

State Procurement Office

Hawaii eProcurement System ~ HePS ~ for Fiscal Staff

An overview for
staff who approve, review or process payments for HePS
awards; and
other interested government personnel

HePS for Fiscal Staff What Will Be Covered

- Why- We do it this way: background, and history
- Who- Roles and Responsibilities, who is using HePS - access
- What- eProcurement and HePS: what they are and what they do,
- When- Appropriate use of HePS; when HePS is not used
- Where- eProcurement is appropriate to be used
- How- does it all work, documentation
 - Functions
 - solicitations, awards, change orders, etc.
 - How eProcurement is different
 - Recordkeeping and Documentation
 - Who, what, when, where, why, how
- What's Next
 - IFBs, HePS Procurement Notices Website, etc.

About Public Sector Procurement

Why can't we 'Just Do it' (The Big 3)

- We use taxpayer funds;
 - Our “shareholders” are the taxpayers (everyone).
 - Like the private sector, we want best value **AND** we have additional obligations:
- 1. We must be open/transparent.**
 - Everyone has a right to know and have easy access.
 - 2. We must be fair to all qualified vendors.**
 - Everyone has the right to compete.
 - 3. We ARE accountable.**
 - Keep an auditable trail. (document, document, document!)
 - Follow standardized rules and procedures.
(Statutes, Administrative Rules, Procurement Circulars, Internal Procedures)

When We Procure

- We must procure in accordance with statutes and rules.
 - Hawaii Revised Statutes (HRS) Chapter 103D, The Hawaii Public Procurement Code
 - Hawaii Administrative Rules (HAR) Chapters 3-120 to 3-132
 - Procurement Circulars
- There are 6 methods of procurement (source selection). Each of the methods:
 - has specific procedures;
 - shall be used under certain conditions;
 - more than one method may be applicable;
- When more than one method is applicable, choose the most appropriate method (generally the most competitive).
- **HePS is not a method of procurement.**

Methods of Procurement		
Method	Bases for Use/Award	\$ Threshold
Competitive Sealed Bids	Used unless it is not feasible or practicable./Lowest responsive, responsible bid.	As stated in Invitation for Bid (IFB)
Competitive Sealed Proposals	Competitive sealed bidding is not practicable; price is not the most critical factor. Requires HOPA approval to use Request for Proposals (RFP) process./Best value based on RFP evaluation criteria.	As stated in Request for Proposal
Sole Source	There is only one source for the required good, service, or construction. Written approval required.	As stated in approval
Emergency	Threat to life, public health, welfare, or safety; immediate and serious . Approval required.	As stated in approval
Professional Services	Professional services as defined in rules and statutes./Demonstrated competence and qualification for the type of services required, at fair, reasonable prices.	All dollar levels.
Small Purchase	Purchasing small amount and not feasible or practicable to use competitive sealed bidding./Lowest responsive, responsible quotation.	Less than \$50,000

- Just because something is less than \$50,000 does not mean it has to be a small purchase method of procurement or has to go on HePS.
- A solicitation for something less than \$50,000 can be conducted in the old paper process if a method other than small purchase is used (IFB, RFP, Professional services)

What is HePS?

HePS is the electronic procurement system for the State of Hawaii, a system for issuing solicitations, receiving responses, and issuing notices of award.

- Vendor registration
- Electronic Solicitations
- E-mail Notification
- Submission of Electronic Responses
- Electronic Award
- Searchable

Vendor Registration

- Vendors register on HePS by entering standard information such as company name and address, business type.
- Each vendor also creates a **commodity profile** selecting the categories of goods, services or construction the vendor provides.
- Procurement personnel search HePS prior to issuing a solicitation to ensure vendors are registered for the goods, services or construction they need to procure.

Electronic Solicitations Vendor Access and Notification

- **Electronic Solicitations:** Government purchasers (called buyers in HePS) enter their solicitations on electronic forms and may attach files, if needed.

Once the solicitation is completed, it is released to the internet via HePS, and the electronic solicitations are automatically available in a standard format to all vendors registered on HePS.

