



Office of the City Auditor



**City and County of
Honolulu
State of Hawai`i**

Audit Recommendations Status Report Fiscal Year 2017

**Report to the Mayor
and the
City Council of Honolulu**

Report No. 18-03
May 2018 (rev. 7/6/18)

City and County of Honolulu

Office of the City Auditor

May 31, 2018

The Honorable Ernest Y. Martin, Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Council Chair Martin and Councilmembers:

Our office has completed its Audit Recommendations Status Report – Fiscal Year 2017, which reviews the implementation status of all outstanding audit report recommendations as of April 2018. The objective of this review was to determine how many audit recommendations were completed (C), resolved (R), in process (I), not started (N), or should be dropped (D). This report fulfills the city charter mandate, Section 3-502.1(d), that the city auditor follow-up and monitor compliance with audit recommendations by audited entities.

The review was conducted between October 2017 and March 2018. During the assessment, the audit team reviewed information, analyzed data, and discussed the status of the audit recommendations with the departments and agencies responsible for implementing the audit recommendations. This review does not constitute an audit in accordance with generally accepted government auditing standards (GAGAS).

Our review covered 220 outstanding audit recommendations from 2004 to 2016. The results of our review indicated that 125 recommendations, or 56%, were satisfactorily addressed (60 recommendations (27%) were completed, 58 recommendations (26%) were resolved, and 7 recommendations (3%) were dropped) and 95 recommendations (43%) were outstanding (48 recommendations (22%) were in process and another 47 recommendations (21%) were not started). The attached report contains more information regarding each specific recommendation, including highlights and recommendation status; management comments and actions related to the recommendations; an update on the latest management actions planned; and, as applicable, the expected date for completing the outstanding recommendations.

Some entities have failed to implement the audit recommendations, we recommend a follow-up audit to be conducted of the following entities:

- Department of Budget and Fiscal Services – Real Property
- Honolulu Liquor Commission
- Department of Parks and Recreation – Hanauma Bay Nature Preserve Fund

We are available to meet with you and your staff to discuss the review results, provide additional information, or to answer any questions. Please contact the auditor-in-charge, Christine Ross, at 768-3551 or me at 768-3130 if you have any questions regarding the report.

We wish to express our appreciation for the cooperation and assistance provided us by the many departments, agencies, and commissions that assisted us during this review.

Sincerely,

A handwritten signature in blue ink that reads "Edwin S.W. Young". The signature is fluid and cursive, with the first name "Edwin" being the most prominent.

Edwin S.W. Young
City Auditor

c: Kirk Caldwell, Mayor
Roy Amemiya, Jr., Managing Director
Nelson Koyanagi, Jr., Director, Department of Budget and Fiscal Services

Summary of the Status of Audit Recommendations - Fiscal Year 2017										
Report No.	Department	Page No.	Audit Report Title	Month Issued	Status					
					C	R	I	N	D	Total
12-03	BFS	3	Audit of the City's Real Property Tax Delinquency Collection	Mar 2012	0	0	0	11	0	11
13-02	BFS	7	Audit of the Real Property Assessment Division	Oct 2013	0	0	0	17	0	17
14-03	BWS	15	Audit of Select Management and Operational Practices at the Board of Water Supply	Sep 2014	20	1	1	0	0	22
12-07	CCL	27	Audit of the Policies and Procedures Relating to the Honolulu City Council's Annual Contingency Allowance	Dec 2012	2	1	0	0	0	3
14-02	CSD	31	Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program	Aug 2014	12	1	0	0	0	13
07-03	DDC	39	Audit of the Tennis Complex of the Central O'ahu Regional Park	Jul 2007	0	1	0	1	0	2
08-01	DDC	40	Audit of the City's Planning, Design, and Construction of Skateboard Park Facilities	Jun 2008	0	0	0	1	0	1
04-01	DES	43	Review of the Department of Enterprise Services' Efforts Toward Fiscal Self-Sustainability	Apr 2004	0	1	0	0	0	1
15-04	ENV	47	Audit of the Department of Environmental Services' H-Power Contracts and Procurement Practices	Dec 2015	0	15	0	0	0	15
05-03	DFM	53	Audit of the City's Road Maintenance Practices	Jun 2005	4	5	0	1	1	11
09-01	DFM	58	Audit of Audit of Select Management Practices of City-Owned Vehicles Under the Jurisdiction of the Department of Facility Maintenance	Oct 2009	0	2	2	1	1	6
06-01	DIT	63	Audit of Selected City Information Technology Controls	Jan 2006	0	2	0	0	0	2
16-04	DIT	64	Audit of the City's Information Security and Risk Management Program	May 2016	0	7	4	1	0	12
04-02	DPP	71	Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers	Jun 2004	0	3	0	0	0	3
07-02	DPR	75	Audit of the Hanauma Bay Nature Preserve Fund	Jun 2007	1	4	0	0	0	5
12-05	DPR	77	Audit of the Department of Parks and Recreation's Camping Operations	Oct 2012	0	0	2	4	5	11
15-03	DTS	83	Audit of the Funds Appropriated for Bicycle Projects	Apr 2015	5	5	4	0	0	14
16-02	DTS	87	Audit of the City's Paratransit Service	Mar 2016	8	2	5	2	0	17
13-03	HART	93	Audit of the Honolulu Authority for Rapid Transportation (HART) Public Involvement Programs	Dec 2013	3	1	0	0	0	4
16-03	HART	94	Audit of the Honolulu Authority For Rapid Transportation (HART)	Apr 2016	0	1	16	1	0	18
12-01	HESD	101	Audit of the City's Ambulance Fleet and Operations	Dec 2011	0	0	11	0	0	11
07-04	HPD	107	Audit of the Honolulu Police Department Patrol Officer Staffing Practices	Aug 2007	1	0	2	0	0	3
11-01	HPD	108	Audit of the Honolulu Police Department's Utilization of the 800 Megahertz Telecommunications System	Aug 2010	2	1	1	0	0	4
05-02	LIQ	111	Audit of Selected Management Issues of the Honolulu Liquor Commission	Apr 2005	0	0	0	7	0	7
08-02	MAY	117	Audit of the City's Electricity Costs, Consumption and Management	Jun 2008	0	2	0	0	0	2
12-02	MAY	118	Audit of the Span of Control of Selected Departments in the City and County of Honolulu	Jan 2012	2	3	0	0	0	5
				TOTALS	60	58	48	47	7	220
				PERCENTAGE	27%	26%	22%	21%	3%	100%

C = Completed; R - Resolved; I - In Process; N- Not Started; D - Dropped

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Department of Budget and Fiscal Services (BFS)

The Department of Budget and Fiscal Services (BFS) is the central budgeting and accounting agency for the City and County of Honolulu. Within this department, the Treasury Division bills and collects a variety of revenues and assessments, including real property taxes, improvement and business improvement district assessments, refuse disposal fees, refuse collection fees, real property rentals and concession contracts.

OCA Status Highlights

- ✚ In FY2017, \$16.24 million was the total amount owed to the city in delinquent taxes.
- ✚ Tax compromises, tax exemptions, and tax classifications impact the city's real property tax revenues.
- ✚ BFS has failed to implement the recommendations.
- ✚ The City Auditor recommends a follow-up audit of the Real Property Assessment Division and real property tax delinquency collection.

Audit of the City's Real Property Tax Delinquency Collection (Report 12-03, issued March 2012)

The Audit of the City's Real Property Tax Delinquency Collection made 11 recommendations through the Managing Director (MD) to BFS. The recommendations included those concerning government and private property owners, and collection policies and procedures of the city's delinquency collection programs. The Department of Budget and Fiscal Services disagreed with the audit recommendations and declined to take any further action. OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city continues to be of great public concern. In FY 2017, the outstanding delinquent tax owed to the city was \$16.24 million.

Audit of the Real Property Assessment Division (Report 13-02, Issued October 2013)

The Audit of the City's Real Property Assessment Division (RPAD) made 17 recommendations through the MD to BFS. The recommendations included improving policies and procedures, following professional standards, and reviewing RPAD classifications, exemptions, dedications, and tax compromise operations. The Department of Budget and Fiscal Services disagreed with the audit recommendations and did not take any further action. OCA recommends a follow-up audit of the City's Real Property Assessment Division since tax compromises, tax exemptions, and tax classifications continue to have great impact on the city's real property tax revenues, which is of continuous public concern.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 12-03	11	11	0	11	0	0	0	0	0%
Report 13-02	17	17	0	17	0	0	0	0	0%
Total	28	28	0	28	0	0	0	0	0%

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**Audit of the City's Real Property Tax Delinquency Collection
(Report 12-03, Issued March 2012)**

Report Summary: The objective of this self-initiated audit was to review and assess the city's real property tax delinquency collection process.

As of April 2018, all 11 outstanding recommendations have not been started (N).

Recommendation	Status	Comments
<p>The Managing Director, through the Director of the Department of Budget and Fiscal Services (BFS), should:</p> <p>RE: government landowners and lessees:</p> <p>1. Negotiate a Memorandum of Agreement with the State of Hawai'i that provides for the timely exchange of lessee information on government lands and permits the city and county access to State of Hawai'i databases that allow the city staff to take timely actions in filing liens against delinquent lessees.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
<p>2. Maintain a list of lessees of government-owned lands who are repeatedly delinquent for close monitoring and follow-up collection actions. The list should include information such as periods of chronic delinquency, personal or property lien status, private or government owned land, age of delinquency, and collection status.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
<p>3. Place uncollectible and written off property taxes on a list of lessees that should be denied city services and benefits until the delinquent taxes are paid or arrangements made to repay the delinquent taxes.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>

Audit of the City's Real Property Tax Delinquency Collection (Report 12-03, Issued March 2012)		
Recommendation	Status	Comments
4. Develop policies, procedures, and time lines for the following-filing personal and/or property liens; terms and conditions for payment plans; terms and conditions for personal liens; classifying accounts as uncollectible; the proper disposition of uncollectible accounts; and the treatment of chronically delinquent taxpayers.	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
5. Require the BFS staff to identify and report long term government land lessee delinquencies to the BFS Director that should be written off as uncollectible.	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
<p>RE: private property owners:</p> <p>6. Maintain a list of private landowners who are repeatedly delinquent for close monitoring and follow-up collection actions. The list should include information such as the periods of chronic delinquency, lien status, private or government owned land, age of delinquency, and collection status.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>

Audit of the City's Real Property Tax Delinquency Collection (Report 12-03, Issued March 2012)		
Recommendation	Status	Comments
7. Segregate the list of delinquent property taxes for privately owned real estate from government lands; age the delinquent accounts so city staff can identify long term delinquencies that are unlikely to be collected; and require the city staff to identify and report to the BFS Director any long term, private landowner delinquencies that should be classified as uncollectible.	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
8. Establish policies, procedures and timelines that limit the number of years for payment plans and require staff to take more timely action on foreclosures and other actions that protect the city's interests. The policies, procedures, and time lines should include the following– collecting and processing annual real property taxes, filing property liens; terms and conditions for payment plans; terms and conditions for foreclosure actions; classifying accounts as uncollectible; the proper disposition of uncollectible accounts; and the treatment of chronically delinquent taxpayers.	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
9. Establish an ordinance that allows the city to fine and deny services to delinquent taxpayers as an incentive to pay delinquent taxes. The ordinance should include due process administrative and appeal procedures related to the denial of the city services.	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>

Audit of the City's Real Property Tax Delinquency Collection (Report 12-03, Issued March 2012)		
Recommendation	Status	Comments
<p>To improve collection policies and procedures, BFS should:</p> <p>10. Establish policies, procedures, and time lines for: identifying and classifying accounts as uncollectible after two years; removing uncollectible accounts from the collections lists; transferring accounts to an uncollectible accounts list; writing off the uncollectible accounts; limiting the number of years for payment plans; taking timely actions on foreclosures and delinquent accounts that protect the city's interests; and handling long-term and repeat delinquent taxpayers.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>
<p>11. Establish and maintain a list of taxpayers with uncollectible and written off accounts for monitoring and follow-up actions.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>The Department of Budget and Fiscal Services disagreed with the audit recommendations and would not take any further action.</p> <p>OCA recommends a follow-up audit of the City's Real Property Tax Delinquency Collection because the outstanding delinquent tax owed the city, continues to be of great public concern.</p>

**Audit of the Real Property Assessment Division (RPAD)
(Report 13-02, Issued October 2013)**

Report Summary: The objectives of this audit were to evaluate RPAD’s processes related to the classification, reclassification, valuation, and assessment of real property for taxation purposes in the City and County of Honolulu. Report 13-02 was completed in response to City Council Resolution 10-269, *Requesting that the City Auditor Conduct a Performance Audit of the Real Property Assessment Division of the Department of Budget and Fiscal Services.*

OCA Update: The MD and BFS provided no status update for the recommendations and BFS failed to take any action to complete or resolve the recommendations. OCA recommends a follow-up audit of the City’s Real Property Assessment Division as this continues to be a public concern.

As of January 2018 all 17 outstanding recommendations have not been started (N).

Recommendation	Status	Comments
<p>Based on our review results, we recommend that the Managing Director, through the budget and fiscal services department director, require that RPAD should:</p> <ol style="list-style-type: none"> 1. Develop and enforce policies and procedures that conform to professional standards and best practices. The written policies and procedures should: <ol style="list-style-type: none"> (a) require the use of uniform methods and techniques to classify, value, and assess real properties; (b) ensure properties are assigned and classified based on the highest and best use and/or the current use; (c) ensure mixed use real properties are properly classified, valued, prorated, and assessed; and (d) properly classify, value, prorate, and assess real properties used as adult residential care homes, skilled nursing/intermediate care facilities, and other mixed used properties; 	<p>N</p>	<p><u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.</p>

**Audit of the Real Property Assessment Division
(Report 13-02, Issued October 2013)**

Recommendation	Status	Comments
2. Make recommendations to city council to introduce ordinances that allow tax assessments, exemptions, and real property taxes to be prorated according to the actual use of the properties;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
3. Communicate information or violations to the Department of Planning and Permitting (DPP) and work with DPP to resolve land classification and violation issues;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
4. Complete the processing and documentation of real properties granted tax adjustments or tax compromises under Resolutions 10-260 and 11- 105;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
5. Develop an accurate and reliable list of properties affected by its reclassifications of real properties and reverse any tax adjustments or tax compromises that were granted to non-qualified real property owners under the auspices of Resolution 10-206 and 11-105;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
6. Correct and collect all tax property assessments due from unqualified real property owners who were granted tax adjustments or tax compromises under the Resolutions 10-260 and 11-105;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.

Audit of the Real Property Assessment Division (Report 13-02, Issued October 2013)		
Recommendation	Status	Comments
7. Enforce written rules for historic property dedication exemptions and cancel the historic residence exemptions for property owners who are not complying with the historic residence requirements;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
8. Require non-compliant property owners to pay the full real property taxes and penalties as detailed in Chapter 8 of the Revised Ordinances of Honolulu and the Budget and Fiscal Services Historic Property Dedication Rules;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
9. Cancel the historic property dedication exemptions for properties with commercial activities on residential properties without a conditional use permit;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
10. Ensure the accuracy and reliability of the real property tax assessment data by including historic residential and commercial properties in the RPAD data quality assurance program;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
11. Include in the data quality assurance program best practices including physical property inspections, alternative inspection techniques, verifications of valuation and appraisal results, and compliance with historic property dedication requirements;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.

Audit of the Real Property Assessment Division (Report 13-02, Issued October 2013)		
Recommendation	Status	Comments
12. Rely more on information systems, such as <i>iasWorld</i> , for mass appraisals, real property assessments, and to streamline the existing, complex, manual process for classifying and assessing real properties;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
13. Use the <i>iasWorld</i> system capabilities to determine property values and perform appraisals and assessments of real properties, and use manual processes and State of Hawai'i data as a double check of the <i>iasWorld</i> results;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.
14. Develop a data quality assurance program that periodically and regularly verifies that <i>iasWorld</i> data are current, complete, updated, accurate, and reliable;	N	<u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.

**Audit of the Real Property Assessment Division
(Report 13-02, Issued October 2013)**

Recommendation	Status	Comments
<p>15. Develop and implement a data quality assurance program as recommended by professional standards and best practices to ensure real property tax assessment data is accurate, reliable, complete, updated, and current. The quality assurance program should include:</p> <p>(a) statistical sampling, projection techniques, and risk assessments;</p> <p>(b) prioritization of properties that are likely to be non-compliant with classification or zoning requirements;</p> <p>(c) identification of high risk properties that may have inaccurate or unreliable data;</p> <p>(d) property inspections, alternative inspection techniques, and verifications of valuation and appraisal results; and</p> <p>(e) assurances that quality assurance results, staff inputs, and other real property results are linked to <i>iasWorld</i> information systems and captured in the <i>iasWorld</i> database;</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u></p> <p>BFS provided no status update for this recommendation.</p>

**Audit of the Real Property Assessment Division
(Report 13-02, Issued October 2013)**

Recommendation	Status	Comments
<p>16. Develop and enforce written policies and procedures for:</p> <ul style="list-style-type: none"> (a) appraising and valuing properties so that uniform, consistent, accurate, and reliable results are obtained; (b) requiring continuous communications and coordination with the Department of Planning and Permitting on issues such as tax assessment efforts, inspection results, valuations and appraisals, violations, and enforcement actions; (c) ensuring uniform methods and techniques are used to value and appraise similar real properties in different zones or dissimilar properties in the same zone; (d) ensuring <i>kuleana land</i> exemptions and benefits are only granted to qualified owners of real properties; and (e) ensuring <i>kuleana land</i> exemptions are fully documented and granted only after all legal requirements are satisfied in accordance with Chapter 8 of the Revised Ordinances of Honolulu; and 	N	<p><u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.</p>
<p>17. Remove exemptions for real properties that are misclassified or not complying with permitted uses for the assigned zoning or classification.</p>	N	<p><u>Status as of 2012, 2014 and April 2018:</u> BFS provided no status update for this recommendation.</p>



Board of Water Supply (BWS)

OCA Status Highlights

- BWS has taken significant actions to improve public outreach, its operations, and technological system.

BWS is the largest municipal water utility in the State of Hawai'i and provides approximately 145 million gallons of water a day to nearly one million people on the island of O'ahu. The semi-autonomous entity has the authority to manage, control and operate the water systems that include nearly 2,100 miles of pipeline, 171 reservoirs, and 94 active potable water sources. BWS fixes and adjusts water rates and charges for water services so that the revenues derived are sufficient to make the BWS self-supporting as authorized by the provisions of Article 7, Revised Charter of Honolulu.

Audit of Select Management and Operational Practices at the Board of Water Supply (Report 14-03, issued September 2014)

BWS has implemented 95% of the 22 outstanding recommendations made in the *Audit of Selected Management and Operational Practices at the Board of Water Supply*. BWS addressed all 22 recommendations; 20 completed, 1 resolved and 1 in process. BWS is currently in the process of developing future rates in accordance with the American Water Works Association (AWWA) standards.

