

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

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Program ID/Title: AGS 240/JA State Procurement

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I. Goals

The goals of the State Procurement Office (SPO) are 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. Other goals of the SPO are 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, toward enhancing the services and products provided to the citizens of the State of Hawaii, protect taxpayers' monies, and successfully implement programs.

**Mission:** The SPO acts as a strategic partner to foster public confidence by promoting procurement life-cycle excellence, program success, and government accountability.

**Vision:** To create transformative leadership for public procurement excellence.

II. Objectives and Policies

**A. Procurement Training**

- Improve the state training program to ensure that 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.
- Subject to appropriated funds, continue developing a Hawaii State Procurement Certification process that will guide the career field within the State and to allow for certified levels of trained procurement professionals.
- Expand the offering of procurement classes to enhance professional development. Statewide procurement training and future certification is a vital tool that allows state and county procurement personnel to use a single sign-in portal and access a catalog of all existing SPO trainings and other department workshops, register for training online, take relevant procurement courses on-demand, and receive certification by demonstrating comprehension of the subject through 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.

## **B. Electronic Procurement Systems**

- Integrate electronic purchasing to automate and standardize the procurement processes, reduce procurement cycle times, and increase the competition for goods, services, and construction through a statewide procurement automation system.
- 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 22 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 that will allow the State to manage the purchasing card program and individual departments to pro-actively manage and control pCard spend.
- Continuously improve its state-of-the art electronic program without the need for special hardware or software and utilize improved technology and business processes for all users that increases efficiency, reduces costs and with mobile connectivity eliminates 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, which would have resulted 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, user agencies, and other jurisdictions as the subject matter experts on the State Procurement Code.
- Provide procurement services by conducting procurement and /or review services 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 procurement activities, as necessary.
- Maintain databases: 1) awards/contracts; 2) requests for chief procurement officer approval; and 3) planned purchases reports.
- Prepare Hawaii Revised Statutes (HRS) Chapter 103D and 103F legislation and amendments to its administrative rules, as applicable.

#### **E. Procurement Compliance and Legislative Actions**

- 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 HRS Chapter 103D, Hawaii Public Procurement Code, and 103F, Purchases of Health and Human Services, the SPO shall continue to actively participate in the legislative process by preparing legislation and advising on revision to the procurement code.
- Review bills during each legislative session and provide guidance to properly implement the provisions of the legislation through drafting of administrative rules.
- Oversee other aspects to ensure that all procurement is conducted in compliance with the Hawaii Public Procurement Code, such as conducting investigations due to public complaint, reviewing Hawaii Product applications, creating contract log statistics for the Executive Department; developing Protest Statistics, and processing 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.

- Develop guidance and administrative rules to implement a past performance database for Competitive Sealed Bids, Competitive Sealed Proposals, and Sole Source Procurement.
- Continue reviewing Hawaii Administrative Rules (HAR), specifically HAR 3-120 through 3-131, and HAR 3-140 through 3-149, for clarity, consistency and adherence with procurement statutes and best practices.
- Create and oversee the Small Business Initiative to encourage small businesses to bid on government opportunities. This includes contracting with a consultant to assist in outreach programs.
- Issue guidance through procurement circulars on legislative changes that impact procurement.

#### **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**

- Research and support agile acquisition initiatives that streamline processes and create a more efficient and effective procurement system that best serve State Agencies and Executive Branch Departments.
- Actively work on improving communications across State Agencies, to share and incorporate best practices, and share lessons learned.
- Work on improving the culture of discussion and cooperation between State Agencies to offer consistent practices, cost savings and enhance timeliness of procurements.
- 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. Reviewed and updated training class descriptions/synopsis.
- c. Reviewed and updated training materials, forms, and website.
- d. Completed implementation of LMS for non-executive branch procurement jurisdictions.
- e. Migrated to a shared Learning Management System (LMS) with DHRD to allow for a uniformed training experience throughout the state and a streamlined registration for state employees.

#### **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. Develop training module on the statewide Past Performance Database.
- c. Continue review of Hawaii Administrative Rules 3-122 to incorporate statutory changes.

