health and human services RFPs include the departments of Health, Human Services, Labor and Industrial Relations, Public Safety, Education, Defense, the Office of the Attorney General, as well as other Executive Branch departments that may, from time to time, issue purchases of health and human services RFPs. RFPs issued by the Judiciary are located at the [Judiciary website](#). An archive of closed RFPs is also maintained for information and planning purposes. As a planning tool, there are over 600 solicitations archived online for procuring agencies and for providers use.

**Requests for Chief Procurement Officer (CPO) Approval** are available for viewing on a searchable website, listing executive branch requests subject to approval by the CPO. Information is provided on state purchasing agency, provider, brief service description, contract term, contract funding, status (approved/denied, pending) and status date. The documents available for the following procurement method include:

HRS chapter 103D -

- Sole Source
- Emergency
- Exemptions from HRS chapter 103D

HRS chapter 103F -

- Restrictive Purchase of Service (Sole Source)
- Exemptions from HRS chapter 103F
- After-the-Fact Secondary Purchases of Health and Human Services
- Crisis Purchase of Service (Emergency)

**Hawaii Compliance Express (HCE)** system was launched in August 2005 to assist potential contractors with verification of compliance with state laws prior to receiving contract awards. In July 2011, Act 190 lowered the requirement to verify compliance to \$2,500 and above, therefore it was made mandatory to utilize HCE to obtain proof of compliance. The HCE system replaced the 3 paper certificates vendors were required to submit: *Tax Clearance Certificate* from the Department of Taxation and the Internal Revenue Services, *Certificate of Compliance* from the Department of Labor and Industrial Relations, and *Certificate of Good Standing* from the Department of Commerce and Consumer Affairs.

State and County purchasing personnel are provided direct online access to the HCE, allowing them to verify the current compliance status of registered vendors and print the compliance certificate prior to an award and for final payment.

As of June 2012, there are approximately 11,500 vendors registered on the HCE system. The mandate to utilize the HCE reduces duplicated efforts and fraud, increases efficiency, and promotes environmental sustainability. Vendors access the HCE system through the State portal to register, review, renew and maintain their compliance status. The minimal cost to vendors to utilize the HCE is \$12.00 per year, a decrease from \$15.00 when the system was initially launched in 2005.

In 2006, the SPO was awarded NASPO's IT Innovation Award – Gold Medal Recipient for the Hawaii Compliance Express program. The NASPO Award for Excellence is recognized as a premier achievement for innovative public procurement and recognizes ground-breaking state procurement programs. Hawaii was the only state to receive the IT Gold Medal Award that year.

**Purchasing Card (pCard) Program.** The SPO pCard program is used statewide by all executive branch departments (except UH), Counties of Hawaii, Kauai, and Maui, the City and County of Honolulu, the Judiciary, Honolulu Board of Water Supply, County of Hawaii Department of Water Supply, Kauai Department of Water, Maui Department of Water Supply, Senate, and House of Representatives. The SPO webpage at <http://hawaii.gov/spo/state-county-personnel-manual/pcard/pcard-purchasing-card> provides a wealth of information, procedures, forms, in one single location for agencies use.

The pCard program is similar to a credit card, designed to streamline the state and county government's small purchase payment process. It replaces the laborious and costly purchase order system. The program improves management controls, provides expenditure data reports, increases purchasing efficiency, and allows payment to vendors within a few days of purchase.

**pCard benefits to the State and Counties**

- Reduces the amount of purchase orders and processing of individual invoices.
- Reduces the amount of individual vendor checks - one monthly check to the financial institution.
- Increases efficiency for the state and counties because of less time spent processing and less fiscal paperwork for relatively small purchases.
- Goods and services can be received faster because the vendor is paid faster.
- Reduces expenses - a purchase order costs on average \$125 to process.
- Significantly reduces late payment fees.
- Rebates are received based on the State's net purchasing volume.

**pCard benefits to businesses**

- Expedient payment to vendor from 30+ days to within 3 days.
- Reduces cost due to eliminating invoicing, accounts receivables, and deposits.
- Guaranteed payment - no credit risk to businesses.
- Enhances customer relations and generates more business.
- Improves businesses' cash flow as payment is received within a few days.
- Increases efficiency for the business community.

The pilot program launched in 2003, with the first full calendar year of data for 1,100 cards in 2004. The following graph illustrates the trend in pCard rebates by all jurisdictions.

