

STAND. COM. REP. NO. 2176

Honolulu, Hawaii

FEB 11 2008

RE: S.B. No. 2824  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Tourism and Government Operations, to which was referred S.B. No. 2824 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to require the Auditor to conduct a compliance, performance, and management audit of compliance with chapter 103D, Hawaii Revised Statutes, and the administrative rules adopted thereto.

Your Committee received testimony in support of this measure from H2 Technologies, Inc.; Hawaii Angels; Global Education Trust; Archinoetics, LLC; Hawaii Venture Capital Association; Produced By You.Com, LLC; PacifiCap Group; and one individual.

The audit under this measure is of the State Procurement Office and the purchasing agencies under the executive branch. The last and only audit to date was in 1995. Your Committee finds that a new audit is timely and necessary, given that thirteen years have elapsed since the 1993 audit and the recent problems in state procurement practices brought to light during the interim hearings by the Senate Committee on Tourism and Government Operations. One of the concerns is the apparent noncompliance with procurement laws in the award of contracts, which is a critical element of public procurement.

Your Committee believes that the process of expenditure of public moneys for government purchases should be periodically

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audited from time to time. The intent of this measure is to uncover any deficiencies and improprieties in state procurement, as well as to analyze the effectiveness of implementation of state procurement laws.

Your Committee has amended this measure by inserting a provision requiring the Comptroller to serve as an ex-officio nonvoting member of the State Procurement Policy Board.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2824, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2824, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Tourism and  
Government Operations,

  
CLARENCE K. NISHIHARA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Tourism and Government Operations**  
**TSG**

Bill / Resolution No.:* SB 2824	Committee Referral: TSG, WAM	Date: 2-5-08
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The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	/			
KIM, Donna Mercado (VC)	/			
TSUTSUI, Shan S.	/			
TRIMBLE, Gordon	/			
<b>TOTAL</b>	<b>4</b>			

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature:  


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\*Only one measure per Record of Votes