

**COST OF GOVERNMENT COMMISSION
MINUTES
Kalana O Maui Building, 9th Floor, Mayor's Conference Room
Thursday, July 18, 2013**

- PRESENT:** Frank De Rego Jr., Chair
Ronald Kawahara, Vice-Chair
Steve Aheong, Member
Jeff Halpin, Member
Tina Gomes, Member
Sunny Gutierrez, Member
- EXCUSED:** Garrett Evans, Member
Victoria Johnson, Member
Yuki Lei Sugimura, Member
- STAFF:** Mike Molina, Executive Assistant
Michelle Makii, Administrative Assistant
Scott Hanano, Corporation Counsel
Ed Kushi, First Deputy Corporation Counsel
- OTHER:** Shelley Pellegrino, Technical Writer for the Commission

I. CALL MEETING TO ORDER

Chair De Rego called the meeting to order at 9:03 a.m.

II. PUBLIC TESTIMONY

There was no public testimony.

III. REVIEW AND DISCUSS JUNE 13, 2013 MEETING MINUTES

Commissioner Gutierrez moved and Vice Chair Kawahara seconded the motion to pass the June 13, 2013 meeting minutes. The motion carried unanimously.

IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED

There was no correspondence received.

V. INTRODUCTION OF COUNTY AUDITOR – MR. LANCE TAGUCHI

County Auditor Lance Taguchi introduced himself, provided a copy of his resume, and summarized his professional background prior to becoming the County Auditor. Commission members and staff then introduced themselves to the Auditor.

A. Discussion on Current Plans and Action Taken for Establishing the Office of the County Auditor

Mr. Taguchi explained that his immediate task is to set up his office. Mr. Taguchi stated that he has secured office space in the Wells Street Professional Center to be close to the County “campus.” He is now working to hire personnel, which will likely include three employees — two analysts and an administrative assistant. He will also need to purchase office equipment and work with the Information Technology Services Division to get connected to the County’s local area network (LAN) system. Mr. Taguchi stated that he hopes the office is operational in two months.

Vice Chair Kawahara inquired about whether the Auditor’s office would be large enough to hold Commission meetings. Mr. Taguchi responded that the space in the Auditor’s Office might not be as large or accessible to the public as the Mayor’s Conference Room, which the Commission currently uses. Mr. Taguchi suggested that the Commission consider continuing to hold its meetings in the Mayor’s Conference Room if permissible. Executive Assistant Mike Molina opined that Mayor Arakawa would likely be open to this idea. Chair De Rego stated that he would make a formal request to Mayor Arakawa in writing.

Chair De Rego noted that that the Mayor is authorized by Charter to designate a representative to attend Commission meetings, but he hoped that the County Council would send a representative to future meetings as well. First Deputy Kushi clarified that Section 7-5 (15) of the Charter provides that the Mayor’s Office can have a voice, but no vote, at board and commission meetings. First Deputy Kushi stated, however, that it is unclear under the Charter whether the County Council has the same authority; nevertheless, the Charter does not preclude the Commission from inviting Council representatives to attend meetings, nor does it preclude the Council from deciding on its own accord to send representatives to Commission meetings.

With respect to the hiring process, Mr. Taguchi stated that he has been in contact with the City and County of Honolulu Auditor, the Acting Legislative Auditor from the Big Island, and the Acting State Auditor. He has received position descriptions and information from these individuals, and is currently drafting position descriptions and preparing to advertise the positions soon. Mr. Taguchi plans to advertise in The Maui News and the County’s website, as well as on other websites suggested by the City and County of Honolulu Auditor. Mr. Taguchi will receive some assistance in reviewing resumes and interviewing candidates from the City Auditor and Hawaii County’s Acting Legislative Auditor. However, the final hiring decisions will be made by him so as to ensure his independence.

Mr. Taguchi stated that the County’s Fiscal Year 2014 Budget allocated \$900,000 to the Office of the County Auditor, of which approximately \$350,000 is earmarked for the Fiscal Year 2014 audit. Mr. Taguchi added that he does not anticipate doing a large number of audits initially because he and his staff will need to be trained. He also anticipates that there will be a period of time where he will take input from the Commission, County Administration, County Council, and public to develop his audit plan. Mr. Taguchi said he plans to have an “open door policy” to everyone, including the public.

B. General Discussion on Collaboration Between the County Auditor and the Cost of Government Commission

Chair De Rego explained that the Commission established two temporary investigative groups: (1) Strategic Plan; and (2) Assessment and Evaluation of County Auditor. Commission members then provided brief overviews of the two groups. First, Vice Chair Kawahara explained that the Strategic Plan group set out to create mission and vision statements. The goals and action plan will be done in collaboration with the County Auditor. He noted that the group hopes to collaborate with the Auditor, and that a positive working relationship will serve all the citizens of Maui County. Second, Commissioner Gutierrez stated that the Assessment and Evaluation group is still in the information gathering stage, and hopes to bring its assessment process in line with other County commissions (e.g., Fire and Public Safety, Police).

