

EXECUTIVE CHAMBERS
HONOLULU

JOHN WAIHEE
GOVERNOR

February 5, 1990

ADMINISTRATIVE DIRECTIVE NO. 90-07

TO: All Department Heads

SUBJECT: Audit Reports

This administrative directive supersedes Administrative Directive No. 75-2, Audit Reports Issued by the State Comptroller, dated May 16, 1975.

Purpose

This administrative directive restates the policy and procedures in processing audit reports.

Policy

Effective immediately, corrective actions will be taken on audit findings in accordance with the recommendations contained in audit reports.

Responsibilities

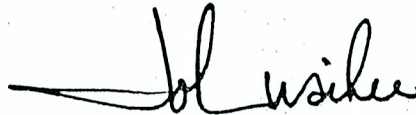
The State Comptroller is responsible for examining the internal control and accounting systems of the departments and agencies of the Executive Branch. Executive authorities in charge of departments and agencies are responsible for taking necessary actions to implement recommendations set forth in audit reports.

Procedures

1. The State Comptroller will transmit one copy of the audit report to the Governor.
2. The audited department or agency will immediately consider the findings and recommendations contained in the audit report and submit a written report to the State Comptroller within 30 days after receipt of the

audit report describing specific actions taken and actions to be taken with indications as to when such actions are to be completed. If there is disagreement with any of the findings and recommendations contained in the audit report, reasons are to be stated as to why changes are considered not necessary or why alternative procedures were or are to be adopted.

3. A supplemental report as to all actions actually taken and explanation as to the reasons for the noncompletion or inaction on the recommendations will be submitted to the State Comptroller within 180 days after receipt of the audit report.
4. During the period between the initial written report and the supplemental report, the Audit Division, Department of Accounting and General Services, and the audited department or agency will meet to discuss any disagreements for the purpose of arriving at mutually agreeable solutions to the disagreements. Following the meeting, the Audit Division will submit a written memorandum to the State Comptroller on any unresolved disagreements. As a last resort, the State Comptroller and the head of the audited department or agency will meet to attempt to resolve the disagreements. In the event any disagreements cannot be resolved, the State Comptroller will report them to the Governor with his recommendations for final action. This report will be submitted to the Governor after the supplemental report referred to in Paragraph 3 above has been received from the audited department or agency.
5. The Governor will direct the final action to be taken.



JOHN WAIHEE