

JAN 19 2018

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the state
2 procurement office, in order to fully discharge its
3 responsibilities, must take further steps to ensure compliance
4 with chapter 103D, Hawaii Revised Statutes, by the executive
5 agencies.

6 The purpose of this Act is to require the state procurement
7 policy board to conduct compliance examinations.

8 SECTION 2. Section 103D-202, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§103D-202 Authority and duties of the state procurement**
11 **policy board.** (a) Except as otherwise provided in this
12 chapter, the state procurement policy board shall have the
13 authority and responsibility to adopt rules, consistent with
14 this chapter, governing the procurement, management, control,
15 and disposal of any and all goods, services, and construction.
16 All rules shall be adopted in accordance with chapter 91;
17 provided that the state procurement policy board shall have the



1 power to issue interim rules by procurement directives, which
2 shall be exempt from the public notice, public hearing, and
3 gubernatorial approval requirements of chapter 91. The interim
4 rules shall be effective for not more than eighteen months.

5 (b) The state procurement policy board shall consider and
6 decide matters of policy within the scope of this chapter
7 including those referred to it by a chief procurement officer.

8 (c) The state procurement policy board shall have the
9 power to audit and monitor the implementation of its rules and
10 the requirements of this chapter, but shall not exercise
11 authority over the award or administration of any particular
12 contract, or over any dispute, claim, or litigation pertaining
13 thereto.

14 The state procurement policy board shall annually review
15 and examine procurement contracts that are over \$50,000 of a
16 minimum of two executive departments, divisions, or agencies to
17 ensure compliance with this chapter as follows:

18 (1) Based upon a pattern of noncompliance; or

19 (2) Based upon circumstances of a particular procurement
20 that may indicate an intention to circumvent this
21 chapter;



1 provided that there shall be follow-up examinations of a
 2 department, division, or agency that has been previously audited
 3 under paragraph (1) or (2).

4 In addition, the state procurement policy board shall
 5 select any department, division, or agency for compliance
 6 examinations to ensure compliance with this chapter, to be
 7 randomly selected or as otherwise authorized by law.

8 The state procurement office shall report the results of
 9 all compliance examinations to the legislature no later than
 10 twenty days before the convening of each regular session."

11 SECTION 3. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

13 INTRODUCED BY:

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S.B. NO. 2602

Report Title:

State Procurement Policy Board; Compliance Examinations

Description:

Requires the state procurement policy board to annually review and examine procurement contracts of at least two executive department, division, or agency contracts that are over \$50,000. Requires the state procurement policy board to randomly perform compliance examinations of government purchasing agencies and examinations of agencies selected based on a pattern of agency noncompliance.

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