

MAR 16 2011

SENATE CONCURRENT RESOLUTION

ESTABLISHING A JOINT LEGISLATIVE INVESTIGATING COMMITTEE TO
OVERSEE THE INVESTIGATION OF THE DEPARTMENT OF TAXATION'S
CONTRACT AWARD, AND AMENDMENTS THERETO, TO CGI TECHNOLOGIES
AND SOLUTIONS, INC., RELATING TO THE INTEGRATED TAX
INFORMATION MANAGEMENT SYSTEM.

1 WHEREAS, in 1999, the Department of Taxation (DOTAX)
2 entered into a benefits funded contract with American Management
3 Systems, Inc., which later became CGI Technologies and
4 Solutions, Inc. (CGI), to create the Integrated Tax Information
5 Management System (ITIMS); and
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7 WHEREAS, ITIMS replaced an aging technical infrastructure
8 with the intention to create new business processes and allow
9 for the reallocation of DOTAX staff to better serve the citizens
10 and taxpayers; and
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12 WHEREAS, at the end of this five-year project, DOTAX had
13 integrated collections, net income, and business taxes
14 collectively into one application, which allowed the majority of
15 the tax clearance functions to be automated and DOTAX's customer
16 service representatives to provide a one-stop service to
17 taxpayer inquiries; and
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19 WHEREAS, in January 2008, DOTAX executed Statement of
20 Work 1 (SOW 1) to collect new delinquent taxes, to be paid on a
21 contingent fee basis, whereby CGI receives one-third of all new
22 delinquent taxes collected up to a cap of \$25,000,000 subject to
23 the State's realization of \$75,000,000 in total additional tax
24 collections; and
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26 WHEREAS, SOW 1 was executed for a cost of \$25,000,000 and
27 enables DOTAX to collect delinquent taxes, integrate all tax
28 revenues into one electronic system, and train DOTAX staff on
29 how to operate ITIMS;
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1 WHEREAS, in 2009 DOTAX executed a Statement of Work 2
2 contract (SOW 2) with CGI, which modified the SOW 1 contract and
3 also reduced the duties, requirements, and initiatives that CGI
4 was obligated to deliver to the State under the SOW 1 contract;
5 however, DOTAX failed to also negotiate a corresponding
6 reduction in the \$25,000,000 SOW 1 contract price; and
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8 WHEREAS, there have been numerous reports regarding poor
9 cooperation between DOTAX and CGI in carrying out day-to-day
10 operations; and
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12 WHEREAS, there also have been several incidents that
13 demonstrate a widespread lack of respect and professionalism
14 between DOTAX staff and its management and the CGI consultants;
15 and
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17 WHEREAS, the tension existing between DOTAX employees and
18 CGI consultants in the workplace has led to extensive
19 operational inefficiencies and incompetence in implementing,
20 delivering, and maintaining ITIMS; consequently, the usefulness
21 of ITIMS for DOTAX has been compromised; and
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23 WHEREAS, based on an analysis and detailed review of the
24 information, documents, and testimony received by the Senate
25 Committee on Ways and Means during informational briefings and
26 hearings conducted on March 9, 2011, the Senate Committee on
27 Ways and Means concluded that monetary appropriations to DOTAX
28 for the original ITIMS contract in 1999 and the SOW 1 and SOW 2
29 contracts in 2008 and 2009 respectively, have not been wisely
30 utilized by DOTAX; and
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32 WHEREAS, the State Auditor examined the legalities
33 surrounding the SOW 1 and SOW 2 contract modifications between
34 DOTAX and CGI and issued a report in December 2010, Report
35 No. 10-11, finding that the CGI contract is flawed; and
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37 WHEREAS, section 21-3, Hawaii Revised Statutes, authorizes
38 the establishment of a legislative investigating committee by
39 resolution, and Rule 13 of the 2011-2012 Rules of the Senate
40 allows for the establishment of special committees; now,
41 therefore,
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1 BE IT RESOLVED by the Senate of the Twenty-sixth
2 Legislature of the State of Hawaii, Regular Session of 2011, the
3 House of Representatives concurring, that:

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- 5 (1) The Legislature hereby jointly establishes a joint
6 legislative investigating committee pursuant to
7 chapter 21, Hawaii Revised Statutes, to oversee the
8 investigation of DOTAX's award of and subsequent
9 amendments to the CGI contract, including the SOW 1
10 and SOW 2 contracts;
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- 12 (2) The purpose and the duties of the investigating
13 committee and the subject matter and scope of its
14 investigatory authority shall be to review the CGI
15 contract award documents and subsequent SOW 1 and
16 SOW 2 contracts to investigate the issues raised in
17 the Senate Committee on Ways and Means' informational
18 briefings and hearings and to also assess the possible
19 legal ramifications of DOTAX's actions with respect to
20 the CGI contract and SOW 1 and SOW 2 contracts;
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- 22 (3) The investigating committee shall hold meetings and
23 hearings as requested, receive all information from
24 the investigation, and prepare a final report
25 detailing its findings; and
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- 27 (4) The investigating committee shall have every power and
28 function allowed to an investigating committee under
29 the law, including without limitation the power to:
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- 31 (A) Adopt rules for the conduct of its proceedings;
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- 33 (B) Issue subpoenas requiring the attendance and
34 testimony of witnesses and subpoenas duces tecum
35 requiring the production of books, documents,
36 records, papers, or other evidence in any matter
37 pending before the investigating committee;
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- 39 (C) Hold hearings appropriate for the performance of
40 its duties, at such times and places as the
41 committee determines;
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- 43 (D) Administer oaths and affirmations to witnesses at
44 hearings of the investigating committee;
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- 1 (E) Report or certify instances of contempt as
2 provided in section 21-14, Hawaii Revised
3 Statutes;
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- 5 (F) Determine the means by which a record shall be
6 made of its proceedings in which testimony or
7 other evidence is demanded or adduced;
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- 9 (G) Provide for the submission of written questions
10 to be asked of the witness by the Chair,
11 including submissions from a witness's own
12 counsel and counsel for another individual or
13 entity about whom the witness has devoted
14 substantial or important portions of the
15 witness's testimony; and
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- 17 (H) Exercise all other powers specified under chapter
18 21, Hawaii Revised Statutes, with respect to an
19 investigating committee; and
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21 BE IT FURTHER RESOLVED that the President of the Senate is
22 requested to appoint the Senate Special Committee on
23 Accountability, pursuant to Rule 20 of the 2011-2012 Rules of
24 the Senate, to investigate the above-mentioned issue; and
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26 BE IT FURTHER RESOLVED that the Speaker of the House of
27 Representatives is requested to appoint, as the Speaker deems
28 appropriate, a House investigative committee with membership
29 similar to the Senate Special Committee on Accountability, to
30 investigate the above-mentioned issue; and
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32 BE IT FURTHER RESOLVED that the Senate President and the
33 Speaker of the House of Representatives, from time to time, may
34 refer to the joint legislative investigating committee specific
35 matters that are within the scope of the committee's
36 jurisdiction, and that the investigating committee shall work in
37 cooperation with the President and the Speaker for the purposes
38 stated in this Concurrent Resolution; and
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40 BE IT FURTHER RESOLVED that the joint legislative
41 investigating committee submit its written findings and
42 recommendations to the Legislature no later than twenty days
43 prior to the convening of the Regular Session of 2012 and
44 dissolve upon submission of its report; and



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BE IT FURTHER RESOLVED that certified copies of this
Concurrent Resolution be transmitted to the Governor, President
of the Senate, Speaker of the House of Representatives, Director
of Taxation, Attorney General, and Auditor.

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