

OVERVIEW

Management and Fiscal Audit of the Harold L. Lyon Arboretum

Report No. 04-14, December 2004

Summary

As requested by the Legislature in Senate Concurrent Resolution 115 of the 2004 Regular Session, we conducted a management and fiscal audit of the Harold L. Lyon Arboretum (Lyon Arboretum). In its resolution, the Legislature noted concerns regarding operational and fiscal accountability at the arboretum. The Lyon Arboretum is an organized research unit administratively attached to the College of Natural Sciences of the University of Hawaii at Manoa. Located at the head of Oahu's Manoa Valley, the arboretum covers approximately 194 acres harboring a collection of native and exotic plants.

We found that, for over half a century, the University of Hawaii has neglected its stewardship of the arboretum. The university was entrusted with "full powers of management and control . . . to use, maintain, and preserve the granted premises as an arboretum and botanical garden only" when the Hawaii Sugar Planters' Association gifted the facility to the institution in 1953. However, the university administration has not provided the strategic direction needed to fully explore and develop the arboretum's potential contribution to the institution's mission. Instead, the arboretum's course has been left to its caretakers—the facility's staff—without affirmative integration into the university's strategic mission.

The university's neglect has been reflected in its spare funding support of the arboretum and its tolerance of the facility's physical deterioration. The funds provided to the arboretum by the university have barely sustained the status quo. No regularly scheduled repair and maintenance have been performed, and the arboretum's upkeep relies heavily on the help of volunteers. At our urging, the university assessed the arboretum's condition and temporarily closed the premises for health and safety reasons.

The arboretum also suffers from organization disarray. Effective management controls are missing, exposing the arboretum to disorder. Without a strategic plan, the arboretum's resources cannot be effectively deployed. The arboretum lacks a systematic budgeting process, an updated organizational structure, and accurate position descriptions. Under this state of affairs, no meaningful staff performance evaluations can be accomplished.

We also found that a disinterested university administration has overlooked irregular and improper operations at the arboretum. The university was recently fined \$10,250 for several land use violations and cannot undertake construction or other land use projects on its premises, other than routine maintenance for health and safety reasons, without first resolving these violations. Arboretum employees have also planned for and built structures without proper permits. Furthermore, the arboretum must resolve federal wastewater disposal issues by April 2005 or face substantial fines.



We also found the arboretum's financial and inventory accounting to be substandard. The arboretum has tolerated the Lyon Arboretum Association's encroachment on fiscal and operational affairs, leading to a blurring of areas of responsibilities between the two entities. Uncertainty surrounds the arboretum's inventory of equipment and other resources. The arboretum and the association cannot confirm ownership of certain equipment purchased by the association; for operational expediency, certain arboretum contracts and grants have been administered by the association to circumvent university policies and procedures; and certain association fundraising activities have involved use of university employees and resources. In addition, the association and other organizations have occupied arboretum premises and expended associated utilities rent-free, with no lease agreements.

Recommendations and Response

We recommended that the University of Hawaii's Board of Regents, its administration, and the chancellor of the Manoa campus determine whether the university's continued stewardship of the arboretum is in concert with the institution's overall mission. If the stewardship is to continue, we recommended that the university begin a strategic planning process with definite deadlines and inclusion of appropriate stakeholders and that it ensure the management tools flowing from a strategic plan be developed. In addition, we recommended that the arboretum be brought into conformance with conservation district and other applicable requirements. We also recommended that roles and responsibilities between the arboretum, the association, and other organizations occupying arboretum facilities be defined and appropriate documents be prepared to memorialize the relationships. Finally, we recommended that the arboretum's financial and inventory accounting systems be brought into conformance with university requirements.

In its response to our draft report, the university appears to be in general agreement with our findings and recommendations. It reports that the university has already addressed some of the recommendations and will address each of them within the next year. The university, however, is disappointed that our report did not sufficiently recognize the efforts made since June to correct "the shortcomings in past practices." It points to certain remedial measures taken to reopen the arboretum in January 2005, its \$3 million request for capital improvements at the arboretum, and formation of a task force. However, strategic questions concerning the arboretum's mission, its role in the university's overall mission, and the arboretum's continued association with the university still remain unanswered.

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