


January 30, 2013

MEMO TO: Members of the Budget and Finance Committee

F R O M: Mike White, Chair   
Budget and Finance Committee

SUBJECT: **TEMPORARY INVESTIGATIVE GROUP OF THE BUDGET AND  
FINANCE COMMITTEE (BF-18, APPOINTING THE COUNTY AUDITOR)**

At its meeting of January 29, 2013, the Budget and Finance Committee voted 9-0 to establish a temporary investigative group, as permitted by Section 92-2.5(b)(1), Hawaii Revised Statutes.

The attached document identifies the purpose and scope of the investigation and the group's membership, authority, and general rules.

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Attachment

**BF-18 APPOINTING THE COUNTY AUDITOR**

**Establishment of a Temporary Investigative Group (“TIG”) of the Budget and Finance Committee, as authorized by Section 92-2.5, Hawaii Revised Statutes.**

**Scope of investigation.** The scope of the investigation shall be:

- 1) Recruit and evaluate qualified applicants for the position of County Auditor;
- 2) Review current and historical methodologies and practices related to governmental auditing in the State of Hawaii, guidance from national professional auditing and accounting associations, and Section 3-9 of the Revised Charter of the County of Maui (1983), as amended (attached as Exhibit “1”), as needed to develop evaluation standards;
- 3) Engage in discussions with persons in the field of governmental auditing in the State of Hawaii or other persons who have expertise in government audits or related subjects, as needed to develop evaluation standards;
- 4) Interview applicants, as warranted; and
- 5) Make findings and recommendations based on the investigation as to which applicant is best suited for the position of County Auditor.

**Membership:**

Councilmember G. Riki Hokama, TIG Chair

Councilmember Mike White, TIG Vice-Chair

Councilmember Donald G. Couch, Jr., TIG member

**Authority:**

Call, convene, and facilitate discussions; request staff assistance from Council Chair; report findings and recommendations to Budget and Finance Committee; establish and enforce parliamentary procedure; serve as voting member.

Assume Chair’s duties in Chair’s absence or disability; serve as voting member.

Serve as voting member.

**General rules:**

- 1) Discussion of matters relating to the scope of the investigation is restricted to only those Council members appointed as TIG members by the Budget and Finance Committee;

- 2) The physical presence of two TIG members for a discussion called and convened by the TIG Chair shall constitute a quorum;
- 3) Discussion of matters relating to the scope of the investigation is only permitted during a discussion called and convened by the TIG Chair or, in the absence of the TIG Chair, the TIG Vice-Chair;
- 4) Two affirmative votes shall be required to establish a finding or recommendation of the TIG;
- 5) The TIG Chair shall submit a report of the group's findings and recommendations as to which applicant is best suited for the position of County Auditor to the Budget and Finance Committee no later than Wednesday, March 27, 2013; and
- 6) The TIG shall be dissolved upon presentation of its findings and recommendations to the Budget and Finance Committee.

**Record of Committee action:**

**Ayes:** BAISA, CARROLL, CRIVELLO, COCHRAN, COUCH, GUZMAN,  
HOKAMA, VICTORINO, and WHITE

**Noes:** NONE

**Excused:** NONE

**Date of approval:** JANUARY 29, 2013

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**Section 3-9.1. Declaration of Policy.** It is declared to be the policy of the county to promote economy, efficiency and improved service in the transaction of the public business in the legislative and executive branches of the county by:

1. Limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions.
2. Eliminating duplication and overlapping of services, activities, and functions.
3. Consolidating services, activities, and functions of a similar nature.
4. Abolishing services, activities, and functions not necessary to the efficient conduct of government. (Amended 2012)

**Section 3-9.2. Office of the County Auditor and County Auditor.**

1. There is established an office of the county auditor, to be headed by a county auditor who shall be appointed by the county council, by a majority vote of its membership, and shall serve for a term of six years. The county auditor may be re-appointed, or a successor appointed, by the council for subsequent terms of six years. The county auditor may hold over until a successor is appointed. The salary of the county auditor shall be determined by the salary commission. The council, by a two-thirds vote of its membership, may remove the county auditor from office at any time for cause. The county auditor shall be exempt from civil service.

2. The county auditor shall possess adequate professional proficiency for the office, demonstrated by relevant certification as a certified internal auditor or certified public accountant, and have at least five years of experience in the field of auditing, evaluation, or analysis. The county auditor shall have a bachelor's degree in accounting, business administration, or public administration or related field.

3. Except for exercising the right to vote, neither the county auditor nor any staff member of the office of the county auditor shall support, advocate, or aid in the election or defeat of any candidate for county public office.

4. The county auditor shall appoint the necessary staff as shall be authorized by law. Persons appointed to such positions shall be exempt from civil service and shall serve at the pleasure of the county auditor. (Amended 2012)

**Section 3-9.3. Powers, Duties, and Functions.**

1. The county auditor shall have the duty and power to conduct or cause to be conducted:

a. The independent annual financial audit of the county, as authorized by Section 9-13 of this charter;

b. Other program, financial, or performance audits or evaluations regarding county organizations, operations, and regulations; and

c. Performance or financial audits of the funds, programs, or activities of any agency or function of the county, as the county auditor deems warranted; provided that, before each fiscal year, the auditor shall transmit a plan of the audits proposed to be conducted during the fiscal year to the mayor and the council, for review and comment, but not approval.

2. Audit findings and recommendations shall be set forth in written reports of the county auditor, a copy of which shall be transmitted to the mayor and to the council, which shall be public records, except as provided by law.

3. For the purposes of carrying out any audit, the county auditor shall have full, free, and unrestricted access to any county officer or employee and shall be authorized to examine and inspect any record of any agency or operation of the county, to administer oaths and subpoena witnesses, and compel the production of records pertinent thereto. If any person subpoenaed as a witness or compelled to produce records shall fail or refuse to respond thereto, the proper court, upon request of the county auditor, shall have the power to compel obedience to any process of the county auditor and to punish, as a contempt of the court, any refusal to comply therewith without good cause. Notwithstanding Section 3-6.6, the county auditor may, without council approval, retain special counsel to represent the county auditor in implementing these powers.

4. The county auditor shall submit its budget to the county council and its budget shall include the cost of government's budget subject to Article 9, Section 9-2.1. (Amended 2012)

**Section 3-9.4. Cost of Government Commission.** For the purpose of carrying out the policy set forth herein, in accordance with section 13-2 of this charter, the mayor with the approval of the council shall appoint a cost of government commission consisting of nine members. The commission shall be advisory to the county auditor. The commission shall have the power and duty to:

1. Study and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein.

2. Be authorized to secure directly from any department, commission, board, office, or any other instrumentalities of all branches of the county government or from any individual officer or employee of the county, information, suggestions, estimates, and statistics necessary to carry out its duties.

3. Submit an annual report of its findings and recommendations to the mayor, council, and county auditor. (Amended 2012)

**Section 3-9.5. Definitions.** For the purpose of this section, the following definitions shall apply:

"Agency or operation of the county" includes any executive agency, semi-autonomous agency, council office, and other establishment of county government supported, in whole or in part, by county or public funds.

"Council office" includes the council itself, the office of a council member and the council member's immediate staff, the office of the county clerk, and the office of council services. This definition shall not be construed as excluding the office of the county auditor from the legislative branch.

"Record" includes any account, book, paper, and document, and any financial affair, notwithstanding whether any of the preceding is stored on paper or electronically. (Amended 2012)