

MAR 08 2019

SENATE RESOLUTION

REQUESTING THE OFFICE OF HAWAIIAN AFFAIRS TO COMPLETE THE 2017
INDEPENDENT FINANCIAL AUDIT AND MANAGEMENT REVIEW OF THE
OFFICE OF HAWAIIAN AFFAIRS AND ITS SUBSIDIARIES.

1 WHEREAS, independent audits are used to assess an
2 organization's financial and management performance and to hold
3 agencies accountable for their mission implementation, program
4 management, and expenditures of public funds; and
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6 WHEREAS, the purpose of independent audits of public
7 agencies is to help eliminate waste and inefficiency in
8 government and to ensure that public funds are expended
9 effectively; and
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11 WHEREAS, in February of 2017, the Office of Hawaiian
12 Affairs Board of Trustees voted to authorize the Office's Chief
13 Procurement Officer to issue a request for qualifications for an
14 independent certified public accounting firm to conduct a
15 financial audit and management review of the Office of Hawaiian
16 Affairs and its subsidiaries; and
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18 WHEREAS, the Board's vote was in response to concerns that
19 there was no systematic review of the Office of Hawaiian
20 Affairs' procurement processes, limited liability companies, or
21 loans; and
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23 WHEREAS, in the Office of the Auditor's Report No. 18-03,
24 Audit of the Office of Hawaiian Affairs, the Auditor raises
25 concerns regarding spending irregularities and possible breaches
26 of the Office's fiduciary duties that involve some of the same
27 concerns raised by the Board of Trustees, including alternate
28 funding processes for limited liability companies created by the
29 Office of Hawaiian Affairs, that the financial audit and
30 management review were meant to assess; and
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32 WHEREAS, Auditor's Report No. 18-03 also notes that while
33 the Auditor was gathering information, reviewing documents, and
34 preparing its report, the Office of Hawaiian Affairs took
35 proactive steps to implement changes, including approving the



1 procurement of an external auditor to examine the Office of
 2 Hawaiian Affairs' financial condition and that of its limited
 3 liability companies in March 2017 and approving a policy
 4 amendment that limits the Chief Executive Officer's budget
 5 adjustment discretion; and

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 7 WHEREAS, this body believes that the recent steps taken by
 8 the Office of Hawaiian Affairs, while encouraging, must be
 9 completed in order to effect meaningful change; and

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 11 WHEREAS, the financial audit and management review would be
 12 an invaluable tool for the Board of Trustees to identify areas
 13 of waste and inefficiency and enable the Board to tailor policy
 14 changes, strengthen the Board's fiduciary oversight, and improve
 15 mission implementation; now, therefore,

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 17 BE IT RESOLVED by the Senate of the Thirtieth Legislature
 18 of the State of Hawaii, Regular Session of 2019, that the Office
 19 of Hawaiian Affairs is requested to complete the 2017
 20 independent financial audit and management review of the Office
 21 of Hawaiian Affairs and its subsidiaries; and

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 23 BE IT FURTHER RESOLVED that certified copies of this
 24 Resolution be transmitted to the Chairperson of the Board of
 25 Trustees of the Office of Hawaiian Affairs, Chief Executive
 26 Officer of the Office of Hawaiian Affairs, and State Auditor.

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OFFERED BY: Michelle L. Sidani

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