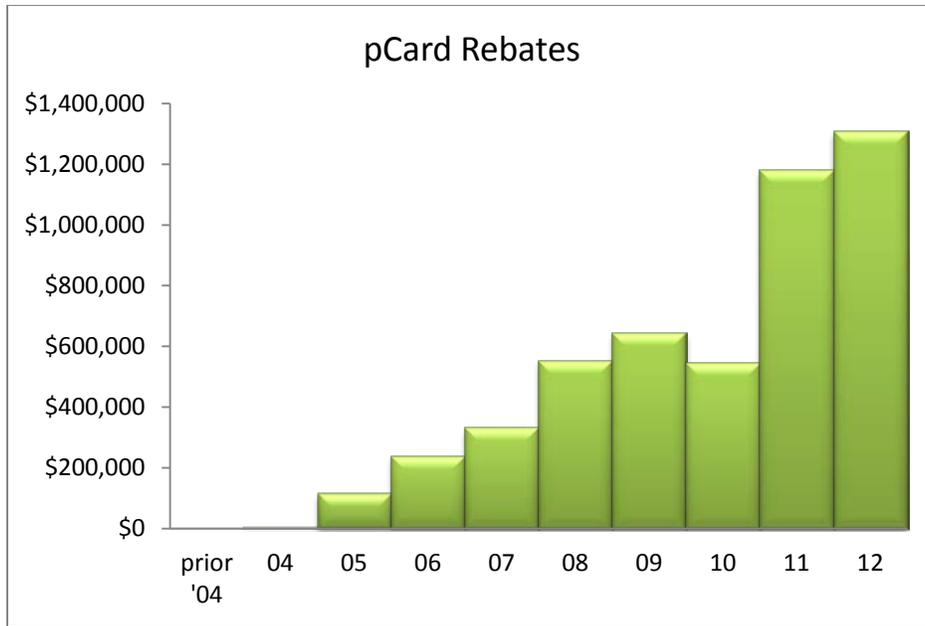


Figure 2. The pCard program started conservatively, but grew in momentum in each of the subsequent years, until 2009 with the economic downturn. In 2011, pCard rebates more than doubled as a result of a new contract that went into effect September 1, 2010, which gives a flat rate of 1.40%. Previously, the highest rebate rate was 0.70%.

Federal studies show it costs on average \$125 to process a purchase order, whereas processing a pCard transaction costs \$57 on average – a savings of \$68. In the period from 2004 to 2012, Executive Branch agencies have issued 73,000 fewer purchase orders (\$2,500 and under). This amounts to a savings of approximately \$4.96 million, just in the number of fewer purchase orders processed in the period from 2004 to 2012 (73,000 fewer P.O. issued x \$68.00 higher cost to process a P.O.).

The pCard program continues to improve and grow as new products and technology becomes available. Currently there are approximately 3,900 active cards. The business community continues to support and praise the State for implementing this program.

The **Emergency pCard** program was developed in 2006 (Ref. Procurement Circular 2003-06, Amend 8 and Amend 9) to respond to a governor’s proclamation of a state of emergency, as an effective and convenient tool to support agencies in emergency situations, since disasters and emergencies occur with little or no warning, and frequently require purchases outside normal procurement parameters. Unlike the regular pCard, an emergency pCard has unrestricted merchant category codes (except cash withdrawals and financial services, such a payments to securities brokers/dealers and money transfers) and credit limits established by the department giving the department the ability to make immediate purchases. In addition to the procedures initiated by each department, SPO Emergency pCard Notification Procedures have been established with the pCard provider to alert the affected department and SPO whenever a transaction is made on an emergency pCard. There are currently 7 Executive departments with an Emergency pCard Program and the Judiciary.

The **Declining Balance pCard** program proposal was provided to the Department of Education (DOE) for use by teachers. Although the ‘declining balance pCard’ was targeted for use by the DOE, it may be used by any department or participating jurisdiction for special projects or events that would warrant its use.

Features of a 'declining balance pCard' are:

- Similar to a gift card rather than a traditional credit card;
- Value of the declining balance pCard is set to a specific dollar amount for each cardholder, and used until the value is depleted;
- Expiration dates may be assigned to the card allowing the issuance of cards for specific periods (monthly, quarterly, annually);
- Total purchase dollar amount limits and restrictions based on merchant category codes may be imposed.

Advantages of the 'declining balance pCard' are:

- Enhanced accountability & audit tracking;
- No overspending;
- Personalized identification numbers;
- Does not require prepayment (monthly billing for amount used); and
- 24-hour internet accessibility and electronic statement

**Travel Related Services** program manages and maintains administrative rules and travel policies, including procedures and forms for travel by all state employees. The program provides training classes pertaining to travel on a quarterly basis and responds to inquiries by phone or e-mail.

