

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

January 2021

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 uplift the procurement career field across the State with a training and certification program to enhance the services and products provided to the citizens of the State of Hawaii, protect tax-payer's monies and successfully implement programs.

II. Objectives and Policies

A. Procurement Training

Develop a Hawaii State Procurement Certification process that will guide the career field within the State, to allow for certified levels of trained journeymen and experts. A statewide procurement training and certification learning management system (LMS) is a vital tool to ensuring the State of Hawaii develops a proficient workforce of procurement professionals who expend public funds in a manner that is compliant with applicable statutes, rules, and policies. The LMS will allow state and county procurement personnel to register online, take relevant procurement courses on-demand, and receive certification by passing quizzes. The LMS will further improve SPO's training program by:

- Offering a centralized source of learning,
- Automating data-keeping and reporting procedures,
- Bolstering knowledge retention with evaluation capabilities, and
- Simplifying the learning process.

The SPO is in the process of joining with the Department of Human Resource Development's LMS. Through the DHRD's LMS, Executive Department employees will have access to all the existing SPO trainings, and other department workshop, in a single sign on portal.

B. Electronic Procurement Systems

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

Consolidate procurement notice and award databases with an eProcurement System for the following purposes: 1) create a more user-friendly single point of access for state procurement personnel; 2) create a more user-friendly single point of access for vendors and the public searching for opportunities to do business with the state and searching contract awards; 3) create a single source for accessing procurement data for analysis to enable strategic sourcing.

Develop an eMarketplace available to all State agencies, including local government entities and institutions of higher education to purchase goods and services in a quick and efficient manner.

Develop a One-Stop-Shop site, which will pull all solicitation and notice information from across the 21 Chief Procurement Officer Jurisdictions to one page that can be accessed by all interested vendors in order to enable business growth and economic development in Hawaii. Not only will this create a more responsive vendor market, but it will also give the State meaningful business analytics on the state of procurement across Hawaii.

C. Purchasing Card (pCard) Program.

Provide a robust program for the State of Hawaii, which will allow the State to manage the purchasing card program and individual departments to pro-actively manage and control pCard spend. Deploy a state-of-the art program without the need for special hardware or software, which will use an improved technology and business process for all users. The electronic processes will increase efficiency, reduce costs and with mobile connectivity eliminate paper-based processes.

D. Procurement Resources

Provide a variety of price and vendor list contracts that agencies benefit by receiving discounts on goods and services due to volume purchases. Additional advantages to cooperative contracts are efficiency savings – the administrative, procurement and contract management realized by each agency or jurisdiction, rather than having to solicit individual contracts, resulting in multiple contracts for the same commodity or service. Instead, these processes are managed by the SPO, and all participating jurisdictions and agencies are the beneficiaries of cooperative purchasing.

Provide consultation and advisory services to departments, its user agencies and other jurisdictions as the subject matter experts on the State Procurement Code. Additionally, the SPO provides procurement services to individual stakeholders by

conducting procurement that impacts the State that results in systemic value to the State's business activity.

Assist, advise, guide, and train purchasing agencies relating to planning and procuring health and human services. Review and process Executive Branch requests for chief procurement officer approval and protest requests for reconsideration. Conduct reviews and investigations of procurements of health and human services, as necessary. Maintain databases: 1) awards/contracts; 2) request for proposals; 3) requests for chief procurement officer approval; and 4) planned purchases reports. Prepare HRS Chapter 103F legislation and amendments to its administrative rules, as applicable.

E. Procurement Compliance & Legislative Actions

To provide Policy and Compliance consultation to State agencies and the public on policies and guidance on statewide procurement procedures, standards, and guidelines to ensure compliance with all procurement statutes, rules, directives and policies. As stewards of the Procurement Code, SPO shall continue to actively participate in the legislative process by preparing legislation and advising on revision to the procurement code.

The Policy and Compliance section of SPO strives to maximize their efforts in the reviewing of bills during each legislative session, provides guidance to properly implement the provisions of the legislation through drafting of administrative rules. The following is a list of other objectives that the Policy and Compliance Section is engaged in: conducting investigations due to public complaint, reviewing Hawaii Product applications, creating contract log statistics for the Executive Department, development of Protest Statistics, Chief Procurement Officers requests for approvals for Sole Source, Procurement Exemptions, Emergency Procurement, Restrictive Specifications, Contract Extensions, Procurement Violation Investigations, Delegation and Training, Contractors Suspension and Debarment and Hawaii Compliance Express.

Continue reviewing Hawaii Administrative Rules, specifically HAR 3-120 to 3-131, for clarity, consistency and adherence with procurement statutes and best practices.

