

**COST OF GOVERNMENT COMMISSION
MINUTES
Kalana O Maui Building, 9th Floor, Mayor's Conference Room
Thursday, February 13, 2014**

PRESENT: Frank De Rego Jr., Chair
Ronald Kawahara, Vice-Chair
Tina Gomes, Member
Jeff Halpin, Member
Gayle Long, Member
George Shimada, Member

EXCUSED: Steve Aheong, Member
Garrett Evans, Member
Yuki Lei Sugimura, Member

STAFF: Camille Sakamoto, Administrative Officer, Office of the County Auditor
Ed Kushi, First Deputy Corporation Counsel
Linden Joesting, Deputy Corporation Counsel

OTHER: Lance Taguchi, County Auditor
Scott Kaneshina, Senior Analyst, Office of the County Auditor
John Buck, Executive Assistant to the Mayor
Shelley Pellegrino, Technical Writer for the Commission

I. CALL MEETING TO ORDER

Chair De Rego called the meeting to order at 9:06 a.m.

II. PUBLIC TESTIMONY

There was no public testimony.

III. REVIEW AND DISCUSS JANUARY 9, 2014 MEETING MINUTES

Commissioner Halpin moved that the January 9, 2014 Executive Session minutes be approved, and Commissioner Long seconded the motion. The motion carried unanimously.

Vice-Chair Kawahara moved that the January 9, 2014 regular meeting minutes be approved, and Commissioner Gomes seconded the motion. The motion carried unanimously.

IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED

There was no correspondence received.

V. COUNTY AUDITOR'S UPDATE

County Auditor Lance Taguchi stated that his office had issued its first audit plan and that he was in the preliminary planning phase of the audit.

Chair De Rego asked Mr. Taguchi to follow-up on two questions that were raised by the Commission at its January 2014 meeting, specifically, the type of criteria the Auditor used when determining what type of projects to evaluate, and how he defines the "Treasury function" in one of his self-initiated audit plan projects.

Mr. Taguchi stated that in preparing his audit plan, he consulted with the auditors' offices from other counties and the State and they provided information regarding the types and sources of information they receive when developing their audit plan. These auditors indicated that they often do a required audit and, in the process, find things in the audit that raise additional or separate problems. They then use this information to initiate a separate audit (rather than expand the scope of the initial audit). Sometimes, they receive tips from the police or public. In another instance, the County of Hawaii conducted a risk assessment, but the process was very long and cumbersome. Finally, the auditors rely on their knowledge based on their prior government experience.

Vice-Chair Kawahara inquired how an audit initiated by the Auditor's office differs from an outside audit. Mr. Taguchi responded that his office focuses more on performance audits, as compared to outside auditors who focus more on financial audits.

With respect to the Treasury function, Mr. Taguchi stated that the Treasury Office handles \$300 – \$400 million in investments, and has experienced turnover in a number of key positions recently. Consequently, Mr. Taguchi thought it as appropriate to see what policies and procedures are in place to ensure that County assets are safeguarded.

VI. DISCUSS 2013 – 2014 ANNUAL REPORT

Chair De Rego presented the Commission with a draft of the 2013–2014 Annual Report for its review.

Vice-Chair Kawahara asked that the word "mandate" in the second paragraph of the first page be changed to "mandated."

Commissioner Gomes requested that the header of Section IV.A. be amended to read, "Strategic Plan 2014–2017."

Commissioner Halpin requested that the first sentence of the sixth paragraph of the report be amended to read, "The Commission encourages the County Council and the Mayor to consider this report *and past reports* as they deliberate recommendations . . ." (new language in italics).

Chair De Rego requested that he be permitted to add an additional section on “County Space Requirements and Management” in Section II of the report. There were no objections to his request, and he will draft additional language to be presented at the March meeting.

Commissioner Gomes requested that she be able to provide a list of sources used by the commissioners when drafting the “Strategic Plan.” These sources could then be identified in a footnote to the report. There were no objections.

Commissioner Halpin asked whether the Commission should state what position it had taken with respect to advising the County Auditor whether to audit the Old Wailuku Post Office demolition. Vice-Chair Kawahara responded that he thought such language was unnecessary given the fact that the Auditor had decided to move forward with an audit. The Commission decided not to include any additional language.

Commissioner Halpin also wanted to acknowledge the dedication and hard work of the Chair De Rego and Vice Chair Kawahara in leading the Commission. The Chair and Vice Chair declined such recognition.

Mr. Taguchi asked that he be permitted to make a few comments on the draft report. First, he asked the Commission to follow up with the County of Kauai’s evaluation process, because he understood that a 360-degree performance model had not been implemented as stated in the report.

Second, Mr. Taguchi stated that he does not support the language in Section IV.B. regarding “local stakeholders” participating in an assessment of the County Auditor. Mr. Taguchi expressed concern that asking the Administration and County Council to evaluate the Auditor would infringe on his independence. He added that he had discussed this possibility with his counterparts in other counties and the State, and that they warned him to be careful of assessment processes that include the legislative or executive branch. Mr. Taguchi acknowledged that the report is the Commission’s alone, but wanted to share his position with the commissioners. The Commission decided to retain the language as written.

Commissioner Shimada requested that the number “2014” in the first sentence of Section IV. be modified to read “2013.”

VII. DISCUSS COST OF GOVERNMENT LEADERSHIP TRANSITION

Vice-Chair Kawahara stated that it is important that the 2014–2015 Commission be led by an experienced member. He recommended Commissioner Gomes be considered as Chair. First Deputy Corporation Counsel Ed Kushi recommended the commissioners think about who they would like to lead and take a vote at either the March or April meeting.

VIII. DISCUSS RECOMMENDATIONS FOR FUTURE INVESTIGATIONS BY THE COMMISSION

Vice-Chair Kawahara recommended that the Commission consider reviewing the following: (1) biennial budget process; (2) real property tax assessment process; (3) emergency preparedness (i.e., how is the County prepared for a potential disaster and is it available to the public?); and (4) County procurement process.

Chair De Rego recommended that the Commission review the General Plan process and whether there is a better and more efficient planning process that could be instituted by the County. He also recommended the Commission review prior reports for potential areas on which to follow up.

IX. DETERMINE NEXT MEETING DATE AND AGENDA

The next meeting is scheduled for March 13, 2014, in the Mayor's Conference Room, at 9:00 a.m. The agenda will include a review and approval of the Annual Report, and the election of officers.

X. ADJOURNMENT

Commissioner Long moved and Commissioner Gomes seconded the motion to adjourn. The motion passed unanimously. The meeting adjourned at 10:35 a.m.