

**ISSUE PROFILE:
PROCUREMENT OF PERSONAL SERVICES IN
THE CITY AND COUNTY OF HONOLULU**

IN BRIEF

A uniform public procurement code, Chapter 103D, HRS, was enacted by the legislature in 1993 in order to create a single source of public procurement policy, applicable to the State and counties. The code establishes procedures for purchasing various categories of goods and services by type and by the dollar value of contracts so as to ensure equal treatment of interested suppliers, and to promote economic and effective public procurement.

Recently the City Council has expressed an interest in the City's compliance with the new code and in the propriety of personal services contracts. Regarding the latter, the Council has voiced a concern regarding the use or misuse of personal services contracts to avoid the civil service or a competitive procurement process.

This issue profile was conducted to examine City policies relating to personal services contracts and to procurement of services generally.

Results

As a result of our study, we found the following weaknesses in City policies relating to personal services contracts and to procurement generally:

- 1) There are no public notice, record-keeping and public reporting requirements for employer-employee personal service contracts.
- 2) There is no review to ensure that employer-employee personal services contracts are not used to evade a competitive procurement process.
- 3) There are no time restrictions on certain employer-employee personal services contracts.
- 4) Portions of the City's policies for the procurement of independent contractor services through the sealed bids, sealed proposals, and sole source methods do not conform with the requirements of the State code.