- **E-mail Notification:** Each evening e-mails are sent to vendors registered for the categories of goods and services being procured, providing a link directly to the solicitation.

Amendments are also issued electronically with e-mail notifications sent to vendors.

Submission of Responses, Bid Opening and Award

- **Submission of electronic bids:** Vendors submit bids electronically in as few as three clicks and may also add comments or attach files as appropriate. A vendor may amend the bid electronically as many times as necessary up to the submission due date and time.

After the submission deadline, **bid opening is virtual**. Vendors may see an abstract containing all responding vendors and the bid amount submitted on HePS.

- **Electronic award:** After the response submittal deadline the HePS buyer reviews the submissions. When a decision is made, the buyer issues a notice of award on HePS and the awarded vendor receives a notice of award in an e-mail. Non-selected offerors are also notified who was awarded.

Searchable Database Solicitations, Awards, Vendors

- **Vendor information:** Prior to issuing a solicitation, a buyer should search the database to ensure vendors are registered in HePS.
- **Reduces duplication of work:** When a buyer needs to re-solicit for the same goods/services as a previous solicitation, the buyer searches HePS and 'restages' for a new solicitation adjusting information previously entered.
- **Sharing of expertise:** All solicitations in HePS can be searched, restaged and issued as a new solicitation.

Small Purchase Method of Procurement and HePS

HRS 103D-305

- Amended by Act 283 SLH 2006
 - Raised small purchase threshold from less than \$25,000 to less than \$50,000 **provided** all purchases between 25,000 and less than \$50,000 are conducted on an eProcurement system.
- Competition.
- Simplicity.
- No Parceling
 - Multiple expenditures shall not be created at the beginning of job to evade procurement requirements.
 - Shall not be artificially divided to make a small purchase.

HePS as a Service

- The HePS system is a service provided by SicommNet, the state's contractor for eProcurement.
- SicommNet is an application service provider. That means there is no software to download and users can access HePS from anywhere there is an internet connection.
- SicommNet also has other customers (other government agencies on the mainland). Mainland vendors in HePS are interested in Hawaii solicitations.
- HePS is funded by vendor fees. (It is an unfunded initiative.) Vendors do pay nothing to register or respond to solicitations. If awarded, a vendor pays .85% of the awarded amount to SicommNet (\$8.50 for every \$1000 awarded). Payment is due upon delivery of the goods/services/construction and there is a cap of \$5,000 per award for each vendor.

Who is Using HePS and for Which Methods of Procurement

- Executive Branch Departments including:
 - OHA
 - Department of Education- OSFSS
 - All other executive departments whose CPO = SPO Administrator
- Judiciary
- Legislative Branch
- **Small Purchase Request for Quotes**
(all of the above)
- **Competitive Sealed Bids and Requests for Proposals (SPO)**

Chief Procurement Officers (CPO)

- **Executive (5)**
 - Administrator of the State Procurement Office, *except for*:
 - Office of Hawaiian Affairs--Chairperson of the Board;
 - University of Hawaii--President of UH;
 - Department of Education, *excluding the Hawaii Public Library System*--Superintendent of Education;
 - Hawaii Health Systems Corporation--CEO, HHSC
- **Judiciary (1)**--Administrative Director of the Courts
- **Legislative (2)**
 - Senate -President
 - House of Representatives -Speaker

Counties: (12) -Executive Branch--Finance Directors, except for Boards of Water Supply, Legislative Branch--Chairpersons of the Councils, Boards/Departments of Water Supply--Managers and Chief Engineers as designated by county charter.

(Ref: HRS 103D-203)

Small Purchases

HAR 3-122, Subchapter 8

Sections 3-122-75, 3-122-77, 3-122-78

- Adequate and reasonable competition.
 - The more vendors available, the more quotes should be obtained.
- Procedures
 - Number of quotes to be obtained/how they are to be submitted.
 - Defines quote, parceling, etc.
- **Chief Procurement officers:**
 - Determine procedures for purchases of less than \$5,000.
 - May be more restrictive (require written quotes at lower dollar thresholds).
 - May determine what goods, services and construction shall be purchased on an eProcurement system.

