

## MINUTES OF THE

DATE: September 19, 1963

PLACE: Board Chambers, Wailuku, Maui

CALL TO ORDER: 7:30 p.m.

PRESIDING: Masaru Yokouchi, Chairman

MEMBERS PRESENT: Masaru Yokouchi, Chairman  
Emil Balthazar  
C. H. Burnett, Jr.  
Richard Caldito  
William F. Crockett, Vice-Chairman  
Cornwell Friel (Molokai)  
Shiro Hokama (Lanai)  
Nadao Honda  
Harry Kobayashi  
Thomas Yagi  
Charles C. Young, Research Assistant

MEMBER EXCUSED: Keith Tester

OTHERS PRESENT: County Treasurer's Office:  
Shigeto Murayama, County Treasurer  
Mr. Joseph Lum Ho, First Deputy  
Mr. Frank Cockett, Second Deputy  
County Auditor's Office:  
Manuel Rodrigues, County Auditor  
Kase Higa, First Deputy County Attorney  
Mrs. J. Van Zwalenburg  
Mr. Eric Lindberg  
Mr. & Mrs. Ed Davis  
Several students from Baldwin High School

CPRO-01310

ROLL CALL:

There were 10 members present and 1 excused at the regular meeting of the Maui County Charter Commission on September 19, 1963.

MINUTES :

The minutes of the previous meeting held on September 5, 1963 were distributed to the members and approval of said minutes was deferred until the next meeting. Minutes of the meeting of August 22, 1963 were approved with the following corrections:

1. That on Page 2, under LITERATURE, the last sentence should not have been inserted.
2. That on Page 14, under NEXT MEETING, the date should have been September 5, 1963.



LITERATURE:

The following were distributed to the members of the Charter Commission:

1. Information for Charter Commission and Organization Charts of the County Treasury Department and the County Auditor's Office;
2. Supplemental Information Regarding the County Treasury Department and the County Auditor's Office;
3. Excerpts from "Home Rule in Hawaii" by Richard H. Kosaki, Research Assistant of the Legislative Reference Bureau; and
4. Biennial Report (1961 and 1962) of the County Clerk's Office.

COMMUNICATIONS:

The following communications were received since the last meeting:

1. Minutes of the Kauai Charter Commission; and
2. Letter of transmittal dated September 10, 1963 from County Clerk Teshi Enomoto, enclosing a copy of Committee Report No. 168, which was adopted by the Board of Supervisors and which recommends as follows:
  - a. Appropriation of \$4,636 to this Commission;
  - b. Creation of a Senior Clerk-Stenographer's position for this Commission; and
  - c. Authorization to engage the services of a part-time Research Assistant on a contractual basis.

PART-TIME RESEARCH ASSISTANT:

The Chair introduced Mr. Charles C. Young who was hired by the Chairman as part-time Research Assistant for the Maui County Charter Commission on a contractual basis.

Mr. Yagi felt that the members of the commission should be consulted about such matters. The Chair referred Mr. Yagi to Section 2, Duties and Powers of Chairman, sub-section (f) of the Rules of Procedure of the Maui County Charter Commission whereby it states that "he shall appoint staff members and consultants when authorized, in accordance with applicable laws."

Mr. Yagi felt that as a matter of formality, the commission should go on record approving such appointment. In view of the intent, the Chair recognized such motion.

MOTION: By Mr. Yagi - to approve the appointment of Mr. Charles C. Young as part-time Research Assistant for the Maui County Charter Commission.

SECONDED: By Mr. Caldito.

VOTE: Passed unanimously.

OLD AND NEW BUSINESS:

The Chairman deferred Old and New Business until after the meeting with the County Treasurer and the County Auditor.



GENERAL DISCUSSION:

County Treasury Department:

County Treasurer Shigeto Murayama introduced his First and Second Deputies, Mr. Joseph Lum Ho and Mr. Frank Cockett.

Mr. Yokouchi: Will you give us a general outline of the functions of your office.

Mr. Murayama: We have 7 employees in our department. One of our functions as "keeper" of the funds differs from that of treasurers of other organizations in that we do not write out checks. This is done by the Auditor's Office. Besides safeguarding the funds, our other duties are collecting the various license fees and taxes that the County is responsible for.

Mr. Crockett: I would suggest that Mr. Young ask the questions contained in his memo.

