



SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

**S.C.R. NO. 44, S.D. 1, REQUESTING THE AUDITOR TO EVALUATE THE 2017
UNIVERSITY OF HAWAII INTERNAL AUDIT OF TRAVEL POLICY COMPLIANCE
FOR FISCAL YEARS 2015-2017 AND REPORT TO THE LEGISLATURE**

**S.R. NO. 31, S.D. 1, REQUESTING THE AUDITOR TO EVALUATE THE 2017
UNIVERSITY OF HAWAII INTERNAL AUDIT OF TRAVEL POLICY COMPLIANCE
FOR FISCAL YEARS 2015-2017 AND REPORT TO THE LEGISLATURE**

Hearing: Monday, April 1, 2019, 10:20 a.m.

The Office of the Auditor has **no position** regarding S.C.R. No. 44, S.D. 1, and S.R. No. 31, S.D. 1, which require us to “evaluate the 2017 University of Hawaii internal audit of travel policy compliance for fiscal years 2015-2017 and report to the Legislature.” **However, we offer the following comments.**

With our current staffing, we have limited capacity to do the work required by the resolutions, the other work that we are currently statutorily mandated to perform before the beginning of the next legislative session (e.g., analyze certain tax incentives pursuant to Section 23-72, HRS); review departments’ special funds, revolving funds, trust funds, and trust accounts (Section 23-12(b)(2), HRS); and the other audits and studies that are contained in 19 pending bills and concurrent resolutions.

In addition to evaluating the 2017 UH internal audit, certain requests in the resolution also require our office to conduct a performance audit of UH’s travel policy compliance—not just an evaluation of its internal audit. Specifically, the resolutions require us to report on, among other things:

- (2) Whether the approved travel met the University of Hawaii Systemwide Policies and Procedures relating to travel;
- (3) Whether additional investigation was warranted to obtain a full and fair evaluation of the level of non-compliance and the impact on University of Hawaii operations and finances;
- ...
- (6) The status of implementation of any corrective action; and
- (7) Whether the sample size of the internal audit was sufficient[.]

Given our office’s finite resources, we can conduct only a fraction of the work the Legislature is interested in having us perform. While we make every effort to comply with Legislative

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requests, we ask that the Legislature consider our office's current workload and limited resources.

Thank you for considering our testimony related to S.C.R No. 44, S.D. 1, and S.R. No. 31, S.D. 1.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
April 1, 2019 at 10:20 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SCR 44 SD1 / SR 31 SD1 – REQUESTING THE AUDITOR TO EVALUATE THE 2017 UNIVERSITY OF HAWAII INTERNAL AUDIT OF TRAVEL POLICY COMPLIANCE FOR FISCAL YEARS 2015-2017 AND REPORT TO THE LEGISLATURE.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i is **supportive** of this resolution and appreciates the opportunity to share our progress in managing our travel expenses in a reasonable and appropriate manner.

Travel expenses can be a significant portion of an agency's operating budget. The University has implemented enhanced policies at the Regent Policy level and administration level over the past years to modernize management over operational areas – including travel. For example, the University of Hawai'i leads all other State agencies in implementation of an online travel system (eTravel).

As part of the University's on-going efforts toward continued improvements, the University's Internal Auditor conducted a review of UH Travel Policy Compliance in September 2017. The review identified five areas with recommended corrective actions. All of those have resulted in revisions to system processes or policy, but confirmation or validation that the revisions have resolved issues identified in the audit are still pending. Compliance reviews are typically done annually following an audit review, so I would expect that the Internal Auditor will be reporting their FY19 corrective action update report within the next few months. I believe continued ongoing refinements to capabilities within the system and enhancements to processes, procedures, and policies have also resulted in improvements to areas of compliance and management.

Thank you for this opportunity to testify.