

STATE OF HAWAII
OFFICE OF THE AUDITOR
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DEPT COMM. NO. 63

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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 2*.

The audit was conducted by the Office of the Auditor and the certified public accounting firm of Grant Thornton LLP. The second 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 procurement waste and abuse were prevalent throughout the department's Office of School Facilities and Support Services. From manipulating the contractor selection process in favor of pre-determined vendors, to falsifying selection documents, to allowing vendors to determine their own scope of work in the \$160 million school renovation program, the inappropriate procurement practices in the Office of School Facilities and Support Services were fueled by a lack of emphasis on procurement compliance and the lax environment created by department leaders.

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,

Marion M. Higa
State Auditor

Enclosure

c:/Carol Taniguchi, Senate Clerk