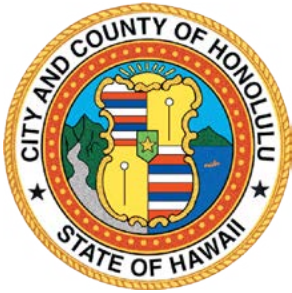




**Office of the City Auditor**



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

# **Annual Report FY2016-17**

August 2017





**Office of the City Auditor**  
**City and County of Honolulu**  
**State of Hawai'i**

*The Office of the City  
Auditor's mission is  
to promote honest,  
efficient, effective, and  
fully accountable city  
government.*

The Honorable Members of the Honolulu City Council:

We are pleased to submit the Annual Report of the Office of the City Auditor for FY2016-17. We trust that our reports have been beneficial in your efforts to ensure that the city's resources are being used effectively, efficiently, and economically to satisfy the needs of the public.

The mission of the Office of the City Auditor is to promote honest, efficient, effective, and fully accountable city government. We independently assess and report on city operations and services by conducting performance and financial audits that identify ways to strengthen public accountability and improve the efficiency and effectiveness of City government.

In accordance with the City Charter, we conduct and coordinate a variety of performance and financial audits and special studies which are listed in our annual work plan. In providing independent, reliable, and accurate information to the City Council, City administration, and the general public, we strive to provide objective information that can be used to improve operations and programs. As much as possible, the work of the internal audit staff is coordinated with the activities of all external auditors such as independent public accountants, government, and contract auditors.

Our work is conducted in compliance with generally accepted government auditing standards. In our reports, we try to provide the Legislative Branch and the public with information regarding the effectiveness of City programs, and the efficiency of departmental and agency operations. In our efforts, the focus is on adding value to the City by improving public accountability and transparency in its financial and operational activities.

Determining which areas to audit and allocating scarce audit resources to those areas is important for a successful audit function. We use information from the City's adopted operating and capital budgets, and financial statements to perform a risk assessment and to identify potential audit subjects. The results of the model are incorporated into our annual work plan.

As part of our annual review of potential audit subjects, we solicit audit suggestions from the Honolulu City Council, city staff, and members of the public. We welcome your inputs for potential audits that can be used in our annual work plan and annual audit efforts.

Sincerely,

Edwin S.W. Young  
City Auditor

## 2017: Year in Review

The Office of the City Auditor (OCA) issued the following reports in fiscal year 2017: (1) Audit of How Domestic Violence Cases Are Handled, Processed, and Resolved by the City; (2) Service Efforts and Accomplishments (SEA) Report for Fiscal Year 2016; (3) four National Citizen Survey supplemental reports to the SEA; and (4) Citizen-Centric Report for 2016.

OCA continues to administer the charter-mandated audit of the city's financial statements. KMH LLP, an external accounting firm, completed the following audits for the fiscal year ending June 30, 2016: the Comprehensive Annual Financial Report (CAFR); the Public Transportation System – Bus and Paratransit Operations Financial Statement; Sewer Fund Financial Statements; Management Letter; and Single Audit of Federal Financial Assistance programs.

Each year, the Association of Local Government Auditors (ALGA) recognizes the best performance audit reports of the preceding year. OCA was the proud recipient of the 2016 Distinguished Knighton Award in the large shop category for our *Audit of the City's Paratransit Service*. The award was formally presented at ALGA's 2017 annual conference in Atlanta, Georgia. In addition to this award, an OCA staff member was awarded one of five scholarships by the Association of Government Accountants' (AGA) Young Professionals Focus Group to attend the AGA Professional Development Training in Boston, Massachusetts.

OCA staff kept busy this year working on audit projects, developing prototype electronic workpapers, experimenting with Tableau for prototype electronic reporting and metadata analysis, and participating in professional organization activities. Staff served as national secretary and as a member of the national education committee for ALGA; conducted peer reviews of two other audit entities (Clark County, Washington and Overland Park, Kansas); and served as judges for Knighton

awards. Additionally, a staff member served as IIA Hawai'i Chapter President and other staff remained active with the Association of Government Accountants, Association of Certified Fraud Examiners, Institute for Internal Controls, and ISACA.

