

**State Procurement Office
Workshop No. 200
Basics of Procuring Health & Human Services
Pursuant to HRS Chapter 103F
Part 1, The Background**

Slide 1: Basics of Procuring Health & Human Services Pursuant to HRS Chapter 103F, Part 1, The Background (Title Page)

Welcome to the State Procurement Office's Workshop No. SPO 200, The Basics of Procuring Health & Human Services pursuant to HRS Chapter 103F. This workshop is divided into 3 parts: Part 1 provides some background information on the State Procurement Office and HRS Chapter 103F, Purchases of Health & Human Services. Part 2 will provide a brief overview of HRS Chapter 103F statutes and its administrative rules. Part 3 will cover resources for you to refer to when planning and preparing your service procurements.

Slide 2: Public Procurement

The State's procurements are governed by the Hawaii Revised Statutes (HRS) and the Hawaii Administrative Rules (HAR). Generally, the statutes set up the foundation or provides the procurement authority. The rules establishes the procedures. In public procurement, we also are using taxpayer moneys; therefore, we as public servants are accountable for the purchases made.

Slide 3: Public Procurement (continued)

Procurement statutes and its administrative rules help to keep procurement processes in check. There is uniformity in the processes and procedures, which in turn assures that all participants in the procurement process are treated fairly and equally. All of the State Procurement Office's procurement information can be found at spo.hawaii.gov, including links to the statutes and its administrative rules.

Slide 4: About the State Procurement Office (SPO)

First, let's review a little about the State Procurement Office. The State Procurement Office oversees 2 procurement statutes, HRS Chapter 103D, known as The Hawaii Public Procurement Code, for goods, services and construction. And HRS Chapter 103F, which is for purchases of health and human services. The State is not centralized in its procurements, meaning that departments and jurisdictions do their own procurements. The State Procurement Office oversees the procurement statutes and is a service agency to the various departments.

Slide 5: SPO Also Does

Among other duties, the State Procurement Office procures and issues common commodity price and vendor lists and does complex HRS Chapter 103D procurements. The Inventory Management and Excess Property branch oversees the recording of acquisitions, transfers, and disposal of State property by the various departments. Surplus Property branch is a self sustaining agency that acquires federal surplus property for reutilization by State and county agencies or eligible organizations. The State Procurement Office also manages the pCard (purchasing card), the Hawaii e-Procurement system (HlePRO), and policy and procedures for travel services.

Slide 6: Before 103F

Now, how did HRS Chapter 103F come about? Before 103F, purchases of health and human services fell under HRS Chapter 42 and 42D, which included grants, subsidies and purchase of services. There was no clear procurement process for purchases of health and human services; therefore, no uniform way in which State agencies procured health and human services.

Slide 7: HRS Chapter 103F, Purchases of Health and Human Services, Act 190

So by Act 190, which became effective July 1, 1998, the legislature separated purchases of health and human services, which became HRS Chapter 103F, from grants and subsidies, which became HRS Chapter 42F. As a note, 42F is not limited to only health and human services. By putting purchases of health and human services into its own procurement chapter, there now is a single, uniform process for State agencies to follow. It's a consistent process, it's transparent, meaning it's a fair and open process and purchasing agencies have a framework to work with. And it also fosters broad-based competition.

Slide 8: Act 190, Intent and Objective (continued)

By separating out purchase of services from grants and subsidies resources are also optimized. We can share information, plan and work together; reducing repeated efforts. When purchasing health and human services, collaboration between purchasing agencies and providers is a good thing --- working towards the common good of the community.

Slide 9: Applicability of HRS Chapter 103F

HRS Chapter 103F applies to all types of health and human service contracts; however, it doesn't apply to HRS Chapter 42F contracts for grants and subsidies, transactions between government agencies, or transactions exempt by the chief procurement officer.

Slide 10: SPO Organization

Part of the State Procurement Office, is the Procurement Policy Board (PPB) which is made up of 7 members. The policy board is responsible to adopt HRS Chapters 103D and 103F administrative rules and to establish policies and procedures to implement these chapters. Information on the PPB can be found at the SPO website.

The State Procurement Office Administrator oversees both Chapters 103F, is a resource for state agencies, maintains the awards/contracts database, provides statewide procurement training, and maintains a procurement manual for purchasing agency use.

Slide 11: SPO Organization (continued)

Within Chapter 103F there is the Community Council on Purchases of Health and Human Services. The council consists of 9 members. This is a non-voting council and acts only as an advisory to the State Procurement Office administrator. Shown on this slide are the current members on the Community Council. You can also find the link to the Community Council on the SPO homepage at the same location as the Procurement Policy Board.

Slide 12: SPO Organization (continued)

There are 21 jurisdictions within the State and counties and each has their own chief procurement officer. The link to the jurisdictions and the current CPOs can also be found at the bottom of the SPO homepage.

