

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

November 17, 2017

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on October 31, 2017, makes reference to County Communication 17-392, from Councilmember Riki Hokama, relating to an independent audit of the Director of Finance's accounts, pursuant to Section 9-13 of the Revised Charter of the County of Maui (1983), as amended.

At the request of the Chair your Committee, the Department of the Corporation Counsel transmitted a proposed resolution entitled "AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR AN INDEPENDENT AUDIT OF THE DIRECTOR OF FINANCE'S ACCOUNTS."

The purpose of the proposed resolution is to authorize the Council Chair to contract for an independent audit of the Director of Finance's accounts upon the death, resignation, or removal of the Director of Finance, pursuant to Section 9-13 of the Revised Charter of the County of Maui (1983), as amended, ("Charter") consistent with the scope set forth in the resolution.

Your Committee noted the scope of this audit includes the Director's personal financial disclosure statements; his Division of Motor Vehicles and Licensing accounts; his sewer, water, and solid waste accounts; and any real property he owns and the related real property tax accounts. The purpose of the review of his personal accounts is to identify if there are any outstanding debts owed to the County.

Your Committee further noted the scope also includes the Director's purchasing card accounts, the procurement contracts he has handled, and the reimbursements he has received from the Department of Finance during his tenure in office.

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Your Committee noted the proposed resolution is based on an opinion from the Department of the Corporation Counsel as to the scope of the Council's duties under Charter Section 9-13.

Your Committee noted the County auditor is independent from the Council and the Mayor and cannot be directed to conduct the audit. As the chief procurement officer for the Legislative Branch, the Council Chair will abide by the procurement law to contract a third-party auditor.

Your Committee noted the proposed audit is a general review similar to those conducted of chief financial officers of private organizations.

Your Committee noted the third-party auditor shall follow the Generally Accepted Government Auditing Standards. Once the audit report is issued, the Committee will have an opportunity to review the report. The former Director will have an opportunity to respond to the results of the audit. Furthermore, should the auditor find any discrepancies, the appropriate action shall be taken by the affected County departments.

Your Committee expressed a desire to expedite the audit. Your Committee noted an expectation of completion of the audit within 30 business days of the execution of the contract.

Your Committee voted 9-0 to recommend adoption of the proposed resolution. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Cochran, Crivello, Guzman, King, and Sugimura voted "aye."

Your Budget and Finance Committee **RECOMMENDS** that Resolution _____, attached hereto, entitled "AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR AN INDEPENDENT AUDIT OF THE DIRECTOR OF FINANCE'S ACCOUNTS," be **ADOPTED**.

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This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair

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Resolution

No. _____

AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR AN INDEPENDENT AUDIT OF THE DIRECTOR OF FINANCE'S ACCOUNTS

WHEREAS, by a letter dated September 29, 2017, the Mayor notified the Council that the Director of Finance Danilo F. Agsalog ("Director") resigned from his position effective September 30, 2017; and

WHEREAS, pursuant to Section 9-13 of the Revised Charter of the County of Maui (1983), as amended ("Charter"), upon the death, resignation, or removal of the director of finance, the Council shall cause an independent audit to be made of the "finance director's accounts"; and

WHEREAS, although the Charter does not define "finance director's accounts," the scope of the audit is less than the entire "finance department's accounts" which are referred to more broadly in the Charter; and

WHEREAS, the purpose of the independent audit of the finance director's accounts is to uncover any debts owed by the finance director to the County; and

WHEREAS, in consideration of the purpose and scope of the audit, the Council is tasked with identifying and reviewing matters relating to the transactions and obligations of the finance director as an individual; and

WHEREAS, these transactions and obligations include the Director's personal financial disclosure statements; his Division of Motor Vehicles and Licensing accounts; his sewer, water, and solid waste accounts; any real property he owns and the related real property tax accounts; and


WHEREAS, the scope of the audit also includes the Director's purchasing card accounts, the procurement contracts he has handled, and the reimbursements he has received from the Department of Finance during his tenure in office; now, therefore,

Resolution No. _____

BE IT RESOLVED by the Council of the County of Maui:

1. That it hereby authorizes the Council Chair to contract for an independent audit of the Director's accounts consistent with the scope set forth in this resolution; and
2. That a certified copy of this resolution be transmitted to the Mayor.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel
County of Maui

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