To promote government public service as a career, OCA mentored three students through the OCA Internship Program; made presentations to accounting students from the University of Hawai'i, Manoa and West O'ahu campuses; served on the University of Hawai'i at Manoa, School of Accountancy Advisory Board; and guest lectured for two government accounting and auditing classes for the University of Hawai'i, Manoa.

The City Auditor was a speaker and panelist for the Institute of Internal Auditors (IIA) – Hawai'i Chapter in May 2017 and provided professional advice to Maui County Office of the Auditor.

OCA continually strives to provide high quality audits that add value to the City and County of Honolulu. Through our reports, we hope to fulfill our mission of promoting honest, efficient, effective, and fully accountable city government.



*Pictured from left to right: City Auditor Edwin Young and Auditors Christine Ross and Charisma Fojas accept the 2016 Distinguished Knighton Award for the Audit of the City's Paratransit Service. The award was presented by ALGA president David Givens at ALGA's 2017 annual conference in Atlanta, Georgia.*

## Summary of Reports to Council

This section summarizes the reports completed in FY2016-17.

*Audit of How Domestic Violence Cases Are Handled, Processed, and Resolved by the City (Resolution 16-1, CD1), June 2017*  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/DV\\_Final\\_Report\\_060817.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/DV_Final_Report_060817.pdf)



The main objectives of this audit were to identify how city agencies involved in domestic violence response

handle, process and resolve cases, including the enforcement of temporary restraining orders. Despite a 2014 law change which made physical abuse in the presence of a child under 14 years old a felony and increased the prosecuting attorney's workload 79%, there was no decrease in domestic violence incidents. The process of investigating and prosecuting such cases is complex and the final charges may change over the lifecycle of developing a case and bringing the defendant to trial. The audit found that the police and prosecuting attorney lack common definitions, processes, procedures and reports to facilitate data sharing, streamlined monitoring and processing of domestic violence cases. In addition, Temporary Restraining Orders (TROs) are not centrally managed among the eight police districts. As a result, officers responding to a domestic violence incident in another police district may not be aware of an existing TRO unless the victim or someone else informs the responding officer.

## *Financial Audit of the City and County of Honolulu, State of Hawai'i for the Fiscal Year ended June 30, 2016*

The financial audit by external auditors under OCA contract was completed and the final reports were issued in March 2017.

- City and County of Honolulu Comprehensive Annual Financial Report (CAFR), June 30, 2016  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/cafr2016.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/cafr2016.pdf)
- City and County of Honolulu - Public Transportation System - Bus and Paratransit Operations, Financial Statements and Supplemental Schedules, June 30, 2016 and 2015  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/bus2016.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/bus2016.pdf)
- City and County of Honolulu - Sewer Fund Financial Statements, June 30, 2016 and 2015  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/sewer2016.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/sewer2016.pdf)
- Single Audit of Federal Financial Assistance Programs for the Fiscal Year Ended June 30, 2016  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/singleaudit2016.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/singleaudit2016.pdf)
- Management Letter - Financial Audit of the City and County of Honolulu for Fiscal Year Ended June 30, 2016  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/mgmtletter2016.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/mgmtletter2016.pdf)

KMH LLP, the external contract auditor, submitted their comments and recommendations for the Comprehensive Financial Audit of the City and County of Honolulu for FY2016 to the city council in March 2017.



*2016 Service Efforts and Accomplishments (SEA) Report, March 2017*

[http://www.honolulu.gov/rep/site/oca/sea\\_chapters/2016\\_SEA\\_Report\\_031317\\_for\\_web.pdf](http://www.honolulu.gov/rep/site/oca/sea_chapters/2016_SEA_Report_031317_for_web.pdf)

The SEA Report contains citywide and department specific statistics, information and data on city missions, goals, services and programs. The report quantifies inputs, outputs, performance measures, comparisons, and trends over five years. This is the seventh SEA for Honolulu.

The report includes the results of a Citizen Survey conducted for the city that polls the opinions of a random, representative sample of residents about their community, quality of life, service delivery, civic participation, and unique issues of local interest. It includes a variety of comparisons to other cities that supplements the results of the citizen survey.

