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OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**  
TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 494, S.D. 1

**February 26, 2025**  
**10:03 a.m.**  
**Room 211 and Videoconference**

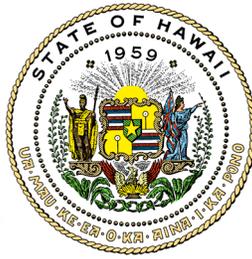
RELATING TO CHARTER SCHOOLS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 494, S.D. 1, requires B&F, in collaboration with the Auditor, to conduct a financial audit of the State's charter school system (CSS), including a list of financial expenditures for the past three years; financial information concerning faculty; and the school's cash on hand balance. This measure appropriates \$250,000 in general funds for FY 26 and FY 27 for B&F to complete the financial audit of the State's CSS.

B&F strongly recommends that this audit be assigned solely to the Auditor because we do not have the expertise or knowledge to conduct financial-type audits. The Auditor has certified public accountants and audit staff to conduct a financial audit of the State's CSS as proposed in this bill.

Thank you for your consideration of our comments.



SENATE COMMITTEE ON WAYS AND MEANS  
The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Sharon Y. Moriwaki, Vice Chair

**S.B. NO. 494, S.D.1, RELATING TO CHARTER SCHOOLS**

Hearing: Wednesday, February 26, 2025, 10:03 a.m.

The Office of the Auditor offers comments on S.B. No. 494, S.D.1, which requires the Department of Budget and Finance “in collaboration with the Office of the Auditor” to conduct a financial audit of the State’s charter school system that includes, for each charter school, a list of financial expenditures for the past three years, financial information concerning faculty, and school’s cash on hand balance.

It is unclear what “collaboration” we would provide to the Department of Budget and Finance in conducting the charter school system audit. The scope of the audit – i.e., “the State’s charter school system” – is also unclear. It is our understanding that the State Public Charter School Commission oversees the public charter schools, which included 37 public charter schools in the 2023-2024 school year, but that each public charter school and its governing board are responsible for the school’s operations, including financial accounting.

We also note that Section 302D-32, Hawai‘i Revised Statutes, requires each charter school to annually complete an independent financial audit. Those financial audits may contain some of the financial information sought by the bill, specifically the school’s cash balance at the end of the audit period. However, a financial audit does not report “[a] list of financial expenditures for the past three years” or “[f]inancial information concerning faculty” sought by the bill. Financial audits do not look at every financial transaction of the entity during the period of the audit; rather, the auditor offers an opinion as to whether the entity’s financial statements fairly present the entity’s financial position. That opinion is intended to provide reasonable assurance – but not absolute assurance – about the accuracy of the financial position based on the transactions sampled by the auditor as well as an opinion about the entity’s controls over the financial reporting.

**JOSH GREEN, M.D.**  
GOVERNOR



**MAKALAPUA ALENCASTRE, ED. D.**  
CHAIRPERSON

STATE OF HAWAII  
**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
**(‘AHA KULA HO‘ĀMANA)**

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FOR: HB 89 HD2 Relating to Teacher Housing  
DATE: February 25, 2025  
TIME: 10:00 A.M.  
COMMITTEE: Committee on Finance  
ROOM: Conference Room 308 & Videoconference  
FROM: Ed H. Noh, Ed. D., Executive Director  
State Public Charter School Commission

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Chair Yamashita, Vice Chair Takenouchi, and members of the Committee:

The State Public Charter School Commission (“Commission”) appreciates the opportunity to offer testimony in **SUPPORT OF THE INTENT of HB 89 HD2** which establishes the Teacher Home Assistance Program to provide housing vouchers to certain eligible teachers.

The Commission appreciates the inclusion of public charter school educators into this version of the bill. Public charter schools face the same challenges as their Department of Education colleagues in hiring and retaining qualified teachers.

The Commission is available to work with this committee, the Department of Education, and our public charter schools in moving this legislation forward.

Thank you for the opportunity to provide this testimony.