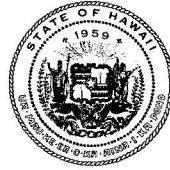


LATE TESTIMONY

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
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS

February 10, 2009

H.B. 961

RELATING TO PROCUREMENT

Chair McKelvey and members of the Committee, thank you for the opportunity to testify on H.B. 961.

The Department of Accounting and General Services (DAGS) opposes H.B. 961. 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.

This bill also directs the Procurement Policy Board to annually audit a minimum of two executive departments. By focusing only on the executive departments, this bill excludes the Legislature, the Judicial Branch, the Office of Hawaiian Affairs, and the counties. This means that at most, 3 of 20 jurisdictions that are subject to the code will be audited. Such an exclusion from the audit would make the audit results not representative of the agencies that are subject to Chapter 103D.

The bill goes further to call for an audit of any department, division, or agency based on circumstances of a particular procurement. This is in direct contradiction to Chapter 103D-202 (c), which says that the board "shall not exercise authority over the award or administration of any particular contract, or over any dispute, claim, or litigation pertaining thereto."

Because this bill is arbitrary in removing the Comptroller's vote on the Procurement Policy Board, calls for audits that are not representative of procurements by state and county agencies, and calls for action that the law currently prohibits, DAGS recommends that it be held.

Thank you for the opportunity to testify on this matter.