

Hawaii Compliance Express

Executive Summary

Hawaii Compliance Express (HCE), an innovative new online service found at <http://vendors.ehawaii.gov>, provides cross-agency functionality that allows vendors (business and individuals) who provide services for the state and local agencies in Hawaii to quickly and easily demonstrate they comply with all laws governing vendors doing business with the state. Prior to the launch of HCE, this formidable process required companies to fill out forms for three state agencies and the Internal Revenue Service, drive to downtown Honolulu, find parking, and wait in long lines at multiple government buildings.

The State Procurement Office (SPO) led the effort to develop HCE. Now, instead of filling out paper forms and driving downtown to obtain 4 different clearances, businesses can register online through a simple online wizard interface, and acquire a "Certificate of Vendor Compliance" endorsed by all the respective agencies electronically. Better still, any government buyer can then go online and instantly see that the vendor is in compliance with statutory requirements.

HCE links four state agencies, one federal agency and thousands of vendors who do business with Hawaii state or county governments and has brought greater efficiency to all these agencies and the State Procurement Office.

HCE provides:

- Hawaii businesses with a simple, single web interface to apply for and maintain proof of compliance for a full year;
- Partner Agencies with customized administrative interfaces for four government agencies to expedite clearances for many more businesses, without overloading existing staff;
- An intuitive, simple method for government buyers to confirm the level of compliance for their vendors.

HCE resulted in wins for everyone involved.

Uniqueness & Originality

Developed by the Hawaii State Procurement Office, HCE provides cross-boundary functionality that allows vendors (business and individuals) who do business with state and local agencies in Hawaii to quickly and easily demonstrate they comply with all laws governing entities doing business with the state. Prior to the launch of HCE, this formidable process required companies to fill out forms for three state agencies and the Internal Revenue Service, drive to downtown Honolulu, find parking, and wait in lines at government buildings.

Background: With the change in State Public Procurement Code in 2004, vendor who wishes to contract with the State of Hawaii or any of its counties is required to demonstrate compliance with state laws. This effectively required businesses to show proof of a Tax Clearance Certificate from the Hawaii Department of Taxation (DoTax), a Certificate of Compliance from the Department of Labor and Industrial Relations (DLIR), a Tax Clearance Compliance from the Internal Revenue Service (IRS), and a Certificate of Good Standing from the Department of Commerce and Consumer Affairs Business Registrations Division (DCCA BREG) to the procurement officer when providing services to the government.

Vendors who wanted to provide business services to the state had to ask staff to visit each of the agencies' offices to obtain a paper clearance document to present to the buyer who could then approve the contract. This led to lost time at work, higher costs, hours of frustration and confusion for vendors; confusion on the part of buyers state-wide and prevented agency staff from performing other required duties not related to granting clearances.

To streamline this cumbersome process, the SPO, the four partner agencies and the state's Internet portal manager, Hawaii Information Consortium, LLC, developed a plan to create a new online service called Hawaii Compliance Express (HCE) to provide a convenient, 100% electronic, Internet-based application that would simplify the clearance process for vendors, agencies, and buyers. A screen-shot of the HCE homepage is provided in the supporting documentation.

Value to Vendors: While the technology underlying HCE is complex, for the vendors it is a simple to use, dynamic application that shields them from having to know specific information about each of the partner agencies, and, because it is completely Internet-based, does not require any visits to government offices. Now in a five-minute process, a vendor simply creates a user account on the portal at eHawaii.gov, completes a single online application and pays a \$15 annual registration fee. If a vendor is already registered with DCCA BREG, their company information is automatically populated into HCE via a web service to the state business registry. This ensures that the data in HCE is fully consistent with official state business records. When the online form is submitted, HCE automatically checks the compliance status of the vendor with DCCA BREG, DOTAX, DLIR, and IRS and displays their "Certificate of Vendor Compliance" in PDF format. A sample of the Certificate is provided in the supporting documentation. The vendor can return to HCE at anytime, login, and view their Certificate, which displays their up-to-the-minute status all four agencies via active linkages to the database tables. For all registered vendors, anytime one of the agencies changes the status of a vendor; the vendor is notified via email immediately. This allows them to contact the agency immediately to rectify the situation and avoid losing any contract opportunities because they are not 100% in compliance. Vendors are also notified by email if their annual registration is going to expire.

Value to Agencies: When a vendor registers with HCE, the various agencies receive an email notification that an application has been submitted. Once inundated with requests for paper clearance documents, they now access a custom HCE administrative module and review the online application, check their records on the business, and click a checkbox corresponding to the business's compliance status. Each agency's web interface was designed specifically with and for that agency, in an effort to make an intuitive administrative toolkit to administer vendor

clearances. Thus, they can change the status of a vendor from “compliant” to “not compliant” with a single mouse-click. This is instantly reflected on the Certificate of Vendor Compliance the next time it is viewed by a buyer or the vendor. Agencies who were at first overwhelmed with clearance requests now handle the requests efficiently and in a timely manner.

Value to Buyers: Government buyers have access to the vendor records via the Internet free of charge. They no longer have to track paper certifications, handle and file multiple documents, or deal with frustrated vendors waiting for payment. HCE gives the buyers one click access to current information so they can easily check the compliance status of a vendor throughout the procurement and after contract award.

HCE was developed using cutting edge Java web technologies such as Tomcat, Spring, Hibernate and Freemarker which made the application logic easy to develop, test and maintain. A custom workflow engine made the management of applications by the partner agencies simple to use. Data interfaces to three state agencies and one federal agency enables the speedy processing of all requests.

