

SCR175, SR110

Measure Title: REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND
MANAGEMENT AUDIT OF THE OFFICE OF INFORMATION
MANAGEMENT AND TECHNOLOGY.

Report Title: Office of Information Management and Technology; Audit

Description:

Companion:

Package: None

Current Referral: EDT, WAM

Introducer(s): HARIMOTO, CHUN OAKLAND, Kim, Slom, Wakai

DAVID Y. IGE
GOVERNOR



KEONE KALI
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
OFFICE OF INFORMATION MANAGEMENT & TECHNOLOGY

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Testimony of
Keone Kali, Chief Information Officer,
to the Senate Committee on
Economic Development and Technology

Monday, March 30, 2015

2:45 p.m.

Conference Room 16
State Capitol

S.C.R. No. 175 / S.R. 110.

**REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT
AUDIT OF THE OFFICE OF INFORMATION MANAGEMENT AND TECHNOLOGY.**

Chair Wakai, Vice Chair Slom, and Committee Members:

I am Keone Kali, State Chief Information Officer (CIO), providing comments on S.C.R. No.175 and S.R. No. 110. First, we appreciate the strong support this Legislature has provided for the State's technology initiatives during the short time I have been the State CIO. Second, as part of the new administration's review of OIMT, we just completed an extensive internal evaluation and analysis of OIMT programs, activities, and spending for the entire period since the office was established in 2011. We have been working with this committee to share results of this comprehensive financial and programmatic review, as well as details of new technology directions set by this administration.

Based on that review, Governor David Ige last week directed the state's technology team to focus its activities on targeted projects to replicate the recent success achieved in upgrading the Human Resources Management System (HRMS). Leading the refocused technology efforts will be State Comptroller Douglas G. Murdock, with me as the Chief Information Officer providing support. As one example of that new direction, we are focusing on priority projects that will stabilize and improve the efficiency of government operations and services in the near-term and employ a business-like approach to prioritize projects that will deliver efficiencies and cost-savings within the next two years and within current funding levels and organizational structures.

We have made great strides in the past year to resolve critical issues like State network uptime and cyber security. Investments in the State's Content Delivery Network, Security Operations Center, and Hawaii Government Private Cloud (GPC) over the past year alone have built solid foundations across departments that will help us to collaborate, consolidate, and transform the way government does business.

In conclusion, we request the committee defer S.C.R. No. 175 and S.R. No. 110 to give the new administration and the relatively new OIMT management team the opportunity to execute their new priorities and to demonstrate that they have already addressed the budgeting, financial control, procedural, and organization issues described in the resolutions.

Instead, we suggest the committee support SCR No. 162 requesting a financial audit of information technology expenditures across the State Executive Branch. Results of that broader audit will greatly assist us in developing and validating enterprise-level technology planning that will improve the coordination and integration of overall business process and technology spending. Compiling an accurate and up-to-date IT Investment Portfolio for the Executive Branch will provide a complete picture of technology investments, which is necessary to make strategic decisions to meet our target of reducing recurring IT costs in future years.

To document our progress, we will prepare a comprehensive activity report and conduct a financial and management informational briefing prior to the next legislative session. Thank you, again, for your ongoing support and for the opportunity to testify on this matter.

DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
ECONOMIC DEVELOPMENT AND TECHNOLOGY
ON
MARCH 30, 2015

S.C.R. 175 / S.R. 110

REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT
AUDIT OF THE OFFICE OF INFORMATION MANAGEMENT AND
TECHNOLOGY

Chair Wakai and members of the Committee, thank you for the opportunity to submit written testimony on S.C.R. 175 / S.R. 110.

The Department of Accounting and General Services supports these measures and looks forward to the results of the audit as a means to improve operations in the best interest of the State on behalf of the public.

Thank you for the opportunity to submit written testimony on this matter.

Testimony in support SCR175 and SR 110
Requesting the Auditor to Conduct a Financial and Management Audit of the
Office of Information Management and Technology

By
Tu Duc Pham, Ph. D.

Senate Committee on Economic Development and Technology

Monday, March 30, 2015
2:45 p.m., Conference Room 016

Chair Wakai, Vice Chair Slom, and committee members:

My name is Tu Duc Pham. I was the Tax Research and Planning Officer and Economics Research Program Manager at the Department of Taxation (DoTAX) from July 1997 to December 2009. Before that I was the Chief of Economic Research Branch of the Department of Business, Economic Development & Tourism (DBEDT).

As a retired public servant, I testified in support of SCR 78 in 2010, which requested a management and financial audit of the DoTAX contracts. While working for the State, I personally witnessed numerous actions by government officials to protect and promote the interests of corporate vendors over what was best for the people of Hawaii. Many of the news articles I read about the Office of Information Management Technology's (OIMT) actions greatly surprise me. The troubling observations collected in this resolution suggest a pattern of mismanagement that I've seen far too often.

Last month, the Star Advertiser reported that Mansha was awarded more than \$20 million dollars for what was originally a \$56,000 engagement. When I looked into this, I found KHON coverage from November of 2013, which contained an interview with the State CIO. The CIO's responses revealed that the OIMT answered a request for help from the Health Connector by encouraging it to pay Mansha \$10 million for what sounded like 5 months of work. While the CIO spoke of Mansha and OIMT's help as necessary for a successful Health Connector launch, we all know now that the initial launch was anything but successful.

While I understand that State CIO has changed since then, the new CIO appears to be following the same marching orders. Looking up Mansha on the OIMT's website pulled up a page stating that the OIMT's Senior Program Manager had been rehired as the State Chief Technology Officer after serving as Mansha Consulting's CIO for a year.

When the HawaiiNewsNow asked the current CIO, Kali, about the sudden firing of 11 people on one day, he responded that he needs people with better technical skills. However, he had hired one of the governor's receptionists, the deputy communication's director, and the deputy human resources director at the same month. I would be surprised if these individuals had extensive information technology experience and backgrounds.

As a result, I strongly support this resolution to audit the OIMT.

Thank you very much!