

STAND. COM. REP. NO.

514

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1928
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 1928 entitled:

"A BILL FOR AN ACT RELATING TO THE OFFICE OF THE AUDITOR,"

begs leave to report as follows:

The purpose of this measure is to authorize the establishment of an investigative unit within the office of the auditor to conduct investigations involving alleged or suspected government waste, fraud, abuse, or malfeasance at the request of the legislature or upon the auditor's initiative; expands the powers of the office of the auditor; appropriates funds for the investigative unit.

Article VII, Section 10, of the Hawaii State Constitution authorizes the Auditor to conduct such investigations as may be directed by the Legislature. However, the Auditor has not conducted investigations in the past and has never been provided funds for this purpose.

Your Committee found that several states have auditor's offices doing investigations as well as audits for their legislatures and two particular states, North Carolina and Delaware have had this structure for over twenty years. The United States Congress has an investigative arm called the Government Accountability Office (GAO) which does the investigative work for Congress.



Your Committee finds that there is a need for an independent agency to do investigative work for the Legislative branch of government. The Attorney General's Office is the investigative arm of the Executive Branch. This point became more evident during a review of the Ka Loko Dam investigation being done by the Attorney General's Office. It was pointed out that in a report by a special investigator that there may be some liability on the part of the state but no agency is investigating whether there is possible liability. The Attorney General does represent the state on civil liability issues or would contract legal representation. An Auditor's investigation would represent an independent and objective perspective that could be reported to the Legislature which makes decisions on funding and enactment of laws.

In addition, your Committee finds that the Auditor's Office receives many complaints and information of government fraud and abuses that go beyond the scope of a management or financial audit.

Your Committee heard testimony from the Attorney General's Office in opposition to the bill. The Department of Taxation took no position to the forming of the investigative unit but opposed allowing the Auditor to have access to confidential tax information.

Your Committee amended the bill to delete the provisions allowing for access to confidential tax information and confidential child support enforcement information.

Your Committee also amended the bill to include nonfeasance as an additional area to be investigated since government efficiency may be affected by inaction.

Your Committee further amended the bill to condition an investigation initiated by the Auditor upon concurrence of the President of the Senate or the Speaker of the House of Representative. This is to keep in conformance with the Auditor's Office being the investigative arm of the Legislature.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1928, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,

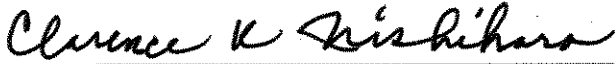


CLAYTON HEE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
 Committee on Judiciary and Labor
 JDL

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1928	JDL, WAM	2/15/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
KOKUBUN, Russell S. (VC)				✓
INOUYE, Lorraine R.	✓			
NISHIHARA, Clarence K.	✓			
GABBARD, Mike	✓			
TOTAL	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes