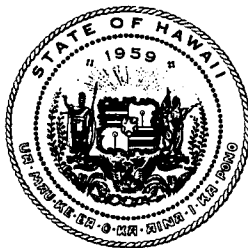


STATE OF HAWAII
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DEPT. COMM. NO. 14

December 19, 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, *Review of Privatization Contracts for Certain State and County Agencies*.

We found that the State has not adequately prepared to use privatization as a management tool. Agency compliance with Act 90 privatization requirements has been minimal and leadership and guidance to ensure consistent implementation of privatization across all agencies are currently lacking.

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, and released to the public and press on Friday, December 20, 2002.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c:√Paul Kawaguchi, Senate Clerk