[The following is Listed on the slide]

- ~ Legislative
 - Speaker of the House
 - Senate President
- ~ Judicial
 - Administrative Director of the Courts
- ~ Executive
 - Office of Hawaiian Affairs, Chairperson
 - University of Hawaii, President
 - Dept. of Education, Superintendent,
 - Hawaii Health Systems Corporation, Chief Executive Officer
 - All other Executive Depts/Agencies, Administrator, State Procurement Office (SPO)
- ~ Counties
 - Executive Depts, Finance Director of each respective county
 - Councils, Chairperson of each respective county
 - Depts of Water, Chief engineer of each respective county
 - Honolulu Authority for Rapid Transportation, Executive Director

Slide 13: Administrator, State Procurement Office

The administrator of the State Procurement Office is the CPO for various Executive departments. The administrator also does reviews of procurement practices and provides a procurement guide for vendors on how to do business with the State.

Slide 14: Interagency Committee

HRS Chapter 103F started with an interagency committee, which was comprised of the purchasing agency heads or designees. This committee acted as advisory to the administrator when 103F was instituted. It was decided at an initial meeting of the committee that the responsibilities of the interagency committee be delegated to the Purchase of Service Team (POST) group.

Slide 15: Purchase of Service Team (POST)

POST is comprised of interested procurement personnel from all departments purchasing health and human services. Since the inception of HRS Chapter 103F, POST has been instrumental in providing information and feedback addressing issues to improve the health and human services' procurement process.

There is no obligation to being a member of POST and subscribing to POST is encouraged. POST membership allows a way for the State Procurement Office to network, communicate and share information with fellow health and human service procurement personnel. If you would like to be a member of POST, go to the SPO homepage and follow the clicks shown on this slide to get to the POST webpage.

Slide 16: Departmental Coordinators

Each department procuring health and human services has a departmental coordinator. The departmental coordinator is the liaison between the State Procurement Office and departmental procurement personnel for updates to the health and human services' procurement process. These are your current departmental coordinators.

[A list on the slide is provided for current departmental coordinators]

- AG- Shaleigh Tice
- DOD – Tom Moriyasu
- DOE – Lois Mow
- DHHL – Kamana’o Mills
- DOH – Sharon Abe
- DHS – Susy Kawamoto
- DHS, HPHA – Rick Sogawa
- DLIR – Yvonne Chong
- PSD – Marc Yamamoto
- OHA – Ernie Kimoto
- JUD – Jonathan Wong

Slide 17: HRS Chapters 103D and 103F

Although you may only be doing procurements for health and human services, it’s always good to know a little bit about the HRS Chapter 103D process also. Here we’ll go over what each chapter covers. Chapter 103D is for purchases of goods, services and construction and is mandatory for both State and County agencies. Chapter 103F is for purchases of health and human services and is mandatory for state agencies only. At the inception of 103F, the counties chose for 103F to be optional.

Under 103D, the primary method of procurement is the competitive sealed bidding, done as invitation for bids. Awards are based on meeting minimum specifications established in the solicitation and lowest price. For 103F most purchases are done through the competitive method of procurement done through the RFP process. 103F does not do IFBs because cost is not the most important factor in awarding a contract.

Slide 18: HRS Chapters 103D and 103F: Methods of Procurement (Source Selection)

103D does competitive sealed proposals (RFP process); however, it is only used when there are other factors which are more important than pricing for awarding. 103F only does requests for proposals.

103D has the sole source method of procurement, which is utilized when the product or service is only available from one source. Under 103F the sole source procurement is known as a restrictive purchase. (As a note, if you do 103D procurements, restrictive purchases have a different meaning so don’t get confused.)

103D has professional services procurements and 103F does not.

103F has the treatment method of procurement, whereas, 103D does not. We will go into each 103F method briefly later in this workshop.

Under 103D there is emergency procurement. Under 103F, it is known as the crisis method of procurement.

Both 103D and 103F have small purchases procurement; however, the thresholds are different. Under 103D small purchases are less than \$100,000, \$250,000 for construction. Any purchase between \$15,000 and \$100,000 is required to be purchased on an electronic procurement system. 103F’s small purchase threshold is purchases less than \$25,000. Currently, 103F procurements are not required to be procured through HlePRO.

Competitive sealed bidding, competitive sealed proposals and professional services under 103D requires a procurement notice to be posted on the internet. For 103F, the competitive purchase of service and the restrictive purchases require a procurement notice on the internet.

Slide 19: Keys to a Successful Procurement

In order to have a successful procurement, it is essential for procurement personnel to have procurement knowledge (the reason for these trainings).

A successful procurement also requires teamwork. An individual cannot be expected to put together a procurement alone.

Good planning is also very important in putting together a successful procurement. Poor planning may result in a poorly written RFP, which results in getting proposals that doesn't address all of your service needs. This could result in it being difficult to evaluate the proposals. Also, as a result of poor planning, there is greater risk of getting a protest or having to reprocure the services

Good management and good record keeping - You need good management and record keeping to keep on top of the services being provided by the provider, and you'll never know when the auditor may come knocking at your door to see the procurement files.

