

May 31, 2013

MEMO TO: Members of the Budget and Finance Committee

F R O M: G. Riki Hokama, Chair 
Temporary Investigative Group

SUBJECT: **APPOINTING THE COUNTY AUDITOR** (BF-18)

The Temporary Investigative Group (“TIG”) of the Budget and Finance Committee, having met on January 29, 2013, February 6, 2013, February 8, 2013, April 5, 2013, April 12, 2013, April 29, 2013, May 10, 2013, May 14, 2013, May 15, 2013, May 17, 2013, May 23, 2013, May 24, 2013, and May 28, 2013, makes its report as follows:

I. Purpose

The TIG was formed to recruit and evaluate qualified applicants for the position of County Auditor, and to make findings and recommendations, based on its investigation, on the applicant best suited for the position.

II. Scope of Investigation

The scope of the TIG’s investigation was limited to the following:

- Recruit and evaluate qualified applicants for the position of County Auditor;
- 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 (more appropriately, Section 3-9.1) of the Revised Charter of the County of Maui (1983), as amended (“Charter”), as needed to develop evaluation standards;
- 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;
- Interview applicants, as warranted; and
- Make findings and recommendations, based on the investigation, as to which applicant is best suited for the position of County Auditor.

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III. Background and Recruitment Efforts

At the General Election held on November 6, 2012, the voters of Maui County approved an amendment to the Charter to establish the Office of the County Auditor. Amendments relating to the Office of the County Auditor are found in Sections 3-9, 3-9.1, 3-9.2, 3-9.3, 3-9.4, 9-13, and 15-5 of the Charter.

At its meeting of January 11, 2013, the Salary Commission approved a salary of \$100,000 for the County Auditor, effective July 1, 2013.

On January 18, 2013, the Council referred County Communication 13-8 to the Budget and Finance Committee. The communication transmitted a proposed resolution entitled "APPOINTING THE COUNTY AUDITOR". The purpose of the proposed resolution is to appoint an individual, to be named as the County Auditor of the County of Maui, commencing July 1, 2013, or as soon as practicable thereafter, and terminating June 30, 2019, unless terminated earlier.

The Budget and Finance Committee established the TIG on January 29, 2013, with a March 27, 2013 deadline for the TIG to submit its report of the group's findings and recommendations as to which applicant is best suited for the position of County Auditor.

The TIG posted a job description for the County Auditor position on the County website on February 8, 2013, and on the Association of Government Accountants ("AGA") Hawaii website on February 12, 2013. The job posting contained an application deadline of March 8, 2013.

On March 1, 2013, the Salary Commission posted an agenda for a meeting on March 8, 2013, listing the salary of the County Auditor as a discussion item. The March 8, 2013 meeting was canceled due to lack of quorum.

On March 12, 2013, the Budget and Finance Committee extended the TIG's deadline until May 13, 2013.

At its meeting of April 12, 2013, the Salary Commission approved an increase to the County Auditor's annual salary, setting the salary at \$117,000, commensurate with the salary increase for the County's Director of Finance and the responsibilities of the Auditor.

Immediately following the Salary Commission's decision to increase the salary for the position, the TIG met and decided to extend the application deadline for the position from March 8 to April 30, 2013, to enable the TIG to advertise the newly established salary and optimize its recruitment efforts.

The TIG posted a job description with the increased salary and new application deadline on the County website on April 16, 2013; the Association of Local Government Auditors (“ALGA”) website on April 17, 2013; and the AGA Hawaii website on or about April 18, 2013.

On April 23, 2013, the TIG issued a press release announcing the extended application deadline.

The TIG received resumes from a total of 17 applicants by the April 30, 2013 deadline.

On May 6, 2013, the Budget and Finance Committee extended the TIG’s deadline to submit its report of findings and recommendations until May 31, 2013.

IV. Resources

The TIG had lengthy discussions with Marion Higa, former auditor of the State of Hawaii, on evaluation standards for auditor applicants. Ms. Higa was instrumental in providing input concerning evaluation criteria for the position, based on her years of State auditor experience.

