



## DEPT. COMM. NO. 12

December 17, 2002

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, *Management and Performance Audit of the Employees' Retirement System*.

We found that the Employees' Retirement System failed to provide its members with timely benefits and information that has affected the quality of services provided to its beneficiaries. Additionally, we found that its efforts to modernize the system's antiquated computer have stalled due to a legal dispute, leaving the administration with an archaic computer system indefinitely. Finally, we found that the Board of Trustees needs to improve its fiduciary responsibility to the system and its investment strategy over the assets of the system.

We hope that the report will assist you in reviewing the issues examined. The report will be available at our website, [www.state.hi.us/auditor](http://www.state.hi.us/auditor), and released to the public and press on Wednesday, December 18, 2002.

Sincerely,

Marion M. Higa  
State Auditor

Enclosure

c: Paul Kawaguchi, Senate Clerk