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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
WATER AND LAND

Friday, March 24, 2023
1:00 PM

State Capitol, Conference Room 229 Via Videoconference

In consideration of
SENATE CONCURRENT RESOLUTION 116/SENATE RESOLUTION 108
REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF ALL
PROGRAMS WITHIN THE STATE HISTORIC PRESERVATION DIVISION OF THE
DEPARTMENT OF LAND AND NATURAL RESOURCES

Senate Concurrent Resolution 116/Senate Resolution 108 request the Auditor to conduct a performance audit of all programs within the State Historic Preservation Division (SHPD) of the Department of Land and Natural Resources (Department). **The Department appreciates the intent of these resolutions, and offers comments.**

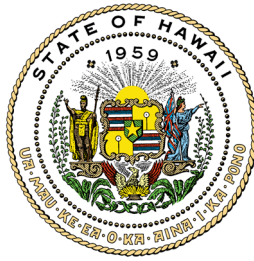
The Department expects that the cost of the requested performance audit will be borne by the Auditor, as the Department will be able fund all or part of the cost for conducting the audit. Funds for such an activity are not available within the existing budget and is not included in the Governor's budget request.

The Department understands that the Auditor will do the bulk if the work associated with the audit, SHPD staff will have to be involved, for example, being interviewed by the Auditor, answering questions, explaining policies and procedures, finding and providing documents, etc. This will inevitably involve some level of disruption of SHPD's ongoing operations. When SHPD staff are engaged in activities related to the audit, they will not be carrying out their regular duties. This is likely to slow responses on permit reviews, and potentially delay responses to inadvertent discovery of burial sites. How great an impact an audit will have on SHPD's productivity can not be predicted. But the Department believes that some impact is inevitable, and the Committee should be aware of this as it considers these resolutions.

The Auditor will have no more than 6 months to conduct the audit and prepare and submit the report. The Department believes the Auditor's report should be submitted to the Department at the same time as it is submitted to the Legislature. Ideally, the Department should receive the report early enough in the year

that potential recommendations having budgetary impacts, such as potential staff increases, and items falling into Other Current Expenses, and any possible recommended capital improvement project expenses could be considered by the Executive Branch during the preparation of the Governor's Executive Branch budget request.

Mahalo for the opportunity to provide comments on these resolutions.



SENATE COMMITTEE ON WATER AND LAND
The Honorable Lorraine R. Inouye, Chair
The Honorable Brandon J.C. Elefante, Vice Chair

**S.C.R. NO. 116 REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE
AUDIT OF ALL THE PROGRAMS WITHIN THE STATE HISTORIC
PRESERVATION DIVISION OF THE DEPARTMENT OF LAND AND NATURAL
RESOURCES**

**S.R. NO. 108 REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE
AUDIT OF ALL THE PROGRAMS WITHIN THE STATE HISTORIC
PRESERVATION DIVISION OF THE DEPARTMENT OF LAND AND NATURAL
RESOURCES**

Hearing: Friday, March 24, 2023, 1:00 p.m.

The Office of the Auditor offers comments on S.C.R. No. 116 and S.R. No. 108, requesting the auditor to conduct a performance audit of “all the programs” within the State Historic Preservation Division of the Department of Land and Natural Resources (SHPD).

The resolutions request that the audit include:

- (1) whether SHPD has adequate staffing and resources to conduct timely project reviews;
- (2) an evaluation of whether the review and response to submittals is completed within the timeframes established by the rule;
- (3) current project review practices, including efforts to identify categorical exemptions, historic properties and districts that should have special protections or treatments, identification of types of sites that do not require permit review, filing systems, and efforts to streamline the process such as discovery process for burial sites;
- (4) record of retention methodologies;
- (5) standardization of monitoring protocols, including the establishment of cultural impact assessment guidance;
- (6) the actions, initiative, and performance of SHPD to address the existing project review backlog; and
- (7) any recommendation improvements, including proposed legislation to update, redefine or realign SHPD’s mission and organization based on balancing cultural and historic preservation within the State’s evolving land development needs.

We do not have the resources to audit “all the programs” within SHPD in the requested timeframe. To better ensure an audit of SHPD assesses the programs or activities about which the Legislature is most interested, we strongly recommend that the committee identify *the specific program* – and, even better, *the specific program activity or activities* – that the committee wants audited.

Performance audits examine the efficiency and effectiveness of a state program by assessing the program’s activities against statutory and other criteria. Generally, program management is responsible for developing and implementing policies, procedures, and other internal controls to help ensure the program achieves its statutory purpose. An audit assesses, among other things, those policies, procedures, and controls as well as whether the program’s actual activities are being performed consistent with them. The Office of the Auditor conducts performance audits in accordance with government auditing standards issued by the U.S. Comptroller General.

We note many of the items that we are specifically requested to include are not performance audit-related. For instance, whether SHPD has adequate staffing to conduct timely project reviews is more appropriately addressed to SHPD management. It is management’s responsibility to manage its staff to ensure adequate staffing to perform the agency’s duties. Similarly, while we include recommendations to address any audit findings, it generally is management’s responsibility to address those findings, including implementing the recommendations and any necessary statutory amendments. Those types of questions can best be answered directly by the department or agency.

Thank you for considering our testimony related to S.C.R. No. 116 and S.R. No. 108.