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June 28, 2024

Honorable Heather Kimball, Council Chair
and Members of the Hawaiʻi County Council
Hawaiʻi County Council
25 Aupuni Street
Hilo, Hawaiʻi 96720

Dear Chair Kimball and Council Members,

In accordance with Hawaiʻi County Charter Section 3-18(d)(2), the Office of the County Auditor's Fiscal Year 2024-25 Annual Audit Plan is attached. This provision requires our office to transmit an annual audit plan to the Hawaiʻi County Council and the Mayor.

Our plan includes the following:

- Annual Comprehensive Financial Report for Fiscal Year Ending 2024
- Single Audit of Federal Financial Assistance Programs for Fiscal Year Ending 2024
- Audit of the Financial Statements of the Department of Water Supply for Fiscal Year Ending 2024
- One self-initiated audit
- One follow-up audit
- Four surprise cash counts
- Carryover items, unplanned engagements, and special projects
- Consider Council-initiated audits/projects

We want to take this opportunity to share our appreciation with the entire organization as we look forward to pursuing the upcoming audit engagements and projects for the County of Hawaiʻi.

Respectfully,

Tyler J. Benner
County Auditor
County of Hawaiʻi

County of Hawaiʻi Annual Audit Plan

Fiscal Year 2024-25

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Date:	June 28, 2024
To:	Honorable Heather Kimball, Council Chair and Members of the Hawaiʻi County Council
From:	Tyler J. Benner, County Auditor
Subject:	**Annual Audit Plan Fiscal Year 2024-25**

Executive Summary

Under Hawaiʻi County Charter Section 3-18(d)(2), the Office of the County Auditor respectfully submits its Fiscal Year 2024-25 Annual Audit Plan. The provision requires our office to provide an annual audit plan to the Hawaiʻi County Council and the Mayor.

An audit plan identifies specific agencies, departments, divisions, funds, programs, and activities that may be considered for examination to achieve one or more of the audit objectives.

After considerable discussion and analysis, we designed the work plan to focus on priorities including data security, public safety, organization alignment, transparency, and program efficacy.

Respectfully,

Tyler J. Benner
County Auditor
County of Hawaiʻi

Cc. Honorable Mitchell D. Roth, Mayor
Deanna Sako, Managing Director
Jon Henricks, County Clerk

Vision Statement

Our vision is to enhance County government by leveraging new and emerging technology, evolving the control environment at the speed of business, to provide reasonable assurance that public resources and services are receiving the adequate stewardship they deserve.

Mission Statement

It is our mission to serve the Council and citizens of Hawaiʻi County by promoting accountability, fiscal integrity, and openness in local government. Through performance and/or financial audits of County agencies and programs, the Office of the County Auditor examines the use of public funds, evaluates operations and activities, and provides findings and recommendations to elected officials and citizens in an objective manner. Our work is intended to assist the County government in its management of public resources, delivery of public services, and stewardship of public trust.

Audit Objectives

We achieve our mission by pursuing the following audit objectives:

- Determine the effectiveness and efficiency of organizations accomplishing their mission and identify cost savings and revenue enhancement opportunities.
- Evaluate adequacy and compliance of internal controls, policies and procedures, systems, and processes.
- Evaluate proper accounting and safeguarding of County-owned assets.
- Cause to conduct reviews of the accuracy of financial and operating transactions.
- Confirm compliance with local, state, and federal laws and regulations.
- Proactively identify and investigate reported fraud, theft, waste, abuse, etc. and recommend controls to prevent and detect such occurrences.
- Determine the effectiveness and efficiency of County programs and resources being utilized.
- Follow-up, review, and evaluate previously conducted audits to ensure management actions achieve satisfactory solutions to all significant issues.

Fiscal Year 2024-25 Planned Audits

(Order yet to be determined)

Mandated by Charter

- Annual Comprehensive Financial Audit of the County of Hawaiʻi
- Single Audit of Federal Financial Assistance Programs
- Audit of the Financial Statements of the Department of Water Supply

In accordance with Hawaiʻi County Charter Section 10-13, our office will monitor the contract with the external auditor, Accuity LLP, (RFP #4375a), to complete the following:

- Conduct audits of the accounts and other evidence of financial transactions of the County of Hawaiʻi for the Fiscal Year Ending June 30, 2024
- Single Audit* of Federal Financial Assistance Programs for Fiscal Year Ended June 30, 2024
    - Report for Landfill Financial Assurance; and
    - Financial Assessment Electronic Submission of Section 8 – Housing Choice vouchers
- Financial Audit of the Department of Water Supply for the Fiscal Year Ended June 30, 2024

*Additional programs may be added as determined by the Schedule of Expenditures of Federal Awards (SEFA).

Audits In Process

The office will complete and publish carryover items from the previous year.

