

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 586-0554  
email: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://spo.hawaii.gov>  
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
LABOR & PUBLIC EMPLOYMENT  
February 2, 2017, 9:00 AM

**House Bill 1168  
RELATING TO ESTABLISHING AN ELECTRONIC PROCUREMENT DATABASE**

Chair Aaron Ling Johanson, Vice-Chair Daniel Holt, and members of the committee, thank you for the opportunity to submit testimony on HB1168. The State Procurement Office (SPO) supports the intent of the bill, but opposes the language of HB1168 as written.

Our office is currently taking steps to create a statewide database for the posting of procurement notices for solicitation and awards as well as chief procurement officer approvals. The Hawaii Awards and Notices Data System (HANDS) is currently in development and is expected to be launched in the fall of 2017. It is being developed with a simple interface and will use application programming interfaces (API) to extract data from the other jurisdictions' websites.

The current version of HANDS is optional for non-executive jurisdictions and we believe that this bill creates a legislative mandate that will enable a smooth transition to HANDS statewide. The SPO through HANDS will standardize the data entry for all jurisdictions and with this legislation will be able to provide meaningful and transparent procurement data for the public and this legislative body.

We believe that HRS 103D-212 "Collection of data concerning public procurement" should be amended and strengthened to give the administrator of the SPO statutory authority to establish an electronic statewide database within the SPO.

SPO opposes the language to transfer the audit functionality from the office of the auditor to the SPO. There is an inherent operational conflict of interest for the SPO to audit its own policies

and procedures. Additionally, the office of the auditor already has the framework to conduct audits.

SPO recommends the following changes:

Section 1, page 2, lines 8 through 10, delete in its entirety. ~~(3) — Mandating statewide procurement oversight and legislative reporting from the state procurement office.~~

Sections 2, 3 and 4, delete in its entirety.

Section 5, page 6, line 12; remove reference to under subsection 103D-108(6), replace with under subsection 103D-212.

Section 8, page 9, add: (a) The State Procurement Office shall establish and maintain an electronic database of meaningful statewide procurement contract data, provided that all data on the database shall be made accessible to each government entity and selective non-confidential data may be made accessible to the general public for further transparency and accountability, as determined by the administrator.

Section 8, page 9, lines 14 through 20, remove and replace with: All using agencies shall furnish such reports as the state procurement office may require in the form prescribed by the administrator to be implemented into the state procurement office database.

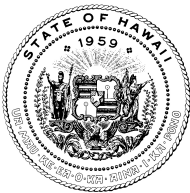
Section 12, page 12 add: The sums appropriated shall be expended by the state procurement office for the purposes of this Act.

Section 13, page 12 delete in its entirety.

To comply with the breadth of the data required to be collected, as described by this bill, would involve complex programming. HANDS represents a great platform to accomplish the intent of this act, however the current scope of the project cannot accommodate the massive data collection outlined in HB1168. SPO would require appropriations of \$250,000.00 to update the current scope, create the database as purposed, and develop a contract management system.

Thank you.

DAVID Y. IGE  
GOVERNOR



TODD NACAPUY  
CHIEF INFORMATION  
OFFICER

**STATE OF HAWAII**  
**OFFICE OF ENTERPRISE TECHNOLOGY SERVICES**

P.O. BOX 119, HONOLULU, HI 96810-0119  
Ph: (808) 586-6000 | Fax: (808) 586-1922  
ETS.HAWAII.GOV

Testimony of  
**TODD NACAPUY**  
Chief Information Officer, State of Hawai'i

Before the

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
Thursday, February 2, 2017; 9:00 a.m.  
State Capitol, Conference Room 309

HOUSE BILL NO. 1168  
RELATING TO ESTABLISHING AN ELECTRONIC PROCUREMENT DATABASE

Chair Johanson, Vice Chair Holt, and Members of the Committee:

I am Todd Nacapuy, Chief Information Officer of the State of Hawai'i and head of the Office of Enterprise Technology Services (ETS), providing testimony on House Bill No. 1168, Relating to Establishing an Electronic Procurement Database.

ETS supports the intent of the bill but defers to the State Procurement Office (SPO) regarding language that transfers the audit functionality from the Office of the Auditor to SPO, particularly as it relates to SPO's policies, procedures and business requirements.

My team provides information technology governance for SPO's ongoing efforts to create the statewide Hawai'i Awards and Notices Data System, currently in development.

ETS supports the concept of an electronic database of all government procurement contracts, accessible to each governmental entity, provided that sufficient funds and resources are available not only to establish but operate and maintain the electronic database. ETS further recommends that SPO be afforded authority to identify the form in which agencies shall furnish their reports to ensure effective and efficient ingestion into the database.

Thank you for this opportunity to testify.

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February 2, 2017

The Honorable Aaron Johanson, Chair  
The Honorable Daniel Holt, Vice Chair  
House Committee on Labor & Public Employment  
Hawai'i State Capitol  
Honolulu, HI 96813

**RE: Testimony on HB 1168 – RELATING TO ESTABLISHING AN ELECTRONIC PROCUREMENT DATABASE.**

Chair Johanson, Vice Chair Holt and Members of the Committee:

My name is Micah Kāne and I serve as the chair of the board of Transform Hawai'i Government (THG), a coalition of organizations and individuals who believe in improving government for every citizen for every service on every island. THG works to ensure that the benefits of the State of Hawai'i's business transformation and information technology modernization initiative ("the transformation") are fully realized. Our members, who are from all corners of the state, are united in the belief that there are opportunities for everyone to support better state government.

We recognize the state Legislature for its pivotal role in this transformation and we support transformation in its many forms – from improvements to the state's information technology infrastructure including more robust cybersecurity; to improvements in the state's business processes including improving access to services, making services more user-friendly, speeding up transactions when residents do business with the state, making state government more transparent, and providing up-to-date and accurate data for better decision-making.

Therefore, we are writing in **support** of HB 1168, relating to establishing an electronic procurement database. This bill requires the state procurement office to establish an electronic database of all government procurement contracts, accessible to each governmental entity.

We look forward to helping to promote streamlining, integrating and delivering government services that exceed the expectations of the public and the needs of Hawai'i's communities. And we seek opportunities to work together to achieve our state's transformation goals.

Mahalo for this opportunity to share our support for the transformation.