The survey results offer elected officials, city employees, residents, and other stakeholders an opportunity to identify challenges; to plan for and evaluate improvements; and to identify service improvements for long-term success. The goal is to provide the Honolulu City Council, city employees, and the public with information that can be used to strengthen governmental accountability and transparency, improve governmental efficiency and effectiveness, and support future decision making.

*The National Citizen Survey (NCS)<sup>TM</sup>, City and County of Honolulu (2016)*

[http://www.honolulu.gov/rep/site/oca/oca\\_docs/NCS\\_Report\\_FY2016.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/NCS_Report_FY2016.pdf)

The National Citizen Survey <sup>TM</sup> report was completed in January 2017. The NCS report was comprised of the following four reports:

- *National Citizen Survey (NCS)<sup>TM</sup> City and County of Honolulu (2016) Community Livability Report*

The report presents citizen opinions and ratings for city services, programs, and priorities across eight central facets of community: Safety, Mobility, Natural Environment, Built Environment, Economy, Recreation and Wellness, Education and Enrichment, and Community Engagement.

- *National Citizen Survey (NCS)<sup>TM</sup> City and County of Honolulu (2016) Dashboard Summary of Findings Report*

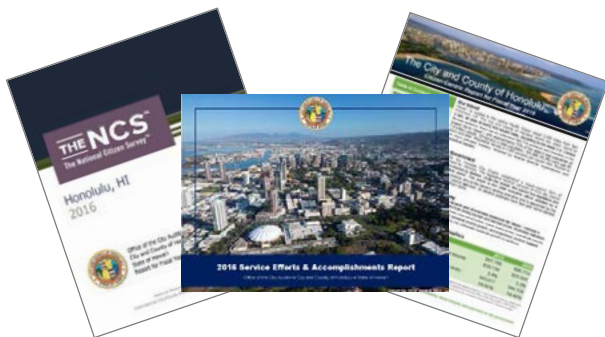
The report summarizes citizen opinions of city services, programs, and priorities within the eight facets of community livability, and benchmarks comparisons with other communities across the nation.

- *National Citizen Survey (NCS)<sup>TM</sup> City and County of Honolulu (2016) Trends Over Time Report*

The report provides trends over time with benchmark comparisons to previous survey results in 2006, 2010, 2011, 2012, 2013, 2014, and 2015.

- *National Citizen Survey (NCS)<sup>TM</sup> City and County of Honolulu (2016) Technical Appendices*

The content of this report includes citizen survey results, benchmark comparisons, survey methodology, and survey materials.



*Citizen-Centric Report for Fiscal Year 2016*  
[http://www.honolulu.gov/rep/site/oca/oca\\_docs/FY2016\\_CCR.pdf](http://www.honolulu.gov/rep/site/oca/oca_docs/FY2016_CCR.pdf)

The sixth Citizen-Centric Report for Honolulu was published by the Office of the City Auditor in June 2017. The report succinctly communicates financial and performance information to the citizens of Honolulu.

## Status of Council Requests for Audits, FY2012-13 to FY2016-17

In accordance with city charter, the city auditor shall conduct performance audits of the funds, programs, and operations of any agency or operation of the city as requested by the council by resolution. We continue to give high priority to council's requests and have completed 8 of the 10 requests adopted by the council from FY 2012-13 to FY2016-17.

