



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Higher Education  
on

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by

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SB 757 Proposed SD1 – RELATING TO THE UNIVERSITY OF HAWAII

SCR 29 – REQUESTING THE STATE AUDITOR TO CONDUCT A FORENSIC FINANCIAL AUDIT OF THE UNIVERSITY OF HAWAII'S ACTIVITIES RELATED TO MAUNA KEA.

Chair Kahele, Vice Chair Kim, and members of the committee:

The University of Hawai'i (UH) appreciates the intent behind SB 757 proposed SD1, and SCR 29, and thanks the committee for acknowledging the significant changes the University has made over the years in improving its stewardship on Maunakea. And the University thanks the committee for the opportunity to discuss the activities involved and the costs incurred in maintaining astronomy as a valuable economic and research engine for the Island of Hawai'i, while preserving access for members of the public, including cultural practitioners, and balancing that access with protection of natural and cultural resources on Maunakea.

The University believes the intent of this bill and resolution is to encourage transparency around the financial costs and aspects of operations of all parts and functions of the University involved with Maunakea, including but not limited to astronomy. We would point the committee to the Annual Reports on the Mauna Kea Lands filed every year, as required by Hawai'i Revised Statutes Section 304A-1905<sup>1</sup>, and to the multiple audits already performed by the State Auditor<sup>2</sup>. We also commission annual external financial audits of both UH and the Research Corporation of the University of Hawai'i (RCUH), which provides administrative support services for the Maunakea Observatories Support Services (MKSS) program. We welcome the opportunity to supplement and update information already requested and provided.

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<sup>1</sup> The most recent Annual Report is dated November 2017, and is found at [http://www.hawaii.edu/govrel/docs/reports/2018/hrs304a-1905\\_2018\\_maunakea-lands\\_annual-report.pdf](http://www.hawaii.edu/govrel/docs/reports/2018/hrs304a-1905_2018_maunakea-lands_annual-report.pdf).

<sup>2</sup> See, e.g., 2014 Follow-Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve, Exhibit 1.7 (Office of Mauna Kea Management Allocations, Revenues, and Expenditures, FY2009-FY2013), at p. 11; link provided here <http://files.hawaii.gov/auditor/Reports/2014/14-07.pdf>.

Recognizing the desire for updated financial information, the University administration has gathered basic information about both UH and RCUH programs relating to Maunakea. In addition, we have initiated a request to the Board of Regents (BOR) that the UH Internal Auditor, who reports directly to the Board, prepare an audit of these programs for review by the BOR Independent Audit Committee.

As we have in the past, we will share the results of that financial audit with the Legislature and the Legislative Auditor if so desired. And again, the University is always willing to provide additional or specific information upon request.

The Committee should consider the University's audit to be pursued before the State embarks on the costly and time-consuming "forensic" audit called for in this bill and resolution. The scope of the "forensic" audit, undefined, is overly broad, given that it effectively seeks a review of "all financial expenditures" without limitation.

In that vein, the University cannot support SB 757 SD1 as proposed, since it is overly broad, would be expensive, and unnecessary considering the annual audits that are already conducted and the likely UH Regents audit.

The University can **support SCR No. 29 if it is amended to request that the State Auditor review the University's Internal Audit of the University's and RCUH's programs relating to Maunakea following the acceptance of that report by the BOR Independent Audit Committee.**

Thank you for this opportunity to submit testimony.