



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
KA 'OIHANA HO'ONA'AUAO  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 04/08/2026

**Time:** 01:03 PM

**Location:** CR 229 & Videoconference

**Committee:** EDU

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Superintendent of Education

**Title of Bill:** SCR197, REQUESTING THE AUDITOR TO CONDUCT A COMPREHENSIVE PERFORMANCE AND FINANCIAL AUDIT OF THE DEPARTMENT OF EDUCATION'S CAPITAL IMPROVEMENT PROJECT BACKLOG.

**Purpose of Bill:** Requesting The Auditor To Conduct A Comprehensive Performance And Financial Audit Of The Department Of Education's Capital Improvement Project Backlog.

**Department's Position:**

The Hawaii State Department of Education (Department) appreciates the opportunity to offer comments on SCR 197 and supports efforts to promote transparency, accountability, and effective stewardship of public resources. The Department remains committed to working cooperatively with the Legislature and the Office of the Auditor.

With respect to audit item (1), the Department notes that the term "capital improvement program (CIP) project backlog" is not uniformly defined and used in varying contexts. Clarifying whether the request refers to unspent CIP balances, authorized but inactive projects, or future unfunded needs would help ensure that the resulting information is accurate, consistent, and meaningful. Establishing a shared definition at the outset would improve the usefulness of the audit and avoid misinterpretation.

Regarding audit item (2), the Department transitioned to its current financial management system on July 1, 2021. Accordingly, comprehensive project-level financial data is readily accessible for CIP projects spanning budget fiscal years 2021 through 2025. For projects initiated before this system modernization, the Department can provide current obligation balances and total expenditures. The granular historical detail for this subset, which represents approximately ten percent of the Department's current unspent CIP funds, may require extensive work to extract and synthesize data from archival records to match the level of detail of current system-generated reports.

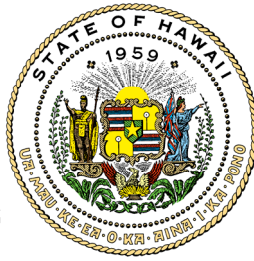
The Department also notes that several of the highly detailed, project-specific data requests contained in the resolution would require a significant investment of staff time and resources to compile across hundreds of projects statewide. Consideration of scope may help balance the goal of comprehensive reporting with the Department's

ongoing responsibility to advance active school facility projects in a timely manner.

The Department further notes that, in coordination with the Office of Facilities and Operations, the Internal Audit Office maintains an established and ongoing process to evaluate the internal controls for the CIP programs. These routine reviews assess compliance with applicable laws, rules, regulations, policies, and sound financial management practices, and are intended to identify risks and opportunities for improvement. Fiscal accountability and timely project delivery remain high priorities for the Department.

The Department appreciates the Legislature's continued interest in school facilities and is ready to coordinate with the Office of the Auditor to support a clearly scoped and constructive audit.

Thank you for this opportunity to provide comments on SCR 197.



SENATE COMMITTEE ON EDUCATION  
The Honorable Donna Mercado Kim, Chair  
The Honorable Michelle N. Kidani, Vice Chair

**S.C.R. NO. 197 / S.R. NO. 185 REQUESTING THE AUDITOR TO CONDUCT A  
COMPREHENSIVE PERFORMANCE AND FINANCIAL AUDIT OF THE  
DEPARTMENT OF EDUCATION'S CAPITAL IMPROVEMENT PROJECT  
BACKLOG**

Hearing: Wednesday, April 8, 2026, 1:03 p.m.

The Office of the Auditor offers comments on S.C.R. No. 197 and S.R. No. 185, which request the Auditor to conduct a comprehensive performance and financial audit of the Department of Education's capital improvement project backlog.

We note that the Department of Education's financial statements and related accounting procedures currently are audited annually. Those audits offer an independent opinion as to whether the financial statements fairly present the department's financial position. However, the Department of Education's financial audit – or any financial audit – does not provide the detailed information about capital improvement projects that the resolution seeks, such as a list of the department's capital improvement projects, the status of those projects, or an accounting of the funds appropriated for each project.

We also note that the information about capital improvement projects the audit is requested to include seems to be information the department maintains and likely can readily provide. For that reason, if the Committee is interested in obtaining the listed information, we recommend that the resolution be amended to request that the Department of Education provide the information.

If the Committee wants to understand how the Department of Education's capital improvement program is performing, for instance, whether it is performing efficiently and effectively, we can conduct a performance audit of the capital improvement program. That audit likely would examine, for example, the policies and procedures the Department of Education has adopted to achieve the goals of the program, including how projects are prioritized as well as the internal controls to eliminate or reduce risks that may delay capital improvement projects, and assess the department's performance relative to those policies and procedures.

**SR-185**

Submitted on: 4/3/2026 11:18:34 PM

Testimony for EDU on 4/8/2026 1:03:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support

185 SR REQUESTING THE AUDITOR TO CONDUCT A COMPREHENSIVE PERFORMANCE AND FINANCIAL AUDIT OF THE DEPARTMENT OF EDUCATION'S CAPITAL IMPROVEMENT PROJECT BACKLOG.