



**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR, ON SENATE BILL
NO. 795, SENATE DRAFT 1, RELATING TO STATE FINANCES**

House Committee on Legislative Management

March 21, 2013

Chair Nishimoto and Members of the Committee:

I am Jan Yamane, Acting State Auditor. Thank you for this opportunity to testify in support of Senate Bill 795, Senate Draft 1. This bill authorizes and funds an investigative unit in the Office of the Auditor to conduct investigations involving alleged or suspected government waste, fraud, abuse, nonfeasance, or malfeasance related to state finances.

The bill recognizes that the legislative branch lacks a dedicated investigative entity that would be independent of the subjects of the investigations. Although the State Constitution and the statutes for my office authorize broad investigatory powers and while we have undertaken only limited investigations with existing audit staff, we have not staffed and fully developed an investigative function for lack of resources. We have tried to incorporate into our audit scopes any areas of concern that are brought to our attention, but many of the topics and tips deal with allegations against individuals, and those tend to fall outside audit scopes and techniques. To pursue those non-audit topics requires skills and techniques unique to investigations. In the past, we have contacted several state audit offices that have similar investigative units. The units tend to have emerged from, but complement, the auditing function.

I appreciate that this measure provides triggers to initiate an investigation that require direction by both houses of the Legislature. This measure comports with Section 21E-4(1), Hawai'i Revised Statutes, which defines the powers and duties of the joint legislative management

committee and states that direction to the Auditor to conduct investigations shall be by both houses of the Legislature.

Further, this measure contemplates a five-person investigative unit and appropriates money for that purpose. As you are aware, I would not be able to staff such a unit unless this funding is provided.

Finally, I ask that you amend the effective date to *upon approval*, thus giving us flexibility to fill positions and engage in investigative work immediately.

Thank you for your continued support and interest in my office and for the opportunity to testify on this bill. I respectfully request that you move it out of committee. I am available for your questions.