

Procurement Policies

The purpose of this section is to provide and inform project staff of Kanuu o ka 'Āina procurement policies and procedures. The intent of the policies in this section is to be consistent with Kanuu o ka 'Āina policies and governing documents.

For projects not subject to federal cost principles and guidelines, strict adherence with federal special provisions shall be highly recommended. Adherence to these provisions is expected in order for all projects to exercise prudent business practices. Additional conditions that are required by the sponsor will also be adhered to.

VENDOR REQUIREMENTS/SELECTION

It is the policy of Kanuu o ka 'Āina to require that the most advantageous provision of services combined with the advantageous price be obtained on all purchases and some form of level of service analysis be made. Some form of cost or price analysis is needed as well, including change orders to the initial purchase. Price analysis may be accomplished in various ways, including the comparison price quotations submitted, market prices and similar indicia, together with discounts.

COMPETITIVE PURCHASES

Federal regulations require documentation of level of service and cost analysis in connection with every procurement action regardless of amount. Also, purchases on a competitive basis are essential and required to ensure fair and reasonable acquisition for goods and services. All procurement transactions will be made to promote open and free competition. The competitive purchase requirements are based on dollar thresholds and are as follows:

A. Purchases up to \$2,499

Purchases in this category are made with the most advantageous delivery of services in combination with prices and other factors affecting the total cost of the required item(s). The signature of the Executive Director for the procurement transaction provides the documentation of cost or price analysis.

B. Purchases between \$2,500 – 14,999

Purchases in this category require 3 or more verbal quotations. **RECORD OF VERBAL QUOTATIONS** may be used to record and document verbal quotations. A written quotation from the vendor submitting the highest level of service delivery as well as most appropriate price verbal quotation is recommended to avoid subsequent dispute on price or terms.

C. Purchase of \$15,000 or more.

Purchase in this category require three or more written quotations. REQUEST FOR QUOTATION may be used to obtain and document written quotations. Award of purchase shall be made to the bidder that provides the highest level of service delivery combined with appropriate price. When award is recommended to other than the highest level of service delivery bidder, the basis for the vendor selected must be justified as well as the basis for the award cost or price.

NON-COMPETITIVE PURCHASES

The non-competitive purchase is permitted when a particular product or service is only available from one source or vendor, and when the product is the only one that can fulfill a requisitioner's needs.

A. Purchases less than \$2,500

Purchases in this category are made with the highest level of service delivery and other time saving factors that may affect the total cost of the goods or services. For purchases within this range, the signature of the executive director on the procurement document provides an affirmative determination of level of service.

B. Purchases of \$2,500 or more

For purchases in this category that are not competitively bid, a LEVEL OF SERVICE DETERMINATION form and a SOLE SOURCE JUSTIFICATION FORM shall be prepared. Also it is recommended that the quotation be in writing to avoid subsequent dispute.

PURCHASE ORDERS

A. Definition Purchase Orders one page and will be copied in triplicate. As a general rule all goods and services should be obtained through the issuance of a purchase order. This allows the opportunity to review and approve purchases before commitments are made to vendors.

B. A Purchase Order is completed with the required information. The Purchase Order is signed by the executive director or designee. The project copy are retained by the project for project records. After review and approval the Purchase Order and the payment is sent to vendor.

C. A change order is a directive to amend the original purchase order. A PURCHASE ORDER CHANGE FORM should be used to change your original order, in lieu of issuing a new purchase order. Generally, a PURCHASE ORDER CHANGE FORM is required to authorize changes, e.g. to increase quantity or amount and to change project or account number. All changes must be approved by the Executive Director. A PURCHASE ORDER CHANGE FORM is not required to cancel a remaining encumbrance balance on a purchase that is completed. In this case, the receiving report should be used to indicate final payment and closure of the purchase order. When canceling a purchase order partially or in total, use of the change form is preferred, although not required if alternative means of informing the vendor of the cancellation is provided for. Notating on the receiving report to cancel the purchase order with a short explanation is an acceptable alternative.