#### **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. 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.

#### **4. Five Years**

- a. Create SPO Training Division and Statewide Acquisition Academy & Center of Excellence, subject to availability of funds.
- b. Create 1.00 FTE position - Training and Development Director, subject to availability of funds.
- c. Develop and hire 2.00 FTE positions Training & Development Officers (total staff 3.00 FTEs), subject to availability of funds.
- d. Create and implement procurement certification program, subject to availability of funds.
- e. Complete updating older training with a more interactive format.
- f. Complete implementation of testing for core procurement courses.
- g. Assess each department's progress and needs and provide technical assistance.
- h. Scan business, training, and other environments for new training platforms, models, and processes.

### **B. Electronic Procurement Systems**

#### **1. Past Year Accomplishments**

- a. Solicited proposals for an eMarketplace to include a new eProcurement Procurement Automation system, funded by vendor collected fees from the eMarketplace.
- b. Enhanced HlePRO and HANDS to include new Department of Law Enforcement.
- c. Enhanced HlePRO;
  1. Added history tab to vendor's profile
  2. Redesigned Q& A tab and created video explaining the process
  3. Created message popup when canceling an award
  4. Created process to email deactivated users assigned to approval paths
  5. Created ability to select an amendment date for release.
  6. Displayed "paid" status only to CS Admin and System Adm

#### **2. One Year**

- a. Complete review of additional eProcurement functionality needed and new technologies in eProcurement.
- b. Create eMarket Place to fund the eProcurement System.
- c. Create training for user agencies and vendors for the eMarketplace.
- d. Develop an intra-state car rental solicitation with the goal of including more fuel efficient (electric and hybrids) vehicles.

#### **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. Work in tangent with DAGS for the integration of a new Financial system.

#### **4. Five Years**

- a. Continue implementing new Procurement Automation System (eMarketplace and eProcurement)for departments statewide.
- b. Continue training on new Procurement Automation System.
- c. Begin data analysis and reports from eMarketplace and eProcurement Systems.

### **C. Procurement Compliance & Legislative Actions**

#### **1. Past Year Accomplishments**

- a. Reviewed approximately 100 legislative bills and resolutions that affected procurement during the 2023 Legislative Session.
- b. Responded to Chief Procurement Officer requests which are submitted by the Executive Branch. Total number of requests reviewed 564: 66 Procurement Violations; 358 Protest submittals (SPO-043) and 498 Chief Procurement Reviews (CPO) consisting of Sole Source Requests, Procurement Exemptions, Emergency Procurement requests, Restrictive Specifications, Contract Extension Requests, unblocking of pCard purchases, and 14 requests for public records (OIP).
- c. Provided guidance through Procurement Circulars. Procurement Circulars issued in FY23: 7.
- d. Compiled 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. Prepared a questionnaire and gathered data from State agencies, vendors, and other stakeholders towards the development of the past performance database.
- f. Prepared process requirement documents for the development of an online past performance database.
- g. Met with the Procurement Policy Board to review the questionnaire for the Past Performance Database
- h. Met with Executive Branch Departments and Department of Education and prepared interim Legislative report on phased in consolidation of state procurement services (SB 3369, SD2, HD2, CD1/Act 282, SLH 2022). Submitted 12/28/2022.
- i. Started groundwork for the establishment of the five-year Small Business Assistance Initiative. Awarded a contract to Solutions Pacific to establish an outreach program for the Small Business initiative.
- j. Continued reviewing Hawaii Administrative Rules, 3-120 to 3-131 for clarity and consistency with Legislation that affect 103D and 103F, HRS. Sent completed sections to the Department of Attorney General for preliminary review.

#### **2. One Year**

- a. Continue working with Small Business Consultant for outreach strategies to the small business community.
- b. Re-establish the Small Business Database Registration.
- c. Continue reviewing requirements documents and associated rules towards the enhancement of the past performance database.
- d. Implement the Past Performance Database; develop instructions/training how to use the database.
- e. Complete final report and make recommendations on procurement services

consolidation pursuant to Act 282, SLH 2022.

- f. Finalize an 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.
- g. Continue to review legislative bills and develop testimonies on legislation that affect Chapters 103D and 103F, Hawaii Revised Statutes.
- h. Meet with Executive Branch Departments and Department of Education and prepare final Legislative report on phased in consolidation of state procurement services Act 282, SLH 2022 which is due 20 days before the 2024 Legislative session.
- i. Continue to respond and make recommendations to Chief Procurement Officers requests which are submitted by the Executive Branch.
- j. Continue to provide guidance through Procurement Circulars.
- k. Continue to process SPO-043/ Report of Procurement Protest Form.
- l. Continue to respond to questions from government agencies and the public on Hawaii Compliance Express requirements.
- m. 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.
- n. Continue to consult with other departments and agencies regarding implementation of procurement policy.
- o. Continue reviewing Hawaii Administrative Rules, HAR 3-120 to 3-131 for clarity & consistency. Collaborate with the Department of the Attorney General Office as necessary.

