

STAND. COM. REP. NO. 3697

Honolulu, Hawaii

APR 10 2026

RE: S.R. No. 185
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.R. No. 185 entitled:

"SENATE RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A COMPREHENSIVE PERFORMANCE AND FINANCIAL AUDIT OF THE DEPARTMENT OF EDUCATION'S CAPITAL IMPROVEMENT PROJECT BACKLOG,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Office of the Auditor to conduct a comprehensive performance and financial audit of the Department of Education's capital improvement project backlog.

Your Committee received testimony in support of this measure from one individual.

Your Committee received comments on this measure from the Department of Education and Office of the Auditor.

Your Committee finds that despite significant funding being appropriated to the Department of Education over the years, the Department's capital improvement project backlog continues to idle, preventing the timely delivery of adequate facilities to students across the State. An audit and comprehensive review of the Department of Education's capital improvement project backlog would provide a complete understanding of methods to increase the



effectiveness and use of public funds. This measure recognizes the urgent need for scalable and sustainable solutions to accelerate facility modernization, reduce lifecycle costs, and systematically address deferred maintenance across public facilities.

Your Committee notes, however, that the Department of Education's financial statements and related accounting procedures are already audited annually. Additionally, financial audits do not provide the detailed information about capital improvement projects that this measure seeks, but the information is maintained by the Department of Education and may be readily provided to the Legislature, thus not requiring a financial audit by the Office of the Auditor. Your Committee believes that it would be more appropriate to request the Office of the Auditor to conduct a performance audit of the Department of Education's capital improvement program to determine whether the program is performing efficiently and effectively, and therefore amendments to this measure are necessary to address this matter.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have requested the Office of the Auditor to conduct a comprehensive financial audit of the Department of Education's capital improvement project backlog;
- (2) Inserting language requesting the Office of the Auditor to instead conduct a comprehensive performance audit of the Department of Education's capital improvement program;
- (3) Replacing the requested criteria for the audit with criteria that requests the Office of the Auditor to include:
 - (A) Any policies and procedures the Department of Education has adopted to achieve the goals of the program, including how capital improvement projects are prioritized and the internal controls to eliminate or reduce risks that may delay capital improvement projects;



- (B) An assessment of the Department of Education's performance relative to those policies and procedures; and
- (C) A comprehensive audit of any annual funds for any capital improvement projects that have lapsed in the previous year;
- (4) Requesting that, for the purposes of the audit, "capital improvement project" means any project for which the Legislature has appropriated funds to the Department of Education as a capital improvement project;
- (5) Amending its title accordingly; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 185, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 185, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Education,



DONNA MERCADO KIM, Chair



