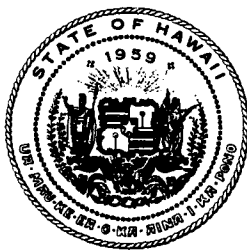


STATE OF HAWAII
OFFICE OF THE AUDITOR
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MARION M. HIGA
State Auditor
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DEPT. COMM. NO. 23

April 26, 2002

The Honorable Robert Bunda
President of the Senate
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President:

I transmit to you a copy of our report, *Follow-Up Study of the Hawaii Health Systems Corporation*.

While the corporation has made progress in its information and personnel systems, we found weak management of its contract spending and financial operations. Our consultants on the study found that the corporation is working with an organizational structure that approaches efficiency and effectiveness given the political constraints it operates under.

We hope that the report will assist you in reviewing the issues examined. The report will be available at our website, www.state.hi.us/auditor, and released to the public and press on Monday, April 29, 2002.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c:√Paul Kawaguchi, Senate Clerk

22-09