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STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

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FOR: SB 813 Relating to Charter Schools
DATE: March 16, 2021
TIME: 2:00 P.M.
COMMITTEE: Committee on Education
ROOM: Conference Room 309
FROM: Yvonne Lau, Interim Executive Director
State Public Charter School Commission

Chair Woodson, Vice Chair Kapela, and members of the Committee:

The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony in strong **SUPPORT of SB 813** which amends HRS §302D-32 to allow charter school authorizers to provide a list of approved independent auditors instead of selecting three independent auditors.

This amendment has been requested based on concerns and feedback from charter schools, particularly neighbor island charter schools, on the availability of the required audit services on their islands. The requested amendment would allow the Commission to approve more than three independent auditors to conduct audits for the 37 public charter schools that operate on five islands across the state.

In order to meet the current requirements of HRS §302D-32, the Commission has already conducted a Request for Qualifications (RFQ) process and identified three approved independent auditors. However, the three selected auditors have indicated concerns in meeting the strict deadline for completion of the annual audits for all 37 public charter schools. Should this measure be passed, the Commission would reopen the RFQ process to review and approve additional auditors, including any interested neighbor island auditors.

Thank you for the opportunity to provide this testimony.

SB-813

Submitted on: 3/15/2021 12:08:19 PM

Testimony for EDN on 3/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Katie Benioni	Kanu o ka Aina Learning Ohana	Comments	No

Comments:

Aloha Chairs and Committee,

Ideally this bill would eliminate the Section 302D-32 language "The authorizer shall select three independent auditors, from which the charter school shall select one independent auditor to comply with this section," returning the fiscal responsibility of auditor selection to the charter school Governing Board.

In its current form, the wording "a list" could mean that the Commission provides fewer than three auditors as a choice for schools which would be detrimental, not promote fair business competition and open the opportunity for price gouging to charters. Additionally, the language does nothing to address the issue of outer island auditor representation which is critical to the cost and access to auditors for schools not on Oahu. Please consider returning the choice of auditor to the School Governing Board. Thank you.

SB-813

Submitted on: 3/15/2021 4:45:10 PM

Testimony for EDN on 3/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Taffi Wise	KANU O KA AINA NEW CENTURY PUBLIC CHARTER SCHOOL	Support	No

Comments:

PLEASE REPEAL THE COMMISSIONS CONTROL OF THE SCHOOLS INDEPENDENT AUDITOR

In 2019, the commission requested control of the selection of auditors for charter schools and wanted the number limited to a choice of three. Since passage, the commission has not followed the law and exempted the schools to choose the auditor, though the commission staff recommended a list of only Oahu auditors. The elimination of governing board control over the auditor they pick and pay for may cause hardship, as three auditors cannot accommodate auditing all 37 charter schools within the timeframe required for the consolidated annual audit report to be completed and it unduly places more burden on outer island charter schools who have to pay Oahu auditors additional travel and time expenses.

Please consider repealing this section as follows:

The following section is hereby repealed.

§302D-32 Annual audit. Each charter school shall annually complete an independent financial audit that complies with the requirements of its authorizer and the department. ~~The authorizer shall select three independent auditors, from which the charter school shall select one independent auditor to comply with this section.~~ [L 2013, c 159, pt of §1; am L 2014, c 99, §22; am L 2019, c 269, §4]

Report Title:

Public Charter School; Auditor

SB-813

Submitted on: 3/15/2021 9:35:37 AM

Testimony for EDN on 3/16/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Hirakami	Individual	Oppose	No

Comments:

The language in this bill is still problematic in that it requires the Commission to provide a "list" of auditors to each charter school. That list may not include an auditor that has been completing audits on the school for in some cases over 16 years. That was the problem that promulgated the change from three to "a list". A list of auditors provided to the school may include auditors with no offices on the island and with no prior relation to the school. That would mean that the Director of the school would have to go to the Governing Board and "vet" 3 auditors based on cost and expertise. If this law were passed, charters would receive their "list" well past the time to timely engage an auditor in this annual process. Additionally, there is no requirement of the number of auditors on the list. What if that list had only one or two auditors? This section should be stricken in entirety. It strips the Governing Board of its independent authority to manage its fiscal responsibilities.