



DEPARTMENT OF TAXATION

News Release

NEIL ABERCROMBIE
GOVERNOR

FRED PABLO
Director

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TAX DEPARTMENT SEEKS INDEPENDENT REVIEW

HONOLULU - The Tax Department is hiring an independent auditor to review the department's revenue reporting and accounting policies and procedures after identifying systemic problems in the composition of its reports.

The State Auditor, in a report released in December 2010, pointed to some major organizational problems within the Tax Department. In addition, since taking office six months ago, Tax Director Fred Pablo has reviewed the department's operations and noticed unusual reporting in monthly tax revenue reports. Pablo immediately addressed these concerns by conducting and completing an internal investigation and analysis of the revenue reports.

"One of my immediate goals as director of the Tax Department was to review our operations and streamline processes to provide better services for taxpayers," Pablo said. "In this process, we found several inconsistencies, including some concerns raised in the 2010 State Auditor's report. We are taking a systematic approach in addressing these problems and working quickly to improve our operations."

The department has issued a formal solicitation for professional services, requesting professional auditing firms to provide a letter of interest. Letters of interest are due on June 13, 2011, with the review expected to be completed by August 12, 2011. Among other responsibilities, the selected firm will be tasked with determining the accuracy of the department's monthly Statement of Tax Operations, its policies and procedures and the Revenue Accounting Branch's policies and procedures.

"The audit will help to validate that the assumptions used in preparing the revenue reports are sound and based on relevant information," Pablo said. "Our department is in charge of the state's revenue that funds services and programs for the people of Hawaii. As the guardian of taxpayers' money, we must ensure that proper safeguards are in place and that the revenue reporting system is accurate and understandable."

The department is also working toward modernizing its operations as part of Pablo's overall strategic plan for the department, which intends to bring transparency to Department operations, provide taxpayers with better customer service, and create greater efficiencies in its processes.

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