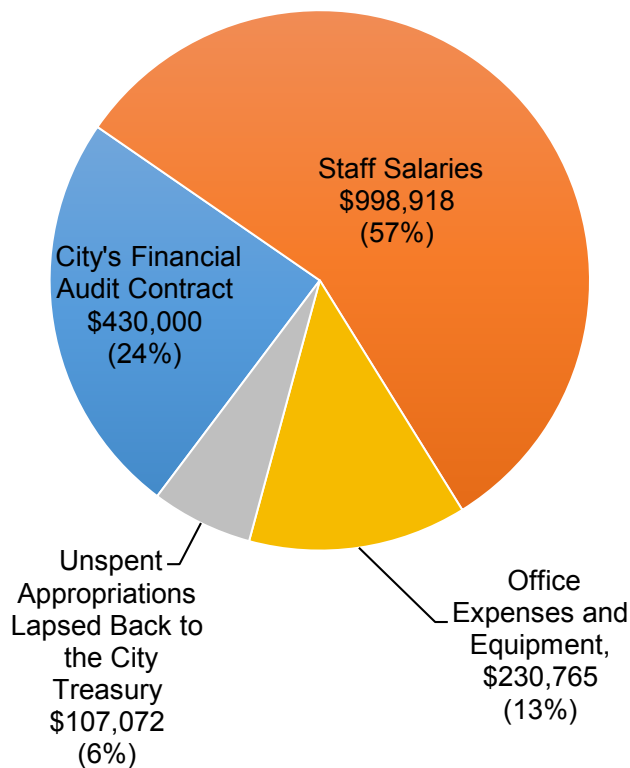
<b>No.</b>	<b>Resolution Number</b>	<b>Date Adopted</b>	<b>Resolution Title</b>	<b>Status</b>
1.	12-149	07/11/12	Requesting the City Auditor to Conduct an Audit of the Honolulu Authority For Rapid Transportation's Contracts and Spending For Public Relations and Public Involvement Services	Completed <i>Report No. 13-03</i>
2.	12-150	07/11/12	Urging the City Auditor to Conduct an Audit of the Department of Environmental Services' Wastewater Contracts and Procurement Practices	H-POWER: Completed <i>Report No. 15-04</i> Synagro and Beachwalk: Preliminary Survey
3.	13-27	03/20/13	Requesting the City Auditor to Audit the Department of Customer Services' Motor Vehicle, Licensing and Permits Program	Completed <i>Report No. 14-02</i>
4.	13-201, FD1	10/09/13	Requesting the City Auditor to Perform a Comprehensive Management and Performance Audit of the Board of Water Supply	Completed <i>Report No. 14-03</i>
5.	14-69, FD1	05/07/14	Requesting the City Auditor to Perform a Comprehensive Management and Performance Audit of the City's Paratransit Service	Completed <i>Report No. 16-02</i>
6.	15-90	05/06/15	Requesting the City Auditor to Conduct a Performance Audit of the Honolulu Rail Transit Project	Completed <i>Report No. 16-03</i>
7.	15-281, CD1	11/04/15	Requesting the City Auditor to Conduct a Performance Audit of the City's Section 8 Tenant-Based Assistance Program	Completed <i>Report No. 17-03</i>
8.	15-315	12/09/15	Requesting the City Auditor to Conduct a Performance Audit of the City's Recycling Program	Draft Report Underway
9.	16-1	01/27/16	Requesting the City Auditor to Conduct a Performance Audit of How Domestic Violence Cases are Handled, Processed, and Resolved by the City	Completed <i>Report No. 17-02</i>
10.	16-164, CD1	09/07/16	Requesting the City Auditor to Perform a Comprehensive Management and Performance Audit of the Honolulu Ethics Commission	Start of audit has been delayed; RFP cancelled.



## FY2016-17 Appropriations and Expenditures

The Office of the City Auditor was appropriated a total of \$1,766,755 in FY2016-17. Of this total, \$430,000 was expended for the city's annual financial audit contract, which OCA oversees for the council; \$998,918 was expended for staff salaries; and \$230,765 was expended for office operations and equipment. Unspent appropriations totaling \$107,072 were returned to the city treasury at the end of the fiscal year. Most of the unspent appropriations resulted from salary savings due to a position that became vacant mid-year and was not filled, and \$30,000 in contingency funds that was encumbered for the city's financial audit that was not needed.

### OCA FY2016-17 Application of Resources



## OCA Staff Listing

- Edwin S.W. Young, City Auditor, MBA, MS, CIA, CFE, CGFM, CRMA
- Susan Hall, Deputy City Auditor, MPA, CFE, CRMA
- Van Lee, Deputy City Auditor, MBA, CRMA, CICA
- Wayne Kawamura, Senior Auditor, JD, MBA, CISA, CRMA
- Troy Shimasaki, Senior Auditor, CRMA
- Charisma Fojas, Auditor II, MA, CFE
- Dana Karaffa, Auditor II, CFE
- Darin Kawamoto, Auditor I, MBA, CFE
- Christine Ross, Auditor I, MBA
- Shena Bocalbos, Auditor I
- Jacie Miyashiro, Intern
- Jung Hwa Martinez, Intern
- Lyra Pacpaco, Intern
- Sherri Suzawa, Administrative Services Officer



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