

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



DEPT. COMM. NO. 62

MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

February 20, 2009

The Honorable Colleen Hanabusa
President of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President:

I transmit to you a copy of our report, *Procurement Audit of the Department of Education: Part 1*.

The audit was conducted by the Office of the Auditor and the certified public accounting firm of Grant Thornton LLP. The first of two reports focusing on the procurement practices of the Department of Education for the period July 1, 2006 to June 30, 2007, found that the department has not established a proper control environment over procurement, which has led to widespread procurement violations and inefficiencies. Our audit also revealed one material weakness in monitoring internal controls over procurement. Three years after assuming responsibility for procurement and hastily delegating authority to branch and school levels, the department is faced with both inadvertent non-compliance and apparently deliberate circumvention of proper procurement practices. The latter group of practices led us to expand our audit scope, which we report on in Report No. 09-04, *Procurement Audit of the Department of Education: Part 2*.

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 Monday, February 23, 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Marion M. Higa".

Marion M. Higa
State Auditor

Enclosure

c: Carol Taniguchi, Senate Clerk