Small Purchase Limits and HePS Requirements

- **HAR 3-122, Subchapter 8**
 - Total purchase shall be less than \$50,000.
 - Less than \$5,000 –procedures established by CPO
 - \$ 5,000-less than \$15,000 –3 quotes
 - \$15,000-less than \$25,000 –3 written quotes
 - \$25,000-less than \$50,000 –eProcurement
- **Executive Branch Departments**
(CPO = SPO Administrator)
 - **Procurement Circular 2006-07, Amendment 1, Small Purchases and the Hawaii Electronic Procurement System,**
 - \$15,000- less than \$50,000 -HePS
 - Compliance documents shall be obtained for purchases from \$15,000.
- May use HePs for solicitations less than \$15,000

Parceling

- Purchases of goods, services and construction shall not be parceled by dividing purchases that are same, like or related into smaller quantities.
- The expenditure threshold applies for **any 12-month period.** (Not FY or calendar year)
- Purchase may be for more than 12 months if the **total** expenditure does not exceed small purchase thresholds—includes recurring annual service contracts.
- Purchases shall not be artificially divided because of various funding sources.

HePS Functions

- **Requisition** – the request
 - Who am I, what do I want, when do I want it, where does it have to be delivered, how much, etc.
- **Solicitation**
 - When are responses due, special instructions, Q&A, prebid conference/walkthrough, etc.
- **Solicitation Amendments**
- **Abstract**
 - who responded and details
- **Award**
 - Special instructions, etc.
- **Change Orders** when appropriate
 - Adequate justification
- **Reports**
 - Departmental System administrator run reports
 - Types: Solicitations, Awarded, Awaiting Award (solicitation closed but not awarded yet), etc.
 - Can be run by dates, (some) buyer or vendor

How eProcurement is Different

- More open and fair than 3 quotes.
- More accessible to more vendors.
 - Specifications need to be written.
 - Minimum qualifications for vendors when applicable.
 - Vendors notified of solicitations.
 - Responses submitted only on HePS.
 - Offerors notified of results.
- Better documentation
- ‘Wet’ signatures not required for submission of solicitation.

How eProcurement is Different

(continued)

- Less paper.
- Use of commodity code categories to connect buyers and vendors.
- Automatic public notice - not necessary to post on PNS separately (*under construction*).
- If using attachments that vendor must complete, they must be fillable and separated from other information.
- AG general conditions can be automatically attached in instructions. Can have other automatic instructions specific to a department.
- Approvals can be electronic.
(Approval paths and assignments must be created ahead of time.)
- Amendments are easier. Vendors are notified by e-mail.

How eProcurement is Different

(continued)

- Buyers can keep track of whether vendors have responded and can extend the submittal deadline via an amendment. (Can also check to see if a vendor has looked at a solicitation/amendment.)
- Submitting a response on HePS meets the requirements for electronic signatures. (*HRS Chapter 489E Uniform Electronic Transactions Act*)
- **All responses shall be made in HePS.** No hand-carried or mailed responses. No need for timestamping, checking incoming mail for responses.
- Opening is virtual – For bids, no formal bid opening required.
- **Non-awarded vendors are notified** when notice of award is issued in HePS.
- Language and some terms are a little different. It is called an eRFB (Electronic Request for Bid) on HePS.

HePS Roles and Responsibilities

- **Vendors**
 - Register , create commodity profile, respond to solicitation, etc.
- **Buyers**
 - Conduct the solicitation in accordance with statutes, rules, procurement circulars, manuals, etc., add attachments, answer questions, issue amendments (addenda)
- **Approvers**
 - Approve or disapprove and provide reason
- **Departmental System Administrators**
 - Departmental HePS oversight, ensure appropriate users are on HePS, maintain delivery/billto addresses, add/deactivate users, departmental instructions.
- **HePS System Administrator**
 - Overall oversight and coordination, training, instructions, updates, etc.