BWS has taken significant actions to address OCA's recommendations. Since the 2014 audit, BWS created a Stakeholder Advisory Group (SAG) to provide feedback on potential new initiatives to minimize future public impact and to help with public outreach and information initiatives. BWS is currently synchronizing their operating systems. If successfully implemented, it could improve their overall systems program operations and productivity. BWS also implemented a mobile software called KONA which is designed to provide an easier platform to enter work order data from the field. BWS states KONA should minimize data errors, and support current operations when locations are unreachable, and keep field data in sync and up-to-date with field operations. Overall, BWS has made substantial progress.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 14-03	22	22	0	0	1	1	20	21	95%

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**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Report Summary: The overall objective was to perform comprehensive management and performance audit of the Board of Water Supply (BWS). Sub-objectives were to determine (1) whether management policies and procedures fulfilled the BWS mission and benefit Honolulu ratepayers; (2) what performance measurements are utilized to adequately gauge the effectiveness and efficiency of BWS operations; (3) which financial tools and controls are in place to provide assurance the BWS is using ratepayer funds effectively and efficiently; (4) whether the state and powers of the BWS as a semi-autonomous agency should be maintained; and (5) what problems were associated with the new billing system implementation.

As of April 2018, 20 of the 22 recommendations have been completed (C), 1 has been resolved (R), and 1 is in process (I).

Recommendation	Status	Comments
<p>The Board of Water Supply should:</p> <ol style="list-style-type: none"> 1. Consult with other public and private utilities about their experiences prior to launching the new initiatives that may impact the public. 	C	<p><u>Status as of April 2018:</u></p> <p>The Board of Water Supply created a Stakeholder Advisory Group (SAG) to provide feedback on potential new initiatives in efforts to minimize public impact. All SAG meetings are open to the public. The agendas, minutes and information materials presented at the meetings are posted on the BWS website.</p> <p>BWS initiated and participated in a number of surveys conducted by the Association of Metropolitan Water Agencies (AMWA). AMWA is comprised of the largest publicly owned water utilities in the United States. As a result of their participation, BWS now receives feedback from AMWA regarding management and operational issues facing the water industry.</p>
<ol style="list-style-type: none"> 2. Improve planning, conduct risk assessments, and establish a formal action plan to mitigate problems when launching future initiatives that may impact the public. 	C	<p><u>Status as of April 2018:</u></p> <p>The Board of Water Supply created a Stakeholder Advisory Group.</p>
<ol style="list-style-type: none"> 3. Provide resources in the BWS call center and added support staff before activating the system. 	C	<p><u>Status as of April 2018:</u></p> <p>BWS continuously monitors call volume, the average wait time and call abandoned rate to ensure customer service performance levels are met by their staff. BWS continues to recruit and fill their Customer Service Representative positions as applicants become available. To help meet call center demands, BWS has added 2 additional contract positions to handle credit card payments and call center operator tasks.</p>

**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments												
<p>4. Be proactive in identifying preparing for, and addressing customer complaints.</p>	<p>C</p>	<p><u>Status as of April 2018:</u></p> <p>The Customer Care Division at BWS developed an escalation process to properly address customer inquiries and complaints. Staff are trained on processes and procedures to address customer-facing matters.</p>												
<p>5. Develop more customer service oriented policies and practices such as, formal performance benchmarks and performance goals for call center activities so that customer complaints do not increase.</p>	<p>C</p>	<p><u>Status as of April 2018:</u></p> <p>In August 2015, the BWS Board adopted 12 high-level performance metrics to measure the effectiveness of BWS operations and programs. Three of the adopted metrics were developed to address the customer related activities:</p> <ul style="list-style-type: none"> • Call Center Average Wait Time(minutes) • Call Center Abandoned Rate(%) • Estimated Bills Rate(%) <p>The table below shows the performance metrics, current performance and BWS targets as of December 2015. These three metrics are reported at the monthly BWS Board meeting on a quarterly basis.</p> <table border="1" data-bbox="1073 971 1885 1164"> <thead> <tr> <th>Metric</th> <th>FY 2017</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Call Center Average Wait Time (min)</td> <td>1.1 min</td> <td>≤ 2 min</td> </tr> <tr> <td>Call Center Abandoned Rate (%)</td> <td>5%</td> <td>≤ 5%</td> </tr> <tr> <td>Estimated Bill Rate (%)</td> <td>0.88%</td> <td>≤ 2%</td> </tr> </tbody> </table>	Metric	FY 2017	Target	Call Center Average Wait Time (min)	1.1 min	≤ 2 min	Call Center Abandoned Rate (%)	5%	≤ 5%	Estimated Bill Rate (%)	0.88%	≤ 2%
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**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments			
<p>6. Use available data to create reports that can be used to better manage BWS operations and programs.</p>	C	<p><u>Status as of April 2018:</u> In August 2015, the BWS Board adopted 12 high-level performance metrics to measure the effectiveness of BWS operations and programs. The table below shows the performance metrics, targets and reporting intervals to the BWS Board.</p>			
		Metric	FY 2017	Target	
		Stable Head Levels at Index Wells	93%	100%	
		Regulatory Compliance	100%	100%	
		Resident Satisfaction (% Strongly Satisfied)	59%	≥ 59%	
		Training Hours/FTE (hours/FTE)	16	20	
		Employee Turn Over Rate (%)	8%	7%	
		CIP Encumbrance Rate (%)	100%	100%	
		Main breaks/100 miles of pipeline (#/100 mi)	14	14	
		Call Center Average Wait Time (min)	1.10	≤ 2 min	
		Call Center Abandoned Rate (%)	5%	≤ 5%	
		Estimated Bill Rate (%)	0.88%	≤ 2%	
		Operating Ratio (%)	53%	-60%	
		Bond Coverage Ratio (%)	6.4%	≤ 1.6%	
<p>7. Adopt best practices by justifying and communicating water rates and charges for future rate increases.</p>	C	<p><u>Status as of April 2018:</u> BWS has convened a Stakeholder Advisory Group for input to develop an equitable rate structure and create effective strategies to communicate the financial strategy and potential rate increases to the public.</p>			

**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments
<p>8. Adopt best practices by developing and implementing a formal public involvement plan for future rate increases.</p>	C	<p><u>Status as of April 2018:</u></p> <p>BWS follows industry accepted practices set by the <i>American Water Works Association M1 Manual for Ratemaking</i>. BWS is required to provide a formal public hearing process prior to adopting a proposed rate schedule. BWS is currently developing public engagement plans for future rate increases which will include public meetings, presentations, and workshops to gather feedback from the public on future financial plans and initiatives.</p>
<p>9. Improve transparency by accounting for how revenues collected from outside agencies are allocated to appropriate fixed costs, and, as appropriate, reduce customer charges to reflect the payments made by the Department of Environmental Services, Kaua'i County, and Maui County.</p>	C	<p><u>Status as of April 2018:</u></p> <p>BWS bills outside agencies based on the actual allocated billing-related costs of providing the services used by the agency.</p>
<p>10. Justify the monthly billing and water rate charges. If the charges cannot be substantiated, the BWS, as appropriate, should refund the monthly charges back to the water customers as cash or credits to the water customer accounts.</p>	C	<p><u>Status as of April 2018:</u></p> <p>BWS commissioned the services of Brown and Caldwell, Inc. to review and analyze Rate Development and Cost-of-Service Reports for the Board of Water Supply. Brown and Caldwell reported that BWS analysis and development of the rates and charges generally follows the industry accepted practices set by the <i>American Water Works Association M1 Manual for Ratemaking</i>. They confirmed that the spreadsheets that BWS provided, <i>were difficult to follow and that the results of the analyses documented in the spreadsheets were not used to set the current Billing Charge</i>. BWS is currently in the process of developing rates according to the AWWA standards.</p>

**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments
<p>11. BWS should streamline the Automatic Meter Reading (AMR) and re-reading process.</p>	<p>C</p>	<p><u>Status as of April 2018:</u></p> <p>In November 2015, BWS initiated a pilot program to evaluate the licensed frequency transmitter system to improve AMR readings using the current drive-by system. BWS commissioned the services of an automated meter-reading system expert to evaluate the AMR system and develop potential strategies to improve the BWS meter reading program. Since the study BWS implemented a phased implementation of a hybrid system that uses both drive-by captures and a tower Advanced Metering Infrastructure system. The first phase of the new system resulted in no-read rates dropping from 19% to 3%. BWS plans on continuing the implementation of the hybrid system over the next two fiscal years with total implementation completed in FY 2020.</p>
<p>12. BWS should focus on repairing and maintaining the AMR system so that a higher collection of water meter readings is attained for the AMR system.</p>	<p>C</p>	<p><u>Status as of April 2018:</u></p> <p>In November 2015, BWS initiated a pilot program to evaluate the licensed frequency transmitter system to improve AMR readings using the current drive-by system. The vehicle drive-by capture rate improved from 85% to 99+% in the initial pilot area tested. Based on the increase in drive-by capture rates, the pilot area was expanded to ensure consistent results. BWS plans on rolling out new transmitters and meters based on the continued improvement of the vehicle drive-by capture rates.</p>

**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments
<p>13. BWS should synchronize and improve the process in which work orders are managed and communicated between the Maximo, CIS/CC&B, and Sensus Auto Read systems.</p>	<p>I</p>	<p><u>Status as of April 2018:</u></p> <p>BWS is currently implementing mobile software (KONA) to facilitate Field Operations crews interface with Maximo and CC&B. The prior update to Maximo had limitations with its field crew interface and operational issues in areas of the island that lacked connectivity and a dependency of data integration between Maximo and CC&B. The KONA software will provide easier entry of work order data by field crews (minimizing data errors), support of operations when locations are unreachable via cellular networking, and direct data updates to CC&B (and Maximo) by keeping data in sync with what is actually in the field.</p>
<p>14. BWS should reduce manual readings, overtime expenses, and estimate billings by resolving the high AMR <i>no read</i> rate.</p>	<p>C</p>	<p><u>Status as of April 2018:</u></p> <p>BWS has held working meetings involving BWS Finance, Field Operations, IT and the AMR vendor to discuss means and methods to improve AMR readings. BWS implemented a new AMR transmitter resulting in an increase in the drive-by read rate. BWS also corrected the placement of the AMR components, improved work order maintenance codes and descriptions which reduced the generation of duplicate work orders, and improved the routing of work orders. As a result of the implementation, corrections and improvements, and overtime costs for the meter reading staff was reduced by 12% from FY 2014 to FY 2015.</p>

**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments														
<p>15. Adopt industry best practices by conducting periodic customer surveys and focus groups, and use the data to improve BWS operations. Surveys can be conducted through monthly billing surveys, on-line using <i>Survey Monkey</i>, or other on-line applications.</p>	<p>C</p>	<p><u>Status as of April 2018:</u></p> <p>BWS commissioned Ward Research, Inc. to conduct a survey and focus groups. The results were reported to the BWS Board at the May 2015 Board meeting.</p> <p>The results indicated that residents have favorable perceptions of BWS and strong degree of satisfaction. Opportunities for improvement were also identified and BWS is working on improvement plans. The table below is a summary of the survey results.</p> <table border="1" data-bbox="1157 610 1852 924"> <thead> <tr> <th>Survey Question</th> <th>% Strongly</th> </tr> </thead> <tbody> <tr> <td>Overall Satisfaction</td> <td>59%</td> </tr> <tr> <td>Ability to fulfill mission</td> <td>82%</td> </tr> <tr> <td>Water Delivery Service</td> <td>82%</td> </tr> <tr> <td>Water Pressure, Quality & Taste</td> <td>73%</td> </tr> <tr> <td>Rates and Billing</td> <td>56%</td> </tr> <tr> <td>Customer Service</td> <td>62%</td> </tr> </tbody> </table> <p>Top 3 Most Trusted Sources of Information about Fresh Water Issues:</p> <ul style="list-style-type: none"> 1 – Scientists 2 – Board of Water Supply 3 – State Department of Health <p>BWS is planning to continue conducting periodic customer surveys to gauge customer satisfaction with BWS services and operations.</p>	Survey Question	% Strongly	Overall Satisfaction	59%	Ability to fulfill mission	82%	Water Delivery Service	82%	Water Pressure, Quality & Taste	73%	Rates and Billing	56%	Customer Service	62%
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**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments
<p>16. Adopt industry best practices by conducting a risk assessment for workplace injuries, collect data, and report outcomes in the BWS human resources annual report</p>	<p>C</p>	<p><u>Status as of April 2018:</u> BWS' Human Resource Office has included workplace injuries as part of its annual report. BWS has implemented regular safety committee meetings with representatives from all BWS divisions. In addition to regular safety meetings, BWS performed Job Hazard Analyses to evaluate risk assessments of job tasks and created a Vehicle Review Committee to reduce vehicle and equipment accidents and resulting injuries. BWS is currently working with the city administration to develop procedures and protocols to reduce vehicle and equipment accidents and resulting injuries.</p>
<p>17. Adopt industry best practices by evaluating a feasibility of offering alternative water rates to low income households, senior citizens, and other disadvantaged groups.</p>	<p>C</p>	<p><u>Status as of April 2018:</u> BWS contracted rate experts to perform a new water rate study and rate development process in late 2016. The study included an analysis of the alternatives other water agencies offer to low income households, senior citizens, and other disadvantaged groups. BWS and its Stakeholder Advisory Group evaluated community values concerning alternative rates structures. BWS plans to use the information gathered in the rate development process to provide equitable rates to various customer classes which are compatible with community values.</p>

**Audit of Selected Management and Operational Practices at the Board of Water Supply
(Report 14-03, Issued September 2014 (rev. 10/20/14))**

Recommendation	Status	Comments																																							
<p>18. BWS should adopt industry best practices by establishing better and more frequent communications with the city council and select members of the executive branch to inform them of BWS activities, particularly those that directly impact citizens. This can be done with face-to-face meetings, memos, or other communication tools specific to these stakeholders, on a regular basis.</p>	<p>C</p>	<p><u>Status as of April 2018:</u> BWS increased its communication practices by regularly using various methods of communications, such as face-to-face meetings, email, memorandums and letters to inform and update the city council and city administration on BWS issues, projects and programs. BWS management regularly attends the city administration’s bi-monthly staff meetings and staff provides updates of BWS programs and initiatives such as the BWS Water Master Plan, Automated Meter Reading Program, and Red Hill Fuel Storage Facility, at various city council committee meetings.</p>																																							
<p>19. Formally adopt performance benchmarks, collect data, and report it to the board and public on a regular basis. The performance benchmarks could be formal guidelines for its call center, such as picking up a call by the third ring, abandon call rate of 2 percent, call wait time of 2-5 minutes, calls lasting no more than 8 minutes.</p>	<p>C</p>	<p><u>Status as of April 2018:</u> In August 2015, the BWS Board adopted 12 high-level performance metrics to measure the effectiveness of BWS operations and programs. The data is being used to manage and report performance. The table below shows performance metrics, targets and reporting intervals to the BWS Board:</p> <table border="1" data-bbox="1119 792 1885 1377"> <thead> <tr> <th>Metric</th> <th>FY</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Stable Head Levels at Index Wells</td> <td>93%</td> <td>100%</td> </tr> <tr> <td>Regulatory Compliance</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Resident Satisfaction (% Strongly Satisfied)</td> <td>59%</td> <td>≥ 59%</td> </tr> <tr> <td>Training Hours/FTE (hours/FTE)</td> <td>16</td> <td>20</td> </tr> <tr> <td>Employee Turn-Over Rate (%)</td> <td>8%</td> <td>7%</td> </tr> <tr> <td>CIP Encumbrance Rate (%)</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Main breaks/100 miles of pipeline (#/100)</td> <td>14</td> <td>14</td> </tr> <tr> <td>Call Center Average Wait Time (min)</td> <td>1.10</td> <td>≤ 2 min</td> </tr> <tr> <td>Call Center Abandon Rate (%)</td> <td>5%</td> <td>≤ 5%</td> </tr> <tr> <td>Estimated Bill Rate (%)</td> <td>0.88%</td> <td>≤ 2%</td> </tr> <tr> <td>Operating Ratio (%)</td> <td>53%</td> <td>60%</td> </tr> <tr> <td>Bond Coverage Ratio (%)</td> <td>6.4%</td> <td>1.6%</td> </tr> </tbody> </table>	Metric	FY	Target	Stable Head Levels at Index Wells	93%	100%	Regulatory Compliance	100%	100%	Resident Satisfaction (% Strongly Satisfied)	59%	≥ 59%	Training Hours/FTE (hours/FTE)	16	20	Employee Turn-Over Rate (%)	8%	7%	CIP Encumbrance Rate (%)	100%	100%	Main breaks/100 miles of pipeline (#/100)	14	14	Call Center Average Wait Time (min)	1.10	≤ 2 min	Call Center Abandon Rate (%)	5%	≤ 5%	Estimated Bill Rate (%)	0.88%	≤ 2%	Operating Ratio (%)	53%	60%	Bond Coverage Ratio (%)	6.4%	1.6%
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Audit of Selected Management and Operational Practices at the Board of Water Supply (Report 14-03, Issued September 2014 (rev. 10/20/14))		
Recommendation	Status	Comments
20. Establish written policies or procedures in accordance with Section 7-105(f), Revised Charter of Honolulu (RCH), related to real property transactions.	C	<u>Status as of April 2018:</u> In June 2015 the BWS Board adopted the process to comply with Section 7- 105(f), RCH, related to real property transactions.
21. Request the Department of Budget and Fiscal Services (BFS) to review and affirm BWS' disbursement policy, as required by Section 7-111, RCH.	C	<u>Status as of April 2018:</u> On February 13, 2015 BWS issued Finance Directive #2.062, Non-Payroll Disbursement. The directive was finalized and signed by the Director of Budget and Fiscal Services, on March 7, 2015.
22. Any charter amendment to modify the structure of the Board of Water supply is a policy decision.	R	<u>Status as of April 2018:</u> BWS agreed with the City Auditor's recommendation.



OCA Status Highlights

- ✚ The City Council has made improvements to accountability for its annual contingency allowances.
- ✚ OCA considers this audit closed and completed.

Honolulu City Council (CCL)

The city council is responsible for setting citywide policies by enacting ordinances and adopting resolutions related to city programs and services. The council’s major duties and functions include establishing city policies and exercising oversight powers over city programs and services.

The Honolulu City Council is comprised of nine elected members, one from each of the nine districts on O’ahu. Each councilmember is provided an annual contingency allowance (ACA) to cover expenses incurred in the course of carrying out their duties. The expenses must be related to official city business. Guidance on the use and administration of the ACA funds is incorporated in the City Council Administrative Manual.