F. Inventory

Continue to ensure accurate inventory reporting and compliance with policies and procedures pertaining to the management and recording of State property. Maintain the acquisition and transfer of property document files to confirm and verify the transferring of property between State agencies is properly documented. Review property disposal applications submitted by the executive departments, excluding Department of Education, Hawaii Health Systems Corporation, Office of Hawaiian Affairs, and University of Hawaii, to ensure conformance to the requirements of the rules and policies and procedures pertaining to proper disposal of State property.

G. Travel

Provide consistent policies and procedures for coordination and arrangement of travel for authorized business travel. Assist, guide, and train state personnel relating to travel coordination and arrangements. Conduct procurements relating to travel including, car rental and inter-island airfare.

H. Agile Acquisition

To best serve the State Agencies and Executive Branch Departments by researching and supporting agile acquisition initiatives that streamline processes and create a more efficient and effective procurement system. To actively work on increasing and improving communications across State Agencies, to share and incorporate best practices, and share lessons learned. To actively work on improving the culture of discussion and cooperation between State Agencies to offer consistent practices, cost savings and enhance timeliness of procurements. To participate in strategic actions to enhance the economic growth of Hawaii and support innovative, sustainable programs that enhance the lives of the people of Hawaii.

III. Action Plan with Timetable

A. Procurement Training
1. Past Year Accomplishments
a. Continued on-demand training
b. Perpetuated training programs for employees and vendors
c. Reviewed and updated training class descriptions/synopsis
d. Reviewed and updated training materials, forms and website
e. Reviewed 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
f. Researched and procured Training Development, Modification, and Delivery contract
g. Researched and procured training content authoring software
h. Converted existing training into a format compatible with LMS
i. Completed implementation of LMS
j. Developed Cost and Pricing training
k. Uploaded Contract Law Fundamentals and Procurement pricing training to the LMS
2. One Year
a. Obtain reference materials and training for SPO staff in the most current procurement trends and procedures, including IT procurement and intellectual property
b. Begin basic training on procurement life cycle statewide for procurement staff

c. Present at UH Business, Accounting and Law classes; start researching recruitment methods
d. Revise Contract Management training and upload to the LMS
e. Establish and implement training on government procurement and other relevant procedures for nonprofit organizations that offer homeless outreach services or manage homeless housing programs in rural areas of the State, as required by Act 162.
f. Develop grants guidance for service providers and state procurement buyers on complying with the Uniform Guidance (2 CFR § 200).
g. Migrate to a shared LMS with DHRD to allow for a uniformed training experience throughout the state and a streamlined registration for state employees
3. Two Years
a. Scan business, training and other environments for new training platforms, models and processes
b. Complete basic training on procurement life cycle Create Reference Library Structure and begin moving materials
c. Develop course in procurement planning
d. Begin planning for internship program
4. Five Years
a. Create SPO Training Division and Statewide Acquisition Academy & Center of Excellence
b. Create 1 position - Training and Development Director
c. Develop and hire two Training & Development Officers (total staff 3)
d. Create a certification program
e. Develop Intern policy
f. Implement full on-line Resource and Best Practices Library
g. Complete updating older training with a more interactive format
h. Complete implementation of testing for core procurement courses
i. Develop and implement Certification program
j. Develop and implement courses in Negotiations and IT Procurements
k. Develop and implement full-blown blended learning programs, encompassing scheduled courses, webinars, on-demand interactive training and in-person training
l. Develop and begin implementation of metrics reporting on effectiveness of training programs
m. Develop online community to discuss procurement issues and attract talent
n. Revisit departments to assess progress and needs and provide technical assistance
o. Scan business, training and other environments for new training platforms, models and processes
p. Begin development of a “Learning Concierge,” a digital librarian that can assist procurement staff in finding relevant information, such as training modules, forms or sample materials they are unsure how to find and assist in determining which information is the most relevant

B. Electronic Procurement Systems	
1. Past Year Accomplishments	
a.	Enhanced HiePRO, including: amending Divisions to DAGS, DBEDT and DoTax for easier access. Adding help videos for Department Admins. Adding department admin functionality for User Management, Approval paths, Instructions and Announcements. Adding easier access to help video transcript from video file.
b.	Enhanced HANDS including: Giving departments the ability to view all archived CPO requests within their department.
c.	Began first stages of the HCE redesign.
d.	Continue market analysis for online catalogues
e.	Developed acquisition strategy for new eProcurement System
f.	Developed specifications for a new eProcurement System
2. One Year	
a.	Complete HCE Redesign.
b.	Complete review of additional eProcurement functionality needed and new technologies in eProcurement.
c.	Solicit proposals for an eMarketplace to include a new eProcurement system, funded by vendor collected fees from the eMarketplace.
d.	Create eMarket Place to fund the eProcurement System
e.	Begin implement of a new eProcurement system with a pilot program with the Department of Transportation/Airport Division.
f.	Work in tangent with DAGS for the integration of a new Financial system.
3. Two Years	
a.	Begin implementation on new eProcurement system for other executive branch agencies.
b.	Continue development and implementation of online catalogue shopping.
c.	Begin development of specifications for contract tracking system to provide dashboards for vendors, state personnel and the public.
4. Five Years	
a.	Continue implementing new eProcurement System for departments statewide.
b.	Continue training on new eProcurement system.
c.	Begin data analysis and reports from system.