Mr. Young: How do you feel about combining the County Auditor's Office and the Treasury Department into a Department of Finance as in the City and County of Honolulu where it is under the strong mayor setup now?

Mr. Murayama: I believe in a strong mayor type of government. I am sure that you are all familiar with the various types that we can go into, but the only two possibilities are under the strong mayor and the council-manager type. These types give the responsibilities to one person instead of dividing the administrative functions and responsibilities among various elected officials. I have held this position for the past 5 years and have seen the shortcomings of elected officials trying to do administrative functions.

Under the strong mayor type of government, all department heads would be appointed without confirmation by the council. This is in line with the philosophy of the strong mayor type of government. Also the council would be the legislative body and they would be prohibited from taking part in administrative functions, even to the extent of expelling a person from office. I think that fiscal matters should come under one department instead of being separated as it is now. The Auditor's Office and the Treasurer's Office are doing what should be done in a single department under one department head. The department head should be strictly appointed, pinning the responsibility of administration to one person, the elected Executive Officer or Mayor.

Mr. Young: Do you feel, under the present form of County government, that there is any duplication of duties between your department and the County Auditor's Office?

Mr. Murayama: I don't think there is any duplication of duties, but it can be better coordinated. There are many things that I don't receive from the Auditor's Office unless I request for them. These things should be handled administratively.

If these two departments are combined into one department, I think it should be divided into small divisions.



- Mr. Caldito: You have 7½ employees and the Auditor's Office has 8. Under one department, do you think that we can cut down on the personnel?
- Mr. Murayama: No, I don't think we could cut down on personnel, because as it is now, because we are separated, we cannot coordinate. During the payroll periods some of my employees could assist the auditor, and during rush business periods some of his employees could help me. This is impossible because of the setup we have now. Under the setup where we come under one department, possibly we would need more employees. All of you know that the County operates on finances, and finance is the backbone of any organization.
- Mr. Yagi: Is there any duplication of work that you can see between your department and the County Auditor's?
- Mr. Murayama: I don't call it duplication, but there are certain areas where the first deputy and second deputy makes a report and some of the County Auditor's employees must also make the same report to work out their financial statements. Some of the areas, especially the financial areas, could be better handled if it is under one department.
- Mr. Yagi: You think that the City and County of Honolulu type of government is ideal for Maui?
- Mr. Murayama: On the basis of having one Department of Finance, but I don't agree that we should have as many divisions as they have because of our small operation.
- Mr. Yagi: The Treasurer and the Auditor at the present time are elected. Under this setup that you are in favor of, are you aware of the fact that one of you would lose your position?
- Mr. Murayama: I have given this a lot of thought. I know this would be the end of my political career, but if we are to think of a government which operates best, I think I have to forget my personal feelings. To me this would be the best way you can pinpoint responsibilities. Therefore, I feel that the strong mayor type of government would be the best for the County of Maui. Because finance is the backbone of the county government, I think you should work in more detail as possible the area as far as finances are concerned.
- Mr. Burnett: How do your constituents feel about your reaction?
- Mr. Murayama: I am prepared to take whatever they say.
- Under the new setup you would have your responsibility as far as taking care of the people who are presently Civil Service employees. I think it is one of the points that every Charter Commission must bear in mind as long as you have people working in the department. If there is any reorganization to be made, the Civil Service employees should have continuity in service.
- Mr. Crockett: You felt that possibly, if these two departments are combined, you would need more employees. Why?



