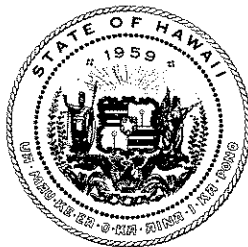


STATE OF HAWAII
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May 31, 2005

DEPT. COMM. NO. 2

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 Selected State Agencies' Procurement of Professional Services Contracts*.

Act 52, SLH 2003, amended Section 103D-304, Hawai'i Revised Statutes, to allow for independent, impartial, and qualified committees to review and select the most qualified professional service contractors based on published criteria. We audited three agencies for their compliance with Act 52 and found instances of non-compliance with the statutes. We also found cumbersome, untimely, and, at times, questionable procurement practices in the Departments of Accounting and General Services, Human Services, and Transportation. Moreover, the State Procurement Office and the three audited agencies provide few, if any, training opportunities, internal policies and procedures, and oversight for their employees who struggle to comply with the complex procurement code.

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 Wednesday, June 1, 2005.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c: ✓ Paul Kawaguchi, Senate Clerk