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WRITTEN COMMENTS
OF
RUSS K. SAITO, COMPTROLLER
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TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS
ON
February 25, 2008

S.B. 2823, S.D. 1

RELATING TO PROCUREMENT

Chair Baker and members of the Committee, thank you for the opportunity to testify on S.B. 2823, S.D. 1.

The Department of Accounting and General Services (DAGS) opposes this S.B. 2823, S.D. 1, because section 2 would decrease the effectiveness of the state procurement policy board and section 3 is unnecessary and discriminatory.

Section 2 of the bill inserts a provision requiring the Comptroller to become an ex-officio nonvoting member of the State Procurement Policy Board. There is no basis in the bill's language for taking away the Comptroller's vote, and doing so would decrease the effectiveness of the state procurement policy board.

The state procurement code applies to state and county agencies. The State Procurement Policy Board adopts rules to implement the state procurement code. The Board has seven members, all with voting rights. Two members are government employees, one representing the counties and one, the comptroller, representing the state.

The other five members are not state or county employees. If the Comptroller's vote is taken away, there will be only one vote representing the government agencies to whom the state procurement code applies. DAGS believes this will make the Board less effective.

The state procurement policy board already has the power to perform the kinds of audits section 3 of this bill proposes. Furthermore, it has asked the State Procurement Office to recommend audit methods to the board for its consideration and implementation. Therefore, section 3 of this bill is unnecessary.

Besides being unnecessary, section 3 of this bill is discriminatory. It directs the state procurement policy board to only conduct audits of the executive branch. Even here, the bill appears to single out the cabinet level departments. These cabinet level departments are under the jurisdiction of a chief procurement officer who also happens to be the administrator of the State Procurement Office. There are 19 other chief procurement officers and jurisdictions: 1 for the Senate, 1 for the House, 1 for the Judiciary, 1 for OHA, 1 for Hawaii Health Systems Corporation, 1 for the University of Hawaii, 1 for the DOE, 4 for the County administrations, 4 for the County Councils, and 4 from the County Boards of water supply. Singling out only the executive branch, 1 of 20 jurisdictions, for audits is discriminatory. Besides being discriminatory, section 3 of the bill is overly prescriptive. The procurement policy board should be allowed to exercise its power to perform audits in a manner directly related to its performance of its responsibilities for assuring compliance with the procurement code.

DAGS recommends that this bill be held.

Thank you for the opportunity to comment on this matter.