- Mr. Murayama: As it is now we are weak in some areas of our work where the control of expenditures could be better controlled if you have more personnel, such as Field Auditors who check on the accuracy and the legality of expenditures. Therefore, after setting up a joint department, and distributing all of these responsibilities, I think you might come up with a need for more personnel. There is a possibility and, yet, by making into one department, it might work so that there wouldn't be a need for more personnel, depending on how it is set up.
- Mr. Crockett: Has your department or the Auditor's Office studied the feasibility of having a portion of your work done by recording machines?
- Mr. Murayama: I did check on the County going into data processing. The City and County of Honolulu and the State government is presently going into data processing. One area they can help us is in payroll, but the only thing is that we must think of paying for the equipment. They have offered us the use of their machines, but we are hesitant, knowing that they will take care of their responsibilities first and, only if they have the time, they will help us in our area. I feel that sooner or later we must go into data processing, but knowing County finances, I doubt that it will be in the very near future.
- Mr. Crockett: What about sharing machines with private industries?
- Mr. Murayama: I have checked with H&S and they are willing to share, but it is just a matter of talking about it. They have offered us their services.
- Mr. Burnett: Assuming that we have a strong mayor type of government, would it be wise for us to specify in the charter the minimum qualification requirements of the Finance Director, or should it be left to the Executive Officer?
- Mr. Murayama: First, if you are going to have a strong mayor type of government, the Mayor should have the responsibility of picking someone he thinks is best considered.
- Secondly, if the Commission feels that they should have some say as to restrictions, it thereby makes it mandatory that the Mayor appoints someone with a specific requirement. There are pros and cons, and I personally feel that, if you are going to actually want a strong mayor type, you should go all the way and specify that this is the setup.
- Mr. Balthazar: Do you think there is a need for a Budget Director in addition to the Director of Finance?
- Mr. Murayama: As I stated, finance is the backbone of the County government. The Budget Director is the key man and, as far as I am concerned, he is the Assistant to the Mayor. He can help correct a lot of malpractices, recommend areas where changes should be made, but I don't say that he should be a separate person. Maybe in the County of Maui the Finance Director could also be the Budget Director, but I think the responsibility should be clearly spelled out because I think that is one area where we are lacking.



- Mr. Crockett: You said that you thought that the Auditor's Office does not have enough personnel to maintain field audits?
- Mr. Murayama: I feel that this is the area where the Budget Director can use the Field Auditor not only to check on the accuracy and legality of expenditures, but also he can look at the operation and make suggestions to cut down here and there and do things along that line which is not being done now because they only do the actual audit. They do not make any study or recommendation that should be made for the administration. I say that in the area of field auditing, strengthening the positions and adding to it can help the department function better.
- Mr. Balthazar: Is it the responsibility of the Treasurer to issue our bonds? Do you have control of the payment of the bonds or do you advise limitation of the bonds?
- Mr. Murayama: This is one area that you can clearly say I would be responsible right now - to issue the bonds to get the money. As far as expending the funds, it is up to the Board and they make the appropriation. Everything is done by our office and sent to the Auditor's, and they in turn make some kind of claim; the claim is then made to us, and we make the payment to whomever submits the bonds.
- Mr. Balthazar: You both have your hands involved in bonds, but neither of you have complete responsibility?
- Mr. Murayama: I have the full responsibility, but you can see where we have to go to another department before we can retire the bonds.
- Mr. Balthazar: That would be one area where it would be advantageous to have one department.
- Mr. Yagi: Would you say that, if these two departments are merged into one, it would save the County money?
- Mr. Murayama: I think it would.
- Mr. Yokouchi: Do you have the authority to deposit the funds in the various depositories? You do not have to have the approval of the Chairman?
- Mr. Murayama: I need the approval of the Board before I make any investments. Other than that, I have the sole responsibility; but if I feel that funds are going to be tied up for quite a while, I can recommend to the Board that we should invest.
- Mr. Yokouchi: Can you make deposits at any bank?
- Mr. Murayama: The law specifies in which institutions we can deposit. The banks are not named. There are certain requirements. They must have securities before we can deposit.
- Mr. Balthazar: Apparently you do not collect all service fees - garbage and water fees go to special divisions. Would it not be feasible to have all service charges paid directly to you and then release the funds?



Mr. Murayama: I would go along with that if the personnel now could keep the individual ledgers of all the consumers. You know that it will mean crediting and debiting of individual accounts and, if we are going to do that, we will need additional personnel.

Mr. Young: Will you explain the half-time employee you have on Lanai?

Mr. Murayama: The only reason why we have a half-time employee there is to collect license fees and taxes. She is paid solely through the Court. I have worked out with the judge a verbal agreement that we might use her services and the only expense we have in that office was to provide her with a desk and a cabinet to keep our supplies.

Mr. Yagi: Does that mean that her classification goes up because of additional duties?

Mr. Murayama: No, the reason why it won't go up is because she is rather up already and the duties we give her are in a lower classification than she is in now.

The Chair called for a recess at 8:15 p.m. Meeting was reconvened at 8:30 p.m.

County Auditor's Office:

County Auditor Manuel Rodriguez appeared before this Commission to explain the duties and responsibilities of his department.

Mr. Rodriguez: I am here to explain the physical setup of my office and also the designation of responsibilities.

