



County of Maui Finance Department Performance Audit

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Scope of Work

- The County engaged Moss Adams LLP to conduct a performance audit of the Finance Department with the goal of evaluating the effectiveness and efficiency of the Department's current operations, policies, and procedures and supporting the development of long-term, decision-making solutions to improve overall accountability and fiscal responsibility.



Methodology

1. Project Initiation and Management
2. Fact Finding:
 - A. Interviews with Finance Department personnel, leadership, and stakeholders.
 - B. Review of policies, procedures, planning documents, and reports.
 - C. Survey to 109 County employees in management positions across various County departments to gain an understanding of customer service and satisfaction.
3. Analysis: Developed draft findings and recommendations based on our fact finding and comparison to best practices.
4. Reporting: We reviewed draft findings and recommendations with the Finance Department and Council Budget and Finance Committee Chair and Council staff to validate facts and test the practicality of recommendations.

Audit Objectives

1. **Staffing:** Analyze the Department's overall staffing, including how positions are created, filled, and utilized.
2. **Organization:** Review the internal organization structure and span of control of the Department. Determine whether the separate responsibilities of the Accounts, Purchasing, and Treasury divisions are appropriate, clearly delineated, and have the proper oversight by adequately trained and experienced managers.
3. **Financial and Leave Policies:** Analyze the policies issued by the Department, including but not limited to, procurement, travel, vacation and sick leave, compensatory time off, overtime, and investments.
4. **Cash Handling:** Review the cash handling policy and the security and safety of cash transactions for the Department, including the audit function of all cash receipts and cash drawers.
5. **Investments:** Review the investments and methods of investing County funds, including review of the timeframe and amount of any uninvested funds.
6. **Fixed Assets:** Review the fixed asset inventory and policy.

Commendations

- Cashiering system integration
- Investment advisors
- Procurement expertise
- Audit finding resolution
- Director transition
- Workday implementation



Performance Audit Results

- 22 total findings and recommendations
- Opportunities for improving efficiency and effectiveness:
 - Develop and update policies and procedures
 - Provide training to customers and partners in County departments
 - Ensure the Department has adequate skills, knowledge, and abilities on staff by conducting workforce planning, updating job descriptions, and providing training
 - Take measures to improve organizational stability to ensure consistent, compliant operations and service delivery

Policies and Procedures

- Policies and procedures require update in the following areas:
 - Multiple accounting functions, including reconciliations, cost allocation, and period close
 - Purchasing
 - Treasury management, including cash handling
 - Fixed assets
- Outdated policies and procedures increase operational risk of non-compliance and impede efficiency and customer service
- The County should implement a schedule to reassess policies and procedures at least every two or three years or upon changes in standards or recommended Council action.
- Upgrade and maintain systems to ensure procedures meet contemporary business needs.

Training

Finance staff:

- Upon update, employees should be trained on new policies and procedures to ensure efficiency and compliance.
- Invest in professional development to support employee growth and development in alignment with County goals.
- Develop a manager training program to ensure supervisors are properly equipped with the knowledge, skills, and tools to manage employees and create highly functioning teams.

Customers and partners:



- Many decentralized activities, like purchasing and cash handling, require, at a minimum, annual training on policies and procedures.

Workforce Development

- Conduct workforce planning for key positions to proactively identify needs, develop employees, and support operational continuity.
- Develop an annual plan for Finance service delivery, including core services and projects, determine internal and external resource requirements for completion of each activity, and monitor performance measures.
- Ensure key functions are staffed adequately to meet business needs, and conduct cross-training among Department employees to ensure adequate and consistent coverage of key functions and duties.
- Update job descriptions and ensure performance evaluations are conducted annually and are meaningful for employees, the Department, and the County by aligning reviews with annual goals, growth and development plans, and accountability mechanisms.
- To ensure the most qualified candidates fill open positions, conduct external recruitments, require internal candidates to apply for open positions, and ensure candidates meet the minimum job qualifications.

Organizational Stability

- During technology implementations, assess staff time required to perform additional duties and consider backfilling with temporary staff.
- Restructure financial functions to align with best practices and improve operational efficiency and stability.
 - Reinstitute and fill the Assistant Accounting System Administrator position
 - Consider whether the DMVL should continue to report to Finance
 - Restore the Internal Control Officer position and establish a quality assurance function
 - Shift Budget reporting to Finance or Managing Director, and Grants to Finance
- In accordance with best practice and to create organizational stability and consistency, shift the reporting of Department Director roles to the Managing Director
- Ensure stability and continuity of operations through a standardized position allocation policy and process, and create additional transparency through workforce planning and performance reporting.



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