C. Procurement Compliance & Legislative Actions	
1. Past Year Accomplishments	
a.	Reviewed approximately 117 legislative bills and resolutions that affected procurement.
b.	Responded to Chief Procurement Officer requests which are submitted by the Executive Branch. Request reviewed: 48 Procurement Violations; 39 Protest submittals (SPO-043) and 444 Chief Procurement Reviews (CPO) consisting of Sole Source Requests, Procurement Exemptions, Emergency Procurement requests, Restrictive Specifications, Contract Extension Requests, OIP requests, and unblocking of pCard purchases.
c.	Provided guidance through Procurement Circulars. Procurement Circulars written in FY20: 18.
d.	Protest Statistics. Processed SPO-043, Report of Procurement Protest Form, in order for Agencies to submit consistent/standardized data and track Executive Departments and CPO Jurisdictions Protests. Responded to questions from government agencies and the public on HCE compliance.
e.	Small Business Assistance Initiative, ACT 42, SLH 2017: The SPO contracted with Solutions Pacific, to provide outreach to small business and have them register as a small business in HANDS. Due to the lack of legislative funding support for the initiative, the contract with Solutions Pacific were terminated early for convenience. However, the SPO has chosen to continue the development of the Small Business Data Base, if in the future, the legislature decides to once again fund the Small Business Assistance Initiative.
f.	Consulted with numerous departments and agencies on proposed legislative initiatives that would involve procurement on policy, compliance, and implementation concerns.
g.	Effective January 4, 2016, SPO has taken the step to move our state government toward a more efficient “paperless” environment, by accepting only Chief Procurement Officer (CPO) review packages as digital submittals via email. Many of the departments have been submitting CPO reviews with department head’s electronic signatures to support government efficiency. In addition, internally set up process for procurement specialist to submit CPO reviews to the SPO administrator for e-signature.

<p>h. Recent audits show that many departments are not maintaining a contract log, therefore on January 11, 2016, the SPO requested from all executive departments a detailed contract log, pursuant to HRS 103D-212, Collection of Data Concerning Public Procurement. The log captures information of each department's contracts by division, the procurement officer responsible for the contract, contract description, the awarded amount and funds added through modifications. Keeping a contract log will hopefully prevent departments from experiencing lapsing of contracts, contractors working at risk, and potential violations of the procurement code. Procurement Circular 2018-05, Amendment 1, issued on April 29, 2019, informed the departments to consider which contract can be a commodity</p>
<p>i. Continued reviewing Hawaii Administrative Rules, 3-120 to 3-131 for clarity and consistency. Sent completed sections to Department of Attorney General for preliminary review.</p>
<p>2. One Year</p>
<p>a. Finalize a SPO Investigation Standard Operating Policy to establish clear and well-defined procedures on recording and investigating possible procurement violations and procurement reviews. This policy will lead to greater efficiency and consistency while conducting investigations and audits. In order to accomplish this goal, standard criteria and charting the procedures need to be developed as well as gathering stakeholder input through emails, meetings, and phone calls.</p>
<p>b. Continue to review legislative bills and develop testimonies.</p>
<p>c. Continue to respond and make recommendations to Chief Procurement Officers requests which are submitted by the Executive Branch.</p>
<p>d. Continue to provide guidance through Procurement Circulars.</p>
<p>e. Continue to process SPO-043, Report of Procurement Protest Form.</p>
<p>f. Continue to respond to questions from government agencies and the public on HCE compliance.</p>
<p>g. Suspension and Debarment. Successfully issue Procurement Circulars, as needed, to notify Agencies/CPO Jurisdictions, which Vendors have been suspended/debarred and the suspension period of each Vendor. Issue Procurement Circulars, on behalf of DLIR, to notify Agencies/CPO Jurisdictions, which Vendors have been suspended pursuant to 104, Wages and Hours of Employees on Public Works.</p>
<p>h. Continue to consult with other departments and agencies regarding implementation of procurement policy.</p>
<p>i. Continue reviewing Hawaii Administrative Rules, HAR 3-120 to 3-131 for clarity & consistency. Collaborate with Department of the Attorney General</p>

