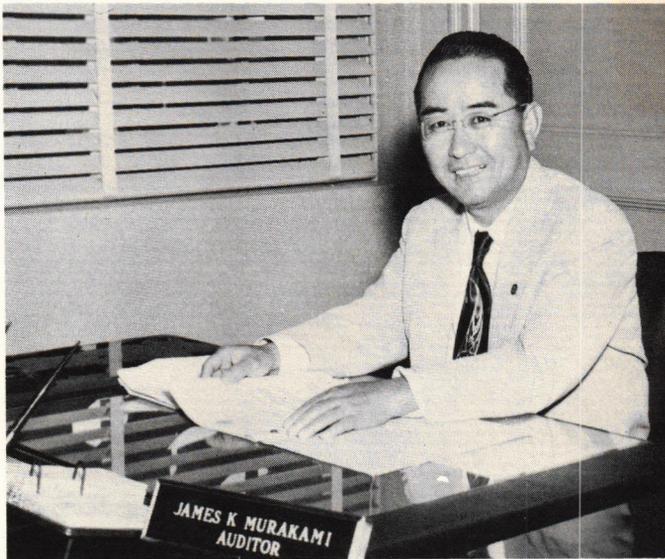


Annual Report
of the
Honolulu. **AUDITOR**
" " "
1958

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JAMES K. MURAKAMI, AUDITOR
City and County of Honolulu



CITY & COUNTY AUDITOR'S OFFICE
December 31, 1958

JAMES K. MURAKAMI **City and County Auditor**
IRIS O. FUKUHARA Secretary to the Auditor
MAXWELL C. LeVINE Deputy Auditor

FIELD AUDIT AND SYSTEMS DIVISION

ALFRED Y. K. AU, C.P.A. Supervising Field Auditor
JAMES T. SAKAI, P.A. Senior Field Auditor
NIP TONG AKONA, P.A. Field Auditor
GEORGE MONIZ, P.A. Field Auditor
SUEO SEKIMURA, P.A. Property and Inventory Auditor
KAZUO MIHARA, P.A. Assistant Field Auditor
RICHARD H. TANAKA, P.A. Assistant Field Auditor
LAURA L. GUERRERO Field Auditor's Secretary

DISBURSEMENT DIVISION

ARTHUR P. LOUIS Disbursement Officer
ROBERT M. SATO, P.A. Assistant Disbursement Officer
ROBERT F. TAKANE Departmental Administrative Analyst
EMMA R. KAAKUA Warrant Issue Supervisor
KIM OI MAU Senior Account Clerk
MYRON N. SUYETSUGU Senior Account Clerk
GWENDOLYN L. AKANA Warrant Issue Clerk
IRENE M. SASAKI Warrant Issue Clerk
ALICE K. MURAYAMA Warrant Issue Clerk
PHYLLIS M. VAN VERST Clerk-Typist

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JAMES K. MURAKAMI
AUDITOR



CITY AND COUNTY OF HONOLULU
OFFICE OF THE AUDITOR
HONOLULU 13, HAWAII

December 31, 1958

FELLOW CITIZENS
OF THE CITY AND COUNTY OF HONOLULU:

The Annual Report of the Auditor for 1958 was prepared after thorough study and analysis of the year's operations and policies. It should help you to know more about my work as your City and County Auditor and the various accomplishments of this office.

The record will show that I have sincerely endeavored to safeguard our vast City and County funds and assets. I shall continue this endeavor, and shall further strive to bring you the highest standard of government service possible.

Yours sincerely,

James K. Murakami
Auditor
City and County of Honolulu

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May 1959

HIGHLIGHTS

The following are brief highlights covering the Auditor's activities and operations for 1958:

LEGAL REQUIREMENTS

The observance of Territorial and City and County legal requirements has been made part of the departmental fiscal audits and inventory examinations.

COMPREHENSIVE AUDIT AND EXAMINATION

The department engaged in a program of comprehensive auditing and examination which recognizes the need for effective accounting systems and internal control procedures.

