

STAND. COM. REP. NO.

3492

Honolulu, Hawaii

APR 10 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

SCR212 SD2 SSCR LRB 08-3080.doc



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 its 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 H. BAKER, Chair