Mr. Taguchi responded that he appreciates the input of the Commission, but that he is still mulling over the Commission's role as it relates to the Office of the Auditor. For example, how does the Commission's strategic plan relate to the Auditor? Vice Chair Kawahara responded that the Commission does not have any legal authority over the Auditor, but he hopes that the Commission and Auditor can agree on a mission and vision and ultimately work together.

Chair De Rego added that he is very aware of the Commission's advisory role under the Charter, but that the County could benefit from the Commission and Auditor undertaking the strategic plan process together. Chair De Rego also noted that there should be an objective review of the auditor. In other words, the assessment and evaluation process should not be adversarial, but rather point out areas of improvement and offer suggestions on how to better the Office. Finally, Chair De Rego stated that the Commission and Auditor are still in the early stages of developing a relationship in order to best serve the people of the County of Maui.

Mr. Taguchi then provided an overview of how he perceives the Office of the Auditor. He expects the Office to be independent, maintain professional standards, be adequately trained, and have a knowledgeable staff. He emphasized that his credibility will be based on his independence not just from the County Administration and County Council, but from all groups including the Commission. Mr. Taguchi noted that he will always be open to advice, but that he hesitates to merge the Auditor's Office with the Commission. He noted that any perception that the Commission and Auditor's Office are "one" will diminish the independence and effectiveness of the Auditor. Mr. Taguchi also pointed out that at some point, one of his recommendations may be challenged as being "political" and/or debated in the press, and that the challenge might spill over onto the Commission.

Mr. Taguchi concluded by saying that he wants to develop a relationship with the Commission, but does not envision the Auditor's Office working in "lockstep" with the Commission. He envisions instances where the Commission supports his audit report(s) as well as times where the Commission will disagree, which he believes is a good "check and balance" system.

Vice Chair Kawahara responded that he thought any divergence of opinion between the Commission and the Auditor would be detrimental to both. He envisions the relationship between the two as akin to the relationship between an organization's Board of Directors and its CEO. To that end, the Commission's role is to support the Auditor's recommendations.

Vice Chair Kawahara also pointed out that he perceived that word "auditor" to be too narrow because it connotes only "financial" audits. He thought potential audits should also focus on consulting and management issues. Vice Chair Kawahara concluded by saying that everyone in the room wants to serve the County in a transparent, efficient, and fair way. The Commission wants to collaborate with the Auditor and be informed of his plans, but not interfere in any way.

Commissioner Gutierrez stated that she appeared before the County Council prior to her appointment and that the Council seems to feel that the Commission's role is important. She added that all the commissioners are committed and ready, willing, and able to help, and encouraged Mr. Taguchi to use their services as best he can.

Commissioner Halpin stated that, based on his experience thus far, the Commission is not political in any sense and has no intention of micromanaging the Office of the Auditor. Commissioner Aheong echoed Commissioner Gutierrez's and Commissioner Halpin's remarks.

Mr. Taguchi affirmed that he wants to work with the Commission, but the extent to which the Auditor's Office collaborates with the Commission is a process that needs to be developed. His primary concern is that everyone be cognizant of the impressions that are being made of the relationship.

VI. INVESTIGATIVE REPORTS

A. Assessment and Evaluation of County Auditor

Commissioner Gutierrez stated that the group had not formally met, but its members are gathering information. The group hopes to have a more formal report to present at the August meeting.

B. Strategic Plan

Commissioner Gomes distributed a brief written summary of the group's mission statement, vision statement, and goals. She noted that the language of the mission statement is taken directly from the County Charter. The vision statement is also broadly stated. The goals, however, are still a work in progress. Vice Chair Kawahara added that the goals will likely change over time.

Chair De Rego asked commissioners to review the report, offer suggestions to the group prior to the next meeting, and be prepared to discuss the strategic plan further at the August meeting.

VII. STATUS OF MEETINGS WITH COUNCIL MEMBERS FOR COST OF GOVERNMENT COMMISSION 2012 – 2013 ANNUAL REPORT

A. Discuss Arrangements and Results of Meetings with Council Members to Introduce the Annual Report

Chair De Rego stated that he and Vice Chair Kawahara plan to meet with Councilmember Riki Hokama. All other Council members have met with Commissioners over the past few months to discuss the 2012 – 2013 Annual Report.

B. Arrangements with Budget and Finance Committee Chair for Presentation of Cost of Government Commission 2012 – 2013 Annual Report

Chair De Rego is making arrangements to meet with the Budget and Finance Committee.

VIII. DETERMINE NEXT MEETING DATE AND AGENDA

The next meeting is scheduled for August 8, 2013, in the Mayor's Conference Room, at 9:00 a.m.

IX. ADJOURNMENT

Commissioner Gomes moved and Commissioner Halpin seconded the motion to adjourn. The motion passed unanimously. The meeting adjourned at 11: 17 a.m.