



---

## RESOLUTION

---

REPEALING PRIOR COUNCIL POLICIES RELATING TO THE COUNCIL'S AUDIT PROGRAM AND URGING THE CITY AUDITOR TO COMPLY WITH THE STATE PROCUREMENT CODE AND FEDERAL LAWS WHEN SELECTING OUTSIDE AUDITORS.

WHEREAS, prior to 2002, Section 3-114 of the Revised Charter of the City and County of Honolulu mandated the City Council to "... provide for an independent financial audit of all operations of the city and all operations for which the city is responsible and of their funds and accounts for the current fiscal year to be made by a certified public accountant or a firm of certified public accountants ..."; and

WHEREAS, the policy of the Council concerning the annual financial audit of the City was established by Resolution 86-239; and

WHEREAS, pursuant to Resolution 86-239, the Office of Council Services was assigned the responsibility of administering the audit contracts on behalf of the Council; and

WHEREAS, Resolution 86-239 also set forth the procedures for the procurement of an outside auditor to perform the annual financial audit; and

WHEREAS, Resolution 92-289 established a policy for the Council relating to the Council's audit program and states that the Office of Council Services is responsible for supervision of performance audits; and

WHEREAS, in 2002, the Revised Charter of the City and County of Honolulu was amended to establish an Office of the City Auditor whose duties include conducting, or causing to be conducted, the annual financial audit of the City, as required by Section 3-114 of the Charter, and conducting, or causing to be conducted, performance audits; and

WHEREAS, it is the Council's understanding that Charter Section 3-114 and Charter Article III, Chapter 5, set forth sufficient guidance for the City Auditor regarding the audit program such that the policies concerning the audit program set forth in Resolutions 86-239 and 92-289 are no longer necessary; and

WHEREAS, it is the Council's understanding that the City Auditor must follow the State Procurement Code in selecting an outside auditor to perform any audit, including the annual financial audit; and



---

## RESOLUTION

---

WHEREAS, the Sarbanes-Oxley Act of 2002, adopted by the United States Congress, sets forth auditing standards for private corporations; and

WHEREAS, although the Sarbanes-Oxley Act does not apply to municipalities, the Council believes that the City Auditor should strive to abide by the standards set in the Act, in particular, the requirement that an outside accounting firm providing auditing services may not provide auditing services if the firm has provided services within each of the previous five years; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Council's policies concerning the audit program as set forth in Resolutions 86-239 and 92-289 is superseded by that established in the Revised City Charter and this Resolution and that those previous resolutions are hereby repealed; and

BE IT FURTHER RESOLVED that the City Auditor is urged to comply with the State Procurement Code when selecting an outside auditor to perform City audits; and

BE IT FURTHER RESOLVED that the City Auditor is urged to establish procedures to ensure that an outside accounting firm providing auditing services to the City Auditor may not be awarded a contract to provide auditing services if the firm has provided auditing services within each of the previous five years; and



RESOLUTION

---

BE IT FINALLY RESOLVED that this Resolution be sent to the City Auditor, the Mayor, and the Director of Budget and Fiscal Services.

INTRODUCED BY:

Ernest Martin (BR)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE OF INTRODUCTION:

November 20, 2012  
Honolulu, Hawaii

Councilmembers

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
C E R T I F I C A T E

**RESOLUTION 12-317, CD1**

Introduced: 11/20/12 By: ERNEST MARTIN (BR)

Committee: BUDGET

Title: RESOLUTION REPEALING PRIOR COUNCIL POLICIES RELATING TO THE COUNCIL'S AUDIT PROGRAM AND URGING THE CITY AUDITOR TO COMPLY WITH THE STATE PROCUREMENT CODE AND FEDERAL LAWS WHEN SELECTING OUTSIDE AUDITORS.

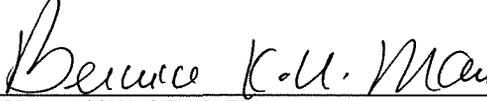
Links: [RES12-317](#)  
[RES12-317, CD1](#)  
[CR-398](#)

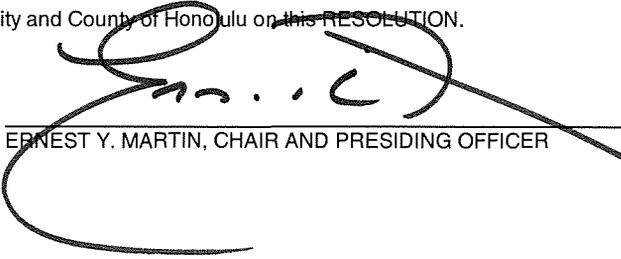
Voting Legend: Y= Aye, Y\* = Aye w/Reservations, N = No, A = Absent, ABN = Abstain

NOTE: COUNCILMEMBER FUKUNAGA TOOK OFFICE ON TUESDAY, NOVEMBER 27, 2012 FILLING THE VACANCY FOR DISTRICT VI.

BUDGET	11/28/12	CR-398 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN <u>CD1</u> FORM.							
COUNCIL	12/05/12	CR-398 AND RESOLUTION 12-317, CD1 WERE ADOPTED.							
ANDERSON	Y	BERG	Y	CHANG	Y	FUKUNAGA	Y	GARCIA	Y
HARIMOTO	Y	KOBAYASHI	Y	MANAHAN	Y	MARTIN	Y		

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.

  
BERNICE K. N. MAU, CITY CLERK

  
ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER