GOVERNMENT RELATIONS, ETHICS, AND TRANSPARENCY
June 16, 2026

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WRITTEN TESTIMONY
Request for Charter Amendment

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GREAT Committee Chair and Members of the Committee:

I respectfully request that the GREAT Committee establish and recommend a Charter amendment clarifying the obligations of the Office of the County Auditor by expressly codifying the professional standards that the Office itself has long represented to promote public trust.

As demonstrated above, the Office of the County Auditor publicly states on its website that it **adheres to** Generally Accepted Government Auditing Standards ("GAGAS" or the "Yellow Book") and that those standards promote competence, integrity, objectivity, independence, and public trust. The Office also prominently publishes its 2018 Peer Review as evidence of compliance with Yellow Book standards.

Likewise, the Hawai'i County Office of the County Auditor publicly represents that it operates under GAGAS and the Yellow Book. However, unlike Maui County, Hawai'i County also publicly posts successive peer reviews for the following periods:

- July 1, 2009 – June 30, 2012
- July 1, 2012 – June 30, 2016
- July 1, 2016 – June 30, 2019
- July 1, 2019 – June 30, 2022
- July 1, 2022 – June 30, 2025

The contrast is significant. Both County Auditors publicly represent adherence to GAGAS and the Yellow Book. However, Hawai'i County demonstrates continuing compliance by performing and posting successive peer reviews, whereas the County Auditor has abandoned and violated the peer review standard.

Auditor Taguchi has recently alleged to the State Regulated Industries Complaints Office ("RICO") that the County Auditor may "choose" whether to comply with Generally Accepted Government Auditing Standards. Auditor Taguchi concluded that because the Maui County Charter does not reference GAGAS, the standards were somehow "intentionally" "omitted" by the Maui County Council.

On the contrary, the Auditor's own website, and official audit reports since 2018 repeatedly identify GAGAS and the Yellow Book as the standards under which the Office operates, including Auditor Lance Taguchi's own March 15, 2021, correspondence to Public Works Director Dagdag-Andaya. (*See* below)

On that date, Auditor Taguchi personally invoked Government Auditing Standards, 2018 Revision, paragraph 8.29, issued by the Comptroller General of the United States, as authority to "which require me" to indefinitely suspend the audit of thousands of "3 Lots or Less" roadway infrastructure Deferral
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Agreements executed by Corporation Counsel attorneys. That date is particularly significant because 2021 was also when the Auditor first failed to seek a three-year peer review as required under Yellow Book.

Equally dishonorable, Auditor Taguchi breached his independence by seeking and acting upon legal advice from the Department of Corporation Counsel during the "deferral" audit, which was adopted in in 2018. The Department of Corporation Counsel has been implicated for fraud and malfeasance involving the thousands of unaccounted for developer "deferral" agreements under audit, a direct conflict with the Office of the County Auditor.

Accordingly, I respectfully request that this Committee immediately initiate a Charter amendment expressly stating that the Office of the County Auditor is required to operate under Generally Accepted Government Auditing Standards ("GAGAS" or the "Yellow Book") as represented on the official County website.

And further, whether Auditor Taguchi's breach of independence, undisclosed conflicts of interest with a private developer's legal counsel, and failure to comply with the peer review standards, is just cause for removal from office.

Respectfully submitted,

Christopher Salem
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Office of the County Auditor

Voters in the 2012 General Election of Maui County approved an amendment to the Revised Charter of the County of Maui (1983), as amended ("Charter"), to establish the Office of the County Auditor.

Mission

The Office of the County Auditor will:

- Serve as a catalyst for positive change in County government through focused independent audits and examination.
- Advocate for the efficient and appropriate use of public resources.
- Increase government transparency for the purpose of bringing a higher quality of life to the citizens of Maui County.

Program Description

The Office of the County Auditor consists of a County Auditor and necessary staff, and is responsible for promoting economy, efficiency, and improved service in the transaction of the public business in both the legislative and executive branches.

Independence

To ensure the objectivity of the Office of the County Auditor, the Charter of the County of Maui (1983), as amended, requires that the County Auditor be independent of the Mayor and the County Council. As such, the County Auditor is appointed to a six-year term.

Professional Standards

The Office of the County Auditor adheres to very rigorous and demanding professional auditing requirements as described in Generally Accepted Government Auditing Standards, commonly referred to as GAGAS or The Yellow Book. These standards include requirements for planning the audits; ensuring properly trained and supervised staff; determining the rationale for the objectives, scope, and methodology of audits; selecting the criteria used to evaluate the audit subject, and ensuring the evidence is sufficient, relevant, and competent.

GAGAS provide a framework for conducting high-quality audits with competence, integrity, objectivity, and independence.

2018 Peer Review (PDF)
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County Auditor
Lance T. Taguchi, CPA

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2021 MAR 15 PM 3:14
OFFICE OF THE COUNTY COUNCIL

OFFICE OF THE COUNTY AUDITOR
COUNTY OF MAUI
2145 WELLS STREET, SUITE 303
WAILUKU, MAUI, HAWAII 96793
http://www.mauicounty.gov/auditor

March 15, 2021

Ms. Rowena Dagdag-Andaya, Director
Department of Public Works
County of Maui
Wailuku, Maui, HI 96793

Dear Ms. Dagdag-Andaya:

SUBJECT: **AUDIT OF IMPROVEMENT AGREEMENTS RELATED TO THREE LOTS OR LESS SUBDIVISIONS, AKA "DEFERRAL AGREEMENTS" (Project 19-01)**

On Sunday, February 16, 2021, an attorney representing Mr. Christopher Salem filed a lawsuit against the County of Maui; Mr. Michael P. Victorino, individually and in his official capacity; and undisclosed individuals and entities (Second Circuit, Civil No. 2CCV-21-048). Mr. Salem is an employee in the Office of the Mayor. The allegations made by Mr. Salem are serious and include claims against the County's actions regarding deferral agreements as well as a settlement agreement between Mr. Victorino and Mr. Salem.

Auditing standards require me to use professional judgement while evaluating changes in circumstances which may impact the audit process. In this specific instance, it is of utmost importance that the work of my office does not interfere with legal proceedings.

Guidance issued by the Comptroller General of the United States, Government Auditing Standards, 2018 Revision, paragraph 8.29, states:

> "Avoiding interference with investigations or legal proceedings is important in pursuing indications of fraud and noncompliance with provisions of law, regulations, contracts, and grant agreements. In some cases, it may be appropriate for the auditors to work with investigators or legal authorities or ***to withdraw from or defer further work on the engagement or a portion of the engagement to avoid interfering with an ongoing investigation or legal proceeding***." (emphasis added)
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After evaluating the aforementioned standard and the changes in circumstances brought on by Mr. Salem's lawsuit, the audit of Deferral Agreements is deferred/postponed indefinitely.

Sincerely,

LANCE T. TAGUCHI, CPA
County Auditor

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cc: Council Chair Alice L. Lee
Council Vice-Chair Keani Rawlins-Fernandez
Presiding Officer Pro Tempore Tasha Kama
Councilmember Gabe Johnson
Councilmember Kelly Takaya King
Councilmember Mike Molina
Councilmember Tamara Paltin
Councilmember Shane Sinenci
Councilmember Yuki Lei Sugimura
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