

**DEPARTMENT OF EDUCATION - OFFICE OF FISCAL SERVICES
REQUEST and NOTICE OF EXEMPTION FROM PROCUREMENT**

PART I - REQUEST FOR EXEMPTION FROM PROCUREMENT

1. TO: DOE Chief Procurement Officer (send completed original form to OFS Procurement and Contracts Branch)
FROM: Office of Fiscal Services – Accounting Services Branch
(Name of School or Program)

The school/program named above requests a procurement exemption as follows below.

2. This exemption is requested pursuant to:
 §103D-102(b)(4), HRS and Chapter 3-120, HAR or
 §103F-101(a)(4), HRS and Chapter 3-141, HAR

3. Island/District: Statewide or
 Oahu Hawaii Kauai Maui

4. Description of the proposed purchase (attach additional sheets if necessary):
Indicate one category: good service construction Health/Human service professional service
Brief description: Conduct audits of State Form G-2, *Application for Transfer of Vacation and Sick Leave Credit or Payment in Lieu of Vacation*, which are prepared by, and received from, various Department of Education (DOE) schools and offices for employee resignations, retirements, transfers, and terminations. The audits shall be conducted to verify that all information on State Form G-2 is accurate and to ensure that the ending vacation and sick leave account balances are properly stated.

5. Vendor Information
Name: KMH LLP
Address: 1003 Bishop Street, Ste. 2400
Honolulu, Hawaii 96813

6. Term of Contract
From: 12/01/16
To: 11/30/17 with options to extend for an additional three (3) 12-month periods

7. Total Cost:
\$425,000/year

8. Explanation describing how procurement by competitive means is either **not practicable** or **not advantageous** to the State (attach additional sheets if necessary):

Procurement by competitive means is not practical or not advantageous for the following reasons:

- The named vendor is currently contracted to perform the proposed services since 2011, and possesses in-depth knowledge of the various leave accounting rules established under bargaining unit agreements, state law, and departmental rules and regulations.
- The named vendor has knowledge and expertise in auditing G2s that took years to develop, and has audited and cleared a backlog of more than 5,000 G-2s.
- Over the years, the named vendor created a Leave reference manual to assist their staff in performing audits in compliance with Collective Bargaining Agreements (CBA), Hawaii Revised Statutes (HRS), School Code, etc. DOE has used this reference manual in providing Leave guidance to the field.
- Selection of a new vendor would require a substantial investment of time and effort in acquiring full knowledge of the DOE's complicated payroll and employee leave benefit details, encompassing numerous collective bargaining agreements. The learning curve for a new vendor would be tremendously steep and as a result may undergo years to get up to the expertise level as the named vendor. The additional time and effort could result in a failure to audit and process G-2s on a current basis and as a consequence, further result in employee grievances, lawsuits, and the DOE to be non-compliant.
- The State is implementing a new payroll and time and attendance system within the next 2 to 4 years so the eventual plan is to push the G2 audits out to the DOE field level. Therefore, these services are planned to end when this program is fully implemented.

9. Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable (attach additional sheets if necessary):
A professional services solicitation was originally conducted, ensuring fair and open competition. As result of the solicitation, the named vendor was selected and deemed the most qualified in terms of experience and knowledge of various leave accounting rules.

10. A description of the school/program internal controls and approval requirements for the exempted procurement (attach additional sheets if necessary):
This request is limited to the exemption from the competitive selection process only. All other procurement and contracting requirements will be followed. The contract administrator will monitor the services carefully to ensure that the service deliverables are provided efficiently and meet the expectations of the contract administrator, and completed within the service period, providing no uncontrollable events occur.

11. List of school/program personnel who will be involved in the approval process and administration of the contract (attach additional sheets if necessary):

<u>Name</u>	<u>Title</u>	<u>Involvement in process</u>
Tom Ishimaru	Accounting Director	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration <input type="checkbox"/> Approval <input type="checkbox"/> Administration <input type="checkbox"/> Approval <input type="checkbox"/> Administration

12. This exemption should be recommended to the Procurement Policy Board to be considered for the list of exemptions attached to Chapter 3-120 or 3-141, HAR: Yes No

13. I hereby certify that the information provided above is, to the best of my knowledge, true and correct; and that all applicable statutory, administrative, policy and procedures have or shall be complied with.

Tom Ishimaru Accounting Director 8/23/16
 Administrator's Signature & Title Date

PART II - NOTICE OF EXEMPTION FROM PROCUREMENT

The school/program named below intends to exempt the goods, services, or construction (as described in the request above) from procurement for good cause. The Chief Procurement Officer is in the process of reviewing this request.

Inquiries and questions about this request may be directed to:

Name/Title: Tom Ishimaru, Accounting Director
 School/Program: Accounting Services Branch
 Address: 1390 Miller Street, Room 408
 Telephone No.: 808-586-3450
 email address: tom_ishimaru@notes.k12.hi.us

Written objections to this Notice of Exemption must be received within seven (7) calendar days from the date this notice was posted, and shall be directed to:

Chief Procurement Officer, Department of Education
 Procurement & Contracts Branch, OFS
 94-275 Mokuola Street Room 200
 Waipahu, Hawaii 96797
 Telephone Number: 808-675-0130
 email address: DOEprocure@notes.k12.hi.us

Reserved for Procurement Office Use

14. Chief Procurement Officer's Comments:

15. Approved
 Disapproved
 No Action

Kathryn S. Matayoshi, Superintendent & CPO _____
 Date

c: Administrator, State Procurement Office