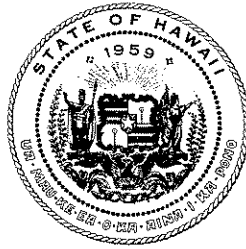


STATE OF HAWAII
OFFICE OF THE AUDITOR
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DEPT. COMM. NO. 3

July 7, 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 Wai`alae Elementary Public Charter School*.

We found that the school, since receiving its charter, has not provided sufficient information to publicly account for the effect on its students from major changes to its educational programs.

In addition, the school's board lacks the leadership and structure to effectively oversee school operations and plan for the school's long-term success. Vague by-laws and policies and procedures provide inadequate guidance, resulting in procurement and health and safety management compliance lapses. Accounting and financial reporting problems must be addressed to improve the school's fiscal accountability. The school's authority to carry over unspent balances, now totaling \$587,000 should be clarified.

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 Friday, July 8, 2005.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c:✓Paul Kawaguchi, Senate Clerk