- Department of Environmental Management, Abandoned Vehicles
    - Completed, Management Response Received
    - Unpublished
- Department of Public Works, Highways and Engineering Divisions, Bridges and Culverts
    - Completed, awaiting Management Response
    - Unpublished
- Department of Public Works, Building Permits
    - Fieldwork in Progress
    - Unpublished

Additions to the Audit Work Plan

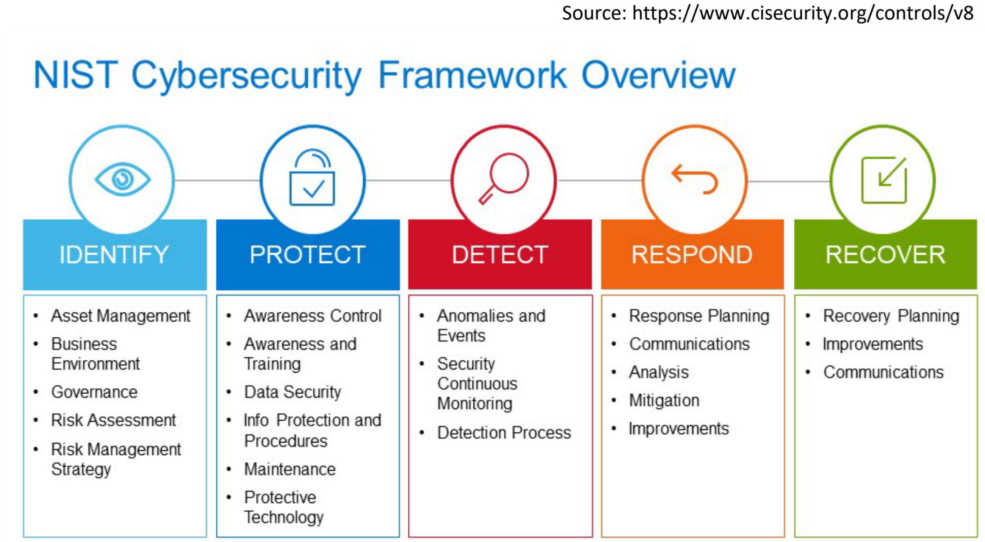
We continuously evaluate risk. Risk can be inherent and dynamic and can evolve rapidly. Our audit plan may be modified at any time. Modifications should not be considered a plan failure but should instead reflect the changing environment and the need to adapt to new and unanticipated threats.

Self-Initiated Audits

➢ **Information Technology: Cyber Security Audit (phase 1 of 3)**

In phase 1, we will evaluate the efficiency and effectiveness of the County of Hawaiʻi's cybersecurity hygiene by aligning the Center for Internet Security (CIS) version 8 and the National Institute for Standards and Technology with actual practices. We will assess all cybersecurity elements, from asset inventory and control through incident response and recovery, to ensure a robust, compliant, and streamlined cybersecurity posture that mitigates risks and protects critical assets.

Source: https://www.cisecurity.org/controls/v8



Source: Dell.com

Follow-Up Audit

- **Hawaii County Fire Department Performance Audit Follow-up**

Our audit will follow up on Report No. 2022-02, published March 21, 2022, titled "Hawaii Fire Department Performance Audit," to determine the progress and implementation status of 13 recommendations previously identified.

As of June 28, 2024, status of recommendations for reports being tracked are as follows:

Department /Div	Subject Matter	Pending	Resolved	Fully Implemented	Partially Implemented	Not Implemented	Not Applicable	Follow-Up Conducted?
Human Resources	Hiring	0	3	4	0	0	0	Yes
Fire	Performance	13	0	0	0	0	0	No
Mass Transit	Cash Handling	0	5	28	6	1	8	Yes
Water Supply	Cash Handling	0	1	6	0	0	0	Yes
Real Property Tax	Collection	11	0	0	0	0	0	No
Water Supply	Contingency Plans	0	1	2	0	0	0	Yes
Housing	Housing Credits	7	0	0	0	0	0	No
Information Technology	Help Desk	6	0	0	0	0	0	No
Public Works	Contracts and Change Orders	7	0	0	0	0	0	No
Police	Community Service, Health, Training	5	0	0	0	0	0	No