My office consists, first, of the County Auditor, who is elected by the people. Then we have the First Deputy, Frank Teshima, who is also the Budget Officer; Second Deputy, Rogers Akiu, who is also the Disbursing Supervisor; Field Auditor, George Dang; Fund Control Accountant, Shosaku Nakamoto; Account and Audit Clerk, Bill Alo; Warrant Issue Clerk, Amos Eldredge; and Secretary Miyoko Hiranaga.

RECEIVE: Receiving of money is the responsibility of the County Treasurer; however, we also receive money. We take in the money for the health fund and school cottage rentals, and we in turn pay to the County of Maui. Receiving money from the cottage rentals is the responsibility of the Field Auditor, and he makes the necessary deposit slips.

DISBURSE: We are responsible for the disbursement of all monies in the County of Maui. We do not and have not disbursed or paid any of the claims by cash although there is cash advance by proper claim made to the Treasurer's Office. The Treasurer's Office makes out checks for cash advance.

Mr. Yagi: Don't the County departments have petty cash?

Mr. Rodriguez: We do not have any petty cash.

Disbursing is the responsibility of Disbursing Supervisor Rogers Akiu, Bill Alo and Amos Eldredge. It is their responsibility to see that the proper warrants are drawn and sent out to the proper people.



Mr. Rodrigues: BUDGET: The budget is handled by First Deputy Frank Teshima. Before the year is up, my deputy and I get together and make recommendations to the Board of Supervisors as to how much we should receive and how much should be disbursed to the various departments.

CLAIMS: We also handle claims. If we want proper auditing of claims, then we should have one particular officer called the Finance Director who could also be a Budget Director, and in that department you should have a Purchasing Agent because it is our responsibility to check every claim that comes into my office to see if it is a legal claim.

A claim is made to the Treasurer and he checks and certifies that the claim is correct. The claim then comes to my office and goes to my Fund Control Accountant, who is in charge of all claims. He checks for accuracy and charges it to the proper funds. Satisfied himself that the funds are available, he prepares a resolution that claims be paid. After that is done, the claims and resolution are brought to the Board, and if they are satisfied, by adoption of resolution, it authorizes the County Auditor to pay off the claims. Before the claims are brought back to my office, the County Chairman certifies that it was brought before the Board and orders it to be paid.

PAYROLL: Payroll originates from each of the departments. They make their own payroll. When the payroll is submitted to my office, it goes to the Disbursing Division. They pre-audit all payroll, check for accuracy, for correct Social Security numbers, Retirement System numbers, Retirement System rate for deduction, Post Retirement Fund, Federal and State taxes, Health Fund, garnishments, and credit union. We have to take out all deductions. We handle almost 1,000 employees and we average about four checks for each employee.

Mr. Yagi: Under the payroll system that you have - each department submits a list of their respective employees to your department with all the necessary deductions, etc. - the only thing you do is check for accuracy?

Mr. Rodrigues: In addition to that, we deduct other things that the department does not deduct - various loan garnishments, community chest contributions, etc. When we finalize the payroll, the department net is paid to the employee.

Mr. Yagi: Could you tell me how it could be improved as far as the payroll is concerned? Can one department handle payroll instead of each department submitting its own payroll to your department?

Mr. Rodrigues: If there is a Department of Finance, then we could have one department handling payroll. You would need at least 5 men to handle payroll.

Mr. Yagi: If you merge the departments into one department, you would say that you need 5 men. How much time, at the present, is used for payroll?



Mr. Rodrigues: The Treasurer's Office, for example, does not take more than an hour. The hardest payroll is that of the Public Works Department. Some of the men do not go to work every day, and if they do not go to work, they do not get paid.

Mr. Yagi: Under a setup where you have an IBM or some other kind of bookkeeping machine, would it save time and still be efficient?

Mr. Rodrigues: Certainly, but how often are you going to use this expensive machine? The initial cost would be very expensive and it would take us a long time to pay for this machine.

Mr. Yagi: Was there any study made in regard to this?

Mr. Rodrigues: No, I haven't looked into this matter.

As far as payroll is concerned, we pay the employees twice a month. If the 15th falls on a Sunday, we pay them on the Friday before the 15th. The law points out that the employees shall be paid not less than twice each month. It does not specify when the employees should be paid.

The employees pay differs each time because of different deductions.