V. Interviews

The TIG reviewed and discussed all resumes and chose to interview the six applicants it deemed most qualified. One of the six applicants withdrew from the process prior to an interview with the TIG.

The TIG interviewed five applicants and requested supplemental written information and references from all five. The TIG reviewed the supplemental information received and conducted reference checks as it deemed appropriate.

Following interviews, one of the applicants withdrew from consideration, having secured alternate employment.

The TIG chose to conduct a second interview with the recommended applicant to ensure the applicant was the right individual for the position.

The TIG was satisfied with the interviews and its resulting recommendation.

VI. Findings

The individual selected to fill the role of the first County Auditor will not only be tasked with conducting or causing to be conducted audit functions, but also will be required to set up the Office of the County Auditor. The successful candidate will, therefore, need to identify and equip office space, hire and manage staff, prepare the Office of the County Auditor's budget, and otherwise lay the groundwork for start-up operations. In addition, the County Auditor will need to quickly gain an understanding of the unique circumstances confronting a tri-isle county, and establish a rapport with County officials to enable the Auditor to effectively access agency records and perform other duties.

The extension of the application deadline was necessary to enable the salary increase authorized by the Salary Commission to be considered by potential applicants, thereby optimizing the TIG's recruitment efforts. Based on the importance of the position and its six-year term, the TIG found a deadline extension through April 30, 2013, to be reasonable.

The TIG thoroughly reviewed and discussed the applications it received.

Once interviews were completed, supplemental documents reviewed, and reference checks deemed appropriate by the TIG were conducted, the TIG found Lance Taguchi to be the best qualified applicant for the position.

The TIG reached its recommendation after considering the significant tasks facing the first County Auditor, the qualifications of all applicants, and the TIG's overall assessment of the candidate who presented the best fit.

The TIG found that Mr. Taguchi meets the qualifications set forth in the Charter. Mr. Taguchi has a Bachelor of Business Administration degree, with a major in Accounting, and a Master of Accounting degree. Mr. Taguchi is licensed in the State of Hawaii as a Certified Public Accountant. He has more than the requisite number of years of audit experience, having worked as an Internal Auditor for American Savings and Loan in Honolulu; an Auditor for Deloitte, Haskins & Sells in Wailuku; and a Field Auditor for the State of Hawaii, Department of Taxation, in Wailuku.

Mr. Taguchi has the added benefit of substantial prior employment experience with the County of Maui – from 2000 through present – working first for the executive branch (Executive Assistant, Office of the Mayor), then for the legislative branch (Legislative Analyst for the Office of Council Services, then Deputy County Clerk). While working with the legislative branch, Mr. Taguchi assisted with the procurement of the independent audit of the County's comprehensive annual financial report. Mr. Taguchi also has private sector work experience in business and financial capacities.

Reference checks conducted by the TIG yielded very positive responses concerning Mr. Taguchi's suitability for the position. The TIG considered, and found influential, Mr. Taguchi's thorough knowledge of how Maui County works, his ease in communicating with people and gaining their confidence, feedback that Mr. Taguchi is extremely hard-working and honest, Mr. Taguchi's prior work with the County's independent auditors, and his already-established understanding of the need for government efficiency balanced with cost-saving concerns.

The TIG noted Mr. Taguchi has demonstrated his commitment to Maui County through his years of public service and his active involvement with community organizations. Further, the TIG was of the opinion that Mr. Taguchi's familiarity with the way County government operates would be particularly helpful in implementing the Charter amendments relating to the Office of the County Auditor, and prudently and diligently administering the County Auditor's responsibilities.

Accordingly, the TIG found Mr. Taguchi to possess the qualifications and character necessary for the position of County Auditor.

VII. Recommendations

1. Based on its investigation and these findings, the TIG unanimously recommended Lance Taguchi as the applicant who is best suited for the position of County Auditor.

2. The TIG further recommended the proposed resolution attached to County Communication 13-8, entitled "APPOINTING THE COUNTY AUDITOR", be revised by replacing the blank line with the name "Lance Taguchi" in the BE IT RESOLVED paragraph.¹

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¹The TIG notes the section reference in the second WHEREAS paragraph of the proposed resolution should be revised to Section 3-9.1.