DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

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Program ID/Title: AGS 240/State Procurement

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I. Goals

To best serve the taxpayers of Hawaii and stakeholders in State and County agencies by providing effective and efficient procurement and inventory management practices, with quality, timeliness, maximizing competition, and maintaining integrity. To achieve the greatest value from procurement resources while creating a procurement environment and framework which nurtures a strong vendor community and peak vendor performance; to coalesce public-private partnerships enhancing the services and products provided to the citizens of the State of Hawaii.

II. Objectives and Policies

A. Procurement Training.

Provide training for all purchasing entities to gain an understanding of procurement and inventory statutes, rules, policies, and processes. Integrate and coordinate training on related subjects such as risk management, audits, and green purchasing. Similarly, provide training for vendors seeking to do business with the State and counties.

B. Hawaii Electronic Procurement System (HePS).

Continue to integrate electronic purchasing to automate procurement processes, reduce procurement cycle times and increase the competition for goods and services.

C. Procurement Modernization and Streamlining Plan.

Modify the Procurement Code to simplify and streamline procurement processes to enable agencies to expeditiously acquire resources they need to perform their missions.

D. Purchasing Card (pCard) Program.

Continue to provide training and support for departments to maintain and increase levels of efficiency for small purchase procedures with the use of pCards. Establish annual meeting of fiscal officers to network, open discussion of issues or concerns, and provide management reports to assist in the analysis of purchasing activities. Integrate the pCard as the preferred method of payment into price list contracts and HePS purchases. Develop a program to conduct periodic audits of compliance with program procedures.

III. Action Plan with Timetable

A. Procurement Training.

Provide training for all purchasing entities to gain an understanding of procurement and inventory statutes, rules, policies, and processes. Integrate and coordinate training on related subjects such as risk management, anti-trust, audits, and green purchasing. Similarly, provide training for vendors seeking to do business with the State and counties.

1. Past Year Accomplishments

   a. Perpetuated training programs for employees and vendors.
   b. Reviewed and updated training class descriptions/synopsis.
   c. Reviewed and updated training materials, forms and website.
   d. Added training workshops to support user requirements and procurement processes
   e. Refined training reports and feedback mechanisms to assist jurisdictions and departments to determine the procurement training requirements and status for their employees.
   f. Commenced trainings via webinar accommodating up to 1,000 attendees per session.

2. One Year

   a. Perpetuate training programs for employees and vendors.
   b. Review and update training class descriptions/synopsis.
   c. Review and update training materials, forms and website.
   d. Develop on-demand recorded webinar training for employees and vendors statewide.
   e. Develop new staff trainers.
   f. Expand webinar training.
   g. Review amended chapters 103D and 103F, Hawaii Revised Statutes (HRS), other related HRS such as chapters 103, 92F, 84, and applicable administrative rules for updates to training materials.

3. Two Years

   a. Perpetuate training programs for employees and vendors.
   b. Review and update training class descriptions/synopsis.
   c. Review and update training materials, forms and website.
   d. Refine recorded webinar presentations.
   e. Scan business, training and other environments for new training platforms, models and processes.

4. Five Years

   a. Scan business, training and other environments for new training platforms, models and processes.

B. Hawaii Electronic Procurement System.

Continue to integrate electronic purchasing to automate procurement processes, reduce procurement cycle times and increase the competition for goods and services.

1. Past Year Accomplishments

   a. Continued implementation of the invitation for bid (IFB) function.
   b. Begin implementation of Request for Proposals (RFP) function.
   c. Continue implementation and expansion of HePS training in Webinar format.
   d. Review program requirements for issuance of new solicitation, including review of current technology.

2. One Year

   a. Complete implementation of IFB function.
   b. Continue implementation of RFP function.
   c. Begin expansion of HePS to procurements of health and human services.
   d. Market and provide training on HePS to the health and human service vendor community.
   e. Begin implementation of the catalog and certified vendor list for SPO price and vendor list contracts.
   f. Complete solicitation, issue, award and train.

3. Two Years

   a. Continue implementation of RFP function.
   b. Continue expansion of HePS to procurements of health and human services.
   c. Market and provide training on HePS to the health and human service vendor community.
   d. Continue implementation of the catalog for SPO price and vendor list contracts.

4. Five Years

   a. Complete implementation of the RFP function.
   b. Complete expansion of HePS to procurements of health and human services.

c. Complete initial marketing and training on HePS to the health and human service vendor community.
d. Complete implementation of the catalog functions for price and vendor list contracts.
e. Implement the reverse auction function of the HePS.
f. Complete review of additional eProcurement functionality needed and also new technologies in eProcurement.
g. Integrate HePS with Procurement Notices for Solicitations and Awards databases.