PENSION: We have 174 pensioners in the County - the old-time pensioners who served in the County for 10 years or more. They are entitled to \$30.00 per month.

QUARTERLY REPORT: We prepare the quarterly report as indicated on the information that was sent out to you. This is done by the Secretary.

ANNUAL REPORT: This report is also prepared by my Private Secretary.

ACCOUNTS: It is the responsibility of the Fund Control Accountant to keep a trial balance of all monies received and disbursed for the County of Maui. In the beginning of each year he sets up an account ledger and enters the various monies appropriated to the various funds.

REPORTING: The Fund Control Accountant does his posting every day. Any financial report that had to go out comes to my office.

AUDITING: The Field Auditor goes to Molokai and Lanai once in 3 months and audits all County departments. We do not audit the Waterworks and Central Maui Memorial Hospital - they are audited by a firm of certified public accountants. Ever since the inception of Statehood we do not audit the Treasurer's Office.

COUNT CASH: This should be the responsibility of the Treasurer and the County Attorney. After the cash is counted, it is certified by the Attorney, Treasurer, and Auditor. George Dang works with the schools - he collects cottage rentals.



- Mr. Yagi: What kind of audit does the Field Auditor do?
- Mr. Rodrigues: He audits any County agency that accepts cash.
- Mr. Yagi: Does your office audit the Central Maui Memorial Hospital?
- Mr. Rodrigues: We used to do it, but they requested that they have an independent audit. The audit we made was the actual count of cash and account receivable. They wanted a thorough audit by a CPA firm.
- Mr. Young: How often do you make these audits?
- Mr. Rodrigues: Every 3 months as required by law.
- Mr. Yagi: You do not make any recommendation?
- Mr. Rodrigues: We have none to make. We find everything in order.
- Mr. Young: What is your idea regarding the combining of the Treasury Department and the County Auditor's Office into a single Department of Finance?
- Mr. Rodrigues: I think that is a wonderful idea.
- Mr. Young: Do you feel that the department head should be elected or appointed?
- Mr. Rodrigues: I like to have him elected. Let the people decide and, if he is not capable, then throw him out.
- Mr. Young: Is there any duplication between your department and the Treasury Department that you can specify?
- Mr. Rodrigues: The only thing is on the warrants. The Treasurer's Office makes a report as to checks that were cashed and that report goes back to the Auditor's, and our office in turn records it again. These things can be eliminated.
- Mr. Burnett: Do you feel that, if the position is appointed, the commission should write the qualification requirements in the charter or should we leave it to the appointing authority?
- Mr. Rodrigues: I think we should leave it to the appointing authority. If appointed, it becomes the responsibility of the Chairman to pick up the person.
- Mr. Burnett: Don't you think that, if the department head is to be appointed, possibly the Mayor would try to bring in a certain amount of political influence?
- Mr. Rodrigues: He could appoint one who is qualified and at the same time one who would help the Mayor get elected.
- Mr. Yokouchi: Do you think there is a need for post auditing by an independent firm?
- Mr. Rodrigues: Surely.
- Mr. Balthazar: Do you both favor centralized purchasing?



- Mr. Murayama: Centralized purchasing, no doubt, is good, but I think if we are going into centralized purchasing, we must make it a point that we have some safeguard for the Maui merchants.
- Mr. Yokouchi: If there is a "gray" area, we cannot write it in the charter, but instead of including centralized purchasing in the charter I think this has to be written in the ordinance and administratively we could do something about that.
- Mr. Crockett: Hawaii County has centralized purchasing. Our problems are not much different from theirs.
- Centralized purchasing cannot work by itself - it has to work closely with the financial department.
- Mr. Balthazar: May I suggest adjournment inasmuch as this subject requires more time.
- Mr. Crockett: Under new business, I think we should go on record and write to Dr. Noda thanking him and his commission for the work that they put in to make our stay there a pleasant one. And also we should write to the University of Hawaii, thanking them for the time and effort put into the seminar.

Secretary was so instructed by the Chair.

ADJOURNMENT:

After thanking Mr. Murayama and Mr. Rodrigues for their time and information, the Chair adjourned the meeting at 9:40 p.m.

NEXT MEETING:

September 26, 1963, at 1:30 p.m. in the Board Chambers.

Respectfully submitted,

*Harriette E. Miyamoto*  
HARRIETTE E. MIYAMOTO  
Secretary