

---

# SENATE CONCURRENT RESOLUTION

REQUESTING A FINANCIAL AND MANAGEMENT AUDIT OF THE OFFICE OF  
HAWAIIAN AFFAIRS.

1 WHEREAS, in hearings before the Senate, numerous  
2 beneficiaries of the Office of Hawaiian Affairs ("OHA")  
3 requested an audit of OHA's finances and management; and  
4

5 WHEREAS, pursuant to section 10-14.55, Hawaii Revised  
6 Statutes, OHA is subject to an audit every four years. The most  
7 recent audit of OHA was submitted in April 2005; and  
8

9 WHEREAS, previous audits of OHA have reported serious  
10 shortcomings in its financial and management practices and  
11 condition; and  
12

13 WHEREAS, in its audit of OHA in 2001, Report No. 01-06, the  
14 Office of the Auditor ("Auditor") found, among other things,  
15 that "the Board of Trustees has not adequately planned to  
16 improve the conditions of Hawaiians"; and  
17

18 WHEREAS, in 2001, the Auditor further found that the "board  
19 has allowed OHA's master and functional plans to remain outdated  
20 and has inefficiently planned for program expenditures"; and  
21

22 WHEREAS, in 2001, the Auditor further found that the "board  
23 also failed to uphold its fiduciary duties and inefficiently  
24 managed OHA's public land trust funds; and  
25

26 WHEREAS, in its audit of OHA in 2005, Report No. 05-03, the  
27 Auditor found, among other things, that "OHA has shown little  
28 improvement in its ability to serve Hawaiians since our last  
29 audit in 2001"; and  
30

31 WHEREAS, in 2005, the Auditor further found that "OHA lacks  
32 basic policies and procedures to guide the actions of its staff,



1 and its organizational charts and functional statements are  
2 inconsistent"; and

3

4 WHEREAS, in 2005, the Auditor further found that "OHA's  
5 casual administration of its finances does not demonstrate  
6 respect for its fiduciary duty to all Hawaiians. Certain  
7 protocol and trustee expenditures appear questionable"; and

8

9 WHEREAS, a review of OHA's investment portfolio by the  
10 certified public accounting firm KPMG LLP resulted in a finding  
11 by the Auditor that "KPMG found continuing deficiencies that do  
12 not ensure compliance with OHA's fiduciary obligations"; and

13

14 WHEREAS, the numerous requests for an audit of OHA made by  
15 OHA's beneficiaries, when considered in light of the Auditor's  
16 findings in recent past audits, justifies the Legislature's  
17 request for the conducting of a financial and management audit  
18 of OHA in an expedited manner; now, therefore,

19

20 BE IT RESOLVED by the Senate of the Twenty-fourth  
21 Legislature of the State of Hawaii, Regular Session of 2008, the  
22 House of Representatives concurring, that the Auditor is  
23 requested to conduct a management and financial audit of the  
24 Office of Hawaiian Affairs; and

25

26 BE IT FURTHER RESOLVED that the Auditor is requested to  
27 submit a report of the Auditor's findings and recommendations on  
28 the results of the financial and management audit not later than  
29 twenty days prior to the convening of the 2009 Regular Session;  
30 and

31

32 BE IT FURTHER RESOLVED that certified copies of this  
33 Concurrent Resolution be transmitted to the Chairperson of the  
34 Board of Trustees of the Office of Hawaiian Affairs and the  
35 Auditor.