C. Procurement Modernization and Streamlining Plan.

Modify the Procurement Code to simplify and streamline procurement processes to enable agencies to expeditiously acquire resources they need to perform their missions.

1. Past Year Accomplishments

a. Continued scanning for alternative procurement processes and for emerging technologies for new procurement applications.
b. Continued review of HRS chapter 103D procurement statutes, compilation of amendments to repeal unnecessary and obsolete language.
c. Submitted draft bill to administration recommending statutory changes to streamline procurement processes. No action taken.
d. Issued another draft bill in June 2011to chief procurement officers, executive department heads, procurement policy board members, private sector organizations and interested parties seeking constructive feedback.
e. Completed analysis of impact of process changes to the State Procurement Office's (SPO) organization.
f. Proposed reorganization of the SPO to administration recommending changes necessary to better satisfy the program's statewide procurement responsibilities to include new legislative amendments to the Procurement Code and to support electronic procurement systems and expand utilization of the Internet. Approved.

2. One Year

a. Review and analyze comments and recommendations received on draft bill; incorporate amendments, as applicable.
b. Begin analysis of revised processes and end results; including review and amendments to existing Hawaii Administrative Rules to be aligned with statutory amendments.
c. Review current legislation, provide testimony to support applicable legislation that supports procurement initiatives.
d. Fill newly established positions to complete reorganization of the SPO reflective of budgeted and available resources.

3. Two Years

   a. Submit bills to continue to simplify and streamline procurement processes.
   b. Continue analysis of impact of process changes to the State Procurement Office's (SPO) organization.
   c. Scan for alternative procurement processes and for emerging technologies for new procurement applications.

4. Five Years

   a. Continue to scan for alternative procurement processes and for emerging technologies for new procurement applications.
   b. Continue to receive and analyze feedback from stakeholders and customers regarding changes to existing procurement processes.
   c. Continue analysis of revised processes and end results.
   d. Continue to submit bills for statutory changes needed to simplify and streamline procurement processes.

D. Purchasing Card (pCard) Program.

Continue to provide improved procurement processes to enable our customers to expeditiously secure the necessary goods and services to perform their duties and service their customers. The purchasing card (pCard) program provides an alternative to purchase orders and facilitates the purchase of goods and services.

1. Past Year Accomplishments

   a. Continued to develop and amend pCard training material.
   b. Continued training for department pCard administrators, alternates and cardholders.
   c. Coordinated with pCard provider on related training for cardholders.
   d. Updated contact information for all pCard administrators & alternate.
   e. Worked with pCard provider to embed goods received stamp language on statement of account reports.
   f. Encouraged the implementation of an emergency pCard program for participating jurisdictions.
   g. Continued marketing the use of declining balance cards for the Department of Education.
   h. Reviewed and update training material.
   i. Worked with pCard provider to streamline distribution of rebate checks.

2. One Year

   a. Continue training workshops for cardholders.
   b. Update State of Hawaii Purchasing Card Program Procedures Manual.

c. Review and update training material.
d. Periodically audit departments for compliance with pCard usage.
e. Continue training for cardholders and administrators.
f. Continue marketing and use of reporting capabilities.
g. Continue marketing and use of pCard program features.

3. Two Years

a. Continue training for cardholders and administrators.
b. Continue marketing and use of reporting capabilities.
c. Continue marketing and use of pCard program features.
d. Integrate and implement new program features (i.e. Enhanced Merchant Reporting).

4. Five Years

a. Perpetual updating contact information for all pCard administrators/alternates.
b. Expand use of reporting capabilities
c. Audit departments for compliance with pCard usage

IV. Performance Measures

A. Customer Satisfaction measures

1. Customer satisfaction surveys are being done with attendees of procurement training presentations.

B. Program Standard measures

1. Program reviews are being done on SPO's training program and HePS as well as on other procurement and inventory functions. For example, other reviews cover compliance of inventory reporting in the State's financial statements and number of purchasing jurisdictions serviced by cooperative purchasing price and vendor list contracts.

2. pCard usage and expenditures are analyzed using reports from the pCard system to review the number of purchasing cards being used by the agencies and the dollar value of pCard purchases annually. Also reviewed is the ratio of pCard transactions over purchase order transactions.

C. Cost Effectiveness measures

1. Reviews are being done on monetary savings resulting from the awarding of contracts using the HePS. Similarly, trend analyses are being accomplished for monetary savings stemming from the awarding of price and vendor lists contracts.

2. Monetary savings from the transfer of State property between custodians are being measured.

3. Rebates received for purchasing card transactions provides an actual total of funds returned to the State.