

MAR 18 2008

SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FOLLOW-UP FINANCIAL AUDIT OF
THE UNIVERSITY OF HAWAII JOHN A. BURNS SCHOOL OF MEDICINE
AND ITS RELATED PARTIES, THE UNIVERSITY CLINICAL,
EDUCATION, AND RESEARCH ASSOCIATES, INC. AND THE HAWAII
RESIDENCY PROGRAM, INC.

1 WHEREAS, the Office of the Auditor conducted a financial
2 audit of the University of Hawaii John A. Burns School of
3 Medicine (School) for the fiscal year July 1, 2001 to June 30,
4 2002; and

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6 WHEREAS, the audit examined the financial records and
7 transactions of the School, reviewed the related systems of
8 accounting and internal controls, and tested transaction systems
9 and procedures for compliance with laws and regulations; and

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11 WHEREAS, deficiencies were found in the internal control
12 practices of the School; and

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14 WHEREAS, the School's administration and management of its
15 contracts with health care organizations that provide training
16 and medical services was found to be deficient; and

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18 WHEREAS, among the deficiencies found were:

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20 (1) Contracts had been signed and executed subsequent to
21 the contract date;
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23 (2) Final reconciliations of the amounts due from health
24 care organizations were not completed in a timely
25 manner; and
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27 (3) Non-compliance with the University's policies and
28 procedures regarding conflict of interest situations
29 involving School faculty occurred; and
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1 WHEREAS, the Auditor's report recommended that the School
2 revise the way it handles contract negotiations with health care
3 organizations, and commence services only after contracts are
4 finalized and executed; and

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6 WHEREAS, the University Clinical, Education, and Research
7 Associates, Inc. (UCERA) is a separately incorporated not-for-
8 profit corporation, which contributes to the School's goal of
9 improving the health care status of the citizens of Hawaii and
10 the Pacific area by supporting the academic mission of the
11 School; and

12
13 WHEREAS, UCERA functions as a practice plan for the faculty
14 of the University of Hawaii John A. Burns School of Medicine,
15 providing a vehicle by which clinical revenues can be generated
16 on a limited scale during their non-university, private practice
17 time; and

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19 WHEREAS, the Hawaii Residency Program, Inc. (HRP) is a
20 separately incorporated not-for-profit corporation that
21 coordinates the administration of Hawaii's residency training
22 programs through a joint effort between the School and several
23 of Oahu's major hospitals and medical centers; and

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25 WHEREAS, the financial information of UCERA and HRP was not
26 included in the 2003 financial audit of the University of Hawaii
27 John A. Burns School of Medicine that was conducted by the
28 Office of the Auditor because the School and the University are
29 not financially accountable for these entities; and

30
31 WHEREAS, a follow-up audit of the University of Hawaii John
32 A. Burns School of Medicine should be conducted and include an
33 audit of the School's related parties, UCERA and HRP; and

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35 WHEREAS, the Auditor is constitutionally and statutorily
36 responsible for auditing state and county programs,
37 expenditures, and any agencies that receive state funds, and
38 undertakes audits at the request of the Legislature or upon the
39 Auditor's initiative; now, therefore,

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41 BE IT RESOLVED by the Senate of the Twenty-fourth
42 Legislature of the State of Hawaii, Regular Session of 2008, the
43 House of Representatives concurring, that the Auditor is
44 requested to conduct a financial audit of the University of



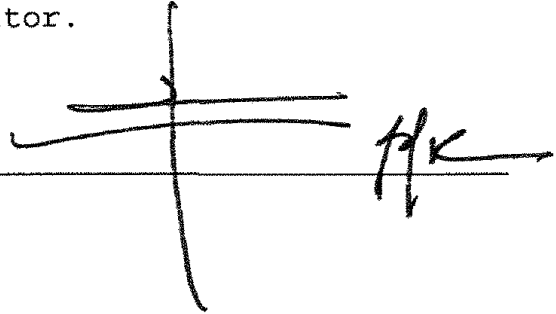
S.C.R. NO. 165

1 Hawaii John A. Burns School of Medicine and its related parties,
2 the University Clinical, Education and Research Associates, Inc.
3 and the Hawaii Residency Program, Inc.; and
4

5 BE IT FURTHER RESOLVED that the Auditor is requested to
6 submit a report of any audit findings and recommendations,
7 including any proposed legislation, to the Legislature no later
8 than twenty days prior to the convening of the Regular Session
9 of 2009; and
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11 BE IT FURTHER RESOLVED that certified copies of this
12 Concurrent Resolution be transmitted to the Governor, the
13 President of the University of Hawaii, the University of Hawaii
14 Board of Regents, the Dean of the University of Hawaii John A.
15 Burns School of Medicine, and the Auditor.
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OFFERED BY: _____

A handwritten signature in black ink, consisting of a vertical line intersected by two horizontal lines, with a stylized 'A' and 'K' to the right.