SYSTEM INSTALLATION AND REVISION

Modifications, revisions, and changes necessary to promote better accounting control were recommended and made.

FISCAL RESULTS

Total Amount of Disbursements	\$83,104,640
Total Number of Warrants Issued	196,539
Total Number of Claims Vouchers Processed	13,203
Total Number of Funds Employed	101
Total Number of Audit and Inventory Examinations and Reports Submitted	52
Total Number of Employees	21
Total Operating Expenditures	\$ 141,717

EFFECTIVE INVENTORY EXAMINATION

As a result of the Auditor's inventory examination program, departmental inventory returns were filed with greater accuracy and reliability.

DISBURSEMENT WARRANTS

Payroll warrants to City and County employees and warrants to vendors were issued promptly and courteously. Watchful care reduced the number of outstanding warrants at the end of the year.

EFFECTIVE WAGE ASSIGNMENT SYSTEM

The policy of limited wage assignments has done much to protect City and County employees' take-home pay. However, their financial condition can be improved only by increased wages and legislation to limit garnishee costs.

INTER-SERVICE COOPERATION

The Auditor's Office actively participated in the annual auditors' conference and, more particularly, cooperated in the study and installation of a new uniform system of fiscal accounting for the several district courts of Kauai.

EXPANDED AUDIT FUNCTION

The prospects of performance budgeting will bring about a need for expanded audit functions to include costing, analyses, surveys, in addition to the present continuing quality service, and audits and inventory examinations.

OFFICE OF THE CITY AND COUNTY AUDITOR

I. GENERAL BACKGROUND

AUDITOR'S OBJECTIVE AND PURPOSE

The defined objectives of the Auditor's Office are:

Verification of recorded transactions; examination of governmental inventories of property and accounting procedures; design and installation of accounting systems; warrant issuance in payment of City and County obligations; determination of fidelity and conformity with statute, ordinance, and budget restrictions; and, in general, the protection of the financial interests of the City and County of Honolulu.

LAW AND FISCAL OPERATIONS

In the fiscal operations of our City and County Government, the entire pattern of internal accounting and financial affairs is established by Territorial and City and County legal enactments. The extent to which legal requirements have been observed must be determined in our fiscal audits and inventory examinations.

SYSTEM INSTALLATION

Loose control nearly always means unreliable accounting data, temptation to employees, and possible loss of efficiency. Systems of internal control were installed or adequately revised.

DEPARTMENTAL ORGANIZATION

For the purpose of efficient and effective operation this department is organized into two divisions—Field Audit and Systems Division, and the Disbursement Division. Employees are judged primarily on the merit of their individual performance. Where such performance has not been forthcoming or not up to standards the Auditor has not hesitated to make the adjustments which, in his estimation, would improve the service.

The department operated on a total budget of \$141,717. This included salaries of employees and materials and supplies.

II. OPERATIONS

FIELD AUDIT AND SYSTEMS DIVISION

This Division is a professional and technical one. It independently carries out the Auditor's orders for annual fiscal audits and inventory examinations of the various departments.

With a competent staff of registered public accountants under a licensed certified public accountant as chief field auditor, the Division engaged in a comprehensive type of audit which recognizes that accounting and in-

ternal control procedures of each department are areas for review, improvement, and effective control over governmental financial operations.

During 1958, the Division conducted 52 fiscal audits and inventory examinations for departmental accountability and responsibility, including quarterly counts of cash and securities in the treasury. Covering reports were submitted to the Mayor, Board of Supervisors, and the Controller for necessary action. Recommendations also were made to the Controller as to modifications, revisions, and changes necessary to promote better accounting control. Upon his approval, these recommended modifications, revisions, and changes were made.

At Chief Justice Philip L. Rice's invitation, a conference was held on Kauai with the police officials, judges, and auditors of that County regarding our uniform accounting system for District Courts. This system was originally devised, recommended, and installed and thereafter supervised by this department several years ago for all the District Courts of Honolulu. The acceptance of the system by Kauai was assured as a result of this conference. The Field Audit and Systems Division also assisted in the installation of the IBM machine tabulation system in the Traffic Violations Bureau of the Honolulu Police Department.

