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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO PERFORM A FOCUSED FINANCIAL AND  
PERFORMANCE AUDIT OF THE CABLE TELEVISION DIVISION OF THE  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS.

1           WHEREAS, the Legislature in its 2011 Regular Session  
2 considered requesting the State Auditor to audit the Department  
3 of Commerce and Consumer Affairs with a particular focus on the  
4 Cable Television Division; and

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6           WHEREAS, the Legislature was concerned, among other issues,  
7 that the Cable Television Division was not accountable for the  
8 performance of the four entities under its jurisdiction that  
9 receive significant moneys for operating and capital expenses  
10 from the fees paid by cable service customers; and

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12           WHEREAS, these entities, known as public, educational and  
13 governmental access organizations (PEG organizations), operate  
14 with their own boards, staff, and equipment; and

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16           WHEREAS, the Department of Commerce and Consumer Affairs  
17 assured the Legislature that, given sufficient funds, it could  
18 procure and manage a performance audit of the PEG organizations  
19 that would allay the Legislature's concerns; and

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21           WHEREAS, the Legislature appropriated \$200,000 for each  
22 year of the current biennium for performance audits, .expecting  
23 the Department of Commerce and Consumer Affairs to procure and  
24 accept only credible, substantive work; and

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26           WHEREAS, the Department of Commerce and Consumer Affairs  
27 has instead accepted, at the cost of approximately \$70,000, a  
28 contractor's report for the largest of the PEG organizations, a  
29 report containing only generalized, mostly complimentary,  
30 statements that appear to skim over problems that have been



1 brought to the Legislature's attention over the span of many  
2 years; and

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4 WHEREAS, upon closer scrutiny, the Legislature finds that  
5 this contractor has numerous conflicts of interest with respect  
6 to bidding for and carrying out the performance audit, since it  
7 was already under contract with the Department of Commerce and  
8 Consumer Affairs, the Cable Television Division, and the PEG  
9 organizations, including for assistance in setting rates that  
10 result in revenues to the PEG organizations; and

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12 WHEREAS, not only is the remainder of the 2011  
13 appropriation to the Department of Commerce and Consumer Affairs  
14 at risk of funding unacceptable work, the Legislature has no  
15 faith that the Department of Commerce and Consumer Affairs can  
16 or will perform its oversight function on behalf of the cable  
17 subscribers whose fees support the organizations; and

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19 WHEREAS, however the contract work for a performance audit  
20 was procured and managed within the Cable Television Division,  
21 the Director of Commerce and Consumer Affairs and any related  
22 administrative entities are also responsible for the expenditure  
23 of public and special fund moneys as state entities, and all  
24 parties' performance in this instance may be symptomatic of  
25 problems within the Department of Commerce and Consumer Affairs;  
26 now, therefore,

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28 BE IT RESOLVED by the House of Representatives of the  
29 Twenty-sixth Legislature of the State of Hawaii, Regular Session  
30 of 2012, the Senate concurring, that the Auditor is requested to  
31 perform a focused financial and management audit of the Cable  
32 Television Division of the Department of Commerce and Consumer  
33 Affairs and any of the PEG organizations for their performance  
34 toward their respective missions and responsibilities and on any  
35 other areas of departmental management that the Auditor  
36 determines merit audit scrutiny; and

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38 BE IT FURTHER RESOLVED that the Auditor is requested to  
39 submit the results of the audit, including any proposed  
40 legislation, to the Legislature no later than 20 days prior the  
41 convening of the Regular Session of 2013; and



1 BE IT FURTHER RESOLVED that the Department of Commerce and  
2 Consumer Affairs is requested to suspend any further expenditure  
3 of funds for a contracted performance audit of PEG organizations  
4 under the jurisdiction of the Cable Television Division; and

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6 BE IT FURTHER RESOLVED that certified copies of this  
7 Concurrent Resolution be transmitted to the Auditor and the  
8 Director of Commerce and Consumer Affairs.

