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PRESS RELEASE

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Audit Finds Deficiencies and Favoritism from a Poorly Planned and Managed Kauai Furlough Program

Today, Kaua'i County Auditor Ernesto G. Pasion released the results of a performance audit of the County's furlough program. The audit was conducted by PKF Hawai'i LLP, and examined the financial impact and management of the program, which took place from July 1, 2010 to December 31, 2010. The audit revealed deficiencies in planning, and lack of transparency and accountability in execution of the furlough program, which closed county offices for two days a month.

"What jumps out from the audit report is the need for the furlough" said Auditor Pasion. "Press releases and notices said that the furlough was needed to address the county's financial difficulties. The public and the employees were told that county offices needed to be shut down because the county was in financial difficulty. This was not true. In reality, financial need had not been analyzed and the county had an unappropriated surplus of \$58,614,000. Although the administration says it gave the unions justification for the furlough, we question whether the unions knew about the true financial condition of the county when they agreed to commit their members to the furlough. Yet no one is being held accountable for ordering a furlough," said the County Auditor.

"I was also troubled that the furlough program was not monitored and favoritism may have been allowed to occur," said Auditor Pasion.

"-It is unthinkable that while the pay of most county employees was cut, all but one of the deputy county attorneys received pay raises to the maximum salary level just before the furlough started. The deputy who did not receive a pay raise was being paid more than allowed by the salary commission. Most of the deputy county attorneys received 8.48 percent raises, so their pay cuts were only .75 percent,

compared to 9.23 percent for the other employees on furlough. This kind of preferential treatment would not have been exposed without the audit.

-The pay of water safety officers, lifeguards, police dispatchers and a public safety officer was cut only 5 percent. On top of that, they received 5 extra days of paid leave, a benefit not available to other employees. This, too, shows that preferential treatment would not have been exposed without the audit.

-The audit revealed a large number of withholding errors, primarily affecting blue collar workers on 10-hour shifts. Their pay was cut more than 9.23 percent. If the audit had not occurred, these employees would not know that too much was taken out of their pay. We let the administrative and legislative branches know about the errors, but no action is being taken. Responsible management should address the errors."

"County employees and their families suffered financially because of the pay cuts. Kaua'i citizens suffered because they could not get county services or assistance for two days a month. And the economy of the county suffered from the furlough. Was this suffering necessary?"

"The County of Kaua'i will undoubtedly face financial challenges in the future. The audit shows how the county can be more proactive, transparent and accountable in handling these challenges so that Kaua'i citizens and county employees do not suffer needlessly."

Acknowledging the findings and recommendations in the audit, the administration has agreed to implement the audit's recommendations and address the issues identified in the audit.

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