The approvals required for a PURCHASE ORDER CHANGE FORM are the same as that required for the original purchase order since it is a procurement action. In cases where a contract accompanied the purchase order, a contract amendment must accompany the PURCHASE ORDER CHANGE FORM is typically used for the following purposes:

1. To change the quantity or amount of the order;
2. To change any descriptive portion of the purchase order, e.g. description or specifications of what is being ordered;
3. To change object symbol or category of expenditure;
4. To change project or account number or other administrative information;
5. To inform the vendor of a partial or total cancellation.

The intent of a PURCHASE ORDER CHANGE FORM is to ensure that all changes to the original purchase are properly authorized and to provide documentation of the changes for the vendor and for subsequent audit.

D. Receiving Procedure

The receiving copy of the Purchase Order is held in an open file until goods/service are received. It is then signed and forwarded to the fiscal clerk. The invoice is matched with the appropriate receiving copy by the fiscal clerk with appropriate certifying signature on the receiving copy and processed for payment.

There is a 50% tolerance level on the total amount of the purchase order to be paid to the vendor. Payments exceeding this tolerance level must be approved by the Executive Director/Designee and change order processed as appropriate.

A partial payment is payment to the vendor of a portion of the total order, based on the goods/services received, e.g. paying for five boxes of paper received when ten boxes are ordered. On a partial payment the invoice number, date of submission and the amount of payment for the items received should be recorded on the bottom on the receiving copy; a photocopy of the receiving report certified; invoice matched by the designated office and forwarded to the executive director or designee for review. The original copy is submitted when the final payment is to be processed.

EVALUATION AND AWARD OF PURCHASE ORDER

- A. Quotations shall be evaluated and award of a purchase order made to that vendor submitting the lowest responsive, responsible quotation, price and other factors considered.
- B. Required number of quotations not received
 1. When less than the required number of quotations are received, the reason(s) shall be documented as part of the procurement record.
 2. When quotations are required and only one (1) quotation is received, a Sole Source Justification form is required.

C. Level of Service Delivery

Award of a purchase order may be made to the vendor submitting the highest level of service delivery for the most reasonable cost is documented. Generally, when acquiring goods and service, highest level of service delivery is ascertained by obtaining a reasonable number of service delivery descriptions.

EMERGENCY PURCHASE

Emergency purchasing procedures, when emergency requires immediate delivery of material or performance of service, are to be used under very unusual circumstances. Adequate planning should minimize the need for emergency purchases. A written justification should be included in the procurement record. Quotation requirements must be fulfilled. Frequent use of this method of procurement is strongly discouraged.

PROCUREMENT APPROVAL REQUIREMENTS

All procurement action for Kanu o ka 'Āina service ordered project must be authorized and approved by Executive Director or designee. In addition certain transactions require the approval.

TYPE OF PROCUREMENT ACTION	REQUIREMENTS
1. Goods and Services	
A. Purchase goods or services \$0-\$2,499	<ul style="list-style-type: none"> • Executive Director/Designee signature
B. Competitive purchase goods or services \$2,500-\$14,999	<ul style="list-style-type: none"> • 3 or more verbal quotations; utilize RECORD OF VERBAL QUOTATIONS
C. Competitive purchase goods or services \$15,000 and above	<ul style="list-style-type: none"> • 3 or more written quotations; utilize REQUEST FOR QUOTATION
D. Sole Source purchase goods or services \$2,500 and above	<ul style="list-style-type: none"> • Sole Source Justification • LEVEL OF SERVICE DETERMINATION
E. Purchases exempt from competitive pricing, \$2,500 and above	<ul style="list-style-type: none"> • LEVEL OF SERVICE DETERMINATION
2. Equipment (\$5,000 and above)	
A. Competitive purchase of equipment	<ul style="list-style-type: none"> • 3 or more written quotations; utilize REQUEST FOR QUOTATION
B. Sole Source purchase of equipment	<ul style="list-style-type: none"> • Sole Source Justification • LEVEL OF SERVICE DETERMINATION
3. Contracts	
A. Subcontract	<ul style="list-style-type: none"> • 3 or more written quotations; utilize REQUEST FOR QUOTATION
B. Service Contract	<ul style="list-style-type: none"> • 3 or more written quotations; utilize REQUEST FOR QUOTATION
C. Office Lease/Rental	<ul style="list-style-type: none"> • 3 or more written quotations; utilize REQUEST FOR QUOTATION