

STAND. COM. REP. NO.

2538

Honolulu, Hawaii

MAR 01 2018

RE: S.C.R. No. 29
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.C.R. No. 29 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE STATE AUDITOR TO
CONDUCT A FORENSIC FINANCIAL AUDIT OF THE UNIVERSITY OF
HAWAII'S ACTIVITIES RELATED TO MAUNA KEA,"

begs leave to report as follows:

The purpose and intent of this measure is to request the
State Auditor to conduct a forensic financial audit of the
University of Hawaii's activities related to Mauna Kea.

Your Committee received testimony in support of this measure
from the Oahu County Committee on Legislative Priorities of the
Democratic Party of Hawai'i and six individuals. Your Committee
received testimony in opposition to this measure from three
individuals. Your Committee received comments on this measure
from the University of Hawai'i System, Office of the Auditor, and
Office of Hawaiian Affairs.

Your Committee finds that Mauna Kea is the most significant
cultural and astronomical site in the world. The summit region of
Mauna Kea is a spiritual and special place of significance that is
home to cultural landscapes, fragile alpine habitats, and
historical and archaeological treasures, as well as endemic
species found nowhere else on the planet. Since 1998, four audits
by the State Auditor have been critical of the management,



stewardship, and protection of Mauna Kea. Although significant changes have occurred on Mauna Kea since the 1998 audit, negative experiences over the past fifty years have eroded public confidence and demonstrated the critical need for a financial audit to look into the University of Hawaii's activities related to Mauna Kea.

Your Committee has amended this measure by:

- (1) Clarifying that the requested audit conducted by the State Auditor be a financial audit, not a forensic financial audit, that includes an examination of the financial records and an analysis of the financial management of the University of Hawaii's activities related to Mauna Kea;
- (2) Deleting various elements and entities to be included in the audit, including certain leases, the Office of Mauna Kea Management Board, Kahu Kū Mauna, University of Hawai'i at Hilo astronomy program, and Hawai'i Island New Knowledge Fund;
- (3) Clarifying issues to be included in the audit related to the University of Hawai'i and Mauna Kea Observatories;
- (4) Inserting issues to be included in the audit related to the University of Hawaii's implementation of the Mauna Kea comprehensive management plan; policies to generate revenues through leases, subleases, and permits; the negotiation for telescope subleases and commercial permittees; value of opportunity costs in balancing observatory development with public trust obligations; and funding sources and allocation activity related to Mauna Kea; and
- (5) 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 Higher Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 29, as amended herein, and recommends that it be referred to



your Committee on Ways and Means, in the form attached hereto as
S.C.R. No. 29, S.D. 1.

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



KANIELA KAHALE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

| | | | | |
|---|---|---------------------------------------|----------------------------------|----------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| <i>SCR 29</i> | <i>HRE, WAM</i> | <i>2/15/18</i> | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: | | | | |
| <input type="checkbox"/> Pass, unamended 2312 | <input checked="" type="checkbox"/> Pass, with amendments 2311 | <input type="checkbox"/> Hold 2310 | | |
| <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| KAHELE, Kaiali'i (C) | / | | | |
| KIM, Donna Mercado (VC) | / | | | |
| CHANG, Stanley | / | | | |
| KEITH-AGARAN, Gilbert S.C. | | | | / |
| KIDANI, Michelle N. | / | | | |
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| TOTAL | 4 | | | 1 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
| <i>Donna Mercado Kim</i> | | | | |
| Distribution: | | | | |
| Original File with Committee Report | Yellow Clerk's Office | Pink Drafting Agency | Goldenrod Committee File Copy | |

*Only one measure per Record of Votes