

JAN 22 2008

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the procurement
2 policy office, in order to fully discharge its responsibilities,
3 must take further steps to ensure compliance with chapter 103D,
4 Hawaii Revised Statutes, by the executive agencies.

5 The purpose of this Act is to require the procurement
6 policy office to conduct compliance audits of at least two
7 executive agencies per year and to initiate or conduct follow-up
8 audits of executive agencies that utilize procurement procedures
9 that are not in compliance with the state procurement code or
10 otherwise authorized by law.

11 SECTION 2. Section 103D-202, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§103D-202 Authority and duties of the policy board.** (a)
14 Except as otherwise provided in this chapter, the policy board
15 shall have the authority and responsibility to adopt rules,
16 consistent with this chapter, governing the procurement,
17 management, control, and disposal of any and all goods,



1 services, and construction. All rules shall be adopted in
2 accordance with chapter 91; provided that the policy board shall
3 have the power to issue interim rules by procurement directives,
4 which shall be exempt from the public notice, public hearing,
5 and gubernatorial approval requirements of chapter 91. The
6 interim rules shall be effective for not more than eighteen
7 months.

8 (b) The policy board shall consider and decide matters of
9 policy within the scope of this chapter including those referred
10 to it by a chief procurement officer.

11 (c) The policy board [~~shall have the power to~~] may audit
12 and monitor the implementation of its rules and the requirements
13 of this chapter; but shall not exercise authority over the award
14 or administration of any particular contract, or over any
15 dispute, claim, or litigation pertaining thereto.

16 The policy board shall:

17 (1) Audit a minimum of two executive departments each year
18 to ensure compliance with this chapter;

19 (2) Initiate or conduct follow-up audits of an executive
20 agency that utilizes procurement procedures that are
21 not in compliance with this chapter or otherwise
22 authorized by law and that, given the circumstances,



1 lead the policy board to believe that the executive
2 agency intended to circumvent the application of this
3 chapter; and

4 (3) Report the results of the compliance audits to the
5 legislature no later than twenty days before the
6 convening of each regular session."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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Report Title:

Procurement; Audit

Description:

Requires the procurement policy board to conduct audits of two executive departments each year to ensure compliance with chapter 103D, HRS, and report results to the legislature. Also requires the procurement policy board to initiate or conduct follow-up audits of executive agencies that utilize procurement procedures that are not in compliance with the state procurement code or otherwise authorized by law.