SPO administers a price list contract for intra-state commercial car rental services, which results in substantial savings. The program includes a fixed inclusive rate (daily rate, taxes, fees & gas) and guaranteed availability for compact cars, using a dedicated site for authorized staff.

SPO regularly monitors the inter-island airline industry to determine the feasibility of a price/vendor list contract. SPO has issued a Request for Proposal to obtain an Airline Pricing Agreement for authorized intra-state travel.

Information and forms are available at <http://hawaii.gov/spo/state-county-personnel-manual/pcard/travel-services/travel-services/>.

## Inventory Management Services

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The State of Hawaii has invested billions of dollars in state properties to ensure the proper functioning of the government. There is a public trust inherent with the expenditure of taxes. A well-maintained fixed asset system demonstrates to the public the legitimacy of expenditures as well as the government's sense of responsibility for the proper care and maintenance of assets purchased with public funds.

Inventory Management program works to ensure accurate inventory reporting and compliance to policies and procedures pertaining to the management and recording of State property.

Maintains the acquisition and transfer of property document files to confirm and verify the transferring of property between State agencies is properly documented.

Audits property disposal applications submitted by the executive departments, excluding Department of Education, Hawaii Health Systems Corporation, Office of Hawaiian Affairs, and University of Hawaii, to ensure conformance to the requirements of the rules and policies and procedures pertaining to proper disposal of State property.

Conducts training of inventory personnel in State departments and agencies on applicable laws and rules, policies and procedures, and various accounting requirements.

**Excess Property Program** saves public monies by enabling departments and agencies to transfer usable property that is excess to their needs to other state agencies. Inventory Management Services manages and maintains a monthly excess State property listing. State agencies are able to access the centralized listing online to view the available property from other state agencies for reutilization by their programs. Thereafter, a monthly listing of surplus state property is provided to qualifying nonprofit organizations. In FY 2012, the value of property transferred between agencies for reutilization totaled \$11 million.

#### **Annual Inventory Reporting**

- Audits the Annual Inventory Report of State property submitted by all governmental bodies of the State and its counties and consolidates into one statewide Annual Inventory Report of Properties.
- Provide inventory listing, requirements, and assistance, if needed, to all state agencies to ensure the mandatory Annual wall-to-wall Physical Inventory is conducted.

#### **Quarterly Inventory Reporting**

- Provides agencies with a listing of Financial Accounting Management and Information System (FAMIS) state property payment transactions for reconciliation with Fixed Asset Inventory System (FAIS) recorded property to ensure asset accountability.
- Audits FAIS inventory update transactions to ensure proper inventory procedures are followed and removal transactions have required approved documentation.

The Inventory Management program is crucial to maintain accurate and current data. The FAIS asset inventory records are included in the State of Hawaii Comprehensive Annual Financial Report (CAFR) and used by independent auditors in the Annual Financial Audit of the State. An accurate inventory results in higher bond ratings, which means the State can borrow money for Capital Improvement Projects at lower interest rates.

## Surplus Property Services

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The Surplus Property Program obtains various surplus items mainly from Federal sources such as the various military bases, Federal facilities, and the General Services Administration (GSA), for reutilization by state and county agencies, and available to eligible participants (donees) such as licensed or approved educational, health and human services organizations, 8(a) minority owned small businesses, and service educational activities (i.e. boy and girl scouts, military related service groups). For example, in FY 2012, Surplus Property Services transferred portable buildings and equipment valued at \$9 million

to Honolulu Community College. The value of surplus property distributed to eligible customers totaled \$13.8 million in FY 2012.

The Surplus Property program is the only state program authorized by the federal government to obtain surplus federal property for reutilization by governmental agencies and qualified organizations. Warehouse facilities are located at 729 Kakoi Street in Mapunapuna with over 81,000 square feet of space for open storage, warehousing, and office space.

The program is self-funded (Special Fund), assessing a service and handling fee to a recipient for any item acquired from the program. According to HRS chapter 103D-1107, the purpose of this fund is to defray costs of procuring, storing, handling and disposing of federal surplus property donated to the State and local organizations under federal laws. Pursuant to Public Law 94-519, revenues generated by the disposal of federal surplus property can only be used to support the federal program. The fund covers all payroll and operating expenses for the federal and state surplus property programs.

## Health and Human Services

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HRS chapter 103F, effective July 1998, was created as a separate chapter from HRS chapter 103D to procure as competitively as possible, direct services for the health and social well-being of the public. Prior to the establishment of the chapter, the Legislature found a need to improve the process to expend state funds for grants and subsidies and more importantly, purchases of health and human services, both of which resided under HRS chapter 42D. Separate processes were established to (1) expend state appropriations for grants and subsidies (HRS chapter 42F); and (2) to govern the planning, procuring, and contracting of all health and human services for the state (HRS chapter 103F).

