

Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
President
High Technology Innovation Corporation
before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TAXATION
Thursday March 27, 2008
1:15 PM
State Capitol, Conference Room 224

In consideration of
**SCR 212 REQUESTING THE OFFICE OF THE AUDITOR TO PERFORM A
MANAGEMENT AND FINANCIAL AUDIT OF THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION, THE HAWAII STRATEGIC DEVELOPMENT
CORPORATION, AND THE PROGRAMS AND ENTITIES UNDER THEIR
RESPECTIVE PURVIEWS.**

Chair Fukunaga, Vice Chair Espero, and Members of the Senate Committee on Economic Development and Taxation.

The High Technology Development Corporation (HTDC) believes in transparency and accountability of its programs and services, and therefore, welcomes this audit. We respectfully offer comments on parts of Senate Concurrent Resolution 212 that relate to HTDC and the High Technology Innovation Corporation (HTIC) to provide some background the Committee may find useful:

(1) The last full audit and report performed by the State Office of the Auditor has been over ten years and another audit of the agency's programs and financial oversight is over due. We again look forward to working with Marion Higa, State Auditor, and her staff. Our federal programs, however, are audited annually in compliance with OMB Circular A-133 by an independent CPA firm as part of the financial audit done on DBEDT, thus request that the scope of this audit not replicate the CPA firm's review of the federal programs.

(2) This last audit focused on the HTDC's contracting policies and procedures and primarily reviewed our Contracting Manual and the agreement between HTDC and the Maui Economic Development Board, then manager and operator of the Maui Research & Technology Center. If there is an opportunity to focus the scope of the audit and because our staff time is maximized due to major budget cuts and reductions since 1996 and 1997, we would appreciate the consideration, to ensure that everyone, including the auditors, can focus their efforts to provide relevant information.

(3) HTIC established by the legislature in 2005 (HRS 206M PART IV) as a non-profit state entity with a complete Board of Directors appointment since November of 2007 and created to service and support HTDC's mission of facilitating the commercial high tech industry is a new organization learning to operate within the state's system. This proposed audit could assist by identifying appropriate scopes or oversights of each agency that HTIC is required to consult with or obtain approvals from.

Thank you for the opportunity to offer comments on SCR 212.



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Statement of
JOHN A. CHOCK
President

Hawaii Strategic Development Corporation

Before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TAXATION

Thursday, March 27, 2008
1:15 PM
State Capitol, Conference Room 224

In consideration of

SCR 212

REQUESTING THE OFFICE OF THE AUDITOR TO PERFORM A MANAGEMENT AND FINANCIAL AUDIT OF THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION, THE HAWAII STRATEGIC DEVELOPMENT CORPORATION, AND THE PROGRAMS AND ENTITIES UNDER THEIR RESPECTIVE PURVIEWS

Chair Fukunaga, Vice Chair Espero, and Committee Members:

HSDC welcomes any review of its venture capital programs. However we would just like to point out that HSDC's revolving fund is audited annually along with all funds within DBEDT and its attached agencies.

Further, the State Private Investment Fund, established by the Legislature in 2004 and referenced in SCR 212, was never provided with any funding, so there is nothing to audit.

Thank you for the opportunity to offer these comments.