Documentation in HePS

- HePS is a database
 - Documents created ‘on the fly’
 - ‘Static’ copies
- Solicitation
- Amendments
- Abstract
- Notice of Award
- **Award Summary Report**
(contains elements of all of the above)
 - (required for small purchase request for quotes)

The Award Summary Report

- Serves as a reference-solicitation and award Numbers
- Notes- when processes occurred
- Short description of solicitation and each line item in HePS, amendments
- Number of vendors sent the notice
- Responses- vendor name, vendor address and amount
- Awardee and amount.
- Justification for not selecting lowest price
- Compliance in Hawaii Compliance Express

What to Check on the Award Summary Report

- Solicitation number (FY)
- Number of notifications sent
- Date issued, date closed (sufficient time)
- Responses, award, competition comments if not to lowest quote
- Compliance
- If a change order, reason for change order

Common Questions on Small Purchase Request for Quotes Conducted on HePS

Must Professional Services Less than \$50,000 be Procured on HePS?

- May be **procured** through either
 - professional service method of procurement (not on HePS) or
 - small purchase method of procurement (on HePS if \$15,000 or greater)
- Exception – Procurement of design professional services furnished by licensees under chapter 464 shall be procured by the professional method of source selection.

(Ref: HAR, Section 3-122-67)

Common Questions on Small Purchase Request for Quotes Conducted on HePS

How Many Quotes Must be Obtained when Using HePS?

HePS provides for adequate competition, provided buyer ensures appropriate vendors are in the system and procures properly.

Common Questions on Small Purchase Request for Quotes Conducted on HePS

**Do we Have to Use HePS when we Purchase from
SPO Price Lists/Vendor Lists (PL/VL)**

- Not at this time. HePS is for the purpose of soliciting.
- Cooperative Purchasing (solicitation already conducted)
- Purchasing agencies delegated procurement authority and committed to its use shall use SPO PL/VL unless exempt or approval granted to purchase outside the SPO PL/VL. (*Ref: Form SPO-5, SPO Price List Purchase Exemption*).
- Agencies may choose to use SPO Western States Contracting Alliance (WSCA) contracts; however, when not used, applicable procurement procedures must be followed.

Common Questions on Small Purchase Request for Quotes Conducted on HePS

**What Happens when Quotes are Over the
Small Purchase Threshold ?**

- Quantity may be reduced. However, another RFQ for the reduced amount shall not be solicited.
- Scope shall not be broken up and re-solicited.
- Conduct a Competitive Sealed Bid/Request for Proposal

See also the HePS Buyer FAQ

Common Questions on Small Purchase Request for Quotes Conducted on HePS

What if No Quotes Received on eProcurement System?

- HOPA may determine that it is neither practicable nor advantageous to the State to issue a new solicitation. Given that solicitation was conducted properly, must consider:
 - Can specifications be revised?
 - Time constraints?
 - Competition in the marketplace?
 - Document and place in procurement file.

What's Ahead for HePS

- Auditor Function-
 - allows departmental level fiscal staff to view history
- Competitive Sealed Bids on HePS (IFBs)
 - Training has begun- 50 people trained to date (DAGS, DBEDT, DHS, DLNR, DOA, DOH, DOT, PSD)
- HePS Procurement Notices Website
- HCE Requirement for HePS Solicitations
- Requests for Proposals on HePS
- HePS Procurement Reporting System
- HePS Price Lists in Catalog
- HePS Vendor Lists in Certified Vendor List
- Professional Services on HePS
- Emergency and Sole Source on HePS

The End.
Questions? Comments?

