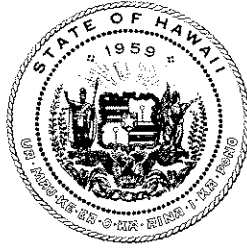


STATE OF HAWAII
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DEPT. COMM. NO. 1

November 25, 2005

The Honorable Robert Bunda
President of the Senate
State Capitol, Room 003
Honolulu, Hawai'i 96813

Dear Mr. President:

I transmit to you a copy of our report, *Audit of the Deposit Beverage Container Program*.

We found that despite a lead time of more than two years, numerous delays in the Department of Health negatively impacted program planning and implementation, and overlooked the greater environmental purpose behind the program. Redemption center operations continue to be inconsistent, inconvenient, lacking in customer service, and frustrating to consumers. We also found that the department has failed to establish a financial accounting system with sufficient controls and safeguards, and the program's financial records are in disarray.

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, November 28, 2005.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c: ✓ Paul Kawaguchi, Senate Clerk