Audit of the Policies and Procedures Relating to the Honolulu City Council’s Annual Contingency Allowances (Report 12-07, Issued December 2012)

The Audit of the Policies and Procedures Relating to the Honolulu City Council’s Annual Contingency Allowances made seven recommendations to the Honolulu City Council. The recommendations involved city council implementing critical best practices to its reimbursement process which would ensure reimbursement claims are valid, and avoid any potential violations of the ACA policies. As of April 2018, all 3 outstanding recommendations have been resolved or closed.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 12-07	7	3	0	0	0	1	2	7	100%

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**Audit of the Policies and Procedures Relating to the Honolulu City Council's Annual Contingency Allowance (ACA)
(Report 12-07, Issued December 2012)**

Report Summary: The objective of this audit was to review and assess the annual contingency allowance policy and procedures, clarifications to the categories of expenses, and the ACA reimbursement process. Report 12-07 was completed in response to City Council Resolution 10-73, *Requesting the Office of the City Auditor to Conduct a Review of and Make Recommendations to Improve the Policy and Procedures Relating to the Honolulu City Council's annual Contingency Allowance.*

As of April 2018 all 3 outstanding recommendations have been resolved (R) or closed (C).

Recommendation	Status	Comments
<p>To minimize the possibility of future violations, we recommend the following:</p> <p>2. Update council's annual contingency allowance policies to authorize the council chair to delegate the authority and responsibility for administering the ACA program; processing, verifying and auditing claims; denying claims for improper reimbursements, and formalize a supplemental approval process for disputed claims.</p>	C	<p><u>Status as of April 2018:</u></p> <p>Section 3.05 of the Council Administration Manual was updated to address the four points mentioned.</p>
<p>6. Provide administrative staff, city councilmembers and their staff initial and periodic training on annual contingency allowance policies and procedures, city ethics policies, fraud training, and the processing of ACA claims.</p>	C	<p><u>Status as of April 2018:</u></p> <p>Language was added to the revised Council Administration Manual delegating authority to Council Administrative Services (CAS) to conduct an annual workshop for council personnel regarding ACA provisions and procedures.</p>
<p>7. Update the Council Administrative Manual and annual contingency allowance policies to include the council's new Purchasing Card Program and Policy on the use of city purchasing cards (pCards) and for consistency in administering ACA expenditures.</p>	R	<p><u>Status as of April 2018:</u></p> <p>The current council administration recently updated the Council Administration Manual to update sections 3.05 ACA and 3.05A ACA examples of allowable expenses.</p>

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Customer Services Department (CSD)

CSD is responsible for providing motor vehicle, licensing and permits, and State of Hawai'i identification card services to the residents of the City and County of Honolulu. These services are provided through its Motor Vehicle, Licensing and Permits (MVL) Division at five full service driver licensing offices throughout the city.

Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (MVL) (Report 14-02, issued August 2014)

OCA Status Highlights

- ✚ CSD has implemented new customer service initiatives in its licensing program.
- ✚ Appointment options and online duplicates are initiatives which were responsive to the public interest in receiving services without lengthy waits.
- ✚ OCA considers this audit closed and completed.

CSD has implemented new customer services initiatives to address OCA's recommendations. Some initiatives include an in house system called Aloha-Q that allows a *get-in-line-later* or appointment option that can be accessed from home, work or mobile device. CSD also implemented online duplicate driver's licenses services which produced nearly 40,000 duplicate driver licenses in 2016. CSD reports that the new online service has the potential to reduce the number of people in line by 40,000 a year. However, CSD has not fully implemented automated systems in all of their locations, and also report facility staff shortages. In 2016, Satellite City Hall (SCH) wait times were 20 minutes or less for 86% of their customers and driver's license wait times were 30 minutes or less for 80% of their customers. CSD reported that in 2016, 95.7% of their patrons were able to successfully complete their transaction in a single visit and 96% of the customers surveyed ranked their experience as *satisfactory* or higher. As of April 2018, all 13 recommendations are now completed and closed.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 14-02	13	13	0	0	0	1	12	13	100%

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**Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (MVLN)
(Report 14-02, Issued August 2014)**

Report Summary: The objectives of the audit were to determine the efficiency of staff to process motor vehicle licensing and permitting transactions; provide statistics on daily and monthly transactions, and provide recommendations for streamlining the process. Report 14-02 was completed in response to City Council Resolution 13-27, *Requesting the City Auditor to Audit the Department of Customer Services' Motor Vehicle, Licensing and Permits Program.*

As of April 2018, 12 of the 13 recommendations have been completed (C), and 1 has been resolved (R).

Recommendation	Status	Comments
<p>The Director of Customer Services Department (CSD) should ensure that:</p> <ol style="list-style-type: none"> 1. The MVLN Division develops processes and practices that are consistent with the CSD mission statement and goals. The MVLN processes and practices should focus on providing efficient, effective, and practical customer services that are consistent with CSD and customer service best practices used by others. 	C	<p><u>Status as of April 2018:</u></p> <p>In 2015, CSD's best practices were reviewed and studied and performance metrics were developed which focused on efficient and effective customer service. Areas under review were: rate of successful customer business transactions; total amount of customer transactions; customer knowledge of transaction requirements; total count of customers missing required documentation; total customer wait times and customer service satisfaction ratings.</p> <p>In 2016, CSD met its end-of year performance metrics with Satellite City Hall (SCH) wait times of 20 minutes or less for 86% of their customers and driver's license wait time of 30 minutes or less for 80% of its customers.</p> <p>In 2016, 95.7% of CSD customers were able to successfully complete their transaction in one visit and 96% ranked their experience as "satisfactory" or higher.</p>
<ol style="list-style-type: none"> 2. CSD and MVLN coordinate the implementation of new customer services initiatives and CSD should follow-up to ensure the initiatives are fully implemented and are improving customer services in the MVLN Division. 	C	<p><u>Status as of April 2018:</u></p> <p>CSD developed and implemented an in-house system called Aloha-Q that ended having to have customers stand in line. The system allows a <i>get-in-line-late</i> or appointment option that can be accessed from home, work or mobile device. Customers can now show up at the appointed time and be served.</p> <p>CSD also implemented a duplicate driver license online service which produced over 40,000 online duplicate licenses in 2016. CSD estimates the new online services has the potential to reduce the number of people in line by 40,000 a year.</p>

Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (MVLP) (Report 14-02, Issued August 2014)		
Recommendation	Status	Comments
3. CSD and MVLP managers develop continuous in-house customer service training on-the-job and in the classroom. MVLP customer service training should focus on reducing customer lines, waiting times, and better managing customer waiting times.	C	<p><u>Status as of April 2018:</u></p> <p>In response to the 2014 audit CSD and MVLP implemented regular quarterly manager's meetings to discuss customer service improvements and identify problem areas that need to be addressed. CSD offers on the job training at work sites. In 2016 training manuals were created and updated to provide consistent and uniform training. CSD also implemented an employee newsletter to recognize accomplishments, build moral, and call attention to areas of concern.</p>
4. CSD and MVLP develop quantifiable customer performance goals related to items such as customer wait times, customer satisfaction surveys scores, and number of customer complaints received. CSD should monitor MVLP progress in attaining these performance goals.	C	<p><u>Status as of April 2018:</u></p> <p>Since 2014, CSD has implemented quarterly customer service satisfaction surveys of both satellite and driver licensing centers. Wait times have been monitored, and customers were asked to rank their service on a scale of 1 -10 with 10 as most satisfied. Results consistently showed that 75-88% rated its service at <i>satisfied</i> (5) or higher.</p> <p>In 2016 volunteers were utilized to poll customers with a series of 5 questions related to CSD's customer service performance metrics. The goal set for 2016 was 90% satisfied customers. The 2016 year-end report showed 96% of the customers surveyed responded with an opinion ranking of <i>satisfied</i> or better and 80% surveyed experienced a wait time of 30 minutes or less. CSD continues to monitor its customer satisfaction ratings.</p>
5. If State of Hawai'i resources for the state identification card program are still available, CSD and the MVLP Division should request and accept all the state resources offered	C	<p><u>Status as of April 2018:</u></p> <p>In 2016, the state hired SPIRE accounting firm to review each side's position and determine fairness. After lengthy reporting, fact finding and a negotiation period, the SPIRE report resulted in the state declining any increase in reimbursement to the counties and opted to maintain the current method of calculating the state's share of costs.</p>

Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (MVLP) (Report 14-02, Issued August 2014)		
Recommendation	Status	Comments
<p>The Managing Director (MD) should ensure that:</p> <p>6. CSD and MVLP managers are more proactive in reducing customer waiting times and lines, and take steps to improve the customer experience in the queuelines.</p>	C	<p><u>Status as of April 2018:</u></p> <p>CSD has improved its customer experience by implementing queuing systems, online/onsite prescreening and document checks, online processing of duplicate Driver's Licenses, and online dealer vehicle registration for new vehicles, new seating areas, and the installation of working televisions to help ease the customer wait experience.</p> <p>The MD noted that CSD and MVLP designed the city's newest MVLP location, Kapalama Hale, with the customer in mind. As of 2015 the MD monitors the newly established performance metrics and ensures that CSD meets or exceeds the customer service based performance metrics set forth by the department in the MVLP area.</p>
<p>7. CSD and MVLP implement queuing systems and techniques that will reduce customer waiting times and lines; improve window service and staffing; and optimize the availability and use of MVLP staff and window resources.</p>	C	<p><u>Status as of April 2018:</u></p> <p>CSD developed and implemented an in-house system called Aloha Q that ended having to have customers stand in line. The system allows a <i>get-in-line-later</i> or appointment option that can be accessed from home, work or a mobile device. Customers can now show up at the appointed time and be served.</p> <p>In 2018, MVLP plans on streamlining the window process by implementing a system that offers photo services at cashier windows to better manage the wait time and improve customer service.</p>
<p>8. CSD and MVLP accumulate data needed by the queuing systems and use the collected data to determine how MVLP resources should be assigned to maximize the services provided to residents while simultaneously reducing customer wait times, customer lines, and minimize customer inconvenience while waiting for MVLP services.</p>	C	<p><u>Status as of April 2018:</u></p> <p>The Aloha Q system offers back-end metrics that is used to assess operations such as transaction demand, current wait time, and allows CSD to revise staffing assignments to continually meet needs. The system's ability to offer text notifications allows the customer to be on site close the service time and minimize customer inconvenience. The data collected through Aloha Q is regularly analyzed by management to assess and allocate resources.</p>

Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (MVLP) (Report 14-02, Issued August 2014)		
Recommendation	Status	Comments
9. CSD and MVLP provide more complete and accurate public information so residents can better prepare for transactions and anticipate MVLP services and processes.	C	<u>Status as of April 2018:</u> CSD created a new Online Document Guide which allows residents to access a user friendly guide that lists all the federal documents required before they appear at a service center. In addition to the online guide, an in-person document checker is also onsite to assist customers who are unable to, or choose not to, use the online process.
10. CSD and MVLP proactively anticipate customer demand and improve MVLP facilities to better service customers while reducing customer waiting times, lines, and inconvenience.	C	<u>Status as of April 2018:</u> The new Kapalama Hale facility was designed with customer service priorities in mind. Through the use of technology, comfort measures, a more efficient layout, and a queuing system that provides options that eliminate lines and reduce customer wait times. CSD continues to seek better locations for centers such as Wahiawa where space limitations exist.
11. As funds are available, CSD and MVLP fill existing vacancies.	C	<u>Status as of April 2018:</u> CSD continues to prioritize the filling of critical positions and has been successful in filling the majority of vacancies existing at the time of the audit.
12. CSD require MVLP to adopt CSD Satellite City Hall Division attitudes, practices, and processes related to customer service.	C	<u>Status as of April 2018:</u> Under the current Administration a Customer Service Standing Committee has been created. CSD leadership is required to attend the committee meetings. The purpose of the standing committee is to improve service levels at the city, particularly in departments that have a high level of public interaction. CSD has implemented quarterly manager's meetings to discuss customer service improvements and identify problem areas that need addressing.

Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (MVLP) (Report 14-02, Issued August 2014)		
Recommendation	Status	Comments
13. CSD evaluate the most effective organization to deliver MVLP Division services, and, as appropriate, consider merging the MVLP Division under the oversight of the Satellite City Hall Division.	R	<p><u>Status as of April 2018:</u></p> <p>In 2014, CSD determined the merger of SCH and MVLP was not advisable due to the diverse responsibilities of both divisions and the excessive oversight needed. Since the audit, the SCH Administrator and the new MVLP Administrator formed a partnership to improve the communication and processing between the two divisions. The MD reported that the new partnership has improved how customer transactions are handled and processed.</p>

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OCA Status Highlights

- Since both previous audits were of single projects ten years ago, OCA finds that new audits of overall DDC project management and public outreach are warranted because of continuing public interest in project accountability and public involvement.

Department of Design and Construction (DDC)

DDC acts as the owner of city projects from conception to completion, and is responsible for ensuring that consultants and contractors proceed with the design and construction of city facilities according to the approved plans and specifications, within the allotted time, and ensure that projects adhere to established budgets. DDC assigns in-house project managers and inspectors to oversee the planning, design and construction phases, and the work of consultants and contractors.

Audit of the Tennis Complex of the Central O'ahu Regional Park (Report 07-03, issued July 2007)

As of April 2018, DDC has addressed the remaining two outstanding OCA recommendations from the 2007 *Audit of the Tennis Complex of the Central O'ahu Regional Park*. However, DDC failed to provide support that it has ceased the practice of commingling resources and funds among separate project phases. OCA recommends a future audit focusing on DDC's construction management and project oversight practices.

Audit of the City's Planning, Design, and Construction of Skateboard Park Facilities (Report 08-01, issued July 2008)

The audit made five recommendations to DDC to improve their internal design-build practices. As of April 2018, DDC failed to provide support for communication or guidelines to improve public and client notification of project changes. OCA recommends a future audit that focuses on DDC's public and client outreach initiatives since the 2008 report.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 07-03	14	2	0	1	0	1	0	13	93%
Report 08-01	5	1	0	1	0	0	0	4	80%
Total	19	3	0	2	0	1	0	17	89%

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**Audit of the Tennis Complex of the Central O'ahu Regional Park
(Report 07-03, Issued July 2007)**

Report Summary: The objectives of the self-initiated audit were to determine the city's total cost and related management issues to construct the tennis complex at the Central O'ahu Regional Park.

As of April 2018, 1 of the 2 outstanding recommendations has been resolved (R) and 1 not started (N).

Recommendation	Status	Comments
<p>1. The director of the Department of Design and Construction (DDC) should:</p> <p>j. cease comingling resources and funds among separate project phases; and</p>	N	<p><u>Status as of April 2018:</u></p> <p>In October 2014, DDC reported that the agency and the Department of Budget and Fiscal Services (BFS) established internal audit controls. As verification, DDC provided us with a copy of its original management response to Report No. 07-03, dated July 10, 2007. The response was deemed inadequate at the time. DDC has not sufficiently addressed the audit recommendation.</p> <p>As of April 2018, DDC still has not provided additional documentation and maintains this was already addressed with BFS. Due to the amount of time elapsed since the 2007 report, OCA is recommending a follow-up audit.</p>
<p>k. fully represent project costs in capital budget requests to council and cease using unspecific, generic purposed capital projects or programs as ad hoc sources of project funding.</p>	R	<p><u>Status as of April 2018:</u></p> <p>In 2015, BFS worked with DDC on line item CIP's. DDC stated that Bulk Funds and Recreational District Funds are still used.</p>

**Audit of the City's Planning, Design, and Construction of Skateboard Park Facilities
(Report 08-01, Issued June 2008)**

Report Summary: The objectives of the audit were to review the Department of Design and Construction's planning, design and construction practices at Banzai Skateboard Park, and assess the effectiveness by which the Department of Design and Construction oversees the work of its general contractor to control expenses and minimize waste of city resources. Report 08-01 was completed in response to City Council Resolution 06-373, *Requesting the City Auditor to Audit the City's Planning, Design and Construction of Skateboard Park Facilities.*

As of April 2018, the 1 remaining outstanding recommendation has not been started (N).

Recommendation	Status	Comments
<p>The Department of Design and Construction should:</p> <p>3. develop guidelines to improve public and client agency notification of changes to particular projects to keep stakeholders apprised of changes that occur during construction.</p>	N	<p><u>Status as of April 2018:</u></p> <p>DDC reported that it has open communications with client agencies and that client agencies are responsible for communicating with public and special interest groups. As of April 2018, DDC has not provided support and maintains this issue has already been resolved. As a result of DDC's failure to provide documentation verifying public and client notification of project changes, OCA is recommending a follow-up audit.</p>



OCA Status Highlights

- ✦ DES does not anticipate being able to cover all of its operating costs to be self-sustaining, although this was a policy initiative of a former city administration fifteen years ago.
- ✦ OCA considers this audit closed and completed.

Department of Enterprise Services (DES)

DES was established by the 1998 citywide reorganization. It is comprised of the former Department of Auditoriums, which at that time included the Honolulu Zoo and the municipal golf course operations, and also the citywide concessions from the Department of Parks and Recreation. Enterprise services' mission is to manage and market a diversity of community-oriented facilities and services for the public's use and benefit on a self-supporting basis.

Review of the Department of Enterprise Services' Efforts Toward Fiscal Self-Sustainability (Report 04-01, issued April 2004)

Since 2004, DES has initiated and is in the process of implementing the Blaisdell Feasibility Study which was completed in 2016. The master plan and design phases commenced in 2017. Final design activities are to be completed in 2019. DES conducted a review of department-wide operations which indicated that current policy and business constraints make it very unlikely that it would be able to be self-supporting in the short-or long-term.

DES divisions all operate from separate funds (e.g., Zoo Fund; Golf Fund; Special Events Fund), which prohibits DES from transferring funds from a division with a surplus to another with a shortage in efforts to cover both divisions operating costs. DES reports it has developed strategies that if implemented could allow both the Honolulu Zoo and the Golf Division to operate on a self-supporting basis. However, DES does not anticipate being able to cover all of its operating costs in future fiscal years. As of April 2018, all recommendations are closed.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 04-01	15	1	0	0	0	1	0	15	100%

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**Review of the Department of Enterprise Services' Efforts Toward Fiscal Self-Sustainability
(Report 04-01, Issued April 2004)**

Report Summary: The objectives of the audit were to assess the department's efforts to achieve fiscal self-sustainability and the management of its concession and revenue-generating contracts. Report 04-01 was completed in response to City Council Resolution 03-198, *Requesting the City Auditor to Conduct a Review of the Economy and Efficiency of Certain Executive Department Activities.*

Recommendation	Status	Comments
<p>1. The director of the Department of Enterprise Services (DES) should:</p> <p>a. establish a long-term fiscal sustainability plan that incorporates all initiatives into a comprehensive plan. The plan should unify its various efforts so that it can make purposeful progress toward accomplishing its mission.</p> <p>This plan should:</p> <ul style="list-style-type: none"> • clearly identify whether all of its operating costs and departmental expenses, such as debt service, will eventually be fully funded by the department; • address the department's financial goals and fiscal constraints that balance the needs of the public, non-profit, and commercial activities; • identify goals and objectives to reduce the need for the General Fund subsidy for the department's Golf Fund and Special Events Fund; and • incorporate evaluation to assess progress and take corrective action when needed; 	R	<p><u>Status as of April 2018:</u></p> <p>DES has initiated and is in the process of implementing the Blaisdell Feasibility Study which was completed in 2016. The Master Plan and Design phases commenced in 2017. Final design activities are said to be completed in 2019.</p> <p>DES reported it is developing strategies that if initiated and successfully implemented, could allow both the Honolulu Zoo and the Golf Division to operate on a self-supporting basis. However, DES does not anticipate being able to cover all of its operating costs in future fiscal years. In FY 2017, DES expenditures exceeded revenues by approximately \$4.5 million; the FY 2019 Budget is projected to be the same.</p>

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OCA Status Highlights

- + ENV has made improvements to its procurement practices and contract administration to resolve all outstanding recommendations.

