

April 13, 2018

MEMO TO: BF-1 File

F R O M: Riki Hokama, Chair 
Budget and Finance Committee

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO CONTRACTING FOR A PERFORMANCE AND FISCAL AUDIT OF THE DEPARTMENT OF FINANCE** (PAF 18-123) (BF-1)

The attached legislative proposal pertains to Item 1 on the Committee's agenda.

paf:tntf:18-123d

Attachment

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COUNTY COUNCIL

Resolution

No. _____

AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR A PERFORMANCE AND FISCAL AUDIT OF THE DEPARTMENT OF FINANCE

WHEREAS, pursuant to Section 3-6 of the Revised Charter of the County of Maui (1983), as amended (“Charter”), the Council has the authority to conduct investigations of the operation of any department or function of the County and any subject upon which the Council may legislate; and

WHEREAS, pursuant to Section 9-13 of the Charter, in the case of the death, resignation, or removal of the director of finance, the Council shall cause an independent audit to be made of the finance director director’s accounts; and

WHEREAS, by County Communication 17-420, the Mayor informed Council of the resignation of Mr. Danny Agsalog, Director of Finance, effective September 30, 2017; and

WHEREAS, the Council adopted Resolution 17-162 authorizing an independent audit of the former director of finance’s accounts; and

WHEREAS, the Council procured the services of N&K CPAs, Inc. (“Auditors”) to audit the former director of finance’s accounts; and

WHEREAS, the Auditors submitted the document entitled “REPORT TO THE COUNTY OF MAUI OFFICE OF COUNCIL SERVICES AUDIT OF THE FORMER DIRECTOR OF FINANCE’S ACCOUNTS PURSUANT TO SECTION 9-13 OF THE REVISED CHARTER OF THE COUNTY OF MAUI” dated March 6, 2018 (“Audit Report”) to the Council Budget and Finance Committee; and

WHEREAS, the Audit Report found two pCard transactions unrelated to County business; six instances in which the pCard was used to purchase “preferred seating” options on airline reservations without documented justification; twelve instances in which the pCard was used to purchase lodging; nine instances in which advanced per diem was not adjusted to reflect lodging pCard usage; missing support

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documentation; procurement code errors; and unauthorized purchase of travel protection and fees, all of which were in violation of County policies; and

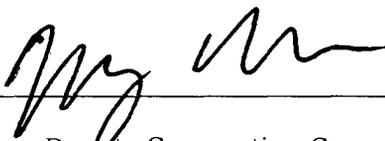
WHEREAS, due to the Audit Report, Council wants to ensure other areas within the Department of Finance responsibilities are in compliance and proper procedures are being followed; and

WHEREAS, pursuant to Section 8-4.3 of the Charter, the Department of Finance, through its director, is responsible for, among other things: preparing bills for the collection of money due the County; collecting and receiving moneys due to or receivable by the County; keeping accurate and complete accounts of receipts and disbursements; maintaining and managing the treasury and depositing moneys belonging to the County in depositories and instruments authorized by law; contracting for services of independent contractors; issuing, selling, and paying interest on and redeeming bonds of the County; issuing warrants and checks; and preparing payrolls and pension rolls; now, therefore,

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

1. That it hereby authorizes the Council Chair to contract for a performance and fiscal audit of the Department of Finance; and
2. That certified copies of this resolution be transmitted to the Mayor, the Managing Director, and the Director of Finance.

APPROVED AS TO FORM AND LEGALITY



Deputy Corporation Counsel
County of Maui

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