

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



DEPT. COMM. NO. 81

MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

June 7, 2010

The Honorable Colleen Hanabusa
President of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President:

I transmit to you a copy of our report, *Program and Management Audit of the State's Purchasing Card Program*.

The Office of the Auditor conducted a program and management audit of the Purchasing Card Program for the period of July 1, 2008 to October 21, 2009. Our audit focused on the procurement of goods and services by executive departments using purchasing cards (pCards). We found that the State Procurement Office (SPO) surrendered its responsibility for the overall planning and administration of the program to the executive departments, resulting in the program achieving only limited success in streamlining the state government procurement process. We also found that the SPO has failed to quantify the cost savings of the pCard process in comparison to the purchase order process. In fact, the SPO has no idea that executive departments' laborious pCard processes negate cost- and time-savings benefits. We recommended the SPO assume a more hands-on approach and play a stronger role as its administrator to ensure the intent of the pCard program is being met. We also recommended the SPO re-engineer the program by formulating and adopting clear guidance that will help executive departments in achieving consistency and efficiency in operating and administering the program.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, www.state.hi.us/auditor, and release it to the public and press, on Tuesday, June 8, 2010.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c/Carol Taniguchi, Senate Clerk