State Procurement Office

Hawaii eProcurement System

HePS
for Fiscal Staff

SPO Workshop No. HePS 123

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

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HePS for Fiscal Staff
Who this Workshop is for
and what is it Intended to Do

- This workshop is designed for fiscal state personnel need or would like to know more about HePS and who:
  - **Do not** use HePS and are responsible for approving, reviewing or processing expenditures or payments for solicitations and/or awards conducted by buyers on HePS and would ; and
  - Do, or will be will be using HePS to approve solicitation expenditures/awards.
- This workshop will:
  - Provide some background and an overview of HePS; and
  - Indicate some areas that may be used to assist you in performing a review.
- This workshop is not intended to:
  - Dictate who must perform reviews.
  - Teach you everything you need to know about procurement procedure. (There isn't enough time.) For procurement procedures, you must take the appropriate workshops for the method of procurement.

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HePS for Fiscal Staff
What Will Be Covered

- Housekeeping –webinars
- Before you approve/review
- Who, what where when why
  - Background- Why Do We Do It This Way
  - What eProcurement does, advantages
  - Functions in HePS, How it works
  - Roles and responsibilities
  - Recordkeeping and documentation

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Clearing up the Mystery about Webinar Registration

Why Do I need to Register in Two Different Places?

- Register first on the SPO training website.
  - Do not wait until the last minute - we have to send you an email invitation so you can accept the invitation; by
- Registering on the webinar site.
  - If you do not also register on the webinar site you will not receive the information telling you how to log in.
  - Webinar website registration takes just 2 or 3 minutes.

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About SPO Webinars

- Participation encouraged.
- If we cannot get to all your questions we will provide answers at a later date (FAQ, etc.)
- If there is more than one person participating at a single computer.
  - Everyone registers for this webinar on the SPO Training website.
  - Only the person logging in should register on the Webinar site.
  - All attendees in the group (including the person registered on the webinar site) complete the SPO Webinar Group Attendance form, scan it in and send it to: state.procurement.office@hawaii.gov
  - **Send it in within 1 working day of the webinar**
  - On the day of the webinar, the SPO Webinar Group Attendance form is placed on the SPO training schedule along with the handouts. http://hawaii.gov/spo click **Training for State and County Procurement Personnel**
  - **DO NOT send in the signed form prior to the workshop.**

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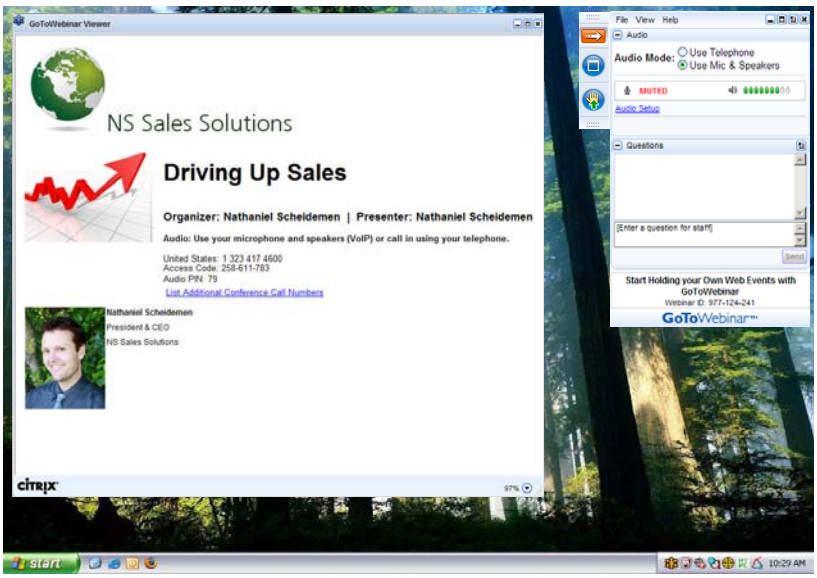
The GoToWebinar Attendee View



citrix online

Webinar Viewer Window

- Having trouble seeing?
  - Maximize your viewer window; and/or
  - Increase the magnification in your viewer window (in lower right corner.)

