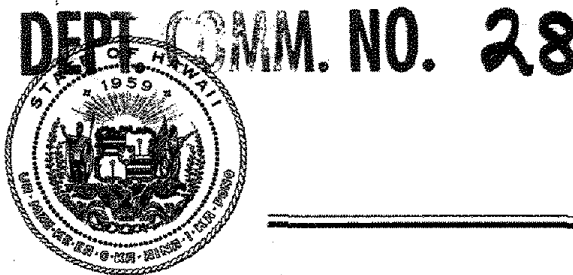


STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

February 19, 2008

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

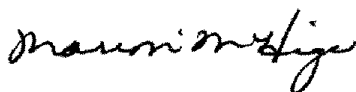
Dear Madam President:

I transmit to you a copy of our report, *Financial and Management Audit of the Moloka'i Irrigation System*.

We found that the Department of Agriculture inherited a Moloka'i Irrigation System in a state of disrepair but its flawed management endangers agriculture in Moloka'i. Concerns from users and recommendations from the MIS advisory board cannot continue to go unanswered. Basic tools, supplies, and equipment need to be provided to this ailing system. Moreover, weaknesses in the department's fiscal management leave the MIS to struggle financially. Fiscal practices of not segregating data and not reconciling accounts must be discontinued.

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, February 20, 2008.

Sincerely,



Marion M. Higa
State Auditor

Enclosure

c: ✓ Carol Taniguchi, Senate Clerk