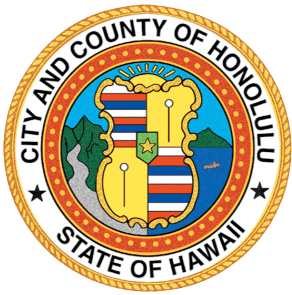




**Office of the City Auditor**

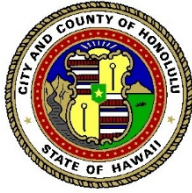


**City and County of  
Honolulu  
State of Hawai'i**

# **Annual Report FY2022-23**

November 2023





**Office of the City Auditor**  
*Ke Ke`ena o ka Luna Hō`oia*

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

The Honorable Members of the Honolulu City Council:

We are pleased to submit the Annual Report of the Office of the City Auditor for FY 2022-23. Over the course of the year, our office released a variety of performance and financial audits, and other value-added reports aimed at providing stakeholders with vital information and promoting greater efficiency and transparency in city government.

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

Our office received a *Certificate of Excellence* in Citizen-Centric Reporting from AGA for our FY2022 Citizen Centric Report. Additionally, staff earned professional certifications that include Certified Government Financial Manager (CGFM), Certified Information Systems Auditor (CISA), and Certified Internal Controls Auditor (CICA). These certifications will ensure that staff have the highest level of knowledge, skills, and credentials to perform audits for the City and County of Honolulu. Finally, our office bid aloha and happy retirement to two long-time staff. Van Lee, Audit Manager, and Sherri Suzawa, Administrative Services Officer, were part of the original staff when OCA was created 20 years ago, in 2003. Although they will be missed, we wish them all the best in their much-deserved retirement.

As we look forward to the year ahead, we reaffirm our commitment to promote honest, efficient, effective, and fully accountable city government through an ambitious FY2023-24 work plan that will examine key city operations and address issues important to the City Council and Honolulu's citizens.

Aloha,

A handwritten signature in cursive script that reads "Arushi Kumar".

Arushi Kumar  
City Auditor

---

## 2023: Year in Review

---

With the COVID-19 pandemic finally behind us, the Office of the City Auditor (OCA) reaffirmed its focus and commitment to fulfill our mission of promoting honest, efficient, effective, and fully accountable city government through our audit work and value-added reports. We issued a variety of performance audits, financial audits, and other reports that brought greater transparency and accountability to key functions of city government. Our *Audit of Select Management Issues Impacting the City's Ability to Effectively Hire and Sustain Its Workforce*, Report No. 23-02, in particular, prompted a thorough discussion about the city's workforce and resulted in the city council's adoption of several pieces of legislation. OCA also bid aloha to Sherri Suzawa, Administrative Services Officer, and Van Lee, Audit Manager. Both Sherri and Van had been with OCA since its inception in 2003. We thank them for their years of hard work, skill, and dedication and wish them all the best in their well-deserved retirement.



OCA issued the following reports in Fiscal Year 2023:

<b><u>Report No.</u></b>	<b><u>Title</u></b>
22-05	Follow-Up on Recommendations from Report No. 19-01 and Select Recommendations From Report No. 20-02, on the Honolulu Authority for Rapid Transportation (HART)
23-01	Audit of the Hanauma Bay Online Reservation System
23-02	Audit of Select Management Issues Impacting the City's Ability to Effectively Hire and Sustain Its Workforce
N/A	FY 2022 National Community Survey
N/A	Citizen-Centric Report for FY 2022
N/A	OCA Annual Report for FY 2022

In addition to conducting performance and follow-up audits, OCA continues to administer the charter-mandated audit of the city's financial statements. Accuity LLP, an external accounting firm, completed the following audits for the fiscal year ending June 30, 2022:

- Annual Comprehensive Financial Report (ACFR)
- Public Transportation System – Bus and Paratransit Operations Financial Statement
- Sewer Fund Financial Statements
- Single Audit of Federal Financial Assistance Programs

---

## *2023: Year in Review (continued)*

---

A Management Letter was not issued for Fiscal Year 2022.

To ensure that our office maintains highly-skilled and competent auditors, OCA staff continue to enhance their professionalism and knowledge by obtaining certifications and attending conferences, workshops, and seminars hosted by professional organizations. In FY 2022-23, a member of the audit staff earned the Certified Government Financial Manager (CGFM) from the AGA, a national government financial professional organization. Retired Audit Manager, Van Lee, received the prestigious Lifetime Achievement Award from the Association of Local Government Auditors (ALGA) for his years of service and significant contributions to the local government auditing profession. Other staff also served on committees or performed other professional activities with national organizations including ALGA and AGA.



OCA continued to promote government public service, auditing and accounting in particular, as a career by participating in events with the UH-West O`ahu Local Accounting Careers event; UH-West O`ahu and UH-Mānoa accounting clubs; UH-Mānoa Accounting Honor Society; and speaking engagements with the UH-Mānoa School of Accountancy undergraduate and graduate students.








## *Summary of Reports to Council*

This section summarizes the reports completed in FY 2022-23.

***Follow-Up on Recommendations from report No. 19-01 and Select Recommendations from Report No. 20-05, on the Honolulu Authority for Rapid Transportation (HART); Report No. 22-05, July 2022***  
[https://www.honolulu.gov/rep/site/oca/oca\\_docs/HART\\_Followup\\_19-01\\_and\\_20-05\\_Final\\_Report.pdf](https://www.honolulu.gov/rep/site/oca/oca_docs/HART_Followup_19-01_and_20-05_Final_Report.pdf)

The objective of this follow-up audit was to assess the extent to which HART has acted upon six recommendations in Report No. 19-01 (Recommendations 1-3 and 5-7) and three outstanding recommendations from Report No. 20-05.

In this follow-up audit, we found that all nine recommendations were completed.

 Completed 9	 Resolved --	 In Process --	 Not Started --	 Dropped --
Agency has sufficiently implemented the audit recommendation.	Although agency did not implement the audit recommendation, it implemented an alternative solution that sufficiently addressed the applicable audit finding or risk.	Agency started or has partially implemented the audit recommendation.	Agency has not begun implementation of the recommendation.	Agency has no plan to implement the recommendation; the risk associated with the recommendation no longer exists, or is no longer applicable.

### ***Audit of the Hanauma Bay Online Reservation System; Report No. 23-01, June 2023***

This was a self-initiated audit which the city auditor determined was warranted in the wake of public concerns following the shut-down of the Hanauma Bay Nature Preserve for eight months due to the COVID-19 pandemic and subsequent change in operations following its reopening. The objectives of this audit were to:

1. Determine whether the Department of Parks and Recreation is maximizing the utility of the Hanauma Bay online reservation system to facilitate the reservation process; and
2. Make recommendations for improvement as appropriate.

The Hanauma Bay online reservation system successfully facilitates the bay's new entry procedures, placing daily limits on the number of visitors allowed while increasing admission revenues past previous levels. However, there are risk areas where DPR could improve the reservation process and experience for visitors.

---

## *Summary of Reports to Council (continued)*

---

The reservation process currently has procedural issues that may disadvantage certain populations, particularly those who are not as adept at technology, leading to potential discrimination and equity issues. Additionally, the process infrastructure creates room for mistakes in reservation ticketing choices, leading to a potential loss of admission revenue. Compared to other State and National parks in Hawai'i, the reservation policies and informational practices for Hanauma Bay could improve to match standard practices. We also found that DPR does not have an official feedback mechanism to track, respond to, or resolve complaints and issues in an efficient manner.



Finally, we found that DPR does not have formal goals or measures to define conservation success or to evaluate its policