STAND. COM. REP. NO. 3472

Honolulu, Hawaii

APR 1 0 2008

RE: S.C.R. No. 212 S.D. 2

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

## Madam:

Your Committee on Ways and Means, to which was referred S.C.R. No. 212, S.D. 1, entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE OFFICE OF THE AUDITOR TO PERFORM A MANAGEMENT, FINANCIAL, AND PROGRAM AUDIT OF THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM, INCLUDING THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION, THE HAWAII STRATEGIC DEVELOPMENT CORPORATION, AND THE PROGRAMS AND ENTITIES UNDER THEIR RESPECTIVE PURVIEWS,"

begs leave to report as follows:

The purpose of this measure is to request the Auditor to perform a management, financial, and program audit of the Department of Business, Economic Development, and Tourism, focusing on:

- (1) Strategic marketing and support, creative industries, and general support for economic development;
- (2) The High Technology Development Corporation and the programs and entities under its purview; and
- (3) The Hawaii Strategic Development Corporation and the programs and entities under its purview.

The High Technology Development Corporation commented that it welcomes the audit, that it has been ten years since the last audit was done by the Auditor, and expressed the Corporation's

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desire for focus in the audit to not replicate the Corporation's annual federally-required audits due to its limited ability to respond as a result of budget cuts. The Hawaii Strategic Development Corporation also commented that it welcomes the audit, that the Corporation's revolving fund is audited annually, and that the Corporation is confident it actions will be found to be fully in support of state interests as intended by the Legislature.

Upon further consideration, your Committee has amended this measure by:

- (1) Amending the title of the measure to read:
  "REQUESTING THE AUDITOR TO INVESTIGATE PROCUREMENT AND
  EXPENDITURE PRACTICES OF THE DEPARTMENT OF BUSINESS,
  ECONOMIC DEVELOPMENT, AND TOURISM AND SELECTED ATTACHED
  AGENCIES"; and
- (2) Deleting its contents and replacing it with a request for the Auditor to investigate procurement and expenditure practices of the Department of Business, Economic Development, and Tourism and selected attached agencies, including the High Technology Development Corporation, the High Technology Innovation Corporation, the Hawaii Strategic Development Corporation, and any programs and entities under each respective corporation.

The amended measure also requests the Auditor to investigate programs within the Department of Business, Economic Development, and Tourism that include but are not limited to those covering strategic marketing and support, including the overseas offices, creative industries, energy and strategic industries, the foreign trade zone, and general support for economic development.

Finally, in the amended measure, the Auditor is requested to report findings and recommendations, including any necessary proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2009.

Your Committee finds that the shift in focus and expansion of the audit to be carried out by the Auditor is appropriate to achieve a higher level of confidence in understanding the procurement and expenditure practices of the Department of Business, Economic Development, and Tourism. As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 212, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 212, S.D. 2.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

ROSALYN HA BAKER, Chair

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*  SCR212 ISDI	Committee Referral:			Date: 4/4/08	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		/			
TSUTSUI, Shan S. (VC)		/			
CHUN OAKLAND, Suzanne		1			
ENGLISH, J. Kalani					
FUKUNAGA, Carol					
HOOSER, Gary L.					
INOUYE, Lorraine R.					
KIM, Donna Mercado					
MENOR, Ron					
TOKUDA, JIII N.	Yantaan oo da Uliisa saha				
HEMMINGS, Fred	************		Nikala kerabakan kese		
WHALEN, Paul					
					Alegana Institutionalia
TOTAL		10	Ø	0	2
Recommendation:  Adopted Not Adopted					
✓ Adobted ☐ Not Adobted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes