

May. 4, 2005 11:02AM Kau Hospital  
Apr-05-2005 10:46 From-HHSC PERSONNEL

8087334187

No. 0855 P. 9  
T-641 F.004/008 F-110

April 18, 2005 4:39PM Kau Hospital  
Apr-18-2005 02:15PM From-HHSC CORP OFFICE

8087334020

No. 0239 P. 3  
T-512 F.003/006 F-100

STATE OF HAWAII  
REQUEST FOR EXCEPTION TO INVENTORY MANAGEMENT RULES.HAR 3-130-12

TO: Head of Procurement Agency

FROM: AI  
Neves

Pursuant to HAR CHAPTER 3-130 AND HHSC requests a Inventory Management Rules exception.  
HAR 3-130-12 requires that prior to implementing an exception the SPO must approve the exception.  
The HHSC CEO has the authority to grant exceptions to HAR 3-130.

The HHSC CEO may delegate the authority to the HHSC Director Materials and Contract Management

Name of Vendor:	CostN/A		
Address:N/A			
Term of Contract:	From:	To:	Prior Exception Ref No.
Explanation describing how current state inventory management rules dictates a record keeping for all items \$1000.00 or more. HHSC inventory management system is decentralized to each Hospital Regions and the record keeping is for items \$500.00 or more.			
It would be undue hardship for HHSC to change the current decentralized record keeping and capitalization procedures and threshold.			
For the past seven (7) years HHSC has maintained the records, from receipt to disposition. It would be a monumental task to update records for State rules on inventory management especially since the state maintains records at \$1000 and above and HHSC maintains at \$500 and above.			
Financial Accounting records need to be maintained in a different manner would HHSC be under the State rules.			
Details: Each Region maintains the records of fixed assets valued at \$5,000 or more.			

May. 4, 2005 11:03AM Kau Hospital  
Apr-13-2005 10:42 AM From HHSC PERSONNEL

8087334187

No. 0855 P. 10  
T-64 F-009/006 R-110

Apr 13, 2005 4:39PM Kau Hospital  
Apr-14-2005 02:28PM From HHSC CORP OFFICE

8087334026

No. 0239 P. 4  
T-512 F-004/006 R-139

Regions maintain a sensitive item list of sensitive to pilferage items.

#### Internal Controls

A description of the agency's internal control and approval requirements for the excepted Inventory Rules

The Regional CEO is the approval authority and central point for the record keeping , inventory accountability and disposition methods following HHSC Policy and Procedures for the Regions Inventory.

It would be an undue hardship to attempt to reconcile 7 years of equipment, receipt , disposition and accounting to transfer the records and control to the State . Additionally the process for accounting is certain place at each Region.

It is more advantageous to the State to approve the exception as approved by the HHSC CEO.

If this exception is approved by the HHSC CEO, then prior to implementation HHSC will seek SPO approval of this exception

A list of agency personnel, ; Regional Material Managers, and Business office Managers for HHSC Regions

Direct questions to: Al Neves  
Phone Number: 928-2024

This exception should be considered for changes in the Procurement Policy Board to eliminate SPO approval for agency exceptions to the inventory management rules. MAR Yes  No

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT



Al Neves Signed

4-8-05

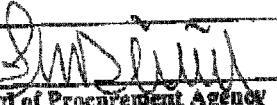
Department Head or Designee Date

May 4, 2005 11:02AM Kauai Hospital  
Apr 21 US 01:42P Al Neves

NO. U000 F. 0 p.3  
808 928 2024

Chief Procurement Officer's Comments:

APPROVED  DISAPPROVED

  
Head of Procurement Agency

04/25/05  
Date