- + OCA considers this audit closed and complete.

Department of Environmental Services (ENV)

ENV plans, directs, operates and administers the city's solid waste, storm water permit programs and environmental sustainability programs. The ENV Division of Refuse Collection and Disposal is responsible for administering, managing, and planning the city's solid waste program, including the H-POWER waste-to-energy facility. The refuse division is responsible for the engineering design, construction of upgrades, and maintenance and operation of the H-POWER plant.

Audit of Environmental Services' H-POWER Contracts and Procurement Practices (Report 15-04, issued December 2015)

The *Audit of Environmental Services' H-POWER Contracts and Procurement Practices* made 15 recommendations to improve ENV's procurement practices and contract administration. As of April 2018, ENV has resolved (R) all 15 outstanding recommendations. OCA considers the recommendations addressed.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 15-04	15	15	0	0	0	15	0	15	100%

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**Audit of the Department of Environmental Services' H-POWER Contracts and Procurement Practices
(Report 15-04, Issued December 2015)**

Report Summary: The overall objective was to perform an audit of the Department of Environmental Services (ENV) contracts, including its procurement practices to ensure that is operating efficiently, effectively and in compliance with all applicable laws and policies. More specifically, the resolution requested that the audit examine the Department of Environmental Services contracts; determine whether the amounts spent over the years for amendments, change orders, or task orders related to these projects were reasonable; and identify whether procurement activities may be performed more economically or efficiently.

As of April 2018, all 15 outstanding recommendations resolved (R) and closed.

Recommendation	Status	Comments
<p>The Managing Director should direct ENV to:</p> <p>1. Maximize the use of fixed price contracts. If ENV needs to use cost-reimbursement type contracts (including cost-plus service fee, and time and materials type contracts), ENV must assign the resources needed to properly administer the contract, scrutinize the contract scope, and minimize costs;</p>	R	<p><u>Status as of April 2018:</u></p> <p>ENV agreed that they should maximize the use of fixed price contracts and have done so with the H-POWER Contract. The contract took a hybrid approach; fixed price for primary services with time and materials contract elements.</p> <p>ENV has filled the Energy Recovery Administrator and Energy Recovery Engineer positions and, is fully staffed to properly administer the contract.</p>
<p>2. Not allow the contractor or consultant to write one-sided contracts that favor the contractor and increase the city risks for losses or increased costs. ENV should pay particularly close attention to contracts that are vague, do not cap or limit city liabilities, and do not explicitly provide an explicit expiration date;</p>	R	<p><u>Status as of April 2018:</u></p> <p>ENV has followed these recommendations in negotiating the expansion and extension amendments</p>
<p>3. Document justifications for approving long term, sole source, cost-plus, and time and materials contracts, operating contracts and similar contracts;</p>	R	<p><u>Status as of April 2018:</u></p> <p>ENV agrees that justifications for long term, sole source and other contracting practices should be well documented. ENV will endeavor to highlight such documentation in light of this recommendation.</p>

Audit of the Department of Environmental Services' H-POWER Contracts and Procurement Practices (Report 15-04, Issued December 2015)		
Recommendation	Status	Comments
4. Require the city's current standard <i>General Terms and Conditions</i> (GTC) to be inserted in all ENV contracts and contract modifications;	R	<u>Status as of April 2018:</u> ENV agreed and included the GTC in the H-POWER Contract via Schedule 17 in Amendment 11 in 2009.
5. Collaborate with the Department of Budget and Fiscal Services (BFS) to develop formal guidance on contract negotiations, required terms and conditions, and prohibited items;	R	<u>Status as of April 2018:</u> Several contract negotiation guidelines have been established between ENV and BFS, including the requirement to include BFS in all communications during contract negotiations and the requirement to specify the services under time and materials type contracts.
6. Develop formal guidance on good contract administration practices and require that proper resources and staff (including accounting, auditing, and administrative personnel with the expertise and skill sets needed) are assigned to administer cost-plus and time and materials contracts;	R	<u>Status as of April 2018:</u> ENV's current practices document communications between ENV and the contractor especially while reviewing invoices. Reimbursable expenses are checked for accuracy and reasonableness and adequate backup information is made a standard requirement for payment approval. ENV has filled the Energy Recovery Administrator and Energy Recovery Engineer positions and is fully staffed to properly administer the contract.
7. Assign adequate resources and knowledgeable staff (including contract accounting, auditing, and administrative staff) with the expertise needed to administer the complex and costly contracts; and provide the oversight needed to ensure the contractor costs are minimized when cost-plus and time and materials contracts are used and when public-private partnership contracts exist;	R	<u>Status as of April 2018:</u> ENV agrees, and by filling the Energy Recovery Administrator and Energy Recovery Engineer positions, ENV asserts that it has adequate resources and knowledgeable staff administering the H-POWER contract to ensure efficient contract administration.

Audit of the Department of Environmental Services' H-Power Contracts and Procurement Practices (Report 15-04, Issued December 2015)		
Recommendation	Status	Comments
8. Expedite filling the H-POWER contract administration position (the Energy Recovery Administrator) as well as assign the resources and staff with the expertise, knowledge, and skill set needed to properly administer the H-POWER contract and to ensure invoices and payments are accurate, valid, substantiated, and justified;	R	<p><u>Status as of April 2018:</u></p> <p>To ensure that only valid contractual payments are made, ENV has established several best management practices for reviewing contractor invoices such as:</p> <ul style="list-style-type: none"> • Draft electronic invoices are submitted to ENV for review. In order to avoid mishandling of invoices (due to the large number of service and construction invoicing every month). • Invoices are checked for accuracy, proper documentation and backup before final hard copy invoices are requested for authorization by ENV for payment. • The Energy Recovery Engineer, Energy Recovery Administrator and the Refuse Division Chief sequentially review and signoff on each invoice prior to processing through BFS Fiscal Services.
9. Improve contract administration and management practices by ensuring only valid, reasonable, and accurate payments are made to ENV contractors and consultants;	R	<p><u>Status as of April 2018:</u></p> <p>To ensure that only valid contractual payments are made, ENV has established several best management practices for reviewing contractor invoices such as:</p> <ul style="list-style-type: none"> • Draft electronic invoices are submitted to ENV for review. In order to avoid mishandling of invoices (due to the large number of service and construction invoicing every month). • Invoices are checked for accuracy, proper documentation and backup before final hard copy invoices are requested for authorization by ENV for payment. • The Energy Recovery Engineer, Energy Recovery Administrator and the Refuse Division Chief sequentially review and signoff on each invoice prior to processing through BFS Fiscal Services.

Audit of the Department of Environmental Services' H-Power Contracts and Procurement Practices (Report 15-04, Issued December 2015)		
Recommendation	Status	Comments
10. Develop formal policies and procedures for administering cost-plus and time and materials, H-POWER, and other contracts;	R	<u>Status as of April 2018:</u> BFS has established a new policy that requires that ENV specify the services under cost-plus and time and materials type contracts, to prohibit an <i>open checkbook</i> in the contract.
11. Re-compete contractor and consultant professional services contracts as required by the state procurement code and city policies;	R	<u>Status as of April 2018:</u> ENV contends that it has complied with the state procurement code and city policies regarding its contracting practices.
12. Provide written justifications for any contract modifications (including amendments, change orders, and task orders) as required by the state procurement code and city policies before extending any contract or expanding the scope of work in the contracts;	R	<u>Status as of April 2018:</u> ENV contends that it has complied with and continues to comply with all applicable procurement laws and city policies regarding contract modifications. Justifications will be emphasized.
13. Maximize the use of competitive bids; solicit open competition whenever possible; and solicit competitive bids or proposals before renewing any options to extend long term contracts;	R	<u>Status as of April 2018:</u> ENV states it has complied with all applicable procurement requirements for competitive bidding.
14. Follow State Procurement Office guidelines that recommend long term contracts should not exceed 5 years and should contain options to renew the contract for specific periods of time; and	R	<u>Status as of April 2018:</u> ENV states the 20+ year contract extension that included construction and successful operation is typical industry practice. A short term contract of 5 years would not be in the best interest of the city because contractors require a longer time horizon for major projects to be financially viable. Shorter terms would result in higher prices to the city.
15. Follow State Procurement Office guidelines for construction and professional services contracts and its contracting authority suspended if it continues to violate city contracting policies and state procurement code rules.	R	<u>Status as of April 2018:</u> ENV agrees and has complied with State Procurement Office guidelines.

Department of Facility Maintenance (DFM)

DFM administratively manages three divisions– Road Maintenance (DRM), Automotive Equipment Services (AES) and Public Building and Electrical Maintenance (PBEM). DRM plans and administers the city’s repair, renovation, and maintenance programs for city-owned roads. DRM is responsible for the maintenance and repair of all city- owned roads and municipal parking lots under the city’s jurisdiction. In addition, DRM also prioritizes which roads need road resurfacing, repair, or reconstruction and provides its recommendations to the Department of Design and Construction. AES is responsible for managing the city’s fleet of motor vehicles including passenger vehicles. Additionally, it provides technical assistance to city agencies preparing plans and specifications for the purchase of new vehicles and vehicles being put out to bid.

OCA Status Highlights

- ✦ DFM has made significant improvements in its road maintenance operations with the recent implementation of the *CityWorks* system.
- ✦ Due to the time passed since the audit, OCA recommends a follow-up audit of the Division of Road maintenance as road maintenance and road conditions continue to be of great public interest.
- ✦ DFM is making slow progress on the fleet management practices audit recommendations

Audit of the City’s Road Maintenance Practices (Report 05-03, issued June 2005)

The 2005 audit made 16 recommendations to DFM, the Mayor, and Managing Director to improve DFM’s road maintenance, planning, and repair. As of January 2018, DFM addressed 11 of the outstanding OCA recommendations; 4 are completed, 1 dropped due to the amount of time lapsed and slow implementation of the initial recommendations, 5 are resolved and 1 is not started. Overall, OCA recognizes that DFM has made significant improvements to their technological systems with the recent implementation of *CityWorks*, which may improve road maintenance operations.

Audit of Select Management Practices of City Owned Passenger Vehicles Under the Jurisdiction of the Department of Facility Maintenance (Report 09-01, issued October 2009)

The 2009 audit made 16 recommendations to DFM and the Mayor to improve AES fleet management practices. As of January 2018, DFM addressed 6 of the outstanding recommendations; 2 are in process, 1 is dropped due to the amount of time lapsed and slow implementation of the initial recommendation, 2 are resolved, and 1 is not started.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 05-03	16	11	1	1	0	5	4	15	94%
Report 09-01	16	6	1	1	2	2	0	15	94%
Total	32	17	2	2	2	7	4	30	94%

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**Audit of the City's Road Maintenance Practices
(Report 05-03, Issued June 2005)**

Report Summary: The objectives of the self-initiated audit were to review and assess the city's road maintenance and repair program practices.

As of April 2018, of the 11 outstanding recommendations, 4 are completed (C), 5 are resolved (R), 1 is dropped (D) and 1 is not started (N).

Recommendation	Status	Comments
<p>1. The Department of Facility Maintenance(DFM) should:</p> <p>c. develop a technology integration plan with other appropriate city and state agencies that utilizes GIS programming;</p>	C	<p><u>Status as of April 2018:</u></p> <p>In August 2017, DFM implemented the <i>CityWorks</i> Asset Management system. <i>CityWorks</i> is a GIS based system with Pavement Condition Index (PCI) mapping abilities of the roads. DFM acquired an enterprise license that enables other city agencies to access and utilize <i>CityWorks</i> to initiate service requests to DFM. This system has the capability to track service requests, share information on work performed, and work involving road pavement, sidewalks, drainage systems, streams, traffic signs and markings, street sweeping, and other Division of Road Maintenance activities.</p>
<p>e. improve its record retention system; and</p>	D	<p><u>Status as of April 2018:</u></p> <p>DFM's digital record retention and management systems are presently under review including features for filing, indexing, and <i>searchable</i> words and phrases.</p>

**Audit of the City's Road Maintenance Practices
(Report 05-03, Issued June 2005)**

Recommendation	Status	Comments
<p>2. The Division of Road Maintenance (DRM) should:</p> <p>a. adopt key industry best practices for its road maintenance program that:</p> <ul style="list-style-type: none"> i. secures dedicated funding; ii. adopts a pavement management system; iii. executes a pavement preservation program focusing on long-term maintenance; iv. establishes customer-focused performance measures in road treatment decisions and output measurements; and v. implements cost-benefit analysis in maintenance applications; 	R	<p><u>Status as of April 2018:</u></p> <ul style="list-style-type: none"> i. DFM's annual pavement preservation budget is presently \$3 million. ii. DFM executed pavement preservation contracts for slurry seal and is in the process of contracting a seal coating project. In addition, DFM is acquiring crack filling/sealing equipment for in-house staff. iii. DFM pavement preservation contracts for slurry seal and seal coat remains on-going. Between 2010 and 2017 199 lane miles of slurry seal and 116 lane miles of seal coat were completed. iv. DFM continues to provide outreach to affected neighborhood boards during pavement preservation work. Pothole Hotline continues to collect reports of potholes requiring attention. Complaints received and pothole repair information is monitored to assess the effectiveness of on-going road rehabilitation, reconstruction, and pavement preservation projects. v. The implementation of MicroPAVER and the asset management/work order system is on-going. With <i>CityWorks</i>, DFM will integrate the two systems to allow pavement condition information to be available to other departments.

Audit of the City's Road Maintenance Practices (Report 05-03, Issued June 2005)		
Recommendation	Status	Comments
<p>b. draft and implement a plan, and work with the administration and council, to eliminate <i>poor</i> industry practices such as:</p> <ul style="list-style-type: none"> i. reduced or postponed maintenance; ii. hiring and wage freezes; iii. cancelled or temporary resurfacing; iv. operating outmoded or hard-to-maintain equipment; and v. adoption of the worst first pavement maintenance philosophy that allows pavement to deteriorate before action is taken; 	R	<p><u>Status as of April 2018:</u></p> <p>OCA recognizes DFM has made significant improvements with the implementation of <i>CityWorks</i>. <i>CityWorks</i> has the ability to help DFM eliminate poor industry practices which will reduce deferred maintenance and temporary resurfacing. OCA considers this recommendation resolved.</p>
<p>c. prioritize and consistently conduct an annual pavement condition survey;</p>	C	<p><u>Status as of April 2018:</u></p> <p>DFM uses subcontractors to conduct pavement condition surveys every two years as funds are available. As streets are repaved or coated with slurry seal or seal coat, maintenance records are updated to ensure all relevant information is included to ensure future planning decisions are based upon accurate information.</p>
<p>d. develop a comprehensive work order system;</p>	R	<p><u>Status as of April 2018:</u></p> <p>DFM is presently implementing an asset management and work order/work process system. Estimated completion date July 2019.</p>
<p>e. draft policies and procedures for road maintenance applications;</p>	N	<p><u>Status as of April 2018:</u></p> <p>Efforts to draft policies and procedures for road maintenance applications are being held pending completion and implementation of the new asset management and work order/work process system.</p>

Audit of the City's Road Maintenance Practices (Report 05-03, Issued June 2005)		
Recommendation	Status	Comments
<p>3. The Mayor should ensure that the Department of Facility Maintenance has:</p> <p>a. adequate resources to fulfill its mission to maintain city roads.</p>	R	<p><u>Status as of April 2018:</u></p> <p>The funding allocation to the Department of Facility Maintenance - Road Division has remained steady and constant through the current administration. The administration states DFM has the full authority to fill positions as they deem appropriate to fill its mission and core function.</p>
<p>b. adequate resources to program road resurfacing and reconstruction projects.</p>	C	<p><u>Status as of April 2018:</u></p> <p>Since FY2014 \$512,000,000 has been budgeted for the Rehabilitation of Streets. (FY14 \$120,000,000, FY15 \$132,000,000, FY16 \$125,000,000, & FY17 \$135,000,000) The funding allowed 1,558 lane miles to be paved from January 1, 2013 through June 30, 2017. The current administration remains committed to continuing its road maintenance efforts and has allocated an additional \$30,000,000 in FY2018 to continue this work.</p>
<p>c. seek practical solutions to issues regarding disputed road ownership.</p>	R	<p><u>Status as of April 2018:</u></p> <p>The administration maintains that they continue to work with the Department of the Corporation Counsel and the State of Hawai'i on this issue. The Legislature passed HB115 during the 2017 Legislative Session, but the city has consistently maintained that there are legal issues with the state's declaration that all disputed roads are now owned by the county. The current administration has requested that a task-force or committee be formed with city and state stakeholders to properly address this issue.</p>

Audit of the City's Road Maintenance Practices (Report 05-03, Issued June 2005)		
Recommendation	Status	Comments
4. The Managing Director should review and develop updated record keeping guidelines for city agencies and submit recommendations to the council for adoption.	C	<p><u>Status as of April 2018:</u></p> <p>In 2015, the Managing Director formed five cross-departmental <i>Streamlining</i> teams. One of the <i>Streamlining</i> teams is focused on records management. The team is working with each agency to update their Records Retention Schedules. The Department of Customer Services introduced, and the council subsequently adopted, two resolutions to address record keeping at the city (Resolution 16-249 and Resolution 16-250).</p>

Audit of Select Management Practices of City-Owned Vehicles Under the Jurisdiction of the Department of Facility Maintenance (Report 09-01, Issued October 2009)

Report Summary: The objectives of the self-initiated audit were to review and assess select passenger vehicle fleet management purchasing and select passenger vehicle fleet management operations practices

As of April 2018, of the 6 outstanding recommendations, 2 are in process (I), 2 are resolved (R), 1 is dropped (D) and 1 is not started (N).

