

**STATE OF HAWAII**

**STATE FOUNDATION ON CULTURE AND THE ARTS**

**Report Regarding its Progress in  
Complying With the Recommendations  
Made by the Auditor in the  
1999 Audit of the Foundation  
Pursuant to House Resolution No. 100, SLH 2002  
December 2002**

**SUBMITTED TO**

**THE TWENTY-SECOND STATE LEGISLATURE**

State Foundation on Culture and the Arts  
Report to the Legislature  
December 11, 2002

Pursuant to House Resolution No. 100, passed during the Twenty-first Legislature of the State of Hawaii, Regular Session of 2002, the State Foundation on Culture and the Arts (SFCA) is pleased to submit the attached report on its progress in complying with the recommendations made by the auditor in the 1999 audit of the Foundation.

Highlights of actions taken by the SFCA Commission and staff over the past year in response to the recommendations include:

- Evaluated the existing long range plan (1998-2002) and initiated work on a new five-year strategic plan, which is required by the National Endowment for the Arts to receive federal funds.
  
- Completed a needs assessment and organizational structural assessment in preparation for a reorganization of the agency.
  
- Adopted policies and procedures and a statewide public art master plan for the Art in Public Places program. Completed an island-by-island, wall-by-wall inventory of relocatable works of art, and started rotating artworks statewide.
  
- Opened the Hawaii State Art Museum to serve as the primary exhibition venue on Oahu for the State art collection.

- Held a Governor's Statewide Conference on Culture and the Arts to bring together representatives from Hawaii's arts organizations, government, business, and the community to dialog, experience, and stimulate awareness of the role and impact that culture and the arts play in our everyday lives to affect positive change and a healthier community.
- Hired an executive director of the foundation.

**Status of Response  
to the  
“Audit of the State Foundation on Culture and the Arts:  
A Report to the Governor and the Legislature of the State of Hawaii”**

**Report No. 99-3  
January 1999**

<i>Recommendations</i>	<i>Affected Program or Position</i>	<i>Status</i>	<i>Completed</i>
1) The Legislature should consider amending Section 9-2, HRS, to clarify the respective roles of the commission, executive director, and other staff of the State Foundation on Culture and the Arts.	Commissioners	Act 80, SLH 1999, clarified the roles and responsibilities of the commission and the executive director by amending Section 9-2, HRS.	✓
2) The commission should provide clearer direction to the foundation by:			
a) reexamining the Statewide Public Art Master Plan, clearly articulating how the plan should be modified, clearly identifying the priorities of the program, and formally identifying the action steps that the program should pursue;	Commissioners, APP	On April 19, 2000 the SFCA Board approved the Statewide Public Art Master Plan.  A State Art Gallery Alternative Sites Study was commissioned pursuant to act 91/99 Special Proviso 72 to investigate potential sites for a gallery to exhibit a portion of the State collection in Honolulu, as recommended in the <i>Statewide Public Art Master Plan</i> . As a result of this study, the SFCA offices were moved to the No. 1 Capitol District Building on July 4, 2001 and the State Art Museum opened on November 3, 2002.	ongoing
b) initiating formal reviews of the programs of the foundation, with staff participation.	Commissioners	An organizational self-assessment by the Western States Arts Federation (WESTAF) was completed in June 2000.	✓

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c) continuing to develop mechanisms, such as task forces composed of commission members and foundation staff, to more systematically review and discuss program policies and operations.	Commissioners	<p>The chairperson appointed task forces including foundation staff members to continue review and discussion of program policies and operations. From 2000 to present, forces have met to address grants administration, strategic planning, the agency's relocation from Merchant Street to No. 1 Capitol District, statewide arts conference planning, and arts in education planning.</p> <p>In response to WESTAF's organizational structural assessment, staff teams were organized to address areas of concern including agency technology needs, assessing the efficiency of procedures, and developing the agency's website.</p>	✓
d) restructuring its meetings to allow for program reviews or scheduling additional meetings in which such reviews conducted;	Commissioners	Committee chairs were appointed. Committees are to be formed to conduct formal reviews. An initiative to restructure the Commission meetings to allow for subcommittee or task force meetings was developed, but not fully implemented.	
e) requiring the executive director and foundation staff to conduct regular evaluations of all programs operated by the foundation;	Commissioners, Executive Director	The executive director is to provide evaluation criteria and an evaluation process. An assessment of the SFCA Grants Program was completed by WESTAF in Fall 2002. The report was widely disseminated.	ongoing
f) establishing a committee or task force to monitor and evaluate the progress of the foundation's long-range plan and to periodically report findings to the commission;	Commissioners	A long range/strategic planning committee was formed to ensure that the foundation's long-range plan meets the requirements of the National Endowment for the Arts.	ongoing
g) requiring the executive director and foundation staff to initiate regular needs assessments for all programs; and	Commissioners	An agency needs assessment was completed in May 2000. Individual program assessments will be discussed between the executive director and program managers.	
h) establishing policies and guidelines that affect its own operations.	Commissioners	A form of policy governance was proposed to the SFCA Commission and senior staff by consultant Bill Charney in August 2001.	
3) The executive director should improve the use of basic management tools by:			

