PROCUREMENT POLICY BOARD MEETING
November 15, 2007
1:00 pm
Conference Room 410
1151 Punchbowl Street
Honolulu, Hawaii 96813

Members Present

Gregory King, Chair
Russ Saito, Secretary
Leslie Chinen, member
Daryle Ann Ho, member
Darryl Bardusch, member
Keith Matsumoto, member
Pamela Torres, member

Others

Aaron Fujioka, State Procurement Office
Ruth Yamaguchi, State Procurement Office
Justin Fo, State Procurement Office
Colin Tanaka, State Procurement Office
Pat Ohara, Office of the Attorney General
Ross Tsukenjo, Office of Senator Donna Mercado Kim
Sean Hao, Honolulu Advertiser

Agenda Item I - Call to Order

Chair Greg King called the meeting to order at 1:05 p.m.

Agenda Item II - Minutes

Mr. Darryl Bardusch made a motion, seconded by Ms. Daryle Ann Ho, to approve the minutes of the October 18, 2007 meeting.

The motion was unanimously carried.

Agenda Item III (A)

Mr. Bardusch explained that he is trying to determine the different state levels of procurement officials and whether they should have specific training requirements. Mr. Russ Saito inquired if the State Procurement Office (SPO) had a listing of training courses available and if there was a list of positions, level of procurement responsibilities and the training needed for each position.

Mr. Aaron Fujioka distributed a binder of information to assist in the discussion, which included-information on training courses and descriptions that were offered in 2006, and a listing of attendees. Similar information on training courses being offered for 2007 was also provided.

The board members discussed various possibilities of mandatory procurement training. Deputy Attorney General Pat Ohara commented that personnel and collective bargaining issues may need to be addressed prior to any requirement for mandatory training for certain positions or levels.

Mr. Bardusch made a motion, seconded by Ms. Pamela Torres, to have the SPO explore mandatory training for procurement officials of all 20 procurement jurisdictions by identifying the different levels or positions, and the required training for each level or position, and to report on progress to the board on a monthly basis. The motion was unanimously carried.

Agenda Item III (B)

Mr. Bardusch explained that after reviewing SPO's determination regarding DBEDT's Hydrogen Program RFP, he felt it was sufficient justification to warrant an audit, since it resulted in a procurement violation. Mr. Fujioka responded that SPO's determination was that DBEDT was not in compliance with the procurement code and the determination provided a list of corrective steps needed to become compliant.

A discussion followed during which board members voiced their concerns about singling out DBEDT for an audit. The discussion established that there should be justification for an audit. There was further discussion on whether criteria needed to be developed to guide the Board on when to conduct an audit. Criteria discussed were a random sampling, pattern of violations, or whether one issue would warrant an audit.

Mr. Saito made a motion, seconded by Ms. Daryle Ann Ho to deny Agenda Item III B because there is no basis for it.

Mr. Saito, Mr. King, Ms. Torres, Mr. Keith Matsumoto and Ms. Ho voted in favor of the motion, Mr. Bardusch voted against and Mr. Leslie Chinen abstained. The motion was carried.

Mr. Matsumoto made a motion, seconded by Mr. Bardusch to place on the agenda for the next meeting recommended alternatives for an audit policy by the SPO in consultation with DAGS, Audit Division. The motion was unanimously carried.

Agenda Item III (C)

Mr. Fujioka explained that the SPO is in the process of researching and drafting rules for consideration by the board, and intends to present a draft to the board at the January meeting.

Mr. Bardusch made a motion, seconded by Mr. Saito to wait until the January meeting to hear what the SPO proposes on the fines. The motion was unanimously carried.

Agenda Item III (D)

Mr. Bardusch made a motion, seconded by Ms. Torres to withdraw this item. The motion was unanimously carried.

Agenda Item IV

Mr. Saito made a motion, seconded by Mr. Bardusch to accept the nominations of Mr. William Takaba, Mr. Wallace Rezentes, Jr. and Mr. Kalbert Young as voting members on the Small Business Utilization Council. The motion was unanimously carried.

Agenda Item V

Mr. Fujioka explained that the correspondence to the Senate Tourism and Government Operations Committee that was included in the folders was in response to questions from the confirmation hearing held on October 25, 2007.

Ms. Torres commented on the Small Business issue from the previous board meeting and her concerns on receiving status reports.

Mr. Saito made a motion, seconded by Mr. Bardusch to send the Hawaii Procurement Institute a letter drafted by SPO requesting the status of the Small Business rules for reporting at the next board meeting. The motion was unanimously carried.

Mr. Fujioka stated that the next board meeting is tentatively scheduled for Thursday, December 20, 2007.

Agenda Item VI

Mr. Saito made a motion, seconded by Mr. Bardusch, to adjourn the meeting. The motion was unanimously carried. The meeting was adjourned at 2:48 p.m.

Respectfully submitted,

12/3/07
Date

RUSS K. SAITO, Secretary
Procurement Policy Board

Attachment: November 15, 2007 Agenda

PROCUREMENT POLICY BOARD
1151 Punchbowl Street
Conference Room 410
Honolulu, Hawaii 96813

Regular Meeting
November 15, 2007
1:00 pm

AGENDA

I. Call to Order

II. Approval of Minutes – Meeting of October 18, 2007

III. Member Darryl Bardusch requests the Board to:

A. Establish mandatory training for procurement officials.

a. Identify different levels or positions.
b. Identify the required training for each level or position.
c. Establish a deadline for when the training must be completed.

B. Have an audit conducted of all procurements handled by the Department of Business, Economic Development & Tourism for the year 2007.

C. Implement regulations relating to the new law on imposing penalties or fines for violations of procurement law.

D. Establish regulations to separate various roles/responsibilities in the procurement process. Specifically one person develops the requirement, a second person conducts the procurement, a third person received the item and a fourth person pays for the item.

IV. Nomination of Mr. William Takaba, Director of Finance, County of Hawaii, Mr. Wallace Rezentes, Jr., Director of Finance, County of Kauai and Mr. Kalbert Young, Director of Finance, County of Maui as voting members on the Small Business Utilization Council.

V. Announcements

VI. Adjournment

Individuals may present testimony on matters on the Procurement Policy Board's agenda when the agenda item is being discussed by the Board. Individuals intending to testify should contact the State Procurement Office at (808) 587-4700 at least 48 hours before the scheduled meeting. Written testimonies will be accepted through e-mail at procurement.policy.board@hawaii.gov or faxed to (808) 587-4703 until 1:00 pm, November 13, 2007. Testimonies received after the November 13, 2007 deadline will be forwarded to the board after the November 15, 2007 meeting. Individuals submitting written testimony at the meeting and would like the written testimony distributed to the board at this meeting, are requested to provide 12 copies.

Individuals requiring special assistance or services may call (808) 587-4700 by 1:00 p.m., November 12, 2007 to discuss accommodation arrangements.