The State Procurement Office

More information including: buyer and vendor FAQs, manuals, forms:

<http://hawaii.gov/spo> click 'Hawaii eProcurement System HePS'

Questions? Contact us:

Mara Smith: 587-4704 mara.smith@hawaii.gov

Bonnie Kahakui: 587-4702 bonnie.a.kahakui@hawaii.gov

Sample HePS Award Summary Report

Who requested item

Summary Report for Document: D2009000001 Requisition: R2009000019 Solicitation: Q2009000059			
Purchase Order Notice of Award for Definite Quantity Contract DO2009000001 - 01			
Document/ Requisition	Number	Requisitioner	Date of Requisition
	D2009000001 R20090000019	IVAN MOORESTUFF Dept: DOB	Nov 12, 2008
Approvals			
Name		Date	
No Requisition Approval Routes			
Document Notes			
<p>Fri Jan 09 09:42:48 GMT-0800 (PST) 2009</p> <p>IVANNA BYSTUFF writes: DO2009000001 - 01 Emailed to: ABC PLUMBING, INC. at: rSell@abcplumbing.com Purchase Instrument 7904198_DO2009000001 Email successfully sent on Fri Jan 09 09:42:47 GMT-0800 (PST) 2009 Click Here to Review Static Award.</p>			
<p>Fri Jan 09 09:42:45 GMT-0800 (PST) 2009</p> <p>Change Order DO2009000001 - 01 has been created. It has been scheduled for release on: Fri Jan 09 00:00:00 GMT-0800 (PST) 2009. Award Notifications are scheduled for release on: Fri Jan 09 00:00:00 GMT-0800 (PST) 2009.</p>			
<p>Fri Dec 05 17:32:18 GMT-0800 (PST) 2008</p> <p>IVANNA BYSTUFF writes: DO2009000001 Emailed to: ABC PLUMBING, INC. at: rSell@abcplumbing.com Purchase Instrument 9921980_DO20090000001 Email successfully sent on Fri Dec 05 17:32:17 GMT-0800 (PST) 2008 Click Here to Review Static Award.</p>			
<p>Fri Dec 05 17:32:13 GMT-0800 (PST) 2008</p> <p>Award DO2009000001 has been created. It has been scheduled for release on: Fri Dec 05 00:00:00 GMT-0800 (PST) 2008. Award Notifications are scheduled for release on: Fri Dec 05 00:00:00 GMT-0800 (PST) 2008.</p>			
<p>Fri Dec 05 17:27:48 GMT-0800 (PST) 2008</p> <p>Successful Lump Sum Primary Award of Solicitation Q2009000059 to P0000000009 in Award Input</p>			
<p>Mon Nov 24 13:08:32 GMT-0800 (PST) 2008</p> <p>IVANNA BYSTUFF writes Mon Nov 24 13:08:32 GMT-0800 (PST) 2008 Solicitation Q2009000059 has been amended to version 02 By: Buyer: IVANNA BYSTUFF Tele:808-586-3452 Email: ibystuff@hawaii.gov and re-released to the Internet Email Notifications Date: 11/24/2008 Solicitation Due Date: 12/04/2008 Reason: Please see attached addendums on revised scope of work and pictures.</p> <p>Previous Amendment Reasons Solicitation Q2009000059 Amendment 02 (Document: D2009000643) changes saved. Not visible to vendors on the Internet. Release as required.</p>			
<p>Mon Nov 24 13:07:58 GMT-0800 (PST) 2008</p> <p>Solicitation: Q2009000059 Amendment 02 Item: 001 Qty: 1 UOM: JOB NIGP: 92544 Total Est Amnt: \$30000 Item Est Amnt: \$30000 Edited by: IVANNA BYSTUFF Solicitation Header Information updated to reflect changes</p>			
<p>Mon Nov 24 13:06:53 GMT-0800 (PST) 2008</p> <p>Solicitation: Q2009000359 Amendment 02 Item: 001 Qty: 1 UOM: JOB NIGP: 92544 Total Est Amnt: \$30000 Item Est Amnt: \$30000 Edited by: IVANNA BYSTUFF Solicitation Header Information updated to reflect changes</p>			

Documentation of what happened and when. Much of it is entered automatically by HePS.

Sample HePS Award Summary Report

Mon Nov 24 13:03:14 GMT-0800 (PST) 2008
 IVANNA BYSTUFF writes
 Solicitation Q2009000359 Amendment 01 (Document: D2009000003) changes saved.
 Not visible to vendors on the Internet. Release as required.
 Changes successfully applied and Solicitation: Q2009000059 (Document: D2009000003) saved.

