

STAND. COM. REP. NO.

2281

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2493
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2493 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to require the State Procurement Policy Board to:

- (1) Audit and monitor the implementation of its rules and requirements of chapter 103D, Hawaii Revised Statutes;
- (2) Annually conduct a minimum of two audits of government purchasing agencies based on a pattern of noncompliance or upon circumstances of a particular procurement that indicate an intent to circumvent chapter 103D, Hawaii Revised Statutes; provided that there are follow-up audits;
- (3) Conduct random compliance audits of government purchasing agencies; and
- (4) Report the results of all compliance audits to the Legislature.

Your Committee received comments on this measure from the State Procurement Office.



Your Committee finds that it is prudent for the State Procurement Policy Board to examine whether the procurement policies that the Board develops and adopts are being complied with by government agencies and if the policies are working as intended by the Board. Implementation of this measure will promote transparency and effectiveness in the procurement process and provide better assurance that government agencies are in compliance with the State's procurement laws.

Your Committee has amended this measure by:

- (1) Reinserting language to authorize, rather than require, the State Procurement Policy Board to audit and monitor the implementation of its rules and requirements of chapter 103D, Hawaii Revised Statutes;
- (2) Requiring the State Procurement Policy Board to annually review and examine, rather than audit, procurement contracts that are over \$50,000 of a minimum of two government purchasing agencies based on a pattern of noncompliance or upon circumstances of a particular procurement that indicate an intent to circumvent chapter 103D, Hawaii Revised Statutes; provided that there are follow-up examinations;
- (3) Requiring the State Procurement Policy Board to conduct random compliance examinations, rather than audits, of government purchasing agencies to ensure compliance with chapter 103D, Hawaii Revised Statutes;
- (4) Requiring the State Procurement Policy Board to report the results of all compliance examinations, rather than audit results, to the Legislature no later than twenty days before the convening of each Regular Session; and
- (5) Amending section 1 to reflect the amended purpose of the measure.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2493, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2493, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



DONNA MERCADO KIM, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2493	GVO, WAM	02-11-16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
IHARA, Jr., Les (VC)	✓			
DELA CRUZ, Donovan M.				✓
KEITH-AGARAN, Gilbert S.C.				✓
SHIMABUKURO, Maile S.L.				✓
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	4	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution:	Original	Yellow	Pink	Goldenrod
	File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy

*Only one measure per Record of Votes