Recommendation	Status	Comments
1. The Mayor should: <ul style="list-style-type: none"> a. consider aligning all management responsibilities for the city's fleet of vehicles, including passenger-type vehicles, under a single entity; 	D	<p><u>Status as of April 2018:</u> The Division of Automotive Equipment Service (AES) plans, directs, coordinates, and administers all programs and activities associated with the maintenance and repair of the automotive, heavy vehicle, and construction equipment fleets of most city departments and agencies (except the Honolulu Fire Department, Honolulu Police Department, Board of Water Supply, and Honolulu Authority for Rapid Transportation).</p>
<ul style="list-style-type: none"> b. work with corporation counsel to resolve union-related and other outstanding issues that will allow the city to effectively control the use of city-owned property; 	R	<p><u>Status as of April 2018:</u> Administrative Directive 520 - Personal Use of City and County of Honolulu (City) Vehicles addresses this issue.</p>
<ul style="list-style-type: none"> c. coordinate with the Department of Budget and Fiscal Services and the Department of Facility Maintenance to establish a proposal for dedicated funding for the purchase of replacement passenger vehicles; 	R	<p><u>Status as of April 2018:</u> The current administration reports that DFM works closely with BFS during the annual budget process to secure adequate funding for the purpose of replacing passenger vehicles.</p>
2. The Department of Facility Maintenance should: <ul style="list-style-type: none"> a. establish a formal, comprehensive fleet management plan to include possible standardized fleet specifications, replacement policies, benchmarks, vehicle evaluation requirements, and other fleet management industry-recommended best practices; 	I	<p><u>Status as of April 2018:</u> Reorganization plans have been developed. DFM's automotive equipment service division is currently preparing for union consultation. Estimated Completion FY2019.</p>

Audit of Select Management Practices of City-Owned Vehicles Under the Jurisdiction of the Department of Facility Maintenance (Report 09-01, Issued October 2009)		
Recommendation	Status	Comments
h. if automotive equipment services continues to service passenger vehicles, establish appropriate standards for vehicle turnaround time and take steps to minimize down time;	I	<u>Status as of April 2018:</u> AES performance is being tracked and is currently short of its established benchmark due to insufficient staffing. Through ongoing recruitment and selection of entry-level positions, AES is working towards filling its vacant positions.
i. survey city agencies annually to obtain feedback on services provided and use the data to improve service;	N	<u>Status as of April 2018:</u> DFM-AES intends to develop and implement a survey of city agencies once the AES reorganization has been completed and updated programs implemented (Estimated Completion FY2019).

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OCA Status Highlights

- DIT has made significant security and controls improvements, including the recent implementation of Lokahi.

Department of Information and Technology (DIT)

DIT manages most of the city's information technology resources, the city's computer systems and telecommunications network twenty-four hours a day, seven days a week. DIT is responsible for setting and enforcing citywide technology and data security standards and policies. DIT's mission includes developing and directing the integrated system of computer resources that provides data processing and telecommunications services to most city agencies and authorized users. DIT is tasked with the centralized management of IT services to allow users of the city's network to share data, information, technology, resources, and technical expertise in a cost-effective and efficient manner.

Audit of Selected City Information Technology Controls (Report 06-01, issued January 2006)

In 2006, Report 06-01 made 9 recommendations to DIT and the Mayor to improve inadequacies related to the oversight and authority of the department to provide appropriate management of the city's IT security framework.

Audit of the City's Information Security and Risk Management Program (Report 16-04, issued May 2016)

In 2016, Report 16-04 made an additional 12 recommendations to DIT and the Managing Director to improve security for the city's IT system.

As of January 2018, DIT has addressed all 14 outstanding recommendations. OCA concluded that DIT has resolved 9 recommendations by implementing industry best practices for the City's IT System and the recent implementation of the Enterprise Operations Platform - Lokahi. DIT currently has 4 recommendations in process and 1 not started. DIT resolved over 95% of all outstanding recommendations.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 06-01	9	2	0	0	0	2	0	9	100%
Report 16-04	12	12	0	1	4	7	0	11	92%
Total	21	14	0	1	4	9	0	20	95%

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**Audit of Selected City Information Technology Controls
(Report 06-01, Issued January 2006)**

Report Summary: The objectives of the self-initiated audit were to review and assess the adequacy of selected general information security controls employed by the Department of Information Technology (DIT) such as backup and recovery, physical and environmental controls, and service continuity/contingency planning.

As of April 2018, 2 of the outstanding recommendations have been resolved.

Recommendation	Status	Comments
<p>1. The department should:</p> <p>b. seek funding to facilitate a citywide risk assessment, including business impact and business continuity/resumption analysis.</p>	R	<p><u>Status as of April 2018:</u></p> <p>DIT launched the new Lokahi – Enterprise Operations Platform. Lokahi’s operations platform is based on IT industry best practices and the ISO 31000 risk management principles. ISO 31000 is the official first International Standard on Risk Management.</p>
<p>f. pursue an appropriate funding program for disaster recovery planning and required supporting elements, and provide an appropriate level of authority and priority to the disaster recovery function within the department.</p>	R	<p><u>Status as of April 2018:</u></p> <p>DIT launched and funded the new Lokahi – Enterprise Operations Platform. Within the operations platform, continuity is addressed via real-time, synchronous data operations, dedicated redundancy, and real-time fail-over for continuity.</p>

**Audit of the City’s Information Security and Risk Management Program
(Report 16-04, Issued May 2016)**

Report Summary: The overall objective was to assess the state and effectiveness of the city’s information technology security management program; assess the implementation of effective user security awareness and IT-security related policies and procedures to support IT security; and assess the capability and effectiveness of the city’s cyber security operations.

As of January 2018, of the 12 outstanding recommendations, 7 are resolved (R), 4 are in process (I) and 1 is not started (N).

Recommendation	Status	Comments
<p>The Managing Director should direct the Department of Information and Technology to:</p> <ol style="list-style-type: none"> 1. Conduct periodic risk assessments of systems and applications to improve the organization’s security posture and prevent incidents. 	<p>R</p>	<p><u>Status as of April 2018:</u></p> <p>With the launch of Lokahi – Enterprise Operations Platform and the implementation of ISO 31000, DIT now has an Enterprise Risk Management (ERM) process that entails a five step cycle approach. The five steps include:</p> <ol style="list-style-type: none"> 1. Plan (understanding context, identifying business value drivers, assessing the organizations risk appetites and levels, and determining threshold levels and business objectives); 2. Link (identifying, documenting and aligning risks with business context, addressing drivers/causes/impacts/consequences, organizations risk categories, activities and objectives); 3. Analyze (risks are then analyzed using quantitative and qualitative methods for prioritization and development of effective strategies; 4. Respond (select the risk and opportunities for treatment by balancing the costs of implementation against the benefits derived), and; 5. Monitor and Report (monitor effectiveness and completeness, taking corrective actions and communicating the status of risk).

Audit of the City's Information Security and Risk Management Program (Report 16-04, Issued May 2016)		
Recommendation	Status	Comments
2. Create a citywide information user security awareness training that includes all users of information systems, external users, and others who support the city's IT operations and assets.	I	<u>Status as of April 2018:</u> DIT is currently evaluating security awareness training vendors and hopes to have a solution in by the end of 2018.
3. Require security awareness training before anyone is permitted to access city information systems or applications, and include, but not be limited to, information security risks associated with users' activities; users' responsibilities in complying with city and department policies and procedures designed to reduce these risks; and training of personnel with significant responsibilities for information security.	I	<u>Status as of April 2018:</u> DIT is currently evaluating security awareness training vendors and hopes to have a solution in by the end of 2018. Also, DIT is in the process of implementing role based access which would limit users to the resources needed to do their work. Roles will be initially segregated so that duties do not conflict. When roles do conflict after implementation, the system will notify and flag the conflict for resolution.
4. Consider integrating information security concerns into human resources policies, particularly with respect to hiring, termination, and disclosure of sensitive information.	I	<u>Status as of April 2018:</u> With the help of security vendors, DIT is revising key planning documents and policies.
5. Improve access management by reducing reliance on manual methods and establishing timelines for department notifications to the DIT security administrator.	R	<u>Status as of April 2018:</u> Active Directory (AD) accounts are disabled when the employee's status in the HR system goes from Active to Inactive (i.e. when the employee terminates). For all other systems, DIT has implemented periodic mandatory reviews of all user accounts.

Audit of the City's Information Security and Risk Management Program (Report 16-04, Issued May 2016)		
Recommendation	Status	Comments
6. Review, assess, and implement cybersecurity controls that are appropriate and cost effective for immediate implementation and add value to security initiatives;	R	<p><u>Status as of April 2018:</u></p> <p>DIT has launched and adequately funded the new Lokahi – Enterprise Operations Platform. DIT will conform its IT operations and security controls to the NIST 800.53 framework, which is the federal standard for IT Security and Privacy Control. A NIST 800.53-based policy was adopted by DIT in 2018, superseding all previous IT security policies and procedures.</p>
7. Regularly test incident response plans and develop an incident response program that plans, provides, modifies, and accommodates changes in the IT computing environment;	R	<p><u>Status as of April 2018:</u></p> <p>DIT has implemented quarterly tabletop exercises, which will allow team members to discuss their roles during an incident and to validate plans and capabilities.</p>
8. Develop and address PCI-DSS requirements before activating future plans for e-commerce and on-line transactions;	R	<p><u>Status as of April 2018:</u></p> <p>Cisco completed a PCI Readiness Assessment which resulted in implementation of PCI-DSS requirements so that the city can become PCI compliant.</p>
9. Update security control policies and procedures;	R	<p><u>Status as of April 2018:</u></p> <p>DIT updated all of their Security and Privacy Controls policies and procedures in their revised 480 page Security and Privacy Controls for the City and County of Honolulu Manual. It is based on the NIST 800-53 standard.</p>
10. Clarify authority and lines of responsibility for citywide security management by appropriately revising key planning documents and policies, administrative directives, and working with the mayor and city agencies to resolve coordination, management, and oversight issues;	I	<p><u>Status as of April 2018:</u></p> <p>With the help of security vendors, DIT is in the process of revising key planning documents and policies.</p>

**Audit of the City's Information Security and Risk Management Program
(Report 16-04, Issued May 2016)**

Recommendation	Status	Comments
11. Review current remediation practices and processes to determine which could be accomplished more effectively using automated versus manual processes, and review notification processes for non-security personnel when remediation is needed; and	R	<p><u>Status as of April 2018:</u></p> <p>DIT has automated most security functions in its workflow and assesses business processes through the Lokahi system.</p>
12. Create an executive level position (Chief Information Security Officer - CISO) in DIT responsible for strategic and tactical information security initiatives, expand the role of security in DIT, require coordination among city departments for cybersecurity, and support the new function with additional information security and technical security personnel.	N	<p><u>Status as of April 2018:</u></p> <p>DIT stated a better solution is to integrate security in all IT functions.</p>

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OCA Status Highlights

- ✚ DPP has resolved all remaining recommendations.
- ✚ OCA recommends a follow-up audit of the permitting process due to the technological and operational changes to the permitting process implemented by DPP since 2004.

Department of Planning and Permitting (DPP)

DPP is responsible for the city's long-range and community planning efforts. It administers and enforces various permits required for development, land use and codes pertaining to building construction, and city standards and regulations related to infrastructure requirements. DPP's Customer Service Division operates the consolidated permit counter; maintains the department's various historical and current property and permit records; processes complaints; and inspects existing buildings, structures, vacant lots, and sidewalks.

Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers (Report 04-02, issued June 2004)

The Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers made five recommendations. The recommendations advised DPP to take the necessary steps needed to clearly identify, justify, and implement the necessary personnel support needed to staff the One-Stop Permit Centers. DPP has resolved and closed all three outstanding recommendations. OCA recommends a follow-up audit of the DPP permit processes.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 04-02	5	3	0	0	0	3	0	5	100%

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**Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers
(Report 04-02, issued June 2004)**

Report Summary: The objectives of the audit were to review and assess the impact of the Department of Planning and Permitting's One-Stop Permit Centers on the building permit process. Report 04-02 was completed in response to City Council Resolution 03-198, *Requesting the City Auditor to Conduct a Review of the Economy and Efficiency of Certain Executive Department Activities.*

As of April 2018, all 3 outstanding recommendations are resolved.

Recommendation	Status	Comments
<p>2. The department (DPP) should conduct an objective evaluation of the Honolulu Permit Center and develop a plan to implement operational improvements. The plan should include targeted goals; specific operational improvements to personnel, workflow, and processes; technological support; and customer service. Any plan should include provision and methodology to evaluate and assess performance.</p>	<p>R</p>	<p><u>Status as of April 2018:</u></p> <p>DPP implemented <i>ePlans</i>, a web-based digital submission and review system that can be deployed rapidly, is easy to use, works with existing or planned/future technology, and streamlines the business process. The <i>ePlans</i> system has the ability to perform the review, markup, and comment of permit plans using web-based software tools. It has the ability to submit, review, track, and store permit plans electronically. The software provides tools that make it easier and more accurate to review plans, by providing one central repository of plans that is easy to find, easy to research, and does not take up desk space. With the implementation of <i>ePlans</i> DPP can reduce plan review turnaround time and provide transparency and accountability during the review process. DPP also added eight new online items where permits can be applied for, fees paid, and approval granted 24/7 online in a single transaction.</p> <p>In addition to the new software and online services DPP created performance metrics to improve the efficiency, effectiveness and output of building permits with a 10% reduction in the turnaround time for processing the building permit application and expanding the number of online permits issued to 50% of the total number of permits issued.</p>

Review and Assessment of the Department of Planning and Permitting's One-Stop Permit Centers (Report 04-02, issued June 2004)		
Recommendation	Status	Comments
<p>3. The department should identify, evaluate and justify the resources needed to effectively operate one-stop permit centers at both the Honolulu and Kapolei facilities. The department should ensure administration's support for the resources necessary to support those goals. Evaluation mechanisms should be integrated into the process as a means to measure progress.</p>	R	<p><u>Status as of April 2018:</u></p> <p>DPP's evaluation process measures the input to output ratio to measure progress, identifies the source of the backlog, and where the critical staffing shortage exists.</p> <p>DPP utilizes daily resource allocation of job assignments to identify, evaluate and justify the resources needed to effectively operate one-stop permit centers at both the Honolulu and Kapolei facilities.</p> <p>In 2015, DPP did a reorganization which included an additional supervisory position to ensure continued monitoring and evaluation of the office's performance. Vacancies continue to be reviewed, evaluated; and filled to meet staffing requirements.</p>
<p>5. The department should clearly identify actual departmental expenses that can be linked to building permit fees and justify their relationship to building permit fees to support its efforts to secure the necessary resources to fully implement its re-engineering efforts.</p>	R	<p><u>Status as of April 2018:</u></p> <p>DPP has taken the following actions related to building and permitting fees:</p> <ul style="list-style-type: none"> • The fee exemption for photovoltaic fees was amended and are no longer exempted from payment of a building permit fee (Bill 68, CD1 (2012), Ordinance 13-1). • The revised plan review fee includes residential and commercial building permit applications (Bill 15(2013), Ordinance 13-16); • New User Fees related to services connected to the administration of the building permit (Bill 70(2013), CD2 Ordinance 14-4); • A new User Fee for new Storm Water Quality permits (Ordinance 17-28). The fee rates were based on anticipated costs to administer the program and allows, up to 12 new employees and new equipment.



OCA Status Highlights

- ✦ Due to the time passed since the audit, OCA recommends a follow-up audit of the Hanauma Bay Nature Preserve Fund since the park is popular with tourists and residents, and is a unique resource requiring preservation and maintenance.
- ✦ City Council has recently expressed interest in another audit of the Hanauma Bay Nature Preserve Fund.
- ✦ OCA recommends a follow-up audit of DPR's Camping Operations, because it has not implemented most of the recommendations.

Department of Parks and Recreation (DPR)

DPR is responsible for managing, maintaining, and operating all city parks and recreational facilities. DPR's mission is to enhance the leisure lifestyle and quality of life for the people of O'ahu through active and passive recreational opportunities. DPR's administration directs the overall management, maintenance and operations of the city's park system and recreation services.

Audit of the Hanauma Bay Nature Preserve Fund (Report 07-02, issued June 2007)

The audit made 11 recommendations to DPR and the Department of Budget and Fiscal Services (BFS) to improve coordinated planning for the Hanauma Bay Nature Preserve Fund. DPR addressed all 5 of the outstanding OCA recommendations; 1 was completed and 4 were resolved.

Audit of the Department of Parks and Recreation's Camping Operations (Report 12-05, issued October 2012)

The audit made 14 recommendations to DPR, BFS and the city council that would have allowed DPR to access camping fee revenues, and improve camping facilities and infrastructure. DPR provided status on all 11 of the outstanding recommendations; 5 were dropped, 2 are in process and 4 is not started. Since DPR has not implemented most of the recommendations. OCA recommends a follow-up audit of Department of Parks and Recreation's Camping Operations.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 07-02	11	5	0	0	0	4	1	11	100%
Report 12-05	14	11	5	4	2	0	0	8	57%
Total	25	16	5	4	2	4	1	19	76%

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Audit of the Hanauma Bay Nature Preserve Fund (Report 07-02, Issued June 2007)

Report Summary: The objectives of the audit were to review and evaluate the effectiveness by which revenues and expenditures of the Hanauma Bay Nature Preserve Fund are tracked, monitored and evaluated; and assess the effectiveness for ensuring that the fund is meeting operational and capital improvement program needs of the preserve. The audit was completed in response to City Council Resolution 04-205, *Requesting a Performance Audit of the Hanauma Bay Nature Preserve Fund*.

As of April 2018, of the 5 outstanding recommendations, 4 are resolved (R) and 1 is completed (C).

Recommendation	Status	Comment
<p>1. The director of the Department of Parks and Recreation (DPR) should:</p> <p>b. ensure that the updated master plan be used as the basis for specific development and budgetary elements that will achieve objectives of master plan;</p>	R	<p><u>Status as of April 2018:</u></p> <p>DPR is in the process of executing its six-year plan. It has completed the parking lot lighting project and roofing improvements. Current projects in process include:</p> <ul style="list-style-type: none"> • Improvements to the parking lot; • Enhancing the Visitor's Center entry area; and • Resolving the faux rock wall challenge at the Hanauma Bay Nature Preserve.
<p>c. ensure that budgeting is based upon elements developed to implement the preserve's master plan;</p>	R	<p><u>Status as of April 2018:</u></p> <p>DPR's annual budget is developed in conjunction with both the six-year plan and the preserve's master plan.</p>

Audit of the Hanauma Bay Nature Preserve Fund (Report 07-02, Issued June 2007)		
Recommendation	Status	Comments
d. assess past and projected preserve fund revenues, expenditures and fund balances;	R	<p><u>Status as of April 2018:</u></p> <p>DPR's annual reviews continue to be done in conjunction with the Department of Budget and Fiscal Services and includes projected revenues, anticipated increases, and expenses to determine operating and capital cost for upcoming years. An initiative is being considered to increase parking fees.</p>
e. assess adequacy of fund revenues and projected expenses in accordance with preserve's goals and objectives;	R	<p><u>Status as of April 2018:</u></p> <p>DPR's annual reviews continue to be done in conjunction with the Department of Budget and Fiscal Services to go over projected revenues and projected expenses.</p>
f. ensure that preserve staff are actively involved in all levels of planning for preserve's use;	C	<p><u>Status as of April 2018:</u></p> <p>DPR ensures that the manager of Hanauma Bay is actively involved with the budget process.</p>

Audit of the Department of Parks and Recreation's Camping Operations (Report 12-05, Issued October 2012)

Report Summary: The objectives of this audit were to assess the department's management of the camping operations, which include the adequacy of the camping permit application and distribution system, enforcement of camping rules and regulations, and maintenance of camp sites; and assess the adequacy of the proposed online permitting system. Report 12-05 was completed in response to City Council Resolution 11-46, *Requesting the City Auditor to Conduct a Performance Audit of the Department of Parks and Recreation's Camping Operations.*

As of April 2018, of the 11 outstanding recommendations, 5 are dropped (D), 2 are in process (I), and 4 is not started (N).

