

117

Honolulu, Hawaii

April 26, 2013

RE: H.B. No. 114
H.D. 3
S.D. 2
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 114, H.D. 3, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HIGHER EDUCATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to ensure the effective management of the University of Hawaii's facilities and fiscal resources by, among other things:

- (1) Temporarily requiring the Administrator of the State Procurement Office, rather than the President of the University, to be the chief procurement officer for the University of Hawaii for construction procurements;



- (2) Temporarily requiring all procurements for construction, other than those for repair and maintenance, to be supervised by the Department of Accounting and General Services on behalf of the Board of Regents; and
- (3) Statutorily establishing an Independent Audit Committee within the Board of Regents.

This measure also appropriates an unspecified amount in general revenues to the Department of Accounting and General Services for additional staff positions to supervise assigned University of Hawaii construction projects for new buildings.

Your Committee on Conference recognizes that the Administrator of the State Procurement Office currently acts as the chief procurement officer for many executive branch departments and believes that the Office has the expertise to oversee the University's construction projects, including the use of professional services.

Your Committee on Conference also finds that by designating the Administrator as the chief procurement officer for construction projects and professional services, the Administrator will have the ability to review procurement procedures. It is the intent of your Committee on Conference to provide the Administrator with the broadest flexibility to carry out the purposes of this measure.

In addition, it is the intent of your Committee on Conference that the University work with the Department of Accounting and General Services to ensure that the procurement process is faithfully adhered to and that sound judgment is used in the selection of professional services and public fund expenditures. Your Committee on Conference recognizes that the Department of Accounting and General Services has the expertise and experience to assist the University with its procurement of professional services. Your Committee realizes, however, that repair and maintenance is most efficiently executed outside the purview of this measure.

Your Committee on Conference realizes that transferring every aspect of construction projects to the Department of Accounting and General Services may be premature at this time and that an assessment of resources and capacity should be made prior to committing to such a transfer.



Accordingly, your Committee on Conference has amended this measure by:

- (1) Permitting the President of the University of Hawaii to continue to serve as the chief procurement officer for construction procurements for professional services determined by both the University and the Department of Accounting and General Services to be for repair and maintenance;
- (2) Deleting the requirement that construction procurement, including consultant services, with specified exceptions, be subject to the supervision of the Department of Accounting and General Services;
- (3) Requiring procurements for professional services for construction projects to be coordinated with the Department of Accounting and General Services, with the exception of those procurements determined by both the University and the Department to be professional services for repair and maintenance;
- (4) Exempting the Independent Audit Committee from the Administrative Procedure and Sunshine Laws to the extent that the Committee is engaged in discussions or proceedings arising from an investigation by the Committee relating to potentially actionable civil or criminal conduct;
- (5) Narrowing the Independent Audit Committee's responsibility to review complaints related to accounting and auditing to those the Committee deems necessary for review;
- (6) Deleting the appropriation to the Department of Accounting and General Services for additional staff positions to supervise assigned University of Hawaii construction projects for new buildings;
- (7) Changing its effective date to July 1, 2013, and removing the two-year sunset requirement; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.



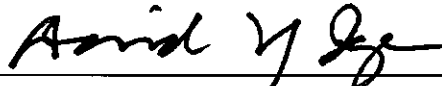


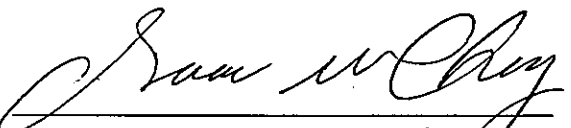
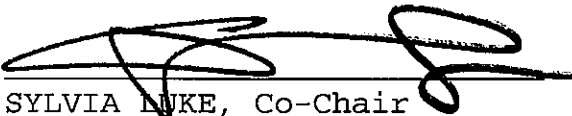
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 114, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 114, H.D. 3, S.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE


BRIAN T. TANIGUCHI, Chair

DONOVAN M. DELA CRUZ, Co-Chair

DAVID Y. IGE, Co-Chair


ISAAC W. CHOY, Co-Chair

SYLVIA LUKE, Co-Chair