### **3. Two Years**

- a. Continue to review legislative bills and develop testimonies.
- b. Complete final report and make recommendations on procurement services consolidation.
- c. Continue to respond and make recommendations to Chief Procurement Officers requests which are submitted by the Executive Branch.
- d. Continue to provide guidance through Procurement Circulars.
- e. Continue to provide Procurement Circulars on Suspension and Debarment.
- f. 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. Complete assessment and recommendation for procurement services consolidation.
- c. Continue to respond and make recommendations to Chief Procurement Officers requests which are submitted by the Executive Branch.
- d. Continue to provide guidance through Procurement Circulars.



- e. Continue to provide Procurement Circulars on suspension and debarment.
- f. Submit to legislature the small business advisory group's final report of all the recommendations, observations, and metrics related to the small business assistance initiative, pursuant to Act 42, SLH 2017.
- g. Continue reviewing Hawaii Administrative Rules, HAR 3-122 to HAR 3-131. Present changes to the Procurement Policy Board by conducting public hearings to implement changes.
- h. Complete review and analysis of the Small Business Initiative.

## **D. Inventory**

### **1. Past Year Accomplishments**

- a. Processed 804 state property transfers valued at \$3,323,208.81.
- b. Processed 23,4560 inventory transactions.
- c. Processed addition inventory transactions valued at \$1,941,882,188.00.

### **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 & pCard**

### **1. Past Year Accomplishments**

- a. Assisted travelers and travel coordinators in making travel arrangements and calculations of per diem, travel time off, and miscellaneous reimbursements.

### **2. One Year**

- a. Continue assisting travelers and coordinators with travel arrangements and calculations of per diem, travel time-off, and reimbursements.
- b. Review and extend Intra-State Car Rental Contract and the Intra-State Airfare agreement.
- c. Re-solicit for the intra-state car rental contract to include more fuel efficient vehicles (electric vehicles & hybrids).

### **3. Two Years**

- a. Update on-demand training.
- b. Work with the Comptroller's Office and DAGS Accounting to amend HAR 3-10 to update language.
- c. Coordinate with DAGS Accounting with the new Financial project which may include a Travel Expense Reporting Component.

### **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. Provided all State and County employees with government email domains access to resources and guidance through the Sustainable Purchasing Leadership Council (SPLC) for Hawaii's transition towards a sustainable future. Sustainability guidance are provided on categories such as electronics/IT hardware and services, furnishings, food services, transportation and fuels, construction and renovation materials, energy efficiency and renewable energy, and professional services.
- b. Enhanced 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 disaster situations. Developed standard operating procedures for declared emergency procurements that align to FEMA.
- c. Published statewide contracts to support the Governor's three priorities to protect public health, revive the economy and strengthen the community and to be utilized as the backbone to the eMarketplace phase of the new eProcurement system requirements.

### **2. One Year**

- a. Continue to publish statewide contracts to support critical areas identified by the Governor: 1) our homelessness and housing needs; (2) the Green Affordability Plan proposal; (3) climate change; and (4) our health care crisis.

### **3. Two Years**

- a. Conduct a business process reengineering review of departments for more efficient alignment to eProcurement System, subject to available funding.
- b. Continue to support sustainable, economically viable programs across the State.
- c. Incorporate uploadable library feature in Procurement Wizard to enable knowledge management statewide.
- d. Implement an eMarketplace for use by all participating jurisdictions.

### **4. Five Years**

- a. Implement Procurement Automation System for the Executive Branch.
- b. Continue to support sustainable, economically viable programs across the State.

## **IV. Performance Measures**

### **A. Customer Satisfaction Measures**

1. Stakeholder surveys are conducted as needed.

2. 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, HANDS 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.
3. Chief Procurement Officer requests are reviewed for timeliness and efficient processing.

#### **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 and car rentals provide an actual total of funds returned to the State.