



August 15, 2006

DEPT. COMM. NO. 3

The Honorable Robert Bunda
President of the Senate
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President:

I transmit to you a copy of our report, *Financial Audit of the Department of Public Safety*.

The audit was conducted by the Office of the Auditor and the certified public accounting firm of KPMG LLP. Our audit found several reportable conditions. We found that the department is not fulfilling its fiduciary responsibility to the inmates and ineffective internal controls allow significant overtime to remain unchecked. We also found that although the collection of salary overpayments has improved significantly, uncollected balances remain. Finally, we found that adherence to operational internal controls and procedures over capital assets and procurement needs improving.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, www.state.hi.us/auditor, and release it to the public and press, on Wednesday, August 16, 2006.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c: ✓ Paul Kawaguchi, Senate Clerk