



December 29, 2005

DEPT. COMM. NO. 24

The Honorable Robert Bunda
President of the Senate
State Capitol, Room 003
Honolulu, Hawai'i 96813

Dear Mr. President:

I transmit to you a copy of our report, *Systemwide Financial Audit of the University of Hawai'i System: Phase I*.

This audit was conducted pursuant to House Concurrent Resolution No. 213, 2005 Regular Session, which requires that the Office of the Auditor conduct a systemwide financial audit of the University of Hawai'i general funds and accounts and non-general funds and accounts. The resolution further required our office to report any findings and recommendations regarding the University of Hawai'i at Mānoa to the 2006 Legislature and to report the same for all other campuses and the university system for the 2007 Legislature. As such, the report assess the University of Hawai'i at Mānoa's process of strategic planning and budgeting, use of general and tuition funds received, and actual cost per undergraduate and graduate student for one academic year.

We found that the Mānoa campus's budget lacks the detail and support necessary to ensure fiscal accountability and the efficient and effective use of resources. Further, the campus does not have a formal mechanism for monitoring program use of general and tuition funds, resulting in little assurance that the campus has an adequate understanding of its overall fiscal condition. Finally, the university's calculation of the Mānoa campus's actual cost per student has limited value for decisionmaking.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, www.state.hi.us/auditor, and release it to the public and press, on Friday, December 30, 2005.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c: ✓ Paul Kawaguchi, Senate Clerk