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## RESPONSE TO THE HOUSE INVESTIGATIVE COMMITTEE'S RELEASE OF THE EXECUTIVE SUMMARY AND RECOMMENDATIONS OF ITS FINAL REPORT

### FOR IMMEDIATE RELEASE

January 28, 2022

HONOLULU – The House investigative committee, formed to follow-up on audits of the Department of Land and Natural Resources' (DLNR) Special Land and Development Fund and the Agribusiness Development Corporation (ADC), Report Nos. 19-12 and 21-01 respectively, issued the executive summary and recommendations of its final report today only to the media without releasing the actual report that they are based on. Among the recommendations were several that called for further investigation of the operations of the Office of the Auditor: by the Legislature, by an independent third-party, and even by the Department of the Attorney General, which, according to the committee, should investigate the “questions and concerns raised in the report.”

According to the executive summary, “the State Auditor refused all attempts to engage in a productive discussion, including resorting to litigation.” Nothing could be further from the truth. Auditor Les Kondo was the first person to testify before the investigative committee. He appeared on three different days and spoke for almost eight hours, describing the audit reports' findings and recommendations as well as the procedures and processes behind that work. He expected to be invited to provide actual facts to address and respond to the allegations and innuendo offered by other witnesses and to answer more questions. That would have only been fair. But, that never happened. That should be a large red flag.

At today's press conference, chair Belatti highlighted the report's recommendation that the House of Representatives further investigate the Office of the Auditor by either a future investigative committee or an independent third party that can conduct a thorough performance audit of the Office of the Auditor. She repeated her allegations that the Auditor disregarded or instructed staff not to pursue certain substantive and critical issues discovered during audits as well as questions of Auditor's independence and objectivity. These allegations could have easily been addressed and disproved if the Auditor had been asked to testify again. Some allegations were even refuted by the committee's own witnesses, but chair Belatti ignored those details. She wasn't interested in answers, just raising more questions and expressing “serious concerns.”

“I’m puzzled by the chair’s position that my office should be investigated further or audited, which would mean a third ‘investigation’ in less than a year. She conveniently ignores the fact that we are peer reviewed every three years,” said Kondo. “That means audit professionals from other jurisdictions – other state auditors – spend a week thoroughly reviewing our reports and supporting work papers, interviewing our staff, confirming our continuing professional education requirements, to determine whether we are complying with *Government Auditing Standards*. And, those peer reviews have been uniformly positive, dispelling the committee’s unfounded allegations and concerns about our audits as well as our operations and professionalism.”

### **A never-ending fishing expedition**

Report Nos. 19-12 and 21-01 are thorough, accurate, and impactful, providing transparency into agency programs. They include findings that are supported by real evidence, the causes of the agencies’ failures, and offer meaningful recommendations to improve program operations, shedding light on serious and long-standing issues with DLNR’s and ADC’s mismanagement of thousands of acres of state land. In the case of DLNR, its Land Division’s leasing practices for industrial properties and prime agricultural lands deprive the public of equal opportunities and the state of needed revenue. Similarly, ADC’s misunderstanding of its mission to cultivate a new and vibrant agriculture industry in the wake of sugar and pineapple’s demise resulted in missed opportunities for farmers and the state in general. Meanwhile, its gross mismanagement of its vacant agricultural lands poses risks to the surrounding communities and the state.

“It’s a shame that the investigative committee wasted the opportunity to fully address the real problems and shortcomings at DLNR and ADC identified and reported in our audits,” said Auditor Les Kondo. “Instead, the chair and certain members of the committee were more interested in constructing a false and defamatory narrative that I intentionally omitted information from our reports and engaged in criminal conduct, instead of focusing on the real, serious problems and issues that we did report. The public deserves better.”

### **Efforts to rein in the watchdog continue**

The executive summary also included the recommendation to establish an “audit committee,” which would have authority and oversight over the Office of the Auditor. This committee would have authority to approve the Office of the Auditor’s budget. It was the primary recommendation of Speaker Scott Saiki’s highly critical and fact-challenged State Auditor Working Group report, published nearly nine months ago. It was also the subject of House Bill No. 1341, which was introduced by House Majority Leader Belatti nearly a year ago.

“Our office is established in the Hawai‘i State Constitution, designed by the framers of that constitution to function free from undue influence by politicians and politics. They realized the importance of having an independent and objective government watchdog,” said Kondo. “The committee’s fact-challenged report and its recent bills – and the proposed legislation to come – clearly show that the committee and its work had little to do with DLNR, ADC and their problems. Instead, the five-month investigation has always been about damaging, influencing, and controlling the Office of the Auditor. And I truly don’t know what is driving this, but I do know that this kind of abuse of power damages the public’s already shrinking confidence in state government as well.”

The Office of the Auditor submitted a detailed response to the committee’s December 30, 2021, draft report, where we debunked the allegations and innuendo that these recommendations are based on <https://files.hawaii.gov/auditor/Informational/220114hicresptodraft.pdf> and will respond to the “new” material contained in the final report when it is released to the public.