Slide 20: "Trouble/Hot Spots"

What are some of the trouble spots in procurement.

Poor planning and too short timelines causes headaches towards the backend of the procurement.

Not getting proper approvals results in a procurement violation. An example would be if the procurement requires prior chief procurement officer approval and it wasn't done.

Failing to provide adequate/appropriate disclosure. Example: If important information is left out of the RFP, and the applicant fails to respond appropriately in their proposal, the purchasing agency may have to cancel the RFP and reprocure the services.

Services rendered without an executed contract is a procurement violation.

Failing to extend contracts on a timely basis results in your having to reprocure the services. A contract cannot be extended once it expires.

Poor contract administration may result in providers not following the contract terms. You may also encounter difficulty in correcting problems and improving future services.

Exceeding the scope of the solicitation. Anytime the scope of the solicitation/contract is exceeded, it is a material change and considered a procurement violation.

If you procure a service as a small purchase, exceeding the small purchase threshold is a procurement violation.

Lastly, parceling or dividing up larger purchases into smaller purchase to avoid competitively procuring the services is a procurement violation.

Slide 21: Suggestions and Helpful Hints

So, what are some suggestion and helpful hints when doing your procurements.

Attend training and take refreshers. Attend once to get the gist and subsequent times for better understanding. You will always learn something new each time you view the training.

Be clear on what you are procuring. Don't make it up as you go along, and don't use the procurement process to determine your needs; identify your needs first. You can't expect providers to know how to respond or what you want, unless you know what it is that you want.

Work as a team. Planning and issuing a RFP for services should not be done by one individual. Involve others with the appropriate knowledge for a successful procurement.

Have a system of keeping track of your contracts so you will always know at what stage they are at.

Also, in whatever you do, you should always be professional.

If you have problems or questions regarding the procurement process, give us a call or email us.

Slide 22: Procurement Code of Ethics

As a professional, you must always diligently follow procurement laws and rules. Remember, as a public employee, we are accountable to the taxpayers.

Act in good faith and ensure that everyone is treated fairly and equitably.

Allow providers to compete in a fair and open process.

Avoid the intent and even the appearance of unethical behavior and practices.

By being upright and fair, we foster public confidence in government procurement.

Slide 23: Procurement Code of Ethics (continued)

Avoid soliciting or accepting any type of gifts or favors which may influence or appear to influence your purchasing decisions.

Be conscious of any conflicts of interests and refrain from participating in a procurement if there is any conflicts or appearances of conflicts. Better safe than sorry.

Go Pro The Official Publication of NIGP, Oct/Nov. 2009

“The principles for a strong ethical foundation are not complex:

- Believe that you can make a difference and that it does matter;
- Model ethical practices to tell everyone you are ethical and to create a pattern for them to follow;
- Don't get caught up in the cloudy thinking that others are doing it, or that will only be this one time;
- Remember that the end never justifies the means if it includes any form of ethical compromise.

In public purchasing, our lives and actions are in a fishbowl. Everything we do is transparent. Our actions are evaluated after the fact so that the outcome is already known. We need to ensure that all our decision-making processes are of the highest ethical standards. We not only need to know our rules, but we need to follow them... Mark Twain said, “ Always do the right thing. This will gratify some people and astonish the rest!”

GovPro 10/11/12 “ By giving in to your weaknesses and not thinking through the consequences of your unethical actions, you become the bad guy in your own agency.

So, we need to focus on who we are and how we think and act.

We need to be impartial

You as an employee of a government entity should not use their position for any type of personal gain.

Fragmenting or other forms of dividing work or otherwise inhibiting or eliminating competition is a very unethical practice.”

Slide 24: Procurement Delegation and Training

You as procurement personnel, are required to have written procurement delegation. To find the delegation memos, go to the State Procurement Office home page, spo.hawaii.gov. At the homepage,

click on “Manual for State & County Personnel.” Then click on “Delegation.” That should get you to the delegation memos. You will also find the link to the procurement delegation forms on that page.

For training information, on the SPO homepage, click on “Training for State & County Personnel.”

Slide 25: Procurement Delegation and Training (continued)

These are the steps for procurement delegation and training. Steps may vary for each department.

1. Obtain procurement delegation authority
2. Determine position level
3. Determine the training requirements
4. Register for the desired workshop
5. Attend

Each department/jurisdiction has an accounts manager who handles delegations, trainings, and log-ins for posting procurement data. On the SPO home page, at the top of the page click on “For State & County Personnel.” Here you will find the link to the list of departmental account managers.

Slide 26: Thank you

And that brings us to the close of Part 1 of Workshop No. 200. Don't exit out quite yet. Self-certification form will pop up on your screen shortly. Please complete and click the submit button. An email confirmation will be sent to you via the registered email. Thank you for attending. If you have any questions regarding what was covered in this session, please call or email me, Corinne Higa at the phone number or email address shown on this page.

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