

SB 3125

JAN 23 2014

A BILL FOR AN ACT

RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The auditor shall conduct a financial and
2 management audit of the state foundation on culture and the arts
3 that shall include but not be limited to determining:
- 4 (1) The remaining balance within the works of art special
5 fund;
- 6 (2) The amount and source of funds transferred into the
7 works of art special fund;
- 8 (3) The total annual expenditures incurred for the
9 acquisition of works of art;
- 10 (4) The total annual operating costs, along with a
11 detailed breakdown of these costs, for the state
12 foundation on culture and the arts;
- 13 (5) Costs associated with site modifications, display, and
14 interpretive work for the exhibition of works of art;
- 15 (6) Costs associated with upkeep services, including
16 maintenance, repair, and restoration of works of art;
- 17 (7) The methodology used for obtaining works of art;



1 (8) The current inventory of acquired works of art under
2 the control of and maintained by the state foundation
3 on culture and the arts; and

4 (9) The methodology and systems currently used to monitor
5 and secure the inventory of acquired works of art.

6 SECTION 2. The auditor shall submit a report of the
7 auditor's findings and any recommendations regarding the
8 financial and management audit of the state foundation on
9 culture and the arts, including any proposed legislation, to the
10 legislature no later than twenty days prior to the convening of
11 the regular session of 2015.

12 SECTION 3. This Act shall take effect upon its approval.
13

INTRODUCED BY:

Michael J. Galt

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S.B. NO. 3125

Report Title:

Financial and Management Audit; State Foundation on Culture and the Arts

Description:

Requires the Auditor to conduct a financial and management audit of the State Foundation on Culture and the Arts.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



NEIL ABERCROMBIE
GOVERNOR



Dean H. Seki
Comptroller

Maria E. Zielinski
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
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WRITTEN TESTIMONY
OF
DEAN H. SEKI, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
TECHNOLOGY AND THE ARTS
ON
February 4, 2014

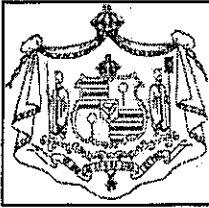
S.B. 3125

RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS

Chair Wakai and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 3125.

The Department of Accounting and General Services (DAGS) supports S.B. 3125 which mandates a financial and management audit of the State Foundation on Culture and Arts (SFCA).

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



Association of Hawaiian Civic Clubs

P. O. Box 1135

Honolulu, Hawai'i 96807

SB 3125 RELATING TO THE STATE FOUNDATION ON CULTURE AND THE ARTS

SENATE COMMITTEE ON TECHNOLOGY AND THE ARTS

Tuesday; February 4, 2014; 1:15pm; Room 414

Aloha Chairman Wakai, vice chairman Nishihara and members of the committee on Technology and the Arts. I am Soulee Stroud, president of the the Association of Hawaiian Civic Clubs here to support this bill calling for a financial and management audit of the State Foundation on Culture and the Arts (SFCA).

As you know, in recent months, my organization representing 68 affiliate clubs in 16 states on the continent and in Hawaii took issue with the blatantly commercial use of a photo image that should have been secure and respected within the SFCA. Instead we were offended to find that a photo image of one of our most honored kupuna had been desecrated by harshly cropping the photo to use on tote bags, coffee cups for the tourist market.

We would hope that the legislature will include some safeguards against such future commercialization of works of art without the expressed authorization of the artists or surviving families. We would urge cultural sensitivity and balance when considering the purchase and/or display of works of art produced by Hawaii's art community.

Thank you for the opportunity to support this bill.

Contact: jalna.keala2@hawaiiantel.net

COMMITTEE ON TECHNOLOGY AND THE ARTS

Senator Glenn Wakai, Chair

Senator Clarence K Nishimura, Vice Chair

Tuesday, February 4, 2014

1:15 pm

Conference Room 414

Copies to members

Bill: SB 3125

Relating to an audit of the State Foundation of Culture and the Arts

SUPPORT

Aloha Chair Wakai, Vice Chair Nishimura and Members of the Committee:

I support SB 3125. An internal audit of the State Foundation on Culture and the Arts is now proceeding, but that is not enough. An external audit is also necessary. It would shed light on why there is lack of clarity about the Foundation's mission and its organizational structure. Clearly the management of the SFCA could be clarified and strengthened. Serious questions have been raised regarding the roles of the Commissioners and the Director. An external audit could lead to needed improvements in the organization and operation of this economically vital cultural treasure that deserves strong ongoing support.

