BASIC PROCUREMENT REQUIREMENTS
SMALL PURCHASES (SECTION 103D-305, HRS and HAR Chapter 3-122, Subchapter 8) FOR THE EXECUTIVE BRANCH PURSUANT TO PROCUREMENT CIRCULAR NO. 2009-15, EFFECTIVE JULY 1, 2009, TO BE REPEALED ON JULY 1, 2012

I. Summary Table (A Detailed Explanation is Included in Section II)

Note: HRS Chapter 103D Does Not Apply to Payments to Governmental Entities

(A) Under $100,000 for Goods or Services and Under $250,000 for Construction **Except** for: • Procurements Available On the Price/Vendor Lists • Qualify for Emergency Procurement • Sole Source • Exemptions from Section 103D-102, HRS or Section 3-120-4, HAR, Exhibit A	(B) Three Quotes Highly Recommended (Form SPO-10 and10A Optional), Award to Lowest Responsive, Responsible Offer or If Not Practical, Best Value When Not Able to Award to Lowest Price **5/**	(C) Obtain Minimum 3 Quotes (Phone, Fax, E-Mail, Etc.), Complete Form SPO-10, Award to Lowest Responsive, Responsible Offer or If Not Practical, Best Value **5/**. Document Quotes on Form SPO-10, Part B. If Best Value When Not Able to Award to Lowest Price **5/**, Document on Form SPO-10, Part D	(D) Solicit Via the Hawaii Electronic Procurement System (HePS), Documentation Required – HePS PO Summary Report, Award to Lowest Responsive, Responsible Offer or If Not Practical, Best Value. When Not Able to Award to Lowest Price **5/,** Document on HePS Award Summary Report. Form SPO-10 Not Required to be Completed	(E) Procurement Circular 2010-01, Dated June 15, 2010 Posting to the Procurement Reporting System Also Required for Awards $2,500 or More for Emergency, Sole Source, and Exempt Procurements. See Below for Further Explanation	(F) Section 103D-310 (c), HRS & Section 3-122-112, HAR Documentation Requirements – 1) DOTAX Form A-6, DLIR Form LIR#27, and DCCA Certificate or 2) Certificate of Vendor Compliance Through Hawaii Compliance Express (HCE). See Table Below for Further Explanation
1. **Goods or Services** **Construction** Under $5,000 **1/**	**X**				N/A
2. **Goods or Services** **Construction** $5,000 to under $15,000 **2/**		**X**			N/A
3. **Goods or Services** $15,000 to under $100,000 **3/** **Construction** $15,000 to under $250,000 **4/** Note: Performance bond required for construction contracts over $50,000			**X** (a copy of the HePS PO Summary Report is required for the encumbrance and for all payments (first, partial, final)-DAGS Pre-Audit's requirement)	**X**	**X** Pursuant to Procurement Circular No. 2006-07, Amend. 1 (obtain compliance documents prior to award and also required for first payment-DAGS Pre-Audit's requirement)

Note: Instead of using the small purchase procurement method, other procurement methods such as competitive sealed bids (HRS §103D-302) or competitive sealed proposals (HRS §103D-303) may be used as appropriate for amounts less than $100,000 for goods or services and less than $250,000 for construction.

Column (A) in Above Table – Procurement Transaction Amounts

Definition of "parceling" pursuant to Section 3-131-1, HAR, "Means the artificial division or intentional division of a purchase of same, like, or related items of goods, services, or construction into several purchases of smaller quantities, in order to evade the statutory competitive requirements."

Based on the definition of "parceling", it is important to point out that same, like, or related purchases should be combined over a 12 month period to determine the dollar thresholds, i.e., less than $5,000, $5,000 to less than $15,000, $15,000 to less than $100,000 for goods or services, and $15,000 to less than $250,000 for construction. This applicability is pursuant to Sections 3-122-74, 3-122-75, and 3-122-78, HAR. A purchasing agency shall, where possible, make appropriate consolidations to obtain competition because same, like, or related items procured as small purchases during a 12 month period that is $100,000 or more for goods or services and $250,000 or more for construction may be considered "parceling". The following shall be considered when determining adequate and reasonable competition:

1. The higher the price of a group of procurements, the more likely they should be consolidated.
2. The more similar the good, service, or construction, or the more likely it is to purchase a group of goods, services, or construction from one type of vendor, the more likely it should be consolidated.
3. The more foreseeable the procurement of similar goods, services, and construction is, the more likely it should be consolidated.

1/ Less than $5,000 for same, like, or related goods, services, or construction in total during any 12 consecutive month period.

2/ Less than $15,000 for same, like, or related goods, services, or construction in total during any 12 consecutive month period.

3/ Less than $100,000 for same, like, or related goods or services in total during any 12 consecutive month period.

4/ Less than $250,000 for same, like, or related construction purchases in total during any 12 consecutive month period.