Council-Initiated Audit

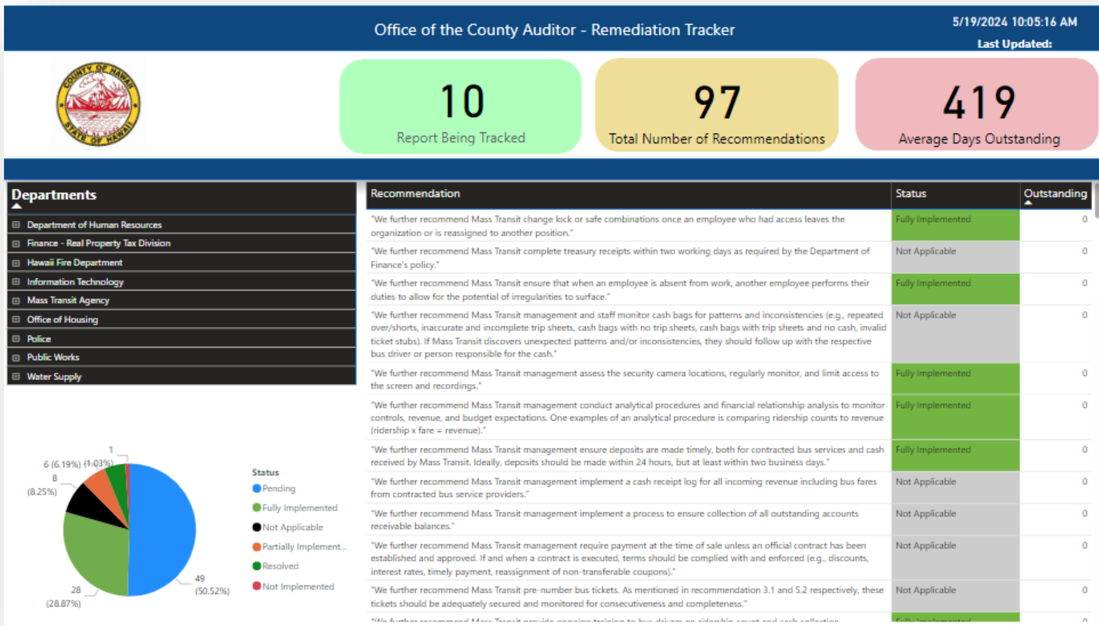
- The office will consider Council-related audits and projects brought forward by resolution.
- Performance audits approved by Council Resolution and agreed to by the County Auditor.

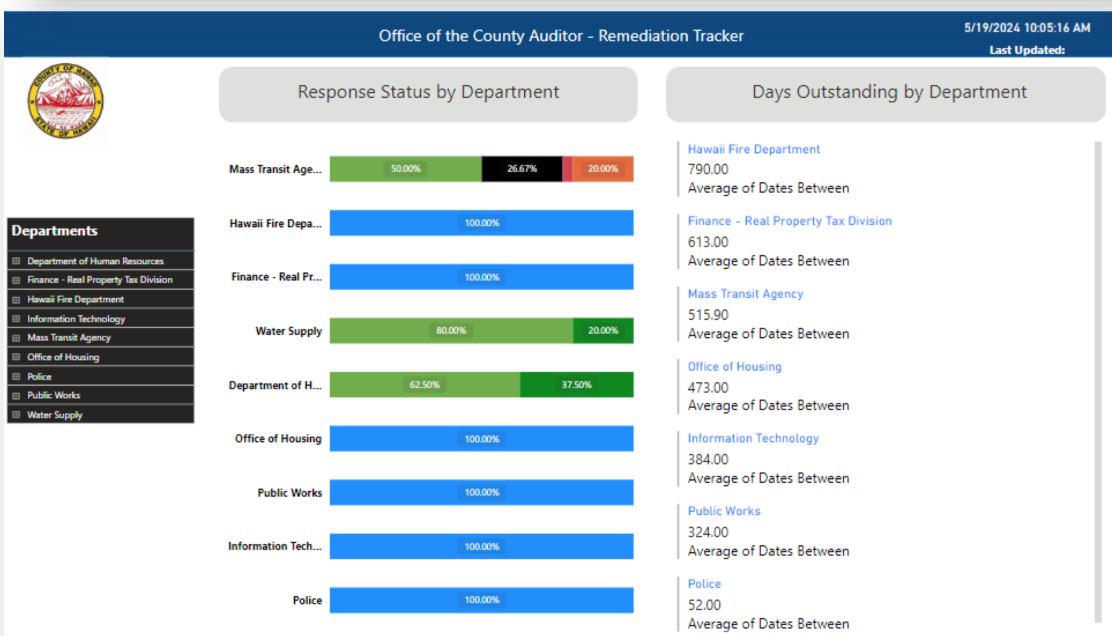
Special Projects (Non-Audit)

- Grant-In-Aid
- Remediation tracker
- Surprise cash counts
- Tips requiring further research from Fraud and Whistleblower Hotlines

Remediation Tracker

To increase government transparency and accountability, we have developed a remediation tracker. We continuously track the status of recommendations until implemented or otherwise resolved.





Next Steps

Carryover and new audit engagements will commence as scheduling permits. Completed audits will be shared with those charged with governance, and responsible parties will have the opportunity to provide comments. Completed reports will be transmitted to the County Council and the Mayor and filed with the County Clerk as a public record.

We want to take this opportunity to thank the County Council and the Administration for their support. We look forward to conducting our work this coming year.

Respectfully,

Tyler J. Benner

County Auditor
County of Hawai‘i