

STATE OF HAWAII
OFFICE OF THE AUDITOR
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DEPT. COMM. NO. 12

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State Auditor

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December 26, 2007

The Honorable Colleen Hanabusa
President of the Senate
State Capitol, Room 409
Honolulu, Hawaii'i 96813

Dear Madam President:

I transmit to you a copy of our report, *Systemwide Financial Audit of the University of Hawai'i System: Phase II*.

This audit was conducted by the Office of the Auditor and the certified public accounting firm of Nishihama & Kishida, CPA's, Inc. It was conducted pursuant to House Concurrent Resolution No. 213, 2005 Regular Session, which requests that the Office of the Auditor conduct a systemwide financial audit of the University of Hawai'i general and non-general funds and accounts. The resolution further asked us to report any findings and recommendations regarding the Mānoa campus to the 2006 Legislature and to report the same for all other campuses and the university system to the 2007 Legislature. Report No. 05-15, *Systemwide Financial Audit of the University of Hawai'i System: Phase I*, focused on the Mānoa campuses and was issued in December 2005.

During this second phase of the financial audit, we found that the university's current strategic plan has limited value and does not promote accountability. Further, the university needs to strengthen its budgeting and internal financial reporting process and certain policies and procedures related to contracts and tuition deadlines.

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 Thursday, December 27, 2007.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c:✓Carol Taniguchi, Senate Clerk