5/ "Best Value" – as defined in Section 3-122-1, HAR, means the most advantageous offer determined by evaluating and comparing all relevant criteria in addition to price so that the offer meeting the overall combination that best serves the State is selected. These criteria may include, in addition to others, the total cost of ownership, performance history of the vendor, quality of goods, services, or construction, delivery and proposed technical performance. Written determination for the selection shall be placed in the procurement file. Must also document on Form SPO-10, Part D for $5,000 to less than $15,000 purchases.

Professional Services under $50,000 except for design professional services (Chapter 464, HRS) may use either the Small Purchase method (Section 103D-305) or the Professional Services method (Section 103D-304, HRS)

Column (E) in Above Table – Posting to the Procurement Reporting System

Posting to the Procurement Reporting System
Pursuant to Procurement Circular 2010-01 dated June 15, 2010

Required for the following procurement transactions – shall be posted within 7 calendar days of award date:

- All awards as a result of a Competitive Sealed Bid (IFB), Section 103D-302, HRS
- All awards as a result of a Competitive Sealed Proposal (RFP), Section 103D-303, HRS
- All awards as a result of Professional Services, Section 103D-304, HRS (shall be posted on Professional Services Awards posting webpage)
- Small Purchases $15,000 or more

$2,500 or More

- Sole Source Awards, pursuant to Section 103D-306, HRS, Chapter 3-122, Exhibit B, HAR, and Chief Procurement Office approved SPO Form -1
- Emergency Procurements, pursuant to Section 103D-307, HRS
- Exempt Awards pursuant to Section 103D-102, HRS, Chapter 3-120, Exhibit A, HAR, and Chief Procurement Office approved SPO Form -7

Contract Amendments or Supplemental Agreements, Extensions, and Change Orders – shall be posted within 7 calendar days of award date:

- Whenever change affects contract term or the original award amount

Final contract amount shall be posted within 60 calendar days after the contract end date for the applicable items above

Note: Not Applicable to

- *Price/Vendor List Purchases*
- *State obligations such as fees, settlements, subsidies, refunds, etc.*
- *Dues and fees of organizations in which the State or its officers/employees are members*
- *Utilities whose prices are regulated*
- *Refer to the Procurement Reporting System Manual for a complete listing*

Column (F) in Above Table – Compliance Documents

Compliance Documents for State Executive Branches (Excluding DOE, UH, HHSC, OHA)
Section 103D-310(c), HRS and Section 3-122-112, HAR Documentation Requirements – 1) DOTAX Form A-6, DLIR Form LIR#27, and DCCA Certificate or 2) Certificate of Vendor Compliance Through Hawaii Compliance Express

X = Required ***Not Applicable to Price/Vendor List Purchases***

Procurement Transaction	Upon Award (To Encumber PO & Contract, HePS, etc.) and for First Payment for Non-Contracts (Current Within 6 Months of Issuance Date)	Final Payment All Compliance Documents (Current Within 6 Months of Issuance Date Except Tax Clearance Must Be Within 2 Months of Issuance Date)	Final Payment – Tax Clearance Only (Current Within 2 Months of Issuance Date)
1. Under $25,000 a. Section 103D-302, HRS (IFB), or b. Section 103D-303, HRS (RFP), or c. Section 103D-304, HRS (Prof. Serv.), or d. Section 103D-306, HRS (Sole Source)	X		
2. $25,000 or More a. Section 103D-302, HRS (IFB), or b. Section 103D-303, HRS (RFP), or c. Section 103D-304, HRS (Prof. Serv.), or d. Section 103D-306, HRS (Sole Source)	X	X	
3. Section 103D-305, HRS (Small Purchase) $15,000 to under $100,000 for Goods or Services and $15,000 to under $250,000 for Construction Even Though the Hawaii Electronic Procurement System (HePS) is Not Used	X		
4. Section 103D-307, HRS (Emergency)			
5. Exemptions Allowed by Law (Section 103D-102, HRS) or Rule (HAR Chapter 3-120)			X For $50,000 or More Only
6. Exemptions Under $50,000, Exemption Approved by SPO's Chief Procurement Officer and Compliance Documents Is **Not Required** On the SPO Form 7			
7. Exemptions $50,000 or More, Exemption Approved by SPO's Chief Procurement Officer and Compliance Documents Is **Not Required** On the SPO Form 7			X
8. Exemption Approved by SPO's Chief Procurement Officer and Compliance Documents Is **Required** On the SPO Form 7	X	X	

Note:

- You have the option of either submitting 1) the actual certificates or 2) a printout from the Hawaii Compliance Express (HCE). For more information on HCE, go to the website link at: http://vendors.ehawaii.gov/hce/splash/welcome.html

- When a Tax Clearance from the Department of Taxation and the Internal Revenue Service is required for final payment and the HCE documents is not submitted, the original DOTAX Form A-6 (current within 2 months of issuance date) and original SPO Form 22, website link at http://www4.hawaii.gov/StateFormsFiles/form221.pdf is required to be submitted.

