



**SB 2500 SD1**  
**RELATING TO THE OFFICE OF HAWAIIAN AFFAIRS**  
Senate Committee on Ways and Means

February 18, 2010

9:30 a.m.

Room: 211

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The Office of Hawaiian Affairs (OHA) **OPPOSES** SB2500 SD1, which seeks to require that the State Auditor conduct a financial and management audit of OHA, and to issue a report of the findings prior to the convening of the 2011 Legislative Session.

OHA appreciates the Committee's consideration in allowing further discussions on this issue and ask that efforts regarding the bill's intent be put on hold based upon the following reasons:

1. Public concern regarding OHA's use of funds and management decisions is acknowledged. However, OHA believes that significant efforts continue to be made by the organization including the launch of its new 2010-2016 Strategic Plan and its continued efforts in providing timely audited annual financial statements. Please note, the most recent report of audit submitted by Grant Thornton, LLC indicated an unqualified (clean) opinion in its Report of Independent Certified Public Accountants on December 18, 2009 on OHA's most recent Financial Statements for the fiscal year that ended June 30, 2009. This report is available for download on OHA's website.
2. Since 1990, the State Auditor has completed audits of OHA pursuant to HRS §10-14.55, which requires that the State auditor conduct an audit of the office at least once every four years, and has submitted the following Audit Reports to the Legislature:
  - a. Management and Financial Audit of the Office of Hawaiian Affairs, Report No. 90-11, 1990
  - b. Management and Financial Audits of the Office of Hawaiian Affairs, Report No. 93-28, 1993
  - c. Review of Revolving and Trust Funds of the Office of the Governor, Office of Hawaiian Affairs, and the Department of Education, Report No. 96-21, 1996
  - d. Audit of the Office of Hawaiian Affairs, Report No. 97-7, 1997
  - e. Audit of the Office of Hawaiian Affairs, Report No. 01-06, March 2001
  - f. Establishment of a Public Land Trust Information System, Phase One, March 2001
  - g. Review of Revolving Funds, Trust Funds, and Trust Accounts of the Office of the Governor, Office of the Lieutenant Governor, Department of Education and

Hawaii State Public Library System, and Office of Hawaiian Affairs; Report No. 02-05, February 2002

- h. Audit of the Office of Hawaiian Affairs, Report No. 05-03, April 2005
  - i. Audit of the Office of Hawaiian Affairs, Report No. 09-08, June 2009
  - j. Investment Portfolio Review of the Office of Hawaiian Affairs, Report No. 09-10, September 2009
3. OHA is the recipient of Federal funds for several programs. Therefore, in addition to the State audits conducted since 1990, OHA must undergo annual audits in compliance with Subpart E, Office Management and Budget, Circular No. A-133, (*Audits of States, Local Governments, and Non-Profit Organizations*). The “single audits” by qualified audit firms consists of thorough reviews of both financial and compliance activity of the entire agency.

In view of the above, we believe that the additional financial and management audit of OHA called for by SB 2500 SD1 would be an unnecessary burden on the State of Hawai'i and OHA resources.

Therefore, OHA urges the committee to HOLD SB 2500 SD1. Thank you for the opportunity to submit testimony.