

EX 06-18



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

1. TO: Head of Purchasing Agency  
2. FROM: Hawaii Health Systems Corporation

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:

Financial Statement audit services for fiscal year 2006, with options to extend for audit services for fiscal years 2007 and 2008, with price to be negotiated.

4. Name of Vendor: Deloitte & Touche LLP

Address: 1132 Bishop Street Suite 1200  
Honolulu, HI 96813

5. Price:

\$518,700

6.

Term of Contract: From: 6/30/06 To: 6/30/07

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:

Given that extensive planning and interim work is required in order to complete the audit by the State of Hawaii's due date of December 1, 2006, management believes that the time required to go through another RFP process would significantly jeopardize the ability of HHSC and its audit firm to complete the audit by the date required.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

A request for proposal (RFP) process was initiated in 2004 for financial statement audit services, and a contract (HHSC 05-128) was awarded to D&T for the fiscal year 2005 audit, with three one-year options to extend the contract for the audits for fiscal years 2006, 2007, and 2008. Due to changeover in procurement personnel and the resulting confusion in interpreting the contract, the contract was inadvertently allowed to lapse. Management has already informed D&T of its intention to exercise the option to engage them for financial statement audit services for the fiscal year 2006 audit, and the HHSC Board of Directors has approved hiring D&T as HHSC's financial statement auditors for the fiscal year 2006 audit at its meeting on May 11, 2006. Competition was already considered in the original RFP.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

Corporate Controller, COO/CFO, and Contracts Manager will be closely watching the contract terms so as not to be in violation in future years..

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
Edward N. Chu	Corporate Controller	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Kelley C. Roberson	COO/CFO	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Amphone Phommachanh	Contract Manager	<input type="checkbox"/> Approval <input checked="" 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: Finance  
 Contact Name: Kelley C. Roberson  
 Phone Number: 733-4171  
 Fax Number: 733-4028

14. This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: YES  NO   
 Agency shall ensure adherence to applicable administrative and statutory requirements

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

*Kelley C. Roberson*  
 Kelley C. Roberson, COO & CFO      06/16/06  
 Department Head      Date

16. Date Notice Posted 6/19/06

The Head of the Purchasing Agency 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:

Head of Purchasing Agency  
 HHSC  
 3675 Kilauea Ave.  
 Honolulu, Hawaii 96816

Head of Purchasing Agency's comments:

17.  APPROVED  DISAPPROVED

*[Signature]*      06/19/06  
 Head of Purchasing Agency      Date