

May 4 2005 11:02AM Kau Hospital
APT-21-2005 10:46 FROM: HHSC PERSONNEL

8087934167

No. 0855 P. 9
T-641 P.000/008 P-110

Apr. 18. 2005 4:39PM Kau Hospital
Apr-14-2005 02:25pm FROM: HHSC CORP OFFICE

8087934028

No. 0239 P. 3
T-512 P.003/006 P-188

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 HRS, 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 this authority to the HHSC Director Materials and Contract Management

Name of Vendor
Address: N/A

Cost: N/A

Term of Contract	From:	To:	Prior Exception Ref No.
<p>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.</p> <p>It would be undue hardship for HHSC to change the current decentralized record keeping and capitalization procedures and threshold.</p> <p>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 \$5000 and above.</p> <p>Financial Accounting records need to be maintained in a different manner would HHSC be under the State rules.</p>			

Details: Each Region maintains the records of fixed assets valued at \$5,000 or more.

May 4, 2005 11:03AM Kau Hospital
APR-21-2005 10:42 FROM HHSC PERSONNEL
Apr 13, 2005 4:39PM Kau Hospital
APR-14-2005 02:28PM FROM HHSC CORP OFFICE

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No. 0855 P. 10
T-64, P. 005/006 P. 110
No. 0239 P. 4
T-812 P. 004/006 P. 138

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 control 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 this records and control to the State. Additionally the process for accounting is set in place at each Region.

It is more advantageous to the State to approve the exceptions 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, HAR. 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

Chief Procurement Officer's Comments:

APPROVED DISAPPROVED


Head of Procurement Agency

04/25/05
Date