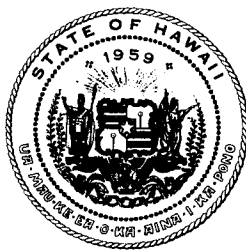


STATE OF HAWAII
OFFICE OF THE AUDITOR
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State Auditor
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DEPT. COMM. NO. 15

February 15, 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, *Audit of the Adult Mental Health Division's Management of Contracted Community Services*.

We found the division disregarded procurement rules and abandoned sound fiscal management in its haste to expand community-based mental health services. We also found a questionable relationship between a division employee and a major provider that raises concerns over favoritism and weakens the division's credibility.

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 Tuesday, February 19, 2002.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c: ✓ Paul Kawaguchi, Senate Clerk