

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Status Report on Administrative Flexibility Granted to the University of Hawaii and the Department of Education

Summary

In 1986, Act 321 granted the University of Hawaii and the Department of Education the flexibility to manage their fiscal operations. The Legislature asked the auditor to evaluate the impact of this legislation and the progress made on educational assessment at these two agencies.

Under the flexibility legislation, the university has provided fiscal services in a more timely manner. It has monitored its progress and has been able to measure improvements along the way. The impact of the legislation on the Department of Education could not be ascertained because the department has done little in the way of monitoring.

Both departments continue to follow a practice that is unfair to vendors and inconsistent with practices of other state agencies. When they are late in paying vendors, they pay the interest penalty only when billed for it. State practice is to pay the interest automatically whenever it becomes due.

Progress in assessing the success of educational programs and activities is slow. Systemwide coordination at the university has been given little attention. The elements of the Department of Education's "educational assessment and accountability system" will not be known until the end of 1994. Although each agency has identified those assessment areas requiring coordination, a plan for action has not yet been developed.

Recommendations and Response

We recommend that the Department of Education develop the means to monitor its fiscal activities. Both agencies should conform with state law in paying interest penalties. And both agencies should continue to work on educational assessment. We also recommended that the Legislature require the Department of Education to report to the 1994 session on its assessment system. The two agencies should formulate a plan for assessing the interrelationships between the two programs.

The university said it is committed to establishing an effective systemwide program of educational assessment. The Board of Regents adopted a

policy on this in 1989. The Department of Education found the recommendations on educational assessment to be helpful, but disagreed with parts of the report that emphasized "immediacy at the expense of quality" and which did not "reflect a full review of past and current accomplishments." It also disagreed with our recommendation to change its vendor payment practices.

Background

Act 320 of 1986 provided the University of Hawaii and the Department of Education with some flexibility in such budgetary matters as the quarterly allotment of funds and the transfer of general fund appropriations. Act 321 of 1986 transferred certain fiscal services to the two agencies from the Department of Accounting and General Services.

The auditor's reports submitted to the Legislature in 1987, 1988, and 1989 presented our findings and recommendations on implementing these changes and on the progress made by both agencies in educational assessment. Based on the recommendation in our last report, the Legislature extended the acts for another five years. In 1994, the auditor is to recommend to the Legislature whether the administrative flexibility should be continued.

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