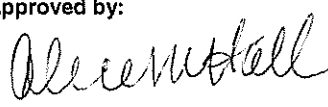


 HAWAII HEALTH SYSTEMS C O R P O R A T I O N "Touching Lives Everyday" Policies and Procedures	Department: Corporate Finance	Policy No.: PUR 0016
	Issued by: Edward Chu Interim CFO	Revision No.: 2
Subject: Corporate/System Wide Contracts: Sole Source Procurement	Approved by:  Alice M. Hall Interim President & CEO	Effective Date: July 21, 2010
		Supersedes Policy: October 1, 2007
		Page: 1 of 6

- I. **PURPOSE:** In rare cases, procurement for goods and/or services may be accomplished without competition because there is only one source that meets the requirements. This procurement may be considered a sole source. A sole source is defined as procurement that, regardless of the market place, one and only one source possesses a unique and singularly available performance capability or item/good. In regards to goods, a sole source is generally considered a proprietary item produced and/or marketed by a company having exclusive right to manufacture and sell it.

- II. **POLICY:** This policy provides for the procurement of sole source goods and/or services outside normal purchasing procedures for corporate office and system-wide procurement actions. (See PUR 0019 for definitions). It is HHSC's policy to waive the competitive procurement process and approve a sole source procurement method provided the requestor can adequately demonstrate that the specifications that require only this product or only this vendor are justifiable to the Chief Procurement Officer, or are already deemed sole sources by the State Procurement Policy Board. The list of Procurement Policy Board sole source categories can be found as Exhibit B to HAR 103D. §3-122.

- III. **PROCEDURE:**
 - A. **For sole source procurements not on the pre-approved list** adopted by the Procurement Policy Board, and with dollar values estimated to be in excess of the dollar threshold for small purchases as defined by HRS 103 and 103D:
 1. The department head managing the procurement (the "requestor") shall prepare an "A Notice & Request for Sole Source" using the attached form with this title and forward to the HHSC Corporate Contract Management Office Procurement Specialist.
 2. The Notice & Request for Sole Source will include the following:
 - a. Justification for a sole source procurement establishing the good, service or construction has a unique feature; characteristic, or capability essential to the agency to accomplish its work and is available only from one supplier or source, including a detailed description of the investigation undertaken to confirm sole source status;

- b. Name of contractor;
 - c. Amount of expenditure (best estimate);
 - d. Listing of the goods, services, or construction to be procured; and
 - e. Contract term or period of performance (which cannot exceed one year for sole source purchases).
 - 3. The HHSC Contract Management Department will review the Notice & Request for Sole Source to assure compliance with the intent of Hawaii Revised Statutes chapter 103D. The requester will obtain signatures of the department head or other manager responsible for the procurement once it passes review.
 - 4. The Notice & Request for Sole Source will then be posted to HHSC's website by the Contract Management office for the required seven day notification period. Any inquiries shall be directed to the designated contact person; any objections shall be submitted in writing and received by the Chief Procurement Officer within seven days from the date the Notice & Request for Sole Source was posted.
 - 5. If any objections are received within the allotted time frame, the Chief Procurement Officer shall place the sole source request on hold, review the objection, and provide a written determination to the person submitting the objection. If no written objections are received, the Chief Procurement Officer will affix his signature to the form approving the sole source procurement and transmit to the Contract Management office for dissemination to the contracts manager, requester, and final posting on the HHSC website.
 - 6. A copy of the approved Notice & Request for Sole Source must be placed in the contract file as a permanent record. The contract manager may then proceed with purchasing the services or goods within the terms set forth in the approved Sole Source document.
- B. For Sole Sources estimated to be under the dollar threshold** for small purchases as defined by HRS 103 and 103D, the "Record of Small Purchase" (See PUR Policy No. 0020) shall be completed by the Contract Management, (assuming a Purchase Request to ask for with assistance has been processed). A detailed explanation of the justification for the sole source procurement shall be provided in "Section C: Inability to obtain three quotes" of the aforementioned form. The requester may be called upon to assist with providing the justification.
- C. Amendments to Sole Source** procurements may be processed via the same procedure utilizing the attached "Amendment to Sole Source Request" form.
- D. Proof of compliance** with the state labor and business registration laws, as required in HRS 103D-310 shall be required for sole source purchases over \$25,000.
- IV. APPLICABILITY:** This policy applies to contracts governed by Chapter 103D where there is only one source that can provide the goods or services.
- V. REFERENCES:** HRS 103D-306, HAR 103D. §3-122-81 through HAR 103D. §3-122-82, HAR 103D. §3-122 Exhibit B, Act 175, SLH 2009: Part I, Section 2; Procurement Circular No's. 2009-14, October 14, 2009 and Procurement Circular No. 2009-15,