- To exit full screen - GTW (GoToWebinar) control panel menu
  - click the button with the square on the tab or
  - View > window
- Note: Attendee Quick Reference is available
  - http://hawaii.gov/spo
  - Click **Training for State and County Procurement Personnel**
  - Click **About SPO Webinars** or wherever '**webinar**' is a link
  - Click **FAQs and Quick Reference**

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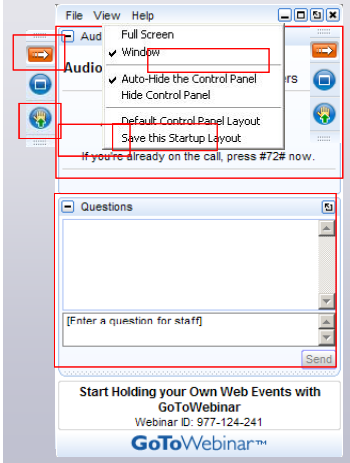
How to Participate Today



- Open and close your Panel
- View, Select, and Test your audio
- Submit text questions
- Raise your hand
- Q&A addressed at the end of today's session

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Before You Procure/Administer Contract: Written Delegated Authority and Training

Before you develop/draft/participate in a solicitation, review, approve, conduct, manage, or administer a procurement/contract, you must:

- **Have written delegated authority per signed and submitted (to SPO) Form SPO-036**.
  Note: There is a not-so-new Procurement Delegation Memorandum 2010-01. Informational sessions including a webinar were held for ASOs/BMOs and their staff. New forms were due 4/30/11. Previous delegation remained in place until 4/30/11. If a SPO Form SPO-036 has not been submitted to SPO you are not delegated authority. Check with your ASO/BMO if you are unsure.
  - See : http://hawaii.gov/spo
    > For State & County Procurement Personnel
    > Procurement Delegation (there is also a link to the required (mandatory) training requirements site)
- **Have taken all required training**.
  Reference: Procurement Circular 2010-05
  Note: Some requirements have changed. Check the website periodically.
  - See: http://hawaii.gov/spo
    >Training for State and County Procurement Personnel
    >Which Workshops Do I need to Take?

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Required (Mandatory) Training

- You must also have taken all required training.
  - See http://hawaii.gov/spo
  - Training for State and County Procurement Personnel
  - Which Workshops Do I Need to Take?
- Look for Method of Procurement you are going to conduct or in which you participate.
- Ensure you take all workshops with an **M** (Mandatory) before you procure/participate in a procurement.

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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)

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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
  - Related Statutes and Rules
  - Department or CPO Jurisdiction, Circulars, Memorandum or Policies
  - Executive Memorandum
  - Budget Execution Policies/Instructions
- 6 methods of procurement (source selection). Each one:
  - 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. It is a tool to procure using a particular method.**

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Methods of Procurement

Method	Bases for Use	Bases of Award
Competitive Sealed Bids	Always used unless it is not feasible or practicable.	Lowest responsive, responsible bid.
Small Purchases	Purchases of smaller quantities for goods and services of less than $100,000 and construction less than $250,000.	Lowest responsive, responsible quotation.
Competitive Sealed Proposals	Competitive sealed bidding is not practicable; price is not the most critical factor.	Based on RFP evaluation criteria.
Multi-step Bid	Used when pre-qualification of offerors necessary before considering price.	Lowest bidder of qualified offerors.
Sole Source	Only one source for the required good, service, or construction.	Approved single source at agreed prices.
Emergency	Used to respond the needs that are immediate and serious that are a threat to life, public health, welfare, or safety.	Lowest responsive and/or responsible offeror.
Professional Services	Professional services as defined in rules and statutes	Qualified respondent that meets determined criteria; prices are agreed to.
Request for Interest (For Federal Grants)	Used prior to applying for the Federal grants where time is limited or economic situations require a "quick" selection process.	Criteria determined in RFI.

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HePS is a Tool

- HePS is **not** a method of Procurement
  - It is a tool to make our procurements more efficient and transparent.
- HePS does not know all the statutes and rules.
  - Buyers, approvers, reviewers have to know them.
- HePS does not know specifications.
  - That is also the buyers job and may be yours to oversee (for approvers).
- HePS is not artificial intelligence. To HePS, text is text.
  - **Your** intelligence/knowledge of statutes, rules, policy and procedures is what counts.

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Small Purchase Method of Procurement and HePS: Some history

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.
- CPOs may be more restrictive in procedures.

