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CITY AUDITOR

OFFICE OF THE CITY AUDITOR
CITY AND COUNTY OF HONOLULU
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June 25, 2004

TO: COUNCIL CHAIR DONOVAN DELA CRUZ
COUNCILMEMBER ROMY CACHOLA
COUNCILMEMBER CHARLES DJOU
COUNCILMEMBER MIKE GABBARD
COUNCILMEMBER NESTOR GARCIA
COUNCILMEMBER ANN KOBAYASHI
COUNCILMEMBER BARBARA MARSHALL
COUNCILMEMBER GARY OKINO
COUNCILMEMBER ROD TAM

OCA 04-103

SUBJECT: **PROPOSED ANNUAL WORK PLAN FOR FY2004-05**

On July 1, 2003, the Council appointed its first City Auditor to a six-year term. The City's independent audit agency, Office of the City Auditor, will soon reach its one-year anniversary. First year accomplishments include establishing audit operations and a new office out in Kapolei, hiring staff, and conducting audits of City departments and operations. The City Auditor administered the City's annual financial audit for FY2002-03 and completed two performance audits of City departments pursuant to Resolution 03-198, the *Review of the Department of Enterprise Services' Efforts Toward Fiscal Self-Sustainability* and the *Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers*. Much has been learned about the dynamics of City government and the extent to which information on City agencies and operations has not been available to Council in a timely manner.

Mission

The mission of the Office of the City Auditor is to promote honest, efficient, effective and accountable City government. In addition, the City Auditor serves as a catalyst for improving City government. The Council and the public need timely, objective and accurate information about the performance of City departments, agencies and programs. To fulfill this mission, the City Auditor conducts audits and examinations of City departments, programs, and services.

Proposed Audits for FY2004-05

In the coming year, we anticipate that the appropriation of funding for additional auditors will enable the office to broaden the areas of review as well as complete additional audits. In accordance with City Charter Section 3-502.1(c) the City Auditor is submitting to Council, the plan of proposed audits for FY2004-05.

The City Auditor developed the list of proposed audits for FY2004-05 through careful consideration of Council Resolutions, a risk assessment of City agencies and programs, and information from prior years' budget hearings and the public.

1. Annual Financial Audit of the City & County of Honolulu for FY2003-04.
2. Management Audit of the Honolulu Liquor Commission.
3. Audit of the City's Procurement Practices Regarding Non-Bid Contracts.
4. Audit of the City's Road Maintenance Program.
5. Audit of the City's Brunch and Sunset on the Beach Programs.

Depending on the qualifications and experience level of new staff hired, we may amend this work plan during the fiscal year to add audits to this plan or substitute audits with higher priority topics that may result from concerns raised by the public and Council. Any amendments to this plan will be communicated to Council and the Mayor.

Administrative Goals for FY2004-05

The City Auditor will proceed with implementing administrative tasks in furtherance of this office's continued development as an independent agency and the requirement to conduct all audits in accordance with government auditing standards. The following goals are planned for the next fiscal year. Upon the appropriation of funds for FY2004-05, the office will proceed with plans for office space and additional staffing.

- Expand office space and hire additional audit staff in accordance with available funding;
- Finalize the office's draft audit manual;
- Provide and certify the completion of the mandatory 80 hours of continuing professional education training by the audit staff as required by government auditing standards; and
- Make enhancements to the City Auditor's website.

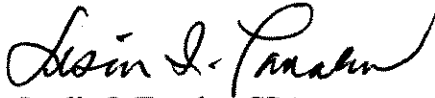
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Conclusion

The Office of the City Auditor is committed to providing Council and the public with information on City programs and operations in a fair and balanced manner. Through our core values of *Independence, Objectivity and Professionalism*, we will continue the important work of pursuing greater accountability, efficiency and effective government operations for the City and County of Honolulu.

Any comments regarding the proposed audit work plan are welcomed. I would appreciate receiving comments by July 15, 2004. Thank you.

Sincerely,



Leslie I. Tanaka, CPA
City Auditor

c: Mayor Jeremy Harris
Office of the City Clerk