October 15, 2009;. Reference to chapter 103d and the corresponding rules does not intend to waive any applicable exemption.

HAWAII HEALTH SYSTEMS CORPORATION
NOTICE & REQUEST FOR SOLE SOURCE

1. TO: Chief Procurement Officer

2. FROM:

Department/Division/Agency

Pursuant to §103D-306, HRS, and Subchapter 9, Chapter 3-122, HAR, the Department requests sole source approval to purchase the following:

3. Description of goods, services, or construction:

4. Vendor Name:

Address:

5. Price:

\$ _____

6. Term of

Contract:

From: _____

To: _____

(mm/dd/yyyy)

7. Prior Sole Source Ref

No. _____

8. Feature: The good, service, or construction has the following unique features, characteristics, or capabilities:

9. Essential Features: How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:

10. Sole Source No. _____

PUR Form 001 (Spo 01) 11/06

11. Alternate source. The following other possible sources for the good, service, or construction were investigated but do not meet our needs because:
--

12. Direct any inquiries to: Department: _____ Contact Name/Title: _____	13 Phone Number: _____ Fax Number: _____
---	---

Expenditure may be processed with a purchase order: ☐ Yes ☐ No If no, a contract must be executed and funds certified. Agency shall ensure adherence to applicable administrative and statutory requirements.
--

14. *I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.*

Department Head (sign and print name)

Date

Reserved for CPO/Delegat Use Only	
15 Date Notice Posted: _____	
Submit written objections to this intent to issue a sole source contract within seven calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer HHSC 3675 Kilauea Ave. Honolulu, Hawaii 96816	
16. Chief Procurement Officer comments:	

17.

☐ APPROVED ☐ DISAPPROVED
☐ NO ACTION REQUIRED

Chief Procurement Officer

Date

PUR Form 001 (Spo 01) 11/06

HAWAII HEALTH SYSTEMS CORPORATION
NOTICE OF AMENDMENT TO SOLE SOURCE CONTRACT

1. TO: Chief Procurement Officer

2. FROM

:

Department/Division/Agency

3. Name of Contractor:

4. Sole Source Reference Number:

5. Contract Number:

6. Description of goods, services, or construction:

7. Approval to amend is submitted in order to:

☐ Revise the scope of services for the contract as follows:

☐ Increase contract price by
10% or more:

Original Contract Price:

Amended Contract Price:

8. Reason: This/These amendment(s) are necessary because:

9. Direct questions to: _____ Phone: _____

Agency shall ensure adherence to applicable administrative and statutory requirements.

10. Pursuant to § 103D-306, HRS, and § 3-122-82, HAR, I certify that the information provided above is, to the best of my knowledge, true and correct

Department Head (print and sign name)

Date

Reserved for CPO/Delegue Use Only

11. Date Notice Posted: _____

12. Submit written objections to this notice of amendment to Sole Source Contract within seven calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer
3675 Kilauea Ave.
Honolulu, Hawaii 96816

Chief Procurement Officer's Comments :

13. ☐ APPROVED ☐ DISAPPROVED

Chief Procurement Officer

Date

PUR Form 005 (Spo 1b) 11/06