Recommendation	Status	Comments
<p>The Department of Parks and Recreation (DPR) should:</p> <p>1. Expedite amendment of the camping rules so that it can begin collecting camping permit fees.</p>	I	<p><u>Status as of April 2018:</u></p> <p>A public hearing for camping rules was held on November 28, 2017. A section for permit fees was included in the proposed rules.</p>
<p>2. Establish procedures that recognize the camping permit fee revenues and ensure revenues are used to benefit the camping program if the budget and fiscal services department does not establish a special fund for the collection of camping permit fee revenues. The procedures should include an annual report to the city council that details the amount of revenues collected and how camping permit fee revenues were used.</p>	N	<p><u>Status as of April 2018:</u></p> <p>No action taken by DPR.</p>
<p>3. Develop a formal plan for how it intends to use camping permit fee revenues to maintain and improve the camping program.</p>	N	<p><u>Status as of April 2018:</u></p> <p>No action taken by DPR.</p>

Audit of the Department of Parks and Recreation's Camping Operations (Report 12-05, Issued October 2012)

Recommendation	Status	Comment
6. Use a portion of the camping permit fee revenue to contract with a private security firm(s) to conduct roving patrols at all city parks that offer camping.	D	<p><u>Status as of April 2018:</u> DPR stated the recommendation was not feasible. The cost of contracting private security firm(s) exceeded the revenues collected with camping permit fees.</p>
7. Use a portion of the camping permit fee revenue to fund Parks Detail units within the police department for the Leeward and Windward district parks that offer camping if contracting with a private security firm(s) is not feasible.	D	<p><u>Status as of April 2018:</u> DPR conducted a study and concluded that camping permit fees will not sustain Park Detail units within the police department for the Leeward and Windward district parks that offer camping.</p>
9. Use the camping fee revenues to prioritize routine operations and maintenance needs and capital projects for improving camping facilities.	D	<p><u>Status as of April 2018:</u> DPR stated that camping permit fees are not sufficient to undertake any Capital Improvement Projects (CIP) at camping facilities. CIP requests for camp site improvements will have to use General Obligation Bonds.</p>
10. Consider non-beach camping sites for future expansion of the camping program.	D	<p><u>Status as of April 2018:</u> DPR has one camp site at a non-beach area, Ho`omaluhia Botanical Garden. Should additional sites be proposed, DPR will consider implementing the recommendation.</p>

Audit of the Department of Parks and Recreation's Camping Operations (Report 12-05, Issued October 2012)		
Recommendation	Status	Comments
13. Establish a standards manual for its camping program.	N	<u>Status as of April 2018:</u> A camping manual will be worked on once DPR rules have been promulgated.
14. Utilize its online system capabilities to establish a quality assurance program by conducting electronic surveys to obtain camper feedback.	I	<u>Status as of April 2018:</u> DPR is working on a system and methodology for implementing an online electronic survey.
The Department of Budget and Fiscal Services (BFS) should: 16. Establish a special fund for the collection of camping permit fee revenues to ensure that the camping program directly benefits from the fees collected.	N	<u>Status as of April 2018:</u> The city administration did not agree with the recommendation. And refused to establish a special fund for camping.
17. Include PCI-DSS requirements in all of its contracts with credit card merchants and other appropriate vendors.	D	<u>Status as of April 2018:</u> The city administration did not agree with the recommendation. The department of Information and Technology (DIT) later reported it incorporated the PCI-DSS requirements in its IT system.

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Department of Transportation Services (DTS)

OCA Status Highlights

- ✚ DTS has made progress in the areas of concern of the bike audit. Policies and procedures, data management, and coordination have been improved so that bike projects can be timely implemented.
- ✚ OTS has made improvements to meet the continued demand and increase in ridership, but still faces capacity constraints in providing paratransit service.

The Mission of DTS is to provide a safe, efficient, accessible, and sustainable inter-modal transportation system that ensures the mobility of people and goods, and enhances and/or preserves economic prosperity and the quality of life. DTS is responsible to plan, design, construct, operate, and maintain state facilities in all modes of transportation, including air, water, and land. Coordination with other state, county, and federal programs is maintained in order to achieve their objectives. The Public Transit Division is responsible for providing public transit fixed route (TheBus) and paratransit services (TheHandi-Van) on the island of O'ahu. For TheHandi-Van services, DTS provides equipment; procures vans, and reviews and oversees the O'ahu Transit Service, Inc. (OTS). In addition to public transportation services DTS is also tasked with making the city more pedestrian-and bicycle friendly. The DTS Traffic Engineering Division's Traffic Safety and Alternate Modes Branch oversees the city's bike program.

Audit of the Funds Appropriated for Bicycle Projects (Report 15-03, issued April 2015)

The *Audit of the Funds Appropriated for Bicycle Projects* made 14 recommendations to DTS. The recommendations concerned the overall bike project management and the lack of formal policies and procedures related to project funding, data management and coordination needed to successfully execute bike projects in a timely manner. As of April 2018, DTS addressed all 14 outstanding recommendations and continues to make improvements; 5 recommendations are completed, 5 are resolved, and 4 are in process.

Audit of the City's Paratransit Service (Report 16-02, issued March 2016)

The *Audit of the City's Paratransit Services* made 17 recommendations to DTS and OTS. The recommendations regarded DTS providing more oversight to OTS to comply with ADA requirements to help improve overall operations. As of April 2018, 8 of the 17 outstanding recommendations are completed, 2 are resolved, 5 are in process, and 2 not started. DTS and OTS continue to experience capacity constraints within their Paratransit Services. OTS has made improvements throughout its operations and is currently in the process of making continued improvements to meet the continued demand and increase in ridership.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 15-03	14	14	0	0	4	5	5	10	71%
Report 16-02	17	17	0	2	5	2	8	10	59%
Total	31	31	0	2	9	7	13	20	65%

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**Audit of the Funds Appropriate for Bicycle Projects
(Report 15-03, Issued April 2015)**

Report Summary: The audit objective was to determine why bike funding lapsed at such a high rate and received low priority. Sub-objectives were to determine (1) evaluate the administration of the city's bike program; (2) evaluate and assess the adequacy of the controls used to manage the bike project funds; and; (3) determine why bike projects funds were lapsing. Report 15-03 was completed in response to City Council Resolution 10-297, *Requesting an Audit of the Funds appropriate for Bicycle Projects*.

As of April 2018, 5 of the 14 outstanding recommendations are completed (C), 5 are resolved (R), and 4 are in process (I).

Recommendation	Status	Comments
<p>The Managing Director (MD) and the Director of the Department of Transportation Services (DTS) should:</p> <ol style="list-style-type: none"> 1. Establish formal written policies, procedures, terminology, and definitions for the bike program that will facilitate bike plan communications, bike project coordination, program administration, and successful implementation of the 2012 O'ahu Bike Plan. 	C	<p><u>Status as of April 2018:</u></p> <p>On March 23, 2015, the MD issued a Memorandum-<i>Complete Streets Checklist</i>. The memo was distributed to the Department of Design and Construction (DDC), the Department of Facility Maintenance (DFM), the Department of Permitting and Planning (DPP), and the Department of Transportation Services (DTS) as an established formal written policy to be used by staff when initiating, planning, designing, revising, implementing and/or reviewing and transportation facility or project.</p>
<ol style="list-style-type: none"> 2. The formal policies and procedures should provide DTS, or an oversight body the authority to oversee, coordinate, monitor, and manage all bike projects among all city departments. 	C	<p><u>Status as of April 2018:</u></p> <p>The MD issued a Memorandum-<i>Complete Streets Checklist</i>. The memo established formal written policy and procedures establishing DTS as the authority to oversee, coordinate, monitor, and manage all bike projects among all city departments.</p>
<ol style="list-style-type: none"> 3. The O'ahu Bike Plan includes State of Hawai'i streets. The city should negotiate memoranda of agreements with the State of Hawai'i Department of Transportation that ensure the bike plan and complete streets ordinance requirements are implemented. 	I	<p><u>Status as of April 2018:</u></p> <p>DTS is in the process of coordinating with the Hawai'i Department of Transportation with regard to state-controlled streets.</p>

Audit of the Funds Appropriate for Bicycle Projects (Report 15-03, Issued April 2015)		
Recommendation	Status	Comments
4. DTS should negotiate memoranda of agreements with other city departments that provide DTS or an oversight body the authority to implement bike projects identified in the O'ahu Bike Plan and bike projects related to the complete streets ordinance.	C	<u>Status as of April 2018:</u> The MD issued a Memorandum- <i>Complete Streets Checklist</i> . The memo established formal written policy and procedures establishing DTS as the authority to oversee, coordinate, monitor, and manage all bike projects among all city departments.
5. As appropriate, the city charter commission should consider amending the city charter to institutionalize the formal policies and procedures related to the bike projects.	R	<u>Status as of April 2018:</u> In 2016, an amendment was proposed to the Charter Commission regarding the institutionalization of the formal policies and procedures related to the bike projects. However, the commission did not take action on the recommendations.
6. Maintain complete, consistent, accurate, and reliable bike project and funding data, and ensure bike project and funding data are consistent and readily available among project managers throughout the city that will help DTS and other city department attain the city charter priority of making Honolulu a pedestrian and bicycle-friendly city.	I	<u>Status as of April 2018:</u> DTS is currently using the O'ahu Bikeway Database (OBD) as a means of housing and sharing data between city departments involved with bikeway and resurfacing projects.
7. Develop and ensure the database of bike projects includes project costs; project funds available, expended, and available; actual bike project costs; funding sources and amounts; fund expiration dates; fund lapse dates; fund requirements; project start and completion dates; and other data needed to efficiently and effectively manage all bike projects, funds, and progress in implementing the bike plan.	C	<u>Status as of April 2018:</u> DTS is currently using the OBD store and share data between city departments involved with bikeway and resurfacing projects. The information contained in OBD includes information such as fund expiration dates, project start and completion dates and project manager information.

Audit of the Funds Appropriate for Bicycle Projects (Report 15-03, Issued April 2015)		
Recommendation	Status	Comments
8. Use the database to increase accountability and measure the city's performance in attaining the O'ahu Bike Plan goals, objectives, and visions; and facilitate tracking, monitoring, administration, and evaluation of the city's progress in making Honolulu a bike-friendly city.	R	<u>Status as of April 2018:</u> See 6.
9. Use the database to ensure all city departments comply with the complete street ordinance requirements for bike and bikeway projects that will make Honolulu a bike-friendly city.	R	<u>Status as of April 2018:</u> See 6.
10. Better manage bike-related funds received by the city by ensuring and providing complete, consistent, accurate, reliable, and readily available bike project and fund data to all project managers (include DTS, DDC, DFM, DPP project managers) involved with the bike-related projects.	I	<u>Status as of April 2018:</u> DTS is currently still in the process of improving its management of bike- related funds with the implementation of the OBD. The MD issued Memorandum- <i>Complete Streets Checklist</i> .
11. Ensure bike fund databases include copies of the federal grant agreements, grant terms and conditions, grant and fund expiration dates, lapse dates, grant reporting requirements, and data that are complete, consistent, accurate, reliable, and readily available.	I	<u>Status as of April 2018:</u> The O'ahu Bikeway Database is currently still in the Beta Phase and does not have the ability for the user to upload contracts or other associated documents when entering a new project. DTS hopes to have the ability to upload and store contracts and other documents into OBD in Phase 2 as well as functions that would allow DTS to upload a map that shows the lane miles and would allow OBD to self-populate and track that data.

Audit of the Funds Appropriate for Bicycle Projects (Report 15-03, Issued April 2015)		
Recommendation	Status	Comments
12. Ensure bike funds are used to attain city charter and bike plan goals, objectives, benchmarks, and priorities before the funds lapse or expire.	R	<p><u>Status as of April 2018:</u></p> <p>The city administration ensures that DTS bike funds are used to attain city charter and bike plan goals, objectives, benchmarks and proprieties before funds lapse.</p>
13. Establish policies and procedures for a formal and routine reconciliation of city, state, and federal bike funds to identify and quantify available bike funds before the lapse.	C	<p><u>Status as of April 2018:</u></p> <p>The MD issued a Memorandum-<i>Complete Streets Checklist</i>. The memo established formal written policy and procedures establishing DTS as the authority to oversee, coordinate, monitor, and manage all bike projects among all city departments.</p>
14. Establish formal processes for ensuring the city complies with federal grant, reporting, accounting, and document requirements.	R	<p><u>Status as of April 2018:</u></p> <p>DTS uses the same formal processes for ensuring the city complies with federal grant, reporting, accounting and document requirements for funds appropriated for bicycle projects as are used on all Federal Highway Administration (FHWA)-funded projects.</p>

Audit of the City's Paratransit Service (Report 16-02, Issued March 2016)

Report Summary: The overall objective was to perform a Comprehensive Management and Performance Audit of the City's Paratransit Service. The audit was to assess the city's ability to meet future paratransit challenges and demands in compliance with the federal American's with Disabilities Act (ADA) regulations.

As of April 2018, 8 of the 17 outstanding recommendations are completed (C), 2 are resolved (R), and 5 are in process (I) and 2 not started.

Recommendation	Status	Comments
<p>The Department of Transportation Services (DTS) should ensure that O'ahu Transit Services (OTS):</p> <p>1. Complies with ADA §37.131(f), <i>Capacity Constraints</i>, by improving subscription management, on-time performance, trips with excessive trip times, and volume of customers travelling to agencies;</p>	I	<p><u>Status as of April 2018:</u></p> <p>OTS has made improvements, however, the volume of requests for trips to agencies continues to increase and create capacity constraints as the overall demand for TheHandi-Van service also increases. OTS continues to monitor and make adjustments to meet the increased demand.</p>
<p>2. Complies with ADA §37.131(d), <i>Trip Purpose Restrictions</i>, by lowering the volume of agency customers or amending the practice that prioritizes agency trips over other trips;</p>	I	<p><u>Status as of April 2018:</u></p> <p>DTS, along with human service agency partners, have been able to remove a substantial number of agency riders from TheHandi-Van by helping agencies operate their own transportation service for their clients via the Agency-Provided Trips Program (AFTP). In FY 2017, 165,608 trips were provided through AFTP.</p> <p>In addition to AFTP, DTS continues to explore the options to negotiate higher fares for agency trips recently authorized through the enactment of Ordinance 17-52 on September 21, 2017.</p>
<p>3. Develops a plan to reduce the number of <i>no solution found</i> and <i>unscheduled</i> trips;</p>	C	<p><u>Status as of April 2018:</u></p> <p>DTS has completed a TheHandi-Van Growth Management Study that included recommendations for meeting the anticipated demand.</p>

Audit of the City's Paratransit Service (Report 16-02, Issued March 2016)		
Recommendation	Status	Comments
4. Improves management of subscriptions by establishing formal policies, procedures, application process, and a monitoring program to ensure that subscription levels do not exceed 50% in any operating hour (unless there is excess capacity) as required by ADA;	I	<u>Status as of April 2018:</u> DTS and OTS are currently developing a formal statement regarding subscriptions management policies and procedures.
5. Improves use of the Trapeze computer system by putting more of its paratransit operations on real-time and eliminating the reliance on manually amending trip runs;	R	<u>Status as of April 2018:</u> OTS improved its use of the Trapeze computer system however it has not been able to eliminate their reliance on manually amending trip runs due to continued ridership growth that has resulted in continued capacity constraints.
6. Enforces the ADA minimum ¼-mile service area for TheHandi-Van operations;	R	<u>Status as of April 2018:</u> OTS conducted a review of the geographic locations and areas comprising the areas outside the ¾ mile service area. The review indicated that enforcement of the ¾ mile service area would not result in improved service to TheHandi-Van riders or operational efficiencies.
7. Enforces conditional eligibility restrictions. If enforcement is deemed extraneous, DTS should re-evaluate or streamline the eligibility determination process and reduce the contract amount;	N	<u>Status as of April 2018:</u> Implementation of conditional eligibility is not presently being pursued due to resource limitations.
8. Track, report, establish a performance benchmark, and develop an action plan to mitigate trips with excessive trip times;	I	<u>Status as of April 2018:</u> A formal statement regarding subscription management policies and procedures is under development.

Audit of the City's Paratransit Service (Report 16-02, Issued March 2016)		
Recommendation	Status	Comments
9. Establishes a formal Customer Satisfaction/Service Quality Program to include surveying customers or convening focus groups, as appropriate, to obtain direct customer feedback;	I	<p><u>Status as of April 2018:</u></p> <p>DTS and OTS senior staff meet once every month with the executive leadership of the Citizens for a Fair ADA Ride (CFADAR) to discuss customer service issues and the status of ongoing efforts by the City to improve both TheBus and TheHandi-Van service. DTS and OTS senior staff also participate in quarterly meetings with the CFADAR general membership, to which the public at-large is also invited and at which participants are encouraged to provide comments and share their public transit service experiences directly with DTS and OTS representatives.</p>
10. Continues to expand its taxi-based resources, as appropriate, so that it has a reliable resource to supplement TheHandi-Van operation;	C	<p><u>Status as of April 2018:</u></p> <p>OTS continues to expand its taxi-based resources. In 2016 OTS received four additional requests for vendor services by independent taxi companies to expand their current Handivan Fleet capacity.</p>
11. Monitors and reports to DTS Mobile Data Terminals (MDT) performance until reliability issues are satisfactorily resolved, and seek reimbursements for correcting the manufacturer defects;	C	<p><u>Status as of April 2018:</u></p> <p>MDT reliability improved in June 2015 upon the correction of the wiring fault noted in the audit. In lieu of seeking reimbursements, OTS received a commitment from Trapeze to identify and correct any further MDT issues. Trapeze has since upgraded the MDT software and has been responsive in addressing reported reliability problems.</p> <p>Approximately 100 MDTs have been replaced with Trapeze's newer DriverMate system. DriverMate uses a tablet computer, cellular data connection, and Google Maps to provide more reliable communication, better island-wide coverage, and real-time driving directions. MDTs are currently being phased out and with new van procurements they specify the DriverMate system.</p>
DTS should: 12. Establish a comprehensive paratransit plan, inclusive of a fleet management plan, with a five-year time horizon;	C	<p><u>Status as of April 2018:</u></p> <p>DTS has completed a TheHandi-Van Growth Management Study that addresses a comprehensive paratransit plan that includes a fleet management plan with a five year time horizon.</p>

Audit of the City's Paratransit Service (Report 16-02, Issued March 2016)		
Recommendation	Status	Comments
13. Reassess the need, scope, or frequency for annual audits of the fixed-route and paratransit system as required by §13-8.7, Revised Ordinances of Honolulu; and, as necessary, request appropriate amendments to the ordinance;	C	<u>Status as of April 2018:</u> Ordinance 17-52 enacted on September 21, 2017, allows annual audits at intervals deemed appropriate by DTS, provided that an audit is conducted at least once every five years.
14. Consider establishing a tiered fare structure, through the rulemaking process, that charges more for agency trips, out-of-service area trips, and other premium services not required by the ADA;	C	<u>Status as of April 2018:</u> The ability for DTS to propose a tiered fare structure, which would be reviewed by the Fare Commission and referred to the city council to be considered for adoption, was recently authorized through the enactment of the aforementioned Ordinance 17-52. DTS will be reviewing these prospective tools.
15. Improve monitoring and oversight of paratransit operations by ensuring that OTS notifies the department prior to the implementation of any significant program or operational change;	C	<u>Status as of April 2018:</u> On December 12, 2017 DTS issued a memorandum in response to the audit recommendations to formally direct OTS to notify DTS prior to any significant paratransit program or operational change.
The Honolulu City Council should: 16. Consider amending Revised Ordinances of Honolulu, Section 13-4.5 to increase complementary paratransit system fares and improve the cost recovery ratio; and	C	<u>Status as of April 2018:</u> The ability for DTS to propose a tiered fare structure, which would be reviewed by the Fare Commission and referred to the city council to be considered for adoption, was recently authorized through the enactment of the aforementioned Ordinance 17-52. DTS will be reviewing these prospective tools.
17. Consider amending Sect. 13, Art. 8, <i>Transit Management Services Contractor</i> , Revised Ordinances of Honolulu to separate fixed-route and paratransit operations from the mandate that the services be provided by a single operator.	N	<u>Status as of April 2018:</u> The current council administration has no status update for this recommendation.