HRS chapter 103F governs the planning, procuring and contracting of all health and human services for the state. It established a single process for purchases of health and human services, ensures a uniform, consistent, and transparent process, and provides fair and equitable treatment of providers. It also optimizes resources; e.g., planning and working with providers, clients and other government agencies and community members as an integral part of the development and delivery of services.

Since HRS chapter 103F's inception, the SPO standardized purchases of health and human services and is a centralized resource for agencies requiring assistance on the HRS chapter 103F procurement process. The SPO provides purchasing agencies with trainings via webinars, a RFP template and other procurement forms, which are available at the SPO website.

For ease of accessibility, the health and human services procurement manual for state agencies has been incorporated as an integral part of the SPO website. The website also includes a central location for providers to access information on the state's procurement of health and human services. Significant tools for state procurement personnel, providers and interested parties are located at the SPO website at <http://hawaii.gov/spo/health-human-svcs/health-and-human-services>.

For the past 14 years, SPO has provided guidance to various agencies in their procurements of health and human services. HRS chapter 103F and its administrative rules have been an effective process, not requiring any significant statutory changes. SPO continuously makes ongoing refinements to the

procurement process, i.e., amending rules via the Procurement Policy Board, issuing procurement circulars, apprising purchase of services departmental coordinators and the purchase of service team (POST) members of changes to the procurement process, and providing overall guidance, assistance, and training.

The SPO amended HRS chapter 103F administrative rules in 2005 through the public hearing process, and the significant revisions included:

- Requires purchasing agency to conduct a request for information (RFI) as part of the planning and community involvement process prior to developing an RFP.
- Increased the number of days from 21 to 28 from the date the RFP is first available to proposal submittal deadline.
- Established procedures for reporting procurement violation and corrective action and requesting for after-the-fact payment.

The SPO plans to make additional clarifying revisions to the administrative rules of HRS chapter 103F in FY 2013. The program continues to encourage provider participation to assist State agencies in their community planning activities, i.e. requests for information (RFI). RFI notices are posted on the SPO procurement notices website.

**Community Council**, established under section 103F-202, HRS, advises or assists the SPO administrator in various areas of planning and procuring of health and human services, i.e., business conditions facing providers, establishing schedules for planning and purchasing, identifying training needs of purchasing agencies and providers, and securing provider input and facilitating provider participation in the planning and procurement process.

**Purchase of Service Team** (POST) is comprised of various state departmental staff involved in the planning, purchasing and contracting of health and human services. Created by SPO, POST is the input mechanism used to directly communicate with agencies on a regular basis. SPO maintains an e-mail list of approximately 100 personnel and conducts meetings to inform and obtain feedback on various aspects of purchases of health and human services. Utilizing POST, SPO has collectively addressed issues to improve the State's ability to purchase quality services from the private sector. This networking via email and meetings provides a means of review and comments on the various issues to monitor procurements. In FY 2012, POST members were instrumental in updating the guidelines for cost principles. Through a coordinated effort, the cost principles table was revised making it easier for purchasing agencies to understand and use. POST members provided feedback on cost principles that needed updating, where additional clarifications were needed, and general suggestions for improvements.

## Summary: Major Issues and Projects

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Procurement is complex. It requires skill, not only in having substantial knowledge of the statutes and rules, but being able to apply them with their intent of openness, fair play and thorough documentation and balancing that with best value and an efficient process. Procurement is a *value and revenue center*, for the benefit of the state. It is a foundation for effective programs and policies, to be able to integrate

with all major state initiatives. Procurement leverages information technology to increase efficiency, reduce response time and increase ease of communication in the procurement cycle. Changes being pursued by the SPO are three-fold: 1) capitalize on technology; 2) improve current processes; and 3) nurture a procurement knowledge community.

In the technology arena of eProcurement, HePS has capitalized on the capabilities of the Internet and continues to improve procurement processes. The request for quotation function of HePS is used, and includes other procurement methods for larger dollar invitation for bid and request for proposal processes.

In a similar vein, greater use of the SPO's website and implementing the use of purchasing cards are institutionalized. Rapid advances in technology are offering a myriad of opportunities for advancements in productivity.

Enhancements to current processes and changes to procurement, inventory and surplus management processes are ongoing. Best practices continue to be documented and used to improve procurement processes. Results, customer feedback and new mandates are used to modify procurement planning processes. Further expanding the use of cooperative purchasing agreements increases the purchasing power of State and county purchasing jurisdictions.