



COUNTY OF KAUA'I

# Office of the County Auditor

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Fiscal Year 2020-2021 Annual Report

**OFFICE OF THE COUNTY AUDITOR**  
**Annual Report**  
**Fiscal Year July 1, 2020 to June 30, 2021**

**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 that ensure and determine 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 effectiveness and efficiency of county programs;
- To inspire public trust by safeguarding the county's financial integrity by having annual financial audits performed by external auditors and conducting in-house performance audits; and
- To help ensure that the county's scarce resources are used effectively, efficiently, and economically.

**III. PROGRAM DESCRIPTION**

Like other government auditing offices, we conduct audits and analyses designed to identify opportunities for efficiency and significant 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 convey 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 is provided to the Kaua‘i County Council and the Mayor.

#### **IV. BUDGET**

The Fiscal Year 2020-2021 budget for the Office of the County Auditor was \$262,040.

#### **V. ACCOMPLISHMENTS / EVALUATION**

The contract (external) auditor, N&K CPAs, Inc. issued a clean audit report for the fiscal year ended June 30, 2020. The full text of the Annual Comprehensive Financial Report (ACFR) is available on the website of the Office of the County Auditor.

The Office (via funding from the Office of the County Clerk, Council Services Division) continued with four (4) performance audits which were approved by the Kaua‘i County Council and will be handled by external auditors Spire Hawai‘i LLP. The performance audits include:

- Kaua‘i Fire Department: Managerial Issues;
- Department of Public Works – Roads Division: Operational Readiness & Implementation of the General Excise Tax (GET) Surcharge;
- Disaster Related Funding: Procurement and Award; and
- Department of Public Works – Solid Waste Division: Operational and Managerial Issues.

The audit of the Kaua‘i Fire Department: Managerial Issues was completed with a briefing to the Kaua‘i County Council on November 25, 2020.

As of the date of this report, the position of County Auditor is currently vacant and is under continuous recruitment by the appointing authority, the Kaua‘i County Council. All other positions within the Office also remain vacant. The operational duties and functions of this Office are being handled by the Office of the County Clerk, Council Services Division.