OCA Status Highlights

- ✦ As a project of great public interest and concern, HART has made improvements to improve its public involvement programs.
- ✦ HART has also reported improvements in its project management, contract administration, and planning to be more prudent and accountable.
- ✦ HART is currently under review in the audit requested by Resolution 17-199, CD1, which includes an assessment of its implementation of the audit recommendations in Report 16-03.

Honolulu Authority for Rapid Transportation (HART)

HART is a semi-autonomous government unit of the City and County of Honolulu and is authorized to develop the city’s fixed guideway system. The Honolulu Rail Transit Project (HRTP) is a 20-mile rail transit system on O’ahu extending from east Kapolei to Ala Moana Center via the Daniel K. Inouye International Airport and the downtown business district. The project includes 21 transit stations and is expected to be fully integrated with the fixed bus route service. Full revenue service is projected to begin in 2025.

Audit of the Honolulu Authority for Rapid Transportation Public Involvement Programs (Report 13-03, issued December 2013)

The Audit of the Honolulu Authority for Rapid Transportation Public Involvement Programs made 14 recommendations to HART. The recommendations included ensuring that invoices are properly monitored and approved with the appropriate documentation. As of January 2018, HART has addressed and completed the 4 outstanding recommendations regarding public involvement programs.

Audit of the Honolulu Authority for Rapid Transportation (Report 16-03, issued April 2016)

The audit examined HART’s financial and contingency plans; contract awards, expenditures, and subcontractor costs; and evaluated the project cost increases and shortfalls. Rail project revenues and expenditures from 2007 through 2014 were reviewed to determine when HART was aware of the financial shortfalls; and to assess the potential for additional cost overruns. OCA made 18 recommendations to HART regarding the need for more consistent, reliable, and current financial operations and maintenance plans, as well as strengthening controls over financial information and reporting. HART’s implementation of the recommendations will be reviewed in the performance audit requested by Resolution 17-199 CD1.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 13-03	14	4	0	0	0	1	3	14	100%
Report 16-03	18	18	0	1	16	1	0	1	6%
Total	32	22	0	1	16	2	3	15	47%

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**Audit of the Honolulu Authority for Rapid Transportation (HART) Public Involvement Programs
(Report 13-03, Issued December 2013)**

Report Summary: The objectives of this audit were to assess the organization's public relations and public involvement services; contract oversight, operational efficiency and effectiveness; and public involvement deliverables.

OCA Update: All 4 outstanding recommendations have been completed or resolved and are closed.

Recommendation	Status	Comments
<p>HART should:</p> <p>3. Follow its Staffing and Succession Plan to fill key management positions with city employees instead of consultants as recommended by the FTA, either through personal services contract, exempt employment status, or civil service;</p>	C	<p><u>Status as of April 2018:</u></p> <p>Following HART's Staffing and Succession Plan, the Director of Communications position was converted and filled as a civil service city employee position.</p>
<p>4. Convert the Public Information Officer position to city employment either through personal service contract, exempt employee status, or civil service;</p>	C	<p><u>Status as of April 2018:</u></p> <p>In 2016, HART converted and filled the Public Information Officer position to a city employment position and filled via personal service contract.</p>
<p>5. Implement financial disclosure requirements for consultants that are comparable to those for city employees;</p>	C	<p><u>Status as of April 2018:</u></p> <p>As of 2016, HART annually provides the financial information of its public involvement and other consultants.</p>
<p>10. Formally evaluate consultants at the end of the contract period and place the evaluation into the contract file for use in evaluating future contracts;</p>	R	<p><u>Status as of April 2018:</u></p> <p>HART agrees and will formally evaluate its public involvement consultants at the end of their contract periods and place the evaluation into the contract file.</p>

Audit of the Honolulu Authority For Rapid Transportation (HART) (Report 16-03, Issued April 2016)

Report Summary: The overall objective was to perform an Audit of the Honolulu Rail Transit Project, to determine the adequacy of the Honolulu Authority for Rapid Transportation’s (HART) processes to ensure that the rail project is constructed and completed economically, effectively and efficiently. The audit sub-objectives were to examine the HART financial and contingency plans; review rail project revenues and expenditures from 2007 through 2014; contract awards, expenditures, and subcontractor costs; and evaluate the project cost increases and shortfalls; determine when HART was aware of the financial shortfalls; and to assess the potential for additional cost overruns; and evaluate the potential continuing costs after the project is completed and operational.

As of April 2018, 16 of the 18 outstanding recommendations are in process (I), 1 is not started (N) and 1 is resolved (R).

Recommendation	Status	Comments
<p>HART should:</p> <p>1. Increase efforts to regularly update its financial plan. The cost changes and adjustments are necessary to reflect the HART board financial condition of the project. Updates should be supported by detailed, source documentation.</p>	I	<p><u>Status as of April 2018:</u></p> <p>HART has submitted updated financial and recovery plans to Federal Transit Authority (FTA) and is waiting for FTA approval.</p>
<p>2. Update its Operations and Maintenance Plan (OMP) to address funding, management, and other transit needs.</p>	I	<p><u>Status as of April 2018:</u></p> <p>HART noted updating its Operations and Maintenance Plan (OMP). Its development plan is in progress. A draft transit service plan was submitted to the FTA as part of the recovery plan.</p>
<p>3. Consistently and accurately report on project cost information, identify and explain variances if internal and external reports are intended to be different so that policy makers and the public receive consistent and reliable project cost information.</p>	I	<p><u>Status as of April 2018:</u></p> <p>HART reported establishing monthly financial cash flow report for its board of directors and staff. The report provides actual and forecasted information and uses data from the City’s C2HERPS system. Project reports are from the Content Management System (CMS) and show project costs on an incurred (accrual) basis. Reports generated from these systems show whether they are cash or accrual basis.</p>

Audit of the Honolulu Authority For Rapid Transportation (HART) (Report 16-03, Issued April 2016)		
Recommendation	Status	Comments
4. Develop methods to ensure data used in HART reports, Project Management Oversight Consultant (PMOC) reports, and other reports are consistent, accurate, reliable, and can be reconciled among all the reports using the data.	I	<u>Status as of April 2018:</u> HART indicated being in the process of reconciling monthly incurred and cash basis reports.
5. Develop a process for tracking and monitoring all costs, including the status of delay claim costs.	I	<u>Status as of April 2018:</u> HART reports tracking and monitoring all costs by: 1. Updating the project Basis of Estimates report as requested by the PMOC and FTA. Target date for completion is mid-December 2018. 2. Reviewing the completed <i>bottom-up risk assessment</i> . 3. Providing monthly cash report comparing actual vs. forecast project costs. This financial update is a regular board agenda item. The FTA PMOC also meets with HART monthly to discuss and review project costs and risks, including delay claims.
6. Support its cost estimates with consistent, reliable and sufficient information. To do so, HART should thoroughly document details, including any forecasting methodology and assumptions made to support of its cost estimates.	I	<u>Status as of April 2018:</u> HART reported completing its risk assessments of all contracts including documentation supporting all decisions. A draft of the risk management plan is being circulated for review. All cost estimates are accompanied by a Basis of Estimates report which documents all assumptions, inclusions, exclusions and methodologies used.
7. Replace the contract management system with a system that is more user friendly and more appropriate to managing the HART construction project. If the CMS system is retained, HART should define which CMS data elements, data fields, and functions should be used and which parts should be deactivated or eliminated.	I	<u>Status as of April 2018:</u> After evaluating its CMS system, HART reported the cost to upgrade is an estimated \$10 million, and implementation will start shortly and take 2 to 3 years to complete.

Audit of the Honolulu Authority For Rapid Transportation (HART) (Report 16-03, Issued April 2016)		
Recommendation	Status	Comments
8. Use the city's C2HERPS enterprise resource planning system to develop, monitor, track, and report budget, financial, and accounting data. The CMS system should not be used for these purposes.	I	<u>Status as of April 2018:</u> HART reported creating a monthly financial cash flow report for its board of directors and staff. The report provides actual and forecasted information and is prepared on a cash basis using data from the C2HERPS system.
9. Develop a forecasting model to best predict escalation costs and support it with documentation.	I	<u>Status as of April 2018:</u> HART reports meeting monthly with the PMOC, and receiving feedback concerning its cost forecasting methods on an ongoing basis.
10. Make it a priority to analyze significant changes to the project, determine how it will affect the project's overall costs and schedule, and regularly update key management plans to reflect those changes to ensure that stakeholders and the public are informed of significant changes in a timely manner.	I	<u>Status as of April 2018:</u> HART reports using a risk management model to analyze impacts of significant changes to cost and schedule. In its revised change order process, change orders of more than \$500,000 are reviewed by a change control committee, and those greater than \$1 million require board approval. HART Management and board of directors receive monthly updates on revenue and expenditures. Managers and staff meet weekly for project schedule updates and to discuss issues and resolutions. The Executive Director also holds a weekly senior staff meeting to discuss project issues.
11. Ensure project managers prioritize budget management, compare actual costs to cost estimates, analyze and differences and make adjustments as necessary to prevent or minimize cost overruns.	I	<u>Status as of April 2018:</u> HART reports managers and staff are provided a copy of the monthly cash flow report presenting fiscal year actual versus budget data to compare and analyze contract budgets and contingencies.
12. Not make concessions on retainage to contractors, as it diminishes HART's ability to ensure proper performance and could be misconstrued as favoritism or biased.	N	<u>Status as of April 2018:</u> HART contends that it has not made concessions on retainage.

Audit of the Honolulu Authority For Rapid Transportation (HART) (Report 16-03, Issued April 2016)		
Recommendation	Status	Comments
13. Document its cost-saving strategies and to the extent possible, quantify and document the amount of potential cost savings.	I	<u>Status as of April 2018:</u> HART reports incorporating detailed costs saving and value engineering strategies in its recovery plan to the FTA. For example, HART is presently looking into Private-Public Partnerships (P-3) to deliver the City Center Guideway and Stations contract and the Pearl Highlands Garage.
14. Develop and implement written internal policies and procedures that will address stipend payments, including requirements for supporting documentation of unsuccessful bidders' actual costs, determination of compensated value, and limit payment to no more than the unsuccessful bidders' actual costs or the stipend amount, whichever is less.	I	<u>Status as of April 2018:</u> HART reported implementing a written stipend payment procedure in July 2016.
15. Better document its office space requirements and regularly review its office lease agreements to identify any unoccupied usable area. To reduce HART board operational costs so that it only pays for space that is needed and to find potential future savings, if space is unoccupied, HART should consider renegotiating the lease, subleasing the space, or allowing other city agencies to use or rent the space until HART actually needs the space.	I	<u>Status as of April 2018:</u> HART reports its leases have no early termination, except for project discontinuation. If the project is discontinued, a calculated penalty is owed. Leases on all floors expire in 2020. HART is considering sub-leasing office space to the Department of Transportation Services.

Audit of the Honolulu Authority For Rapid Transportation (HART) (Report 16-03, Issued April 2016)		
Recommendation	Status	Comments
16. Develop written policies and update procedures for contract administration. Clearly distinguish the roles and responsibilities of project managers, contract managers, and contract administrators in contract administration policies and procedures. Promote increased awareness of procurement and contract administration file recordkeeping by providing additional training to staff, and develop more robust guidance, policies, and procedures that address the variety of contracts and associated invoices HART receives in order to help standardize the invoice payment process and prevent improper payments.	I	<p><u>Status as of April 2018:</u></p> <p>HART indicated updating and issuing contract administration procedures, such as: contract change; project contract closeout; contractor progress payments, and invoice processing. These revised provisions were to define and clarify roles and responsibilities.</p> <p>HART reports its FY2018 operating budget lacked adequate funding to provide staff training. Sufficient amounts are requested in the FY2019 operating budget.</p>
17. Develop plans for annual and ongoing operations and maintenance of the rail system once it is completed and operational. The plan should address subsidies needed to fund rail operations and maintenance costs, maximize fare box recoveries and ridership; minimize city subsidies; address operations and maintenance (O&M) policies, subsidy sources, and alternative revenues.	R	<p><u>Status as of April 2018:</u></p> <p>Per charter amendment #4, operation and maintenance (O&M) operations are the responsibility of the city's Department of Transportation Services (DTS). HART meets with DTS regularly to assist in its efforts.</p>
18. Fill the operations and maintenance position and other key vacancies. The recruitment should include a succession plan to fill key positions in the event of any unexpected departures.	I	<p><u>Status as of April 2018:</u></p> <p>HART reports working with DTS to develop the O&M operations and development plans. Their goal is to complete the O&M development plan by June 2018.</p>



OCA Status Highlights

- ✚ EMS has not been able to make significant changes in its Ambulance Fleet and Operations since the 2011 audit due to its contract with the state.
- ✚ Implementing recommendations are dependent on successful EMS negotiations with the state on improving current contract terms.

Honolulu Emergency Services Department (HESD)

HESD is comprised of four division: Administration, Emergency Medical Services (EMS), Ocean Safety and Lifeguard Services (OSLS), and Health Services (HS). The Emergency Medical Services provides pre-hospital emergency medical care and advanced life support emergency ambulance services for the city. The State of Hawai'i through its Emergency Medical Services and Injury Prevention System Branch is responsible for establishing and maintaining a statewide emergency medical services system, including emergency ambulance service for the island of O'ahu. Since 1978, the State of Hawai'i Health Department has contracted with the City and County of Honolulu to provide ambulance services for the island of O'ahu.

Audit of the City's Ambulance Fleet and Operations (Report 12-01, Issued December 2011)

The Audit of the City's Ambulance Fleet and Operations made 20 recommendations to HESD regarding improvement to contract terms with the state and improvements to data collection practices to help its effectiveness and efficiencies of fleet operations. As of January 2018, HESD has addressed and updated all 11 outstanding recommendations. However, all 11 outstanding recommendations remain in process as HESD remains in continued negotiations with the state about improving the system.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 12-01	20	11	0	0	11	0	0	9	45%

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**Audit of the City’s Ambulance Fleet and Operations
(Report 12-01, Issued December 2011)**

Report Summary: The objective of this audit was to assess the city’s management of its ambulance service operations, including fleet size adequacy, overtime costs, and effective use of budgeted dollars. Report 12-01 was completed in response to City Council Resolution 09-86 *Requesting the City Auditor to Conduct an Audit to Determine if the City’s Current Fleet of Ambulances and Emergency Notification Vehicles Was Sufficient to Meet Emergency Assistance Needs On O’ahu*. For this audit, we focused on the ambulance services program operated by the city.

As of April 2018, of the 11 outstanding recommendations 11 are in process (I).

Recommendation	Status	Comments
<p>1. Emergency Medical Services (EMS) should proactively work with the State of Hawai'i Department of Health to revise the contract terms so that funds are grouped in broad categories that allow unused funds to be reprogrammed as needed.</p>	<p>I</p>	<p><u>Status as of April 2018:</u> EMS actively engages with the State Department of Health (DOH) regarding proposed contract changes, but has been unsuccessful to date. EMS has implemented a 12-hour schedule program. EMS will use the projected cost savings to negotiate with the state on redefining budget categories. The contract providing EMS service for the City & County of Honolulu expired on June 30, 2017. The state recently submitted an updated contract for review and signature. There was no opportunity for review as the contract has been delayed by the state.</p>
<p>2. EMS should modify the ambulance services contract to allow EMS to budget for salaries based on actual FTEs or positions filled, rather than positions authorized.</p>	<p>I</p>	<p><u>Status as of April 2018:</u> EMS continues to have discussions with the state about improving the system. Currently the state funds all approved positions vacant or filled. EMS then uses funds of vacant positions for other salary related items and needs.</p>

Audit of the City's Ambulance Fleet and Operations (Report 12-01, Issued December 2011)		
Recommendation	Status	Comments
3. EMS should modify the ambulance services contract to allow EMS to use unexpended funds to hire, train, and develop staff needed to operate the program.	I	<p><u>Status as of April 2018:</u></p> <p>EMS continues to have discussions with the state about improving the system. EMS uses every dollar that is appropriated by the state. EMS uses salary savings to hire, train, and develop staff.</p>
4. EMS should modify the ambulance services contract to classify equipment funds as multi-year funds that can be carried over to subsequent years.	I	<p><u>Status as of April 2018:</u></p> <p>EMS continues to have open discussions with the state to increase funding and allow other opportunities. The state provides funding as funding is available for increases. EMS has received additional funding in the midst of a contract through a contract modification.</p>
5. EMS should modify the ambulance services contract to allow unexpended funds for equipment to be reprogrammed for alternative uses that will improve the response times for ambulance services.	I	<p><u>Status as of April 2018:</u></p> <p>EMS continues to have discussions with the state about improving the system. EMS uses unexpected funds for purposes of improving the system.</p>
6. When the division anticipates it will have excess funds, EMS should negotiate with the State Department of Health (DOH) to reprogram those funds for alternative uses.	I	<p><u>Status as of April 2018:</u></p> <p>EMS is actively working to improve internal processes in evaluating and monitoring its current budget. EMS continues to work closely with the State DOH for reallocation of projected unobligated funds and overtime costs.</p>

Audit of the City's Ambulance Fleet and Operations (Report 12-01, Issued December 2011)		
Recommendation	Status	Comments
16. EMS should track and report on service calls outside of an ambulance unit's district boundaries so that the information can be used to analyze response time variances, evaluate response times, and improve ambulance services.	I	<p><u>Status as of April 2018:</u></p> EMS tracks and reports on service calls outside of the ambulance unit boundaries. The information is reported to the state, however, the state does its own tracking and often disagrees with the city's assessment. EMS continues to have open discussions with the state to improve the system.
17. EMS should include American Medical Response (AMR) performance data in its quality improvement program.	I	<p><u>Status as of April 2018:</u></p> American Medical Response (AMR) is the sole private contractor in the State of Hawai'i for ground EMS Service. EMS extended the current contract term from 08/01/17-07/31/18. The current contract includes another 36 month extension. EMS will be taking the recommendation of the auditor into consideration they work through the next contract.
18. EMS should amend its contract with AMR to include ambulance response time standards or performance measures that are comparable to the State of Hawai'i requirements.	I	<p><u>Status as of April 2018:</u></p> EMS is working with the State Department of Health and AMR IT to upgrade to a newer version of the computer aided dispatch (CAD). Currently, AMR is still several versions behind. Once AMR is updated they will be able to interface with the EMS CAD which will provide a seamless mutual aide response and access to 911 back-up data.

