

MAR 16 2011

SENATE RESOLUTION

ESTABLISHING A SENATE SPECIAL LEGISLATIVE 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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31 WHEREAS, in 2009 DOTAX executed a Statement of Work 2
32 contract (SOW 2) with CGI, which modified the SOW 1 contract and
33 also reduced the duties, requirements, and initiatives that CGI



1 was obligated to deliver to the State under the SOW 1 contract;
2 however, DOTAX failed to also negotiate a corresponding
3 reduction in the \$25,000,000 SOW 1 contract price; and
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5 WHEREAS, there have been numerous reports regarding poor
6 cooperation between DOTAX and CGI in carrying out day-to-day
7 operations; and
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9 WHEREAS, there also have been several incidents that
10 demonstrate a widespread lack of respect and professionalism
11 between DOTAX staff and its management and the CGI consultants;
12 and
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14 WHEREAS, the tension existing between DOTAX employees and
15 CGI consultants in the workplace has led to extensive
16 operational inefficiencies and incompetence in implementing,
17 delivering, and maintaining ITIMS; consequently, the usefulness
18 of ITIMS for DOTAX has been compromised; and
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20 WHEREAS, based on an analysis and detailed review of the
21 information, documents, and testimony received by the Senate
22 Committee on Ways and Means during informational briefings and
23 hearings conducted on March 9, 2011, the Senate Committee on
24 Ways and Means concluded that monetary appropriations to DOTAX
25 for the original ITIMS contract in 1999 and the SOW 1 and SOW 2
26 contracts in 2008 and 2009 respectively, have not been wisely
27 utilized by DOTAX; and
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29 WHEREAS, the State Auditor examined the legalities
30 surrounding the SOW 1 and SOW 2 contract modifications between
31 DOTAX and CGI and issued a report in December 2010, Report
32 No. 10-11, finding that the CGI contract is flawed; and
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34 WHEREAS, section 21-3, Hawaii Revised Statutes, authorizes
35 the establishment of a legislative investigating committee by
36 resolution, and Rule 13 of the 2011-2012 Rules of the Senate
37 allows for the establishment of special committees; now,
38 therefore,
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40 BE IT RESOLVED by the Senate of the Twenty-sixth
41 Legislature of the State of Hawaii, Regular Session of 2011,
42 that:
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- 1 (1) The Senate hereby establishes a Senate Special
2 Committee on Accountability pursuant to chapter 21,
3 Hawaii Revised Statutes, to oversee the investigation
4 of DOTAX's award of and subsequent amendments to the
5 CGI contract, including the SOW 1 and SOW 2 contracts;
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- 7 (2) The purpose and the duties of the Special Committee on
8 Accountability and the subject matter and scope of its
9 investigatory authority shall be to review the CGI
10 contract award documents and subsequent SOW 1 and
11 SOW 2 contracts to investigate the issues raised in
12 the Senate Committee on Ways and Means' informational
13 briefings and hearings and to also assess the possible
14 legal ramifications of DOTAX's actions with respect to
15 the CGI contract and SOW 1 and SOW 2 contracts;
16
- 17 (3) The Special Committee on Accountability shall hold
18 meetings and hearings as requested, receive all
19 information from the investigation, and prepare a
20 final report detailing its findings; and
21
- 22 (4) The Special Committee on Accountability shall have
23 every power and function allowed to an investigating
24 committee under the law, including without limitation
25 the power to:
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 - 27 (A) Adopt rules for the conduct of its proceedings;
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 - 29 (B) Issue subpoenas requiring the attendance and
30 testimony of witnesses and subpoenas duces tecum
31 requiring the production of books, documents,
32 records, papers, or other evidence in any matter
33 pending before the investigating committee;
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 - 35 (C) Hold hearings appropriate for the performance of
36 its duties, at such times and places as the
37 committee determines;
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 - 39 (D) Administer oaths and affirmations to witnesses at
40 hearings of the Committee;
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 - 42 (E) Report or certify instances of contempt as
43 provided in section 21-14, Hawaii Revised
44 Statutes;
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- 1 (F) Determine the means by which a record shall be
- 2 made of its proceedings in which testimony or
- 3 other evidence is demanded or adduced;
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- 5 (G) Provide for the submission of written questions
- 6 to be asked of the witness by the Chair,
- 7 including submissions from a witness's own
- 8 counsel and counsel for another individual or
- 9 entity about whom the witness has devoted
- 10 substantial or important portions of the
- 11 witness's testimony; and
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- 13 (H) Exercise all other powers specified under
- 14 chapter 21, Hawaii Revised Statutes, with respect
- 15 to an investigating committee; and
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17 BE IT FURTHER RESOLVED that the President of the Senate is
 18 requested to appoint the Senate Special Committee on
 19 Accountability, pursuant to Rule 20 of the 2011-2012 Rules of
 20 the Senate, to investigate the above-mentioned issue; and
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22 BE IT FURTHER RESOLVED that the Senate President, from time
 23 to time, may refer to the Special Committee on Accountability
 24 specific matters that are within the scope of the committee's
 25 jurisdiction, and that the Committee shall work in cooperation
 26 with the President for the purposes stated in this Resolution;
 27 and
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29 BE IT FURTHER RESOLVED that the Special Committee on
 30 Accountability submit its written findings and recommendations
 31 to the Legislature no later than twenty days prior to the
 32 convening of the Regular Session of 2012; and
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34 BE IT FURTHER RESOLVED that certified copies of this
 35 Resolution be transmitted to the Governor, President of the
 36 Senate, Director of Taxation, Attorney General, and Auditor.
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