
Auditor's Summary

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the University of Hawai'i

Seventy special funds, revolving funds, trust funds, and trust accounts were reviewed.

Report No. 20-03

Six funds did not meet criteria.

WE REVIEWED 70 FUNDS AND ACCOUNTS administered by the University of Hawai'i (UH). We found three special funds and three revolving funds did not meet criteria. We recommended one special fund be reclassified as a revolving fund; one revolving fund be reclassified as a trust account; and two special funds and two revolving funds be repealed.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department's funds are reviewed once every five years. Although not mandated by statute, we include trust accounts as part of our reviews. This is our sixth review of UH's revolving funds, trust funds, and trust accounts, and our second review of UH's special funds.

We use criteria developed by the Legislature, the Department of Accounting and General Services, and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. Financial data is provided for informational purposes and has not been audited. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

WE NOTED THAT UH did not file statutorily required reports for non-general funds with balances totaling \$8,932,000 and for administratively created funds with balances totaling \$108,996,000. Accurate and complete reporting provides important information to legislators about an agency's financial position.



FUND TYPES

SPECIAL FUNDS

are used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes.

REVOLVING FUNDS

such as loan funds, are often established with an appropriation of seed money from the general fund and must demonstrate the capacity to be self-sustaining.

TRUST FUNDS

such as a pension fund, invoke the State's fiduciary responsibility to care for and use the assets held to benefit those with a vested interest in the assets.

TRUST ACCOUNTS

are typically separate holding or clearing accounts and are often used as accounting devices for crediting or charging state agencies or projects for payroll and other costs.

Agency response

THE DEPARTMENT DISAGREED with our assessment that one special fund did not meet its criteria, which is the same determination that we reached in our 2014 review of UH's funds. We maintain that the fund does not meet the criteria of a special fund because it functions as, and meets the criteria for, a revolving fund and should be reclassified.

As to our observations on UH's reporting of non-general funds, UH stated that it was an oversight and that UH has begun to include previously excluded non-general funds in its reports to the Legislature.