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Act 175, SLH 2009

Changes Small Purchases **Temporarily**

- Increased the thresholds from $50,000 to:
  - goods and services: less than $100,000
  - Construction: $250,000
- For construction, performance bond is required for purchases of $50,000 and greater.
- This act is repealed July 1, 2012
  (as of July 1, 2012 the threshold for small purchases returns to less than $50,000 for goods, services and construction)
- *Reference:*
  Procurement Circulars 2009-07, 2009-14, 2009-15, 2009-16

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Act 190 SLH 2011
and Procurement Circular 2011-02

- Effective, 7/1/11, verification of proof of compliance for Small Purchases of $2,500 is required as indicated in HRS 103D-310 (c)
- Procurement Circular 2011-02 states that acceptable proof shall be via Hawaii Compliance Express.

- *Reference:*
  Procurement Circular 2011-02
  Watch for update of Procurement Circulars 2009-14 and 2009-15)

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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 $100,000* –eProcurement HePS
    (*Per Act 175, SLH 2009 which is repealed on July 1, 2012)
- **Executive Branch Departments**
  (CPO = SPO Administrator)
  - **Procurement Circular 2009-15, Amendment 1**, Small Purchases and the Hawaii Electronic Procurement System,
  - $15,000- less than $100,000 (goods, services)-HePS
  - $15,000- less than $250,000 (construction)-HePS
  - **Shall** use HePS for small purchase requests for quotes for $15,000 or more

- Compliance documents shall be obtained for purchases from $2,500.

- HePs may be used for solicitations less than $15,000

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HePS and Small Purchases

- Just because something is less than $100,000 does not mean it has to be a small purchase method of procurement and has to go on HePS.
- A solicitation for something less than $100,000 can be conducted in the old 'paper' process if a method other than small purchase is used.
  (e.g. IFB, RFP, Professional Services)

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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

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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.

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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.

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Submission of Responses, Bid Opening and Award

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

  After the submission deadline, there is a **virtual bid/quote opening**. Vendors may see an abstract containing all responding vendors and the quote/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.

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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.

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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 or construction and there is a cap of $5,000 per award for each vendor.

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Who is Using HePS and for Which Methods of Procurement

- Executive Branch Departments including:
  - All executive departments whose CPO is SPO Administrator
  - OHA
  - Department of Education- OSFSS
- Judiciary
- Legislative Branch
- **Small Purchase Request for Quotes (eRFQ)**
  (all of the above)
- **Competitive Sealed Bids (eIFB/eRFB)**
  (AG, DAGS, DBEDT, DLNR, DHS, DOH, DOT, SPO, etc.)
- **Competitive Sealed Proposals (eRFP)**
  (SPO)

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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** Amendments, Supplemental Agreements when appropriate
  - Adequate justification
- **Reports**
  - Departmental HePS Administrators run reports
  - Report Types: Solicitations, Awards, Awaiting Award (solicitation closed but not awarded yet), etc.
  - Can be run by dates, (some) buyer or vendor
  - Buyers also have some reporting function for their solicitations/awards

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HePS Functions
(continued)

- **Auditor Function-**
  - Specifically designed for Fiscal staff
  - Allows fiscal staff to view history.
  - If you fiscal staff and want to learn more, contact SPO.
    - Mara Smith
    - Bonnie Kahakui
    - Wendy Orita

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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.

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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.)
- Addenda are easier. Vendors are notified by e-mail.

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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 – vendors do not need to drive downtown for formal bid opening.
- **Non-awarded vendors are notified** via email when notice of award is issued in HePS.
- Language and some terms are a little different. Small Purchases are RFQs, IFBs are eIFB or eRFB (Electronic Request for Bid) on HePS.

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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**
  - Review, approve or disapprove and provide reason for disapproval
- **Departmental HePS 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, system wide instructions, updates, etc.

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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 replaces form 10)

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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.
- Amendment amounts.
- Note: HePS does not give a sum total of all amendment amounts at this time.

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Award Summary Report: What to Check

- Solicitation number (FY) Q2010000047
  - Q (small purchase request for quotation (eRFQ))
  - B (competitive sealed bid, Invitation for Bid, Request for Bid (eIFB or eRFB)
- Number of notifications sent
- Date issued, date closed (sufficient time)
- Responses, award, competition comments if not to lowest quote
- Compliance
- If a change order/supplemental agreement, etc., reason for change order/supplemental agreement, etc.

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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.

As long as solicitation is conducted properly (correct vendors notified, sufficient time to respond, clear specifications, etc.) there is no minimum number of responses.

