

DAVID Y. IGE
GOVERNOR



PROCUREMENT POLICY
BOARD
HOWARD S. GARVAL
RONALD N. HIRANO
GREGORY L. KING
DAVID LANGILLE
ELIZABETH WEBB
DOUGLAS G. MURDOCK
KATHY SUZUKI-KITAGAWA

SARAH ALLEN
ADMINISTRATOR


STATE OF HAWAII
STATE PROCUREMENT OFFICE
P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 587-4700
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

August 25, 2016

PROCUREMENT DIRECTIVE NO. 2017-01

TO: Chief Procurement Officers:
Department of Education, Superintendent
University of Hawaii, President
Office of Hawaiian Affairs, Chairperson of the Board,
Hawaii Health Systems Corporation, Chief Executive Officer
Judiciary, Administrative Director of the Courts
Senate, President
House, Speaker of the House of Representatives

Counties of Hawaii, Kauai, Maui, and City & County of Honolulu:
Executive Branch, Finance Director
Legislative Branch, Chairperson of the County Council
Boards/Departments of Water Supply, Manager/Chief Engineer
Honolulu Authority for Rapid Transportation, Executive Director

FROM: Sarah Allen, Administrator 

SUBJECT: Hawaii Administrative Rules (HAR) for
Chapter 3-120, *General Provisions*
Chapter 3-122, *Source Selection and Contract Formation*
Chapter 3-130, *Inventory Management*

HAR chapters 3-120, 3-122, and 3-130 have been amended, have completed the public hearing process, and are effective immediately. This Procurement Directive replaces Procurement Directives No. 2015-01, 2015-02, 2015-03, and 2015-04, dated November 10, 2014.

The following is a summary of the amendments:

- The amendments to HAR §3-120-4, Procurement exempt from chapter 103D, Hawaii Revised Statutes (HRS) clarifies the procurement rules for purchasing agencies and reflects the Procurement Policy Board (PPB) date of approval for paragraphs (b)(e) and (g).
- The amendments to Exhibit A, HAR Chapter 3-120, first paragraph reflects additional language added by the PPB to remind State employees that they are still bound by ethical and contractual

responsibilities, regardless if their procurement is exempt from the HRS Chapter 103D process, and number six (6) was amended to take out "etc" to remove the perception that this exemption can be expanded beyond its intended use.

- The amendments to HAR §3-122-14, Exempted items, adds language to exercise due diligence, be responsible, and act ethically when preparing specifications for procurements exempted from HRS Chapter 103D.
- The amendments to HAR §3-122-66, Waiver to requirement for procurement of professional services, shows this section has been repealed and has been invalidated by the Hawaii Supreme Court in *Asato v. Procurement Policy Board Hawaii, 2014*.
- The amendments to HAR §3-130, Inventory Management, aligns inventory accountability designations with HRS §103D-1204, Others' responsibilities, providing clarity, consistency, and style.

Procurement Circular No. 2014-16(A) provides guidance for conducting professional services method of procurement.

The HAR ramseyer and standard versions may be viewed at <http://spo.hawaii.gov>, under the *Reference* menu, click on *Hawaii Administrative Rules*; and click on *Goods, Services & Construction*.

A complete listing of all current Procurement Directives is available at <http://spo.hawaii.gov>, under the *Reference* menu, click on *Procurement Directives*.

Your staff may contact Kevin Takaesu at 586-0568 or kevin.s.takaesu@hawaii.gov, if there are any questions, or you may call me at 587-4700.