Mon Nov 24 13:02:16 GMT-0800 (PST) 2008
 Not Released Amendment 02 written for Solicitation Q2009000359
 Solicitation: Q2009000059 Amendment 02 Item: 001 Qty: 1 UOM: JOB NIGP: 92544
 Total Est Amnt: \$30000 Item Est Amnt: \$30000 Edited by: IVANNA BYSTUFF
 Solicitation Header Information updated to reflect changes

Tue Nov 18 12:15:49 GMT-0800 (PST) 2008
 IVANNA BYSTUFF writes
 Tue Nov 18 12:15:45 GMT-0800 (PST) 2008
 Solicitation Q2009000059 has been amended to version 01
 By: Buyer:IVANNA BYSTUFF Tele:808-586-1111 Email: ibystuff@hawaii.gov and r

Solicitation	Number	Buyer	Notifications Sent		
Solicitation Number	Q2009000059	IVANNA BYSTUFF Dept: DOB	231		
Date Issued		Close Date			
Nov 13, 2008		Dec 04, 2008 4:30 PM			
HePS PNS Counties: Statewide Commodity Category: Construction					
Approvals					
Name		Date			
No Solicitation Approval Routes					
Amendments					
Number		Date			
01		Nov 18, 2008			
02		Nov 24, 2008			
Amendment Reasons					
Amendment Reason: 01 Nov 18, 2008 Please see attached addendums on revised scope of work and pictures.					
Amendment Reason: 02 Please see attached addendums on revised scope of work and pictures.					
Responses	Name	Address	City	State	Total Price (Disc Price)
Who responded	XYZ CONTRACTORS INC	2136 Ward Ave..	Honolulu	HI	49600.00 (49600.00)
	ABC PLUMBING, INC.	P.O. Box 0000	Kailua	HI	26443 (26443)
	HAWAII LMN	1111 Curtis St.	Honolulu	HI	40500 (40500)
	DEF, INC	2222 Smith St	Waipahu	HI	49999.99 (49999.99)
Optional Title Honolulu Elem - Area 01 Repair Driveway & Sprinkler System					
What the solicitation is for	Items	Item Qty UOM Cmdty	Partial Description		
	Award	001 1 JOB 92544	Honolulu Elem - Area 05 Repair Driveway & Sprinkler System		
Signed By: Dewey Likit					
change order	Number	Release Date	Total Price		
	DO2009000002 - 01	Jan 09, 2009	359.38		
Name		Address			
ABC PLUMBING, INC.		P.O. Box 0000 Kailua, HI 96000			

Sample HePS Award Summary Report

	Award Basis: Adequate Price Competition		
	Competition Type: Open Competition		
	General Comments: Adding \$359.38 to original to bid amount of because area 2 in initial repair plan didn't include the radius of the island curb and concrete slab.		
Approvals			
Name		Date	
No Award Approval Routes			
Award Signed By: Dewey Likit			
Original Award	Number	Release Date	Total Price
	DO2009000002	Dec 05, 2008	26443
Name		Address	
ABC PLUMBING, INC.		P.O. Box 0000 Kailua, HI 96000	
Award Basis: Adequate Price Competition			
Competition Type: Open Competition			

Award Summary Report Identifying Numbers

Solicitation: Q2009000001

Format: Letter identifying the type of solicitation, fiscal year, and number (assigned by the system)

Q=small purchase request for quote

B=Invitation for Bid (competitive sealed bid)

P=(Request for proposals)

Awards have a similar format

ID=indefinite award

DO=definite award

Change orders

- Identified by the -# after the award number.
- are for the amount of the change. The total amount of the award will be the original award plus the amount of the change orders. If an award is reduced, the change order should be a negative number.
- Change orders must have a reason.

Competition Comments:

If the lowest priced quote is not selected buyer must enter a reason. The system will cause the competition comments field to open and will have the words "Lowest priced bidder was not selected because..." The buyer must enter a reason in order to complete the notice of award.

Note: the award summary report is not available until the notice of award is completed.