

STATE OF HAWAII
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January 13, 2009

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

Dear Madam President:

I transmit to you a copy of our report, *Management and Financial Audit of Hawaii's Tourism Authority's Major Contracts*.

This is our second management and financial audit of the Hawaii's Tourism Authority and its major contractors which we conducted pursuant to Section 23-13, Hawaii's Revised Statutes. We found that the HTA has improved administrative controls over the multi-year contracts, although weaknesses remain. However, the fundamental problem is HTA's pursuit of an annual budgetary approach to planning and spending and its continued assessment of marketing efforts on the basis of conjecture and opinion with no objective measures of success or failure. In the five years since our last audit, the HTA has spent nearly \$270 million from the transient accommodations tax to promote Hawaii through these major contractors. Because the authority has failed to develop a long-term, strategic plan with clearly defined outcomes and mechanisms to account for results, it is unclear what effects its worldwide efforts to promote Hawaii have had on the long- and short-range development of Hawaii's tourism product and the economy in general.

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, January 14, 2009.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c:✓Carol Taniguchi, Senate Clerk