Thank you.

Duane Preble, Emeritus Professor of Art, UHM

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Senator Glenn Wakai, Chair

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Bill: SB 3125

Relating to an audit of the State Foundation of Culture and the Arts

SUPPORT

Aloha Chair Wakai, Vice Chair Nishimura and Members of the Committee:

I support SB 3125. Clearly the management of the State Foundation could be improved. Serious questions have been raised regarding roles of the Commissioners and the Director. An audit could lead to much-needed improvements in the organization and operation of the State Foundation on Culture and the Arts. The SFCA is a cultural treasure that deserves strong ongoing support.

Thank you.

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TESTIMONY

Senator Glenn Wakai, Senate Committee Chair, Technology, Culture and Arts, and Committee Members:

My name is Eva Laird Smith, a private citizen and a taxpayer. I am here to provide my full support for SB 3125 specifying a financial and management audit of the State Foundation on Culture and the Arts, including its Works of Art Special Funds, with my Testimony as follows:

Nearing fifty (50) years of its organizational history, the State Foundation on Culture and the Arts has achieved many milestones, pioneered in at least two (2) legislations benefitting the general arts community through its Percent for the Arts and Arts in Education. It has had its share of successes, changes in leadership about eight times since its founding in 1965, and several cycles of Arts Commissioners, directly appointed by the Governor.

As a state funded organization, the SFCA, is staffed by classified employees who are union members, their management oversight under an Executive Director in an exempt at-will position, and governed by Arts Commissioners who are all volunteers.

A state audit, both involving financial and management review and recommendations would provide greater clarity, oversight, and directional guidelines for the SFCA as it defines its role and services to the community beyond half a century. There is a need to revisit and update current acquisitions policies, as well as harmonize and eliminate ambiguities in the agency's policies pertaining to ownership rights and copyright for Relocatable Works of Art vis a vis Commissioned Works of Art.

Certain areas of review could focus on mechanisms differentiating statutes, administrative rules, as well as current operations and systems procedures that are not mandated official statutes. More often than not, management and operations are bogged down by staff resistance to change and deviation from procedures that are no longer relevant, efficient, or applicable.

Procurement compliances are of paramount importance since this state agency handles vendors and contracts in the course of implementing its Percent for the Arts, the non-lapsing Works of Art Special Fund, as well as other funding sources such as the National Endowment for the Arts' Biennium grants partnerships. There is a need for transparency, public disclosure and review of artists' awards selection processes currently in place; awarding vendor contracts for services pertaining to arts education programs outside the safety net of a procurement process need to be revisited as well.

In terms of facilities, it is time to draw up a comprehensive master plan for facilities use, rental fees, and further examine the parameters of public space versus an art museum environment. Is the Hawaii State Art Museum functioning effectively as a performing asset, does it provide programs and services commensurate to taxpayer dollars being expended to operate it annually?

Is the SFCA using best practice approaches, does it provide opportunities for more community members to benefit from its services and not just a few? Taxpayers need to see where and how their monies are spent.

On the issue of staffing and management: there is a need to reexamine the organizational structure, position descriptions, and the extent of responsibilities and expectations on staff without the threat of union grievance complaints which has plagued this arts agency for decades now. The leadership role of the Executive Director, with an exempt status, presents an inherent disadvantage in managing operations and staff oversight. The SFCA, while lauded by certain sectors in the community, is also widely regarded as a dysfunctional organization, mired by constant struggle for power, control, politics from within, and systemic dissonance.

Greater accountability, transparency, wider community access to the state's art collection, adherence to the proper chain of command, and professional workplace ethics are needed in order to justify the continued existence of the SFCA in its current form.