In summary, HCE provides business a simple single interface to apply for and maintain proof of compliance; four agency interfaces to provide clearances for many more businesses, without overloading existing staff and causing delays in the office; and an intuitive, simple method for buyers to confirm the level of compliance for their vendors. HCE resulted in wins for everyone involved.

Service Improvements

When the new legislation took effect, the agencies were not able to easily fulfill the dramatically increased demand for clearances. Each agency had to leverage existing staff to process the enormous number of requests for paper clearance forms. In all cases, this meant either compromising on other services that the agency provided or giving extremely slow service to those needing a clearance. Vendors’ complaints about the burdensome compliance requirements soared.

The agencies made the best of a difficult situation by handling the requests as time permitted and agreed to work together with HIC to solve the problem in a manner that would alleviate the load on staff and simplify the clearance process for vendors. State and County buyers were also suffering from the effects of the law. They were now required to collect clearance documents from their vendors. Many of the documents had different expiration dates (i.e. a Tax Clearance is valid for six months, but a Certificate of Good Standing is current for that day only) which they had to manage before approving payment. A solution was needed to provide a simple way for procurement staff to prove compliance.

Nine months later, HCE was launched. HCE is a completely web-based solution. Vendors who are in good standing with the partner agencies need only register and pay the \$15 fee, the rest of the year HCE automatically keeps their status up-to-date. Vendors who fall out of compliance with any of the agencies are notified via email and provided with the appropriate agency contact information. HCE provides partner agencies with an electronic, and in some cases, fully automated process for clearing vendors.

Demonstrated Cost Savings

The development of HCE did not require any funds from the state or county. The state portal manager, Hawaii Information Consortium, LLC (HIC) was able to use existing hardware and existing contacts and system interfaces with all of the agencies affected by this legislation.

HIC was able to leverage the Service-Oriented Architecture (SOA) that it has been deploying over the last three years. SOA allows distributed data sources, business logic and functionality interoperate via simple predefined interfaces such as XML or SOAP. The decentralized nature of Hawaii's state agencies makes SOA an appropriate, viable and powerful framework. The availability of many of these services made the extremely short development period possible and acted as further realization that the state-wide move to SOA was a wise one.

The most important cost savings were the decreased burden on the partner agencies and the simplicity by which vendors can work with procurement staff in Hawaii. The partner agencies have reported that HCE is clear success. The Department of Taxation reported that over 10% of all tax clearances are handled electronically, with plans to drive more of the public to use the system for non-procurement related clearances in the near future. The DLIR reported that one third of all labor clearances issued are via HCE. The DCCA BREG Division reported that the number of requests for Certificates of Good Standing has decreased by 35% since the deployment of HCE. The IRS reported a significant decrease in foot traffic. HCE makes working with the government a more transparent and less intimidating process for businesses of all sizes.

Potential for Transferability

HCE's sophisticated backend workflow engine is developed using cutting edge Java technologies such as Tomcat, Spring, Hibernate and Freemarker which made the application logic easy to develop, test and maintain. With the Service-Oriented Architecture (SOA), this technology and platform will allow a broader integration in the future with other state agencies.

For other states with similar decentralized infrastructure, the opportunity exists to utilize this SOA model and the workflow engine.

User Involvement

All three primary user groups were involved in the development and deployment of HCE: Agencies, buyers, and vendors.

During the design phase of HCE the agencies were very closely involved in the design of the dynamic questionnaire and its associated business rules. They also provided requirements for the administration module each would use to manage the vendors' compliance status. When the HCE system entered the testing phase, a beta group of vendors were asked to use the system and provide feedback on its usability. Similarly, a group of government buyers was asked to test the system from their perspective.

In preparation for the deployment of HCE, all state vendors were sent color postcards and letters giving them general information about compliance, the HCE web address and simple instructions on its use. Also, prior to deployment more than 100 government procurement staff received in depth training during the last quarter of 2005. At the present time more than 435 buyers and 616 vendors are registered users of HCE.

Supporting Documentation

Hawaii Compliance Express

Hawaii Compliance Express

Welcome to Hawaii Compliance Express (HCE), which expedites your ability to furnish proof of compliance with the requirements of 103D-310(c), HRS. Under Hawaii law, you must provide proof of compliance in order to receive a contract greater than \$25,000 with state and country government entities in Hawaii. Below are some helpful links:

- [Frequently Asked Questions](#)
- [Contact Information](#)
- [Procurement Regulations](#)
- [View Instructions](#)

The Compliance Express service saves you time and hassle by providing an online "Certificate of Vendor Compliance" for your business entity. This Certificate can be accessed online free of charge by government purchasing officials for their consideration anytime during the bid evaluation process.

You will need your Taxpayer Identification Number (FEIN or SSN), Hawaii Tax ID#, Unemployment Insurance Identification number (UI ID#), if applicable, and a valid credit card for the \$15 annual registration fee to complete the transaction.

If you have an **HCE** or a **Business Express** account [login](#) otherwise [Create an Account](#)

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Sample of Certificate of Vendor Compliance



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

Pursuant to Section 103D-310, HRS, and Section 3-122-112, HAR, this document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs (DCCA).

Vendor Name: **HAWAII INFORMATION CONSORTIUM, LLC**

DBA/Trade Name: **HAWAII INFORMATION CONSORTIUM, LLC**

Issue Date: **06/26/2006**

Status: **Compliant**

Hawaii Tax#:

FEIN/SSN#: 99-0344850

UI#: 0007133421

DCCA FILE#: 27670

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Compliant
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

Continue

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information