An aggressive inventory examination program has resulted in greater accuracy and reliability of departmental annual inventories of government property as required by law.

The magnitude of the inventory program is so great that one Property and Inventory Auditor cannot be expected to perform the gigantic task in proper fashion. Attempt has been made to correct the situation by a transfer of staff. However, it appears that the only remedy would be the creation of an additional permanent position of Property and Inventory Auditor.

DISBURSEMENT DIVISION

Before the Treasurer can pay salaries to City and County employees or pay claims (bills) to vendors, the Controller must pre-audit each claim. After his approval the Auditor is authorized to issue a warrant for payment of the salaries and other claims.

During 1958 the Disbursement Division handled 196,539 warrants compared with 184,674 in 1957. These warrants involved 101 funds and totaled disbursements of \$83,104,640 compared with \$63,261,396 in 1957. Classified, the warrants show 148,216 for payrolls totaling \$20,658,920; and 48,323 for other claims, deposits, inter-fund transfers, and repayments totaling \$62,445,720. The Division acted upon 13,203 claims vouchers compared with 12,423 in 1957.

Court orders, writs of garnishment, liens, and payroll assignments were carried out under governing provisions of the law and prescribed policy. The established wage assignment system has protected the employees' take-home pay from unlimited wage assignments.

Under our system of valid and practical checks-and-balances, diligence and honesty of performance are insured. The Auditor's functions and opera-

tions in the Disbursement Division are subjected to regular audit by the Territorial Bank Examiners.

III. CONCLUSION

With the prospect of a performance budgeting program, future audit procedures will review efficiency, economy, and sound management on a parity with the current emphasis on financial fidelity and conformity with statutory requirements and restrictions. The Auditor will play a more active role with the development of performance budgeting.

Pertinently, thorough study and planning have been given in exploring the practicability of centralized payroll accounting, centralized billing, and centralized collection services. The simplification, streamlining, and improvement from this "framework" of centralization could result in the ultimate realization of the desired objectives of performance budgeting.

Mechanization, a subject under critical and exhaustive study for the past four years, will come logically with centralization. The experience garnered from problems attending the pilot installation of the IBM machine tabulation system in the Honolulu Police Department will be fully evaluated for later applications.

Based upon research the time is not far off for practicable and workable centralization and mechanization of our governmental collection agencies in one custodian—the Treasurer. In today's increasing complex governmental services, it is believed to be not only beneficial, but even essential, for such agencies as the Division of Sewers, and the Division of Refuse Collection and Disposal to be relieved of such financial chores in order that they may have more time for their own specialities.

Accounting policies . . . and the procedures must continually be modernized to fit changing needs and circumstances. Mechanization and consolidation of payroll operations and functions in the Auditor are logical and necessary. This objective is the minimum demanded by the circumstances and conditions to solve the payroll accounting problem.

These programs are considered as integral parts of the Auditor's primary responsibility for developing, recommending, and installing new accounting and related systems and procedures for better financial control.

The asset which counts most in any organization, in the long run, is the quality of its people. The Auditor's basic policy is to carefully evaluate employees on the basis of merit, ability, integrity, and performance; to insure proper and just recognition; and to take firm corrective measures when necessary. These employees are all accorded fair and equitable treatment commensurate to their best efforts. Adjustments, if necessary, have always been taken for the good of the service.

Your tax dollar runs the City and County of Honolulu. The Auditor will make every effort to deserve your continuous confidence and understanding.

MUNICIPAL REFERENCE LIBRARY

CITY AND COUNTY OF HONOLULU

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Honolulu, Office of the Auditor.

Auditor's annual report. Honolulu: 1933-~~1958~~

Annual.

Library holdings: 1933 thru 1948 (3c each);
1955 (3c.); 1957 thru 1959 (2c. each).

1. Finance, Public - Honolulu.