

SB 1185

RELATING TO PROCUREMENT.

Requires the state procurement office to conduct random and compliance audits, including follow-up audits, to ensure compliance with the procurement code and report results to the legislature; makes comptroller ex officio nonvoting member of procurement policy board.

NEIL ABERCROMBIE
GOVERNORAARON S. FUJIOKA
ADMINISTRATOR**STATE OF HAWAII
STATE PROCUREMENT OFFICE**P.O. Box 119
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<http://hawaii.gov/spo>**TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE****TO THE
SENATE COMMITTEE
ON
PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS**

February 12, 2011

10:00 AM

SB 1185

RELATING TO PROCUREMENT.

Chair Espero, Vice-Chair Kidani and committee members, thank you for the opportunity to testify on SB 1185. This bill would cause the Comptroller to become an ex-officio nonvoting member and requires the state procurement policy board (PPB), through the State Procurement Office (SPO), to perform a minimum of two audits of executive departments purchasing agencies.

The SPO does not see any benefit to changing the status of the Comptroller to ex-officio member. The Comptroller has government and working knowledge as the representative for state government, in implementing the rules on a daily basis, and provides insight in applying the rules adopted.

The requirement for mandatory audits is not necessary as the Code HRS §103D-202 states "The policy board shall have the power to audit and monitor the implementation of its rules and the requirements of this chapter, . . ." which currently allows the PPB to conduct compliance audits of all entities subject to the Code. If the Legislature changes this to a mandatory requirement, funding and resources are needed.

Thank you.

LINDA LINGLE
GOVERNOR



RUSS K. SAITO
Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
BRUCE A. COPPA, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS

February 12, 2011

S.B. 1185

RELATING TO PROCUREMENT

Chair Espero and members of the Committee, thank you for the opportunity to testify on S.B. 1185

The Department of Accounting and General Services (DAGS) opposes S.B. 1185. This bill would require the Comptroller to become an ex-officio nonvoting member of the State Procurement Policy Board (Board). There is no basis for taking away the Comptroller's vote.

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 which the state procurement code applies.

The Comptroller is the director of the department to which the Procurement Policy Board is attached. The Comptroller is also a primary procuring officer responsible for all procurements for DAGS as well as the agencies for which DAGS is the expending agency. The Comptroller, by virtue of these responsibilities, has procurement knowledge and experience that is invaluable in the affairs of the procurement policy board. Denying the Comptroller a vote deprives the Board of the Comptroller's judgment. DAGS believes this will make the Board less effective.

Thank you for the opportunity to testify on this matter.

DEPARTMENT OF BUDGET AND FISCAL SERVICES
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PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
ACTING DIRECTOR

February 10, 2011

The Honorable Will Espero, Chair
and Members
The Senate
Committee on Public Safety, Government Operations, and Military Affairs
The Twenty-Sixth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Chair Espero and Members:

Subject: Senate Bill No. 1185 Relating to Procurement, Requiring the State
Procurement Office to Conduct Audits

The City and County of Honolulu opposes this bill because it would impose unneeded additional audit requirements on the public procurement process. The City procurement process is already subject to audit by internal auditors, independent financial auditors, the City Auditor, federal auditors, the State Auditor, and the State Procurement Office. Other government agencies are also subject to many audits. The State Procurement Office already has the authority by statute to conduct audits and has audited the City in the past. Any additional audit requirements are excessive and unnecessary. Therefore, we stand opposed to S.B. 1185.

Sincerely,

A handwritten signature in cursive script that reads "Michael R. Hansen".

Michael R. Hansen, Acting Director
Budget & Fiscal Services