3. Two Years
a. Continue to review legislative bills and develop testimonies.
b. Continue to respond and make recommendations to Chief Procurement Officers requests which are submitted by the Executive Branch.
c. Continue to provide guidance through Procurement Circulars
d. Continue to provide Procurement Circulars on Suspension and Debarment.
e. Continue reviewing Hawaii Administrative Rules, HAR 3-120 to HAR 3-122. Send to the Department of the Attorney General office for review and present preliminary changes to Procurement Policy Board.
4. Five Years
a. Continue to review legislative bills and develop testimonies.
b. Continue to respond and make recommendations to Chief Procurement Officers requests which are submitted by the Executive Branch.
c. Continue to provide guidance through Procurement Circulars.
d. Continue to provide Procurement Circulars on Suspension and Debarment.
e. Submit to legislature small business advisory group's final report of all the recommendations, observations, and metrics elated to the small business assistance initiative, pursuant to Act 42 SLH 2017.
f. Continue reviewing Hawaii Administrative Rules, HAR 3-122 to HAR 3-131. Present changes to the Procurement Policy Board, conduct public hearings, implement changes.

D. Inventory
1. Past Year Accomplishments
a. Processed 894 state property transfers valued at \$3,376,700
b. Processed 26,402 inventory transactions
c. Processed addition inventory transactions valued at \$854,633,554
2. One Year // Two Years // Five Years
a. Continue to process state property transfers
b. Continue to process inventory transactions
c. Continue to process addition inventory transactions

E. Travel
1. Past Years Accomplishments
a. Assisted travelers and travel coordinators in making travel arrangements and calculations of per diem, travel time off, and miscellaneous reimbursements; Reviewed and extended Intra-State Car Rental Contract and the Intra-State Airfare agreement.
2. One Year
a. Continue assisting travelers and coordinators with travel arrangements and calculations of per diem, travel time-off, and reimbursements.
b. Update procurement circulars to be in line with changes in collective bargaining agreements.
c. Coordinate with DAGS Accounting with the new Financial project which may include a Travel Expense Reporting Component.
3. Two Years
a. Update on-demand training.
b. Amend HAR 3-10 to update language.
c. Audit departments for travel procedure compliance.
4. Five Years
a. Conduct market research for the feasibility of a travel management contract.
b. Conduct market research for online travel approvals.
c. Update on-demand training.
d. Continue assisting travelers and travel coordinators.

F. Agile Acquisition
1. Past Year Accomplishments
a. Collaborated with Hawaii Emergency Management Agency (HI-EMA) and other entities by 1). Creating a digital purchase requisition and purchase order to contract needed goods and services in response to an emergency, i.e. COVID-19, 2) providing procurement expertise in sourcing, negotiating and contracting as part of ESF-7 Logistics, 3) creating templates and training for FEMA
b. Educating SPO Procurement Specialists on Procuring Sustainably.
c. Conducted strategic planning on three large public-private partnerships for the State.
d. Conducted a business process reengineering review of DOT Airports for more efficient alignment to eProcurement System.
2. One Year
a. Update Procurement Wizard with easy-edit facility.
b. Enhance Disaster Preparedness by, 1) offering continued guidance, and 2) adding to the comprehensive list of interested vendors who have the capabilities the State would need in a disaster situation(s). Develop standard operating procedures for declared emergency procurements that align to FEMA requirements.
d. Conduct a business process reengineering review of Department of Human Services and two more large departments for more efficient alignment to eProcurement System.
e. Publish statewide contracts to support the Governor's three priorities to protect public health, revive the economy and strengthen the community.
3. Two Years
a. Conduct a business process reengineering review of five medium departments for more efficient alignment to eProcurement System.
b. Continue to support sustainable, economically viable programs across the State.
c. Incorporate upload able library feature in Procurement Wizard to enable Knowledge Management state-wide.
4. Five Years
a. Implement eProcurement system for the Executive Branch.
b. Continue to support sustainable, economically viable programs across the State.
c. Continue to work with the CIO regarding the IT Transformation State-wide Initiative.
d. Create a trained, ready workforce that can manage contingency contracting during a disaster. Integrate a working plan to partner with Alaska procurement specialists in Contingency exercises.

IV. Performance Measures

A. Customer Satisfaction Measures

1. Data from customer satisfaction surveys are collected with attendees of procurement training presentations.
2. Other stakeholder surveys are conducted as needed.
3. Program target groups (including purchasing jurisdictions serviced via cooperative purchasing price and vendor list contracts, statewide inventory accounts, number of agencies issuing health and human service solicitations, and number of purchasing card holders) are being measured annually.

B. Program Standard Measures

1. Program reviews are being done on SPO's training program and HIePRO 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 HIePRO. Similarly, trend analyses are being accomplished for monetary savings stemming from the awarding of price and vendor list 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.