Audit of the City's Ambulance Fleet and Operations (Report 12-01, Issued December 2011)		
Recommendation	Status	Comments
<p>19. EMS should require AMR to submit response time data that EMS can incorporate into its overall reports, response times, performance results, and quality improvement program.</p>	<p>I</p>	<p><u>Status as of April 2018:</u> The State Department of Health has been working on a Computer Aided Dispatch interface between EMS and AMR that would capture all of this data. The cost is \$80K to the state. Without this interface EMS and AMR would have to manually work on collecting this data. Currently EMS does not have personnel to complete this work.</p>
<p>20. EMS should use the data collected to develop and implement a long range, strategic plan for improving its ambulance services. The plan should identify how AMR or any contractor services will be used to augment and improve the EMS ambulance response times and program.</p>	<p>I</p>	<p><u>Status as of April 2018:</u> American Medical Response (AMR) is the sole private contractor in the State of Hawai'i for ground EMS Service. EMS extended the current contract term from 08/01/17-07/31/18. The current contract includes another 36 month extension. EMS will be taking the recommendation of the auditor into consideration they work through the next contract.</p>



OCA Status Highlights

- ✚ HPD is working with Department of Human Resources (DHR) to create and fill key positions needed to ensure efficient staffing practices are in place.
- ✚ HPD is working with the Department of Information and Technology (DIT) on asset tracking and the new P25 radio system upgrade.

Honolulu Police Department (HPD)

The Honolulu Police Department serves as the primary law enforcement agency for the City and County of Honolulu, with an estimated resident population of 988,650. Unlike other states in the nation, Hawai'i does not have a state police agency. The chief of police serves as the administrative head of the department, and is appointed to a five-year term by a voluntary, uncompensated seven-member police commission that is in turn appointed by the mayor and confirmed by the city council to staggered five-year terms.

Audit of the Honolulu Police Department Patrol Officer Staffing Practices (Report 07-04, issued August 2007)

The Audit of Honolulu Police Department Patrol Officer Staffing Practices made 10 recommendations to HPD. The recommendations regarded HPD's data collection and reporting systems and a failure to provide an accurate assessment of patrol officer workload, hampering efforts to justify staffing needs. As of April 2018, HPD has addressed all 3 outstanding recommendations; 1 completed, and 2 are in process. HPD continues to make improvements and is in the process of completing the remaining 2 outstanding recommendations.

Audit of the Honolulu Police Department's Utilization of the 800 Megahertz Telecommunications System (Report 11-01, issued August 2010)

The Audit of Honolulu Police Department Utilizations of the 800 Megahertz Telecommunications System made six recommendations to HPD, the Mayor and the Department of Information and Technology (DIT). The recommendations regarded the flawed design and poor management over the design and implementation of the initial 800 Megahertz Telecommunication System which resulted in cost overruns and system problems. As of April 2018, HPD has addressed all 4 outstanding recommendations; 2 completed, 1 resolved and 1 in process. HPD with the support and coordination of the administration and DIT has made significant changes and continues the implementation of the upgrades to the radio system and asset management with Lokahi.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 07-04	10	3	0	0	2	0	1	8	80%
Report 11-01	6	4	0	0	1	1	2	5	83%
Total	16	7	0	0	3	1	3	13	81%

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Audit of the Honolulu Police Department's (HPD) Patrol Officer Staffing Practices (Report 07-04, Issued August 2007)

Report Summary: The objectives of the self-initiated audit were to review and assess the Honolulu Police Department's process and methodology for determining patrol officer-district staffing levels and assess its effectiveness in addressing needed district patrol officer staffing level.

As of April 2018 of the 3 outstanding recommendations 1 is completed (C) and 2 are in process (I).

Recommendation	Status	Comments
<p>1. The HPD should:</p> <p>a. improve workload reporting and analysis and better justify staffing needs by:</p> <p>3) amending the current system of reporting to capture all patrol officer activities and more accurately depict workload;</p>	<p>I</p>	<p><u>Status as of April 2018:</u> HPD is in the process of improving their in-house Records Management System. In September 2017, HPD also initiated the procurement process for a new Computer Aided Dispatch System. ESTIMATED COMPLETION DATE: July 2018</p>
<p>b. reinforce efforts to work toward full staffing of existing positions by:</p> <p>3) assessing the need for additional assistance for the Human Resources Division to facilitate the recruitment and processing of new officers;</p>	<p>I</p>	<p><u>Status as of April 2018:</u> HPD is in the process of creating and filling a new Human Resource Specialist V position and is working with the Department of Human Resources to finalize the position and position description.</p>
<p>c. improve recruitment and training capabilities by:</p> <p>3) assessing the physical limitations of the current training facility and evaluating options for increasing the department's capacity to train incoming recruits;</p>	<p>C</p>	<p><u>Status as of April 2018:</u> HPD's Training Division acquired new audio visual and fitness equipment to enhance the learning and physical development of police recruits at the police training academy.</p>

Audit of the Honolulu Police Department's Utilization of the 800 Megahertz Telecommunications System (Report 11-01, Issued August 2010)

Report Summary: The objectives of the audit were to determine the causes of the problems that occurred with the system, solutions to the problems, and remedies available to the city for recovery of public funds expended to solve them. Additionally, review and assess the management of the 800 MHz radio system, and its operational effectiveness for the Honolulu Police Department. Report 11-01 was completed in response to City Council Resolution 03-70, CD1, *Requesting a Performance Audit of the City and County of Honolulu's 800 Megahertz Telecommunications System.*

As of April 2018, of the 4 outstanding recommendations 2 are completed (C), 1 resolved (R) and 1 is in process (I).

Recommendation	Status	Comments
1. The Department of Information Technology (DIT) and the Honolulu Police Department (HPD) should use existing databases to prepare management reports that can be used to assess and improve the effectiveness of their preventive maintenance programs, and make key decisions regarding the system as it reaches the end of its lifecycle.	I	<p><u>Status as of April 2018:</u></p> <p>HPD is working with DIT to implement the new Lokahi Assets tracking system. They system is currently in the beginning stages of production and is unable to generate reports for asset management. Asset management reports will not be able to be produced until the P25 system is put into production.</p>
2. The Department of Information Technology and the Honolulu Police Department should perform a comprehensive risk assessment of the 800 MHz radio system so that informed decisions can be made regarding the need to replace the system or to extend the life of the system, including improving support facilities and continued operation of the system.	R	<p><u>Status as of April 2018:</u></p> <p>The city and county is currently deploying the new P25 standards radio system which is replacing the legacy 800 MHz radio system.</p>
4. The Mayor should ensure the existing 800 MHz system or its replacement are properly funded.	C	<p><u>Status as of April 2018:</u></p> <p>The project was funded, procured and the new P25 system is currently being implemented.</p>
6. The Department of Information Technology and the Honolulu Police Department should ensure that current implementation of system-related projects are controlled by the project manager, including project review, in-scope work, project cost accounting; and fulfilling budgeting and procurement requirements.	C	<p><u>Status as of April 2018:</u></p> <p>HPD created a project manager function for the current 800 MHz Telecommunications System upgrade to ensure quality control of the overall procurement and system upgrade.</p>



Honolulu Liquor Commission (LIQ)

The Honolulu Liquor Commission is responsible for the enforcement of state liquor laws within the City and County of Honolulu in accordance with the provisions of Chapter 281, Hawai'i Revised Statutes (HRS). This includes the licensing of facilities, monitoring compliance with the laws, and enforcement of legal requirements by liquor licenses. In 1965, the power to appoint members of the commission was transferred from the state to the county and the commission itself was re-established under county regulatory and fiscal control. Today, the liquor commission is administratively attached to the Department of Budget and Fiscal Services but personnel actions are left to the commission. Since 1990, the commission administrator has had sole jurisdiction, power, authority and discretion over commission staff, but the commissioners retain authority to appoint and remove the administrator.

OCA Status Highlights

- ✚ The Liquor Commission did not respond to our request for status updates.
- ✚ OCA recommends a follow-up audit because of public health and safety concerns and the time since the audit.

Audit of Selected Management Issues of the Honolulu Liquor Commission (Report 05-02, Issued April 2005)

The Audit of Selected Management Issues of the Honolulu Liquor Commission made 15 recommendations to the Liquor Commission and the mayor. The recommendations concerned the inadequacies found in the governance of the commission. OCA recommends a follow-up audit of the Honolulu Liquor Commission.

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 05-02	15	7	0	7	0	0	0	8	53%

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Audit of Selected Management Issues of the Honolulu Liquor Commission (Report 05-02, Issued April 2005)

Report Summary: The objectives of the audit were to review and assess the organizational structure of the Honolulu Liquor Commission (LIQ) is meeting its responsibility to implement the provisions of Chapter 281, Hawai'i Revised Statutes, and the personnel management practices of the Honolulu Liquor Commission. Report 05-02 was completed in response to City Council Resolution 03-223, *Requesting The City Auditor To Conduct An Audit of the Honolulu Liquor Commission.*

As of April 2018, of the 7 outstanding recommendations all 7 have not been started (N).

Recommendation	Status	Comments
1. The Honolulu Liquor Commission (LIQ) should: <ul style="list-style-type: none"> b. direct the administrator to: <ul style="list-style-type: none"> 2. Establish an appropriate timeframe for the proposed reorganization plan. Any reorganization plan should include clear description and identification of duties of the proposed senior management team, including descriptions of the qualifications of persons to hold the positions; 	N	<u>Status as of April 2018:</u> Liquor Commission did not respond.
<ul style="list-style-type: none"> d. Assess whether effective administrative oversight of the commission necessitates the creation of an adjudication board separate from the commissioners; 	N	<u>Status as of April 2018:</u> Liquor Commission did not respond.
<ul style="list-style-type: none"> g. Work with the Department of Budget and Fiscal Services (BFS) to have the Internal Controls Division to conduct a thorough review of the commission's processes and practices relating to: <ul style="list-style-type: none"> 1. auditing of licensees, and 2. allocation and utilization of funds received from liquor violation fines. 	N	<u>Status as of April 2018:</u> Liquor Commission did not respond.

Audit of Selected Management Issues of the Honolulu Liquor Commission (Report 05-02, Issued April 2005)		
Recommendation	Status	Comments
<p>2. The liquor commission administrator should:</p> <p>a. Work proactively with the liquor commissioners to identify and fill necessary vacant staff positions. This should include, but not be limited to: filling vacant positions, removing administratively imposed freezes on vacant positions necessary for effective operations, and actively pursuing the necessary fee adjustments to support proper staffing of the commission. The administrator must actively pursue both of these issues to the city administration and the city council;</p>	N	<p><u>Status as of April 2018:</u> Liquor Commission did not respond.</p>
<p>b. Ensure that the administrative directives and other appropriate policies and procedures are reviewed and updated. This should include:</p> <ol style="list-style-type: none"> 1. procedures and protocols for investigator actions that are clearly defined and routinely followed; 2. a clear rationale and program for selection of licensees to be audited, a plan to achieve full review of licensees is implemented, and necessary resources secured to achieve these objectives; 3. clearly identified staff duties and responsibilities; and 4. clear guidelines, requirements, minimal acceptable requirements of licensee applications and supporting documents, and provided to all licensee applicants, investigators, commissioners, applicants and others involved in the license process; 	N	<p><u>Status as of April 2018:</u> Liquor Commission did not respond.</p>

Audit of Selected Management Issues of the Honolulu Liquor Commission (Report 05-02, Issued April 2005)		
Recommendation	Status	Comments
3. The mayor should ensure that: a. nominees, during the nomination and confirmation process of liquor commissioners, understand and accept the workload and ethical obligations that are implicit in the commissioner role; and	N	<u>Status as of April 2018:</u> Liquor Commission did not respond.
b. a quick and thorough review follows upon any questions concerning the behavior of appointed commissioners.	N	<u>Status as of April 2018:</u> Liquor Commission did not respond.

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Office of the Mayor (MAY)

The executive power of the city is vested in and exercised by the mayor, the city's Chief Executive Officer. The mayor provides the coordination of all administrative activities, sees that these are conducted honestly, efficiently, and lawfully, and enforces the provisions of the Revised Charter of the City and County of Honolulu, the ordinances of the county, and all applicable laws.

The Department of the Corporation Counsel reports directly to the mayor. All other executive departments and agencies, except the elected Prosecuting Attorney, and the semi-autonomous Board of Water Supply, Honolulu Authority for Rapid Transit, and O'ahu Transit Services, are organized and supervised by, and report directly to, the managing director (MD) as the principal administrative aide to the mayor.

Within the Office of the Mayor are specially designated offices for Climate Change, Sustainability and Resiliency, Culture and the Arts, Economic Development, Housing, the Neighborhood Commission, and the Royal Hawaiian Band.

Audit of the City's Electricity Costs, Consumption, and Management (Report 08-02, Issued July 2008)

The audit made 10 recommendations to the mayor, MD and the Department of Budget and Fiscal Services. The recommendations involve City management looking at energy conservation projects and reorganizing them in a manner which focuses on cost containment opportunities. In 2016, the voters created the Office of Climate Change, Sustainability and Resiliency (OCCSR) by charter amendment. The Office of Climate Change, Sustainability and Resiliency will now lead the city in the implementation of future energy conservation projects and project management.

Audit of the Span of Control of Selected Departments in the City and County of Honolulu (Report 12-02, Issued January 2012)

The audit made 5 recommendations to the mayor and MD. The recommendations involve city management assessing the optimal spans of control for each city department and its departmental activities. The current administration has taken action to address the recommendations and has completed or resolved all outstanding recommendations.

OCA Status Highlights

- ✚ In 2016, voters created the Office of Climate Change, Sustainability and Resiliency via charter amendment.
- ✚ The Office of Climate Change, Sustainability and Resiliency will lead the implementation of future city energy conservation projects.
- ✚ Current administration resolved the remaining 2 outstanding recommendations.
- ✚ OCA considers these audits closed and complete.

Status of Department Recommendations

Agency Report	Total Issued	Outstanding	Dropped	Not Started	In Process	Resolved	Completed	Total Closed	Percentage Closed
Report 08-02	10	2	0	0	0	2	0	10	100%
Report 12-02	5	5	0	0	0	3	2	5	100%
Total	15	7	0	0	0	5	2	15	100%

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**Audit of the City's Electricity Costs, Consumption and Management
(Report 08-02, Issued July 2008)**

Report Summary: The objectives of the audit were to review and assess citywide expenditures for electricity and management of electricity consumption from FY2002-03 to FY2006-07. Report 08-02 was initiated partly in response to concerns noted in the un-adopted Resolution 06-144, *Requesting the Office of the City Auditor to Conduct a Comprehensive Energy Audit of the City-Owned Buildings and Facilities.*

As of April 2018, the remaining 2 outstanding recommendations have been resolved (R).

Recommendation	Status	Comments
<p>1. The mayor should:</p> <p>c. require the mayor's Energy and Sustainability Task Force to develop an action plan for meeting the 10% reduction in electricity consumption for the city's existing public buildings between FY2006-07 and FY2016-17.</p>	R	<p><u>Status as of April 2018:</u></p> <p>The newly created Office of Climate Change, Sustainability and Resiliency (created by 2016 Charter Amendment) will now lead the city in the implementation of further energy conservation projects.</p>
<p>2. The managing director should:</p> <p>b. consider implementing electricity management best practices which include, but are not limited to, reporting electricity management results to employees, providing training and recognizing those meeting electricity cost and consumption goals and objectives, and funding periodic electricity and billing audits;</p>	R	<p><u>Status as of April 2018:</u></p> <p>The Office of Climate Change Sustainability and Resiliency (OCCSR) was created by a 2016 Charter Amendment. OCCSR filled a position for an Energy Program Manager (Planner VI) to focus on energy management and the development of policy around this important subject matter.</p>

**Audit of the Span of Control of Selected Departments in the City and County of Honolulu
(Report 12-02, Issued January 2012)**

Report Summary: The objective of this self-initiated audit was to determine whether the city's organizational span of control was compatible with current management practices, and whether opportunities for streamlining the city's organizations are possible. The results are intended to encourage the city to evaluate its existing organizational structure and to adopt spans of control that are more consistent with existing management practices.

As of April 2018, of the remaining 5 outstanding recommendations 2 are completed (C), 3 are resolved (R).

Recommendation	Status	Comments
<p>The mayor and managing director should:</p> <ol style="list-style-type: none"> Require each department director to conduct an assessment of the optimal spans of control for each city department and its departmental activities; develop plans to implement changes needed to achieve those spans of controls; and implement goals and actions necessary to expand the spans of control. 	R	<p><u>Status as of April 2018:</u></p> <p>The current administration stated that although a citywide study has not been initiated, the managing director's office works with the Departments of Human Resources and Budget and Fiscal Services to review and implement departmental reorganizations to achieve optimal spans of control.</p>
<ol style="list-style-type: none"> Direct each department director to assess the layers of management within their departments and implement reductions in the layers of management that will result in enhanced efficiency and effectiveness. 	R	<p><u>Status as of April 2018:</u></p> <p>The managing director has directed the Department of Human Resources to provide citywide organizational charts so that the number of supervisory levels can be measured and analyzed.</p>
<ol style="list-style-type: none"> Require department directors to perform assessments of long term vacant positions to identify unneeded positions, determine if any positions can be abolished, and abolish long term vacant positions (particularly positions vacant five or more years) from authorized staffing full-time equivalents (FTEs), budget calculations, and funding requests. 	C	<p><u>Status as of April 2018:</u></p> <p>The current administration implemented the concept of <i>Deactivated Positions</i> through the annual budget process. Departments, examine vacant positions annually to craft an operating budget that <i>deactivates</i> (temporary abolishment) positions based on their projected operating needs. This has resulted in the permanent abolishment of positions deemed unnecessary.</p>

**Audit of the Span of Control of Selected Departments in the City and County of Honolulu
(Report 12-02, Issued January 2012)**

Recommendation	Status	Comments
4. Require departments to comply with the intent and guidelines for the use of personal services contracts and minimize the use of personal service contracts to fill vacant positions.	C	<p><u>Status as of April 2018:</u> The managing director issued citywide directives communicating the guidelines and intent of personal services contracts.</p>
5. Encourage the departments to optimize the spans of control within each department by reducing the number of supervisors, abolishing supervisory positions vacant five or more years, expanding the spans of control, and reducing the layers of management.	R	<p><u>Status as of April 2018:</u> The current administration agrees with the recommendation and stated that they work with the Departments of Human Resources and Budget and Fiscal Services to review and implement departmental reorganizations in efforts to achieve optimal spans of control.</p>

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