



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

**Testimony Presented Before the
House Committee on Legislative Management**
March 27, 2008 at 2:00 p.m., Conference Room 309

by
Virginia S. Hinshaw, Chancellor
University of Hawai'i at Mānoa
and
James Donovan
Athletics Director
University of Hawai'i at Mānoa

HCR 43 HD1 / HR 43 HD1 – REQUESTING A MANAGEMENT AND FINANCIAL AUDIT OF THE UNIVERSITY OF HAWAII AT MANOA'S ATHLETIC DEPARTMENT

Chair Magaoay, Vice Chair Tokioka, and Members of the Committee:

Thank you for the opportunity to testify on HCR 43 HD1 / HR 43 HD1, which requests that a management and financial audit of the Mānoa Athletic Department be conducted in light of the state of the athletics facilities.

The University has for many years had an annual financial audit of the Mānoa Athletic Department conducted by an external, independent CPA firm. The CPA firm also annually conducts an audit of the Athletic Department's compliance with NCAA Bylaw 6.2.3.1 as required by the NCAA. Reports on the results of these audits are presented at public Board of Regents meetings.

In addition, as has been done in the past when there is change in leadership of a major department or college of the University, we plan to have a management audit of the Mānoa Athletic Department conducted by an independent CPA firm so that the new Athletic Director may begin his tenure with a fresh slate. The Audit Committee of the Board of Regents, in their recent meeting, indicated their intent to include this in the University's internal audit plan.

Accordingly, since the audits requested by this resolution already have been or are going to be performed, we respectfully recommend that this resolution be held in order to avoid unnecessary expenditure of state resources in duplicative efforts.

As you know, maintenance and repair across the University of Hawai'i at Mānoa campus is a mounting concern, and we are very grateful for the growing interest in this problem—and in particular for recent efforts by the Legislature and others to help find creative solutions to the critical state of our campus infrastructure.

It is no secret that restoring the Mānoa campus and making it a destination of choice is a top priority. Facilities deterioration on campus represents our major challenge. Such deterioration didn't happen overnight, but rather is the result of decades of neglected repairs and maintenance.

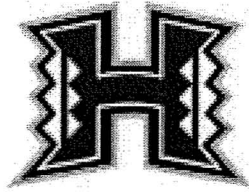
In this our Centennial year, we have much to celebrate. We were able to bring Hawai'i to New Orleans for the experience of a lifetime watching our very own Warriors compete in the Sugar Bowl. It was thrilling, and there is great pride in our entire institution and particularly our athletics program, for being able to accomplish that experience and to our community for their unbelievable support.

This experience generated great pride in being affiliated with UH—it was palpable and visible in New Orleans. Through athletics, folks learned a lot about Hawai'i and UH Mānoa; such recognition benefits the State and our sister UH campuses.

Along with pride, however, competition at the national level brought with it the recognition that many of our campus facilities are in need of a major overhaul. This is the case in athletics and across the campus. It will take a tremendous effort by all of our supporters to have facilities that can support our mission. Athletics contributes positively to the citizens of our state, and we now have a team in place to accomplish the goals that the legislature wants and that the university shares.

In closing, our hope for the future is that we can work together to realize the full potential of UH Mānoa as a beautiful, intellectually stimulating center of activity – in that way, UH Mānoa can best serve the State of Hawai'i and also be a strong partner for our sister UH campuses. We know your investment in the university generates great returns because our alumni, athletics programs, public service, and research advances all contribute positively to the lives of our citizens.

Mahalo.



March 26, 2008

Representative Michael Magaoay, Chair,
Representative James Kunane Tokioka, Vice Chair and Members
Committee on Legislative Management
House of Representative
State Capitol
Honolulu, HI 96813

Dear Chair Magaoay, Vice Chair Tokioka and Members:

Subject: H.C.R. No. 43, H.D. 1, Relating to a management and financial audit of the University of Hawaii at Manoa's Athletic Department

I am Jim Donovan, Director of Athletics for the University of Hawaii at Manoa. My tenure as Director of Athletics began four days ago (March 24, 2008), however I previously served in a management capacity for University of Hawaii at Manoa athletics for 17 years, from 1985 until 2002.

While I believe I understand the intent and purpose of H.C.R. No. 43, H.D. 1, relating to a management and financial audit of the University of Hawaii at Manoa athletic department, I respectfully ask for your consideration to defer this resolution.

Without question, there has been significant turmoil surrounding University of Hawaii at Manoa athletics over the past few months – in some cases bringing negative publicity to our State and University. In addition, I understand the frustration some of you and your legislative colleagues have because of the belief that questions you have previously asked regarding University of Hawaii at Manoa athletics may not have been forthrightly answered.

I apologize for this turmoil and the perceived lack of transparency.

I can assure you that I understand your role in the oversight of all State departments, and how this recent turmoil involving University of Hawaii at Manoa athletics is concerning to you and your constituents.

That said, I believe a Legislative audit of the University of Hawaii at Manoa athletic department is not really necessary because we already undergo an annual financial audit. This financial audit is conducted by an independent auditing firm (following GASB rules and regulations), which is reviewed and approved by the University of Hawaii Board of Regents

and consolidated and forwarded to the National Collegiate Athletic Association for additional review.

In addition, the President of the University of Hawaii, has stated his clear intentions for an audit of the University of Hawaii at Manoa athletic department to “clear the air” and “establish a baseline” with a new Director of Athletics recently being hired.

I believe with these audits already being conducted, it is not necessary to also have a Legislative audit.

However, because I appreciate your position representing the people of Hawaii, I am glad to answer any questions regarding concerns you may have – today – or at any point in my tenure.

I ask you to please consider deferring H.C.R. No. 43, H.D. 1, Relating to a management and financial audit of the University of Hawaii at Manoa’s athletic department

Thank you for the opportunity to testify.

Sincerely,

Jim Donovan
Director of Athletics