



COUNTY OF KAUA'I

Office of the County Auditor

Fiscal Year 2016-2017 Annual Report

OFFICE OF THE COUNTY AUDITOR
Annual Report
Fiscal Year July 1, 2016 to June 30, 2017

I. MISSION STATEMENT

The mission and vision of the Office is to promote honest, efficient, effective, and accountable government for the County of Kaua'i through carefully selected audits of critical areas.

Pursuant to the Kaua'i County Charter, the audits conducted by the Office should include an independent annual or biennial audit of all county funds and accounts, in addition to performance audits having the purpose of ensuring and determining whether government services are being efficiently, effectively, and economically delivered.

II. DEPARTMENT GOALS

The goals of the Office are:

- To serve as a catalyst for positive change throughout county operations;
- To encourage efficiency and effectiveness of county programs;
- To inspire public trust by safeguarding the county's financial integrity by having annual financial audits performed by outside auditors and conducting in-house performance audits; and
- To help ensure that the county's scarce resources are used effectively, efficient, and economically.

III. PROGRAM DESCRIPTION

Like other government auditing offices, we conduct audits and analyses designed to identify opportunities for significant efficiencies and savings, as well as improving transparency for the general public, while helping to ensure that their tax dollars are being spent ethically, competently, and appropriately.

Our audits provide factual information to county policymakers and the public. The financial audits tell us the financial condition of the county. The performance audits provide information necessary to evaluate specific programs, as well as identify inefficiencies, fraud, and other risks.

We conduct audits in accordance with government auditing standards, as required by the Kaua'i County Charter. The standards are also referred to as General Accepted Government Auditing Standards (GAGAS) or the Yellow Book. The GAGAS standards deal with the independence of the audit function and quality control of fieldwork and reports, and are designed to ensure that high quality government audits are conducted uniformly, with appropriate safeguards in place, and are delivered with competence, integrity, objectivity, and independence.

Our audit work is subjected to being audited every three (3) years by a team of external auditors. This type of audit, is referred to as a “peer review,” and makes certain that adequate and effective quality control and internal monitoring systems and procedures are in place. Peer reviews also evaluate our audit reports to determine if the audits were conducted properly and in compliance with our quality control procedures. Based on the experience of other government organizations, the three-year requirement means that the Office of the County Auditor will be audited more often than any other county department or function.

The final reports of all audits are public information and are posted on our County website. The availability of our audits enables the community to have access to the same information that we provide to the Kaua‘i County Council and the Mayor.

IV. BUDGET

The Fiscal Year 2016-2017 budget for the Office of the County Auditor was \$588,646.

V. ACCOMPLISHMENTS / EVALUATION

The contract (external) auditor, N&K CPAs, Inc. issued a clean audit report for the fiscal year ended June 30, 2016. The full text of the consolidated annual financial report is available on the website of the Office of the County Auditor.

The Office also completed the performance audit related to the Kaua‘i Humane Society, which was handled by external auditors Spire Hawai‘i LLP. This performance audit was authorized by the Kaua‘i County Council’s passage of Resolution No. 2015-55 on August 5, 2015 (transmitted to the Office of the County Auditor on September 14, 2015). The overall purpose of the performance audit was to facilitate an objective and systematic examination of the use of County funds for services provided by the Kaua‘i Humane Society under the terms of Contract No. 9274.

As of the date of this report, the position of County Auditor is currently vacant and is under continuous recruitment by its appointing body, the Kaua‘i County Council. All other positions within the Office also remain vacant.