<i>Recommendations</i>	<i>Affected Program or Position</i>	<i>Status</i>	<i>Completed</i>
a) requiring a formal and complete inventory of the relocatable works of art collection;	APP	SFCA's Art in Public Places program (APP) completed an island by island, building by building, wall to wall inventory between December 1999 and October 2001.	✓
b) adopting procedures for conducting future inventories on a regularly scheduled basis;	APP	Procedures for future inventories are included in the new Collections Management Policy adopted by the SFCA Commission on December 15, 1999.	✓
c) updating and revising as necessary all position descriptions, foundation administrative rules, and policies and procedures; and	ASA, APP, Arts in Education, Community Outreach, Folk Arts, Grants, Individual Artist Fellowship, History & Humanities	<p>The SFCA will begin the process of reorganizing the agency and how it does its work upon completion of its 5-year strategic plan. All position descriptions, operational charts, and functional statements will be reviewed and rewritten as necessary.</p> <p>APP revised and updated all of its 14 permanent and temporary position descriptions in 1998.</p> <p>A revised version of the SFCA Administrative Rules has been drafted to reflect the repeal of key statutes and rules and the changes made to Chapter 9, HRS by Act 80/99.</p> <p>The new APP Collection Management Policy was adopted by the SFCA Commission on December 15, 1999. Administrative Policies dated 8/3/93 are being reviewed and remain in effect.</p>	ongoing

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<p>d) requiring all program staff to provide technical support to and formally monitor organizations receiving foundation grants and document the assistance provided.</p>	<p>Executive Director</p>	<p>Each designated program coordinator provides technical support to and monitors organizations receiving foundation grants..</p> <p>The Executive Director attends as many of the SFCA public programs as possible.</p> <p>The Field Coordinator evaluates grantees located on the neighbor islands and in Oahu’s rural areas. The remaining program staff members monitor the following categories for the Honolulu based grants. As part of its grants assessment, WESTAF provided an analysis and recommendations concerning the SFCA’s monitoring practices. Further analysis of monitoring will be addressed as part of an agency reorganization pending the completion of the strategic plan.</p>	<p>ongoing</p>
<p>4) The executive director should improve the accessibility of relocatable works of art by:</p>			
<p>a) exploring every available option of using gallery spaces in existing state buildings to exhibit its relocatable works of art collection;</p>	<p>APP</p>	<p>A Display Services Pilot Project for Gallery and Exhibition Design will establish display sites for traveling exhibits on neighbor islands. Display site surveys were completed with the physical inventory of the relocatable works of art.</p> <p>The State Art Museum has been developed as the primary venue to exhibit relocatable works. Venues on other islands will be developed in the future.</p>	<p>ongoing</p>

<p>b) exploring all available options for the exhibition of works of art in publicly accessible areas other than in state buildings; and</p>	<p>APP</p>	<p>APP has policies and procedures for exhibiting works of art in non-state buildings in the APP Collections Management Policy adopted by the SFCA Board on December 15, 1999.</p>	<p>✓</p>
<p>c) establishing policies and procedures that provide for periodically rotating works of art from one state building to another and among the islands and for displaying works of art in publicly accessible areas in public buildings. These policies should include a definitive statement on how often the works should be rotated, whether they should be rotated from island to island, and the number of agencies through which they should be rotated. In addition, the policies should ensure that all state branches, agencies, or offices have access to relocatable works of art.</p>	<p>APP</p>	<p>Policies and procedures are listed in the APP Collections Management Policy adopted by the SFCA Board on December 15, 1999.</p>	<p>✓</p>
<p>5) The executive director should also improve the protection of the works of art by revising policies on loans to state and non-state agencies. Revisions should clarify that the recipient is responsible for paying for the damage or loss of works of art resulting from the recipient's gross negligence.</p>	<p>APP</p>	<p>The protection of the works of art and revised policies as stated are included in the Collections Management Policy adopted by the SFCA Board on December 15, 1999.</p>	<p>✓</p>
<p>6) The commission should continue to consult with its attorney concerning acceptable uses of the Works of Art Special Fund and propose clarifying legislation if appropriate.</p>	<p>Commissioners, APP</p>	<p>The Art in Public Places Program has been consistently consulting with the deputy attorney general about the state art museum and its ancillary programs.</p>	<p>ongoing</p>
<p>7) The governor should require all executive agencies to transfer the appropriate and correct amount of money into the Works of Art Special Fund. The governor should also require all departments currently owing money to the fund to pay the balance owed.</p>	<p>Governor's Office, APP</p>	<p>The governor reports that Comptroller's Memorandum No. 90-21 directs all executive agencies to comply with Chapter 103-8.5, HRS. Several departments have procedures to ensure that the required amount is transferred on an allotment advice or by journal voucher.</p>	<p>ongoing</p>

<p>8) The Legislature should consider reviewing Section 103-8.5, HRS, to specify who is responsible for calculating the 1 percent due to the Works of Art Special Fund and specify remedies for noncompliance with the statute.</p>	<p>Commissioners, APP</p>	<p>Act 80, SLH 1999, specified that each agency receiving capitol improvement appropriations shall calculate the 1 percent amount and transfer the moneys into the Works of Art Special Fund. The act also requires the comptroller to: 1) provide each agency receiving capitol improvement appropriations with information regarding items that shall be included and excluded from the 1 percent amount; 2) ensure that each agency calculates its 1 percent correctly; and 3) ensure that each agency transfers the correct amount to the Works of Art Special Fund in a timely manner.</p>	<p>ongoing</p>
<p>9) The executive director should develop a tracking system to identify which capital improvement projects should be assessed, which projects have transferred the 1 percent into the special fund, whether the amount of the transfer is correctly calculated, which departments are delinquent, and how much is due the special fund.</p>	<p>Executive Director, APP</p>	<p>The executive director has consulted with the comptroller's office about tracking the capitol improvement projects by reviewing requests for payments. The foundation will continue to collaborate with the comptroller and the Department of Budget and Finance to develop the process for the tracking system.</p>	<p>ongoing</p>
<p>10) The executive director should also conduct a formal review of past capital improvement projects to determine how much is due to the special fund.</p>	<p>Executive Director, APP</p>	<p>The foundation will continue to collaborate with the Comptroller and the Department of Budget and Finance to develop the process for the tracking system to include past capitol improvement projects.</p>	<p>ongoing</p>