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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.

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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

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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.

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Common Problems to Watch for:
Solicitations and Awards

- Unit of Measure and Quantity
- (For small purchase request for quotes) total price
- Consistency
- Not awarding to lowest priced vendor with no justification/incorrect justification.
- Notices of Award for $2,500 or greater without compliancy documentation.
- Parceling
- Changing the amount, quantity, etc. without indicating the justification in HePS.
- Failing to change the start date or delivery date to a date after the notice of award date.

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Common Problems to Watch for:
Unit of Measure and Quantity

- The unit of measure is important. It tells vendors how to respond in a uniform way so you are comparing apples to apples.
- Most common units of measure:
  - Each
  - Lot
  - Job
  - Measure of time (such as a year, month, hour)
  - If the unit of measure is something other than these, make sure they make sense for the intent of the unit of measure.
- Not okay:
- '2 each' when some/all of the items are different: example:2 each vehicles (1 is a van and 1 is an SUV)

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Common Problems to Watch for:
Price

- For small purchases (RFQ) there is a dollar threshold.
- The dollar threshold is for the total price of the contract and includes all extensions.

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Common Problems to Watch for:
Consistency

- If there are attachments, they must be consistent with what is in HePS. Can't say one thing in the attachment and something else in HePS. Leads to confusion, protests, having to resolicit.
- There are instructions in HePS.
  - Mandatory, (cannot be deleted by the buyer)
  - Optional (buyer can choose whether to include them)
  - Buyer can also add an instruction.
- The instructions, attachments, etc. cannot contradict one another.
- There is an instruction in HePS that states all responses must include taxes.

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Common Problems to Watch for:
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.

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Summary of Common Problems to Watch for:
Notice of Awards

- Awarding to a vendor other than the lowest priced vendor and failing to provide adequate justification. (Competition Comments)
- Changing the amount, quantity, etc. and failing to provide adequate justification. (Description and/or Comments)
- Awarding without verifying compliancy (either in HCE or appropriate paper documentation requested and obtained from vendor. (Verify compliancy before awarding.)
- Failing to change the start date or delivery date to a date after the notice of award date.
- RFQ award that is over the small purchase request for quote dollar threshold. (Total amount inclusive of all extensions cannot exceed small purchase dollar threshold/ procedures.)

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Automatic
Procurement Solicitation Notices

- For competitive sealed bids and competitive sealed proposals on HePS, placement on the procurement notices site is automatic.
- Buyer has no control – it will automatically will be placed on the procurement solicitation notices website
  - http://hawaii.gov/spo
  - Click Procurement Notices
  - Click HePS Procurement Notices

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See Solicitations as Vendors Do

- Test vendor account- Only for state personnel who have a need to know.
- Keep login/password secure
  - http://hawaii.gov/spo
  - Hawaii eProcurement System (HePS)
  - Vendor login
- See the Vendor Quick Reference
  - http://hawaii.gov/spo
  - Hawaii eProcurement System (HePS)
  - HePS for Vendors, Contactors and Service Providers

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Resources for HePS Buyers

- http://hawaii.gov/spo
- click Hawaii eProcurement System (HePS)
- click HePS for State and County Procurement Personnel
  - HePS references/manuals/handbooks
  - How Do I's
  - Buyer FAQ
  - Check also **References** (bottom of the page)
    - Procurement Delegation
    - Procurement Circulars
    - Procurement Code of Ethics
    - More Information on Small Purchase Method of Procurement
    - For State and County Procurement Personnel webpage

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State Procurement Office

http://hawaii.gov/spo

Thanks for attending

Don't forget to:

1. *Complete the Group Attendance Form if 2 or more attendees attended at a single computer; and*
2. *Do the homework !*

Questions or Comments? Contact us:

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State Procurement Office
Contacts for General and Specific Info

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  RFPs, specifications, emergency, sole source, prof. svcs., exemptions
- **Mara Smith** 587-4704
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  HePS, Awards Reporting System, SPO website (general),
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  Travel, pCard, emergency, sole source, prof. svcs., exemptions, HePS
- **Wendy Orita** 586-0563
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  Hawaii Compliance Express (HCE), Price and Vendor lists, HePS
- **Stanton Mato** 586-0566
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  Delegated Procurement Authority, Price and Vendor Lists
- **Corinne Higa** 587-4706
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  Health & Human Services (all procurement methods), Training

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