II. Detailed Explanation (Refer to Procurement Circular No. 2009-15, Dated October 15, 2009)

The following Small Purchase Procurement Method (Section 103D-305, HRS) must be used if the purchase is less than $100,000 (exception, see note below - less than $50,000 for emergency and sole source) for goods or services and less than $250,000 for construction and not made in accordance with:

- SPO Price/Vendor Lists
- Exemptions from Section 103D-102, HRS (contains listing of exemptions) or Section 3-120-4, HAR, Exhibit A-Procurements Exempt From Chapter 103D
- Sole Source pursuant to HAR Chapter 3-122, Procurements Approved for Sole Source
- Emergency Procurements ***(Note: $50,000 or more, not small purchase, complete SPO-002 form instead of SPO-010 form)***
- Sole Source Procurements ***(Note: $50,000 or more, not small purchase, complete SPO-001 form instead of SPO-010 form)***
- Other procurement methods such as Competitive Sealed Bidding-Invitation for Bids, Section 103D-302, HRS; Competitive Sealed Proposals-Request for Proposals, Section 103D-303, HRS; or Procurement of Professional Services, Section 103D-304, HRS

GUIDELINES FOR DOLLAR LIMITS FOR GOODS, SERVICES, OR CONSTRUCTION

1. **UNDER $5,000 FOR GOODS, SERVICES, OR CONSTRUCTION**

   a. SPO Form-10 and Form 10-A are optional;
   b. Adequate and reasonable competition is recommended;
   c. Award shall be made to the lowest responsive, responsible offeror; or
   d. When award to the lowest responsive, responsible offer is not practicable, award may be made to the vendor whose offer provides the best value to the State.
   e. Hawaii Electronic Procurement System (HePS) may be used for purchases of goods, services, or construction.

2. **$5,000 TO LESS THAN $15,000 FOR GOODS, SERVICES, OR CONSTRUCTION**

   a. Obtain a MINIMUM OF THREE (3) QUOTATIONS (i.e. phone, fax, etc.).

i. Furnish the same description or specifications to each vendor, and
ii. Document the offers received on SPO-10. Part B.
iii. If unable to obtain three (3) quotes due to insufficient sources, sole source-less than $50,000, or emergency-less than $50,000, etc., document on SPO-10, Part C.

NOTE: You are required to obtain at least three quotations. If a Vendor does not respond, you are required to contact another Vendor. If you are not able to obtain three quotes, explain under SPO-10, Part C.

b. Award shall be made to the lowest responsive, responsible offeror; or
c. When award to the lowest responsive, responsible offer is not practicable, award may be made to the vendor whose offer provides the best value to the State, and shall be documented on SPO-10, Part D.
d. Hawaii Electronic Procurement System (HePS) may be used for purchases of goods, services, or construction.

3. **$15,000 TO LESS THAN $100,000 FOR GOODS OR SERVICES**
$15,000 TO LESS THAN $250,000 FOR CONSTRUCTION

Solicitations MUST be conducted on the Hawaii Electronic Procurement System (HePS).

a. Solicitations will utilize the HePS Purchase Order (PO) Summary Report as documentation; SPO-10 and 10A are not required.
b. Award shall be made to the lowest responsive, responsible offeror; or
c. When award to the lowest responsive, responsible offer is not practicable, award may be made to the vendor whose offer provides the best value to the State, and shall be documented on the HePS PO Summary Report. The SPO-10 is not required.
d. Obtain compliance document (i.e. Hawaii Compliance Express (HCE) to verify vendor compliance with statues. (Reference: Procurement Circular 2005-04, Amend 3).

4. **$100,000 OR MORE FOR GOODS OR SERVICES**
$250,000 OR MORE FOR CONSTRUCTION

Use appropriate procurement methods (Competitive Sealed Bidding-Invitation for Bids, Section 103D-302, HRS; Competitive Sealed Proposals-Request for Proposals, Section 103D-303, HRS; and Procurement of Professional Services, Section 103D-304, HRS) if the purchase does not qualify under the following:

- SPO Price/Vendor Lists
- Exemptions from Section 103D-102, HRS (contains listing of exemptions) or Section 3-120-4, HAR, Exhibit A-Procurements Exempt From Chapter 103D

- Sole Source pursuant to HAR Chapter 3-122, Procurements Approved for Sole Source (Pre-approved list)
- Emergency Procurement
- Sole Source Procurement

III. Links to the State Procurement Office's Website:

Hawaii Revised Statutes Chapter 103D

http://www.capitol.hawaii.gov/hrscurrent/Vol02_Ch0046-0115/hrs0103D/

Hawaii Administrative Rules

http://www.spo.hawaii.gov/statutes-and-rules/admin-rules/

Procurement Circulars

http://www4.hawaii.gov/spo/procapps/procurement_circulars.cfm

State Procurement Office's Central Website on Procurement of Goods, Services, & Construction - Chapter 103D, HRS

http://www.spo.hawaii.gov/hawaii-public-procurement-code-chapter-103d-hrs

State Procurement Office's Website on Flowcharts of Various Procurement Methods

http://www.spo.hawaii.gov/hawaii-public-procurement-code-chapter-103d-hrs/flowcharts.pdf/

SPO Price List / Vendor List

http://www4.hawaii.gov/priceapps/