



Ernesto G. Pasion
County Auditor

OFFICE OF THE COUNTY AUDITOR

COUNTY OF KAUA'I, STATE OF HAWAII

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TO: Council Chair Jay Furfaro
Vice-Chair JoAnn Yukimura
Councilmember Tim Bynum
Councilmember Dickie Chang
Councilmember KipuKai Kualii
Councilmember Nadine Nakamura
Councilmember Mel Rapozo

FROM: Ernesto G. Pasion 
County Auditor

SUBJECT: Annual Audit Work Plan for FY 2011-12

In accordance with Kauai County Charter section 32.02.A.3. I submit my plan of audits for FY 2011-12 as follows:

- Audit of the County's Budget Practices and Budget Monitoring
The audit questions for this audit include whether the budgeted revenues and expenditures are projected reasonably, whether departments prepare and monitor budgets effectively, and how the county's budget practices compare with the Government Finance Officers Association's *Recommended Budget Practices*.
- Audit of the County's Cash Management Practices
The objectives of this audit will include an evaluation of county practices relating to the selection of banking services and the use of bank accounts, including the temporary investment of excess cash (i.e., cash held by the county in excess of immediate needs). This audit will so examine the processes and controls designed to ensure that cash receipts are properly safeguarded from initial points of collection.
- Audit of the County's Programs to Manage Employee Costs: Furlough
The questions for this audit include whether the expected monetary savings were achieved, whether internal controls or revenue streams were affected by the furlough, and the impact of the furlough on the local economy. Work on this audit commenced in April 2011.

- Audit of the County's Programs to Manage Employee Costs: Partial Hiring Freeze
The questions for this audit include whether the expected monetary savings were achieved and whether internal controls were compromised because positions providing checks and balances were not filled. Work on this audit also began in April 2011.
- Review and Assessment of Selected Issues Regarding the Enforcement of Permitting Conditions (pre-audit survey)
This pre-audit assessment reviews the feasibility of a full audit on selected issues involving the enforcement of planning and building permit conditions, including how permitting conditions are being enforced, and if permitting fees and real property taxes on permitted structures are being appropriately assessed and collected.
- Financial Audit of the County of Kaua'i for the Fiscal Year Ending June 30, 2011 (contract audit)
The audit consists of the overall financial audit of the County and the Single Audit of federally-funded programs, including all ARRA-funded programs.

As explained in the budget presentations, we anticipate being able to complete three audits each fiscal year. As planned audits are concluded, we may perform other audits or pre-audit assessments including the following:

1. Selected Issues Regarding Overtime Incurred within the Refuse Collection Section of the Solid Waste Division of the Department of Public Works and the Kaua'i Police Department.
2. Selected Issues Regarding Hazardous Work at the Kekaha Landfill.
3. Selected Issues Regarding Sick Leave Usage/Abuse.

I will notify you in writing if we add audits, terminate audits, or otherwise change the audit plan.

In addition to the audits, the Office of the County Auditor will issue a citizen-friendly, plain language publication describing the highlights of the Financial Audit. Moreover, the audit manual will be completed early in the fiscal year. The manual serves as a guide in the conduct of the audit work and will assist in ensuring that the office meets Government Auditing Standards as required by the Kaua'i County Charter section 32.02 A.4.

Through these audits and publications, we intend to provide professional and objective information for the purpose of promoting efficiency, effectiveness, and transparency in county operations.

C: Mayor Bernard P. Carvalho, Jr.
County Clerk Peter A. Nakamura