



'10 MAY 27 P12:00

STATE PROCUREMENT OFFICE
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103D, HRS

1. TO: Chief Procurement Officer
2. FROM: DHS/HPHA/CPO

Department/Division/Agency

Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

3. Description of goods, services or construction:
Perform audit of July 1, 2009 Banyan Street Manor balance sheet to include necessary prior period adjustments.

Perform the FYE June 30, 2010 financial audit of Banyan Street Manor to include planning (review, analytics, risk assessment, audit programs, fraud review, confirmations), ~~internal control (document system, fraud testing, walk-thru's, test of controls), financial (assets and liabilities verification, revenues and expenditures testing, analytics, report drafting), report compilation (MD&A, drafting the financials and notes, issuance of the final report).~~ *See 6/15/2010*

4. Name of Vendor: RC Holsinger Associates, P.C.
Address: 500 Ala Moana Blvd., Suite 400
Honolulu, HI 96813
5. Price: \$40,000.00
\$15,000.00 See 6/17/10

6. Term of Contract: From: Upon approval To: 11/30/10
7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:
See attached.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
In August 2007, the Department of Accounting and General Services selected RC Holsinger Associates, P.C. as the independent auditor to perform the financial audits of the Banyan Street Manor for the fiscal years ending June 30, 2007 and June 30, 2008 through a competitive sealed proposal process. In August 2009, the Hawaii Public Housing Authority executed supplemental contract no. 2 with RC Holsinger Associates, P.C. to perform the financial audit for the fiscal year ending June 30, 2009. RC Holsinger Associates, P.C. has been performing the accounting services since June 2007 and is familiar with the HPHA's accounting system. To hire a new accounting firm would not be reasonable for this short term contract.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
This exempted procurement requires the approval of the HPHA's Office of the Executive Director, Procurement Office, and Budget Office. The Fiscal Management Office will be responsible to monitor the Contractor's performance. Except for the requirement to engage in a competitive selection process, the HPHA does not intend to waive any other established controls. HRS section 103D-31(c) and HAR section 3-122-112 shall continue to apply.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:		
Name	Position	Involvement in Process
Stephanie Fo	PMMSB Chief	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Rick T. Sogawa	Acting Procurement Officer	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Barbara E. Arashiro	Executive Assistant	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to:	Department: DHS/HPHA/CPO Contact Name: Rick T. Sogawa Phone Number: 832-6038 Fax Number: 832-6039
--------------------------	--

Agency shall ensure adherence to applicable administrative and statutory requirements

14. *I certify that the information provided above is, to the best of my knowledge, true and correct.*


 Department Head

5/28/10
 Date

Reserved for SPO Use Only

15. Date Notice Posted 5/28/2010

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

This approval is only to conduct the audit of July 1, 2009 Banyan Street Manor balance sheet. Approval is based on the department's representation that:

1. RC Holsinger conducted the FYE 2009 audit of the Banyan Street Manor and therefore most familiar with the information to be able to make the necessary adjustments to correct the balance sheet in an expeditious manner; and
2. Another contractor would delay the process by having to verify RC Holsinger's initial findings and delay the sale of the property.

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply. Department is reminded that this award is required to be posted on the Procurement Reporting System.

16. **APPROVED** **DISAPPROVED** **NO ACTION REQUIRED**


 Chief Procurement Officer Date 6/21/2010

Attachment (SPO-07)
Request for Exemption from Chapter 103D, HRS

8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

In August 2007, the Department of Accounting and General Services selected RC Holsinger Associates, P.C. as the independent auditor to perform the financial audits of the Banyan Street Manor project for the fiscal years ending June 30, 2007 and June 30, 2008. The HPHA proceeded to enter into contract no. PMB 07-14 with RC Holsinger Associates, P.C. in the amount of \$34,207. As additional information, in May 2009, the HPHA executed supplemental contract no. 1 to revise the audit schedule and increase the scope of services and compensation payment schedule to account for testing and reporting of new risk-based accounting requirements in the amount of \$5,131. In August 2009, the HPHA executed supplemental contract no. 2 with RC Holsinger Associates, P.C. to perform the financial audit for the fiscal year ending June 30, 2009 in the amount of \$23,770.

RC Holsinger Associates, P.C. did not express an opinion on the financial statements for the fiscal year ending June 30, 2009 because detailed accounting records were not maintained and certain prior-year records and supporting data were not available. RC Holsinger Associates, P.C. has recommended and the HPHA has concurred that audit adjustments are needed to reconcile the balance sheet accounts.

It would not be practicable or advantageous to the State to hire a different independent auditor to complete the work needed to reconcile the balance sheet accounts. RC Holsinger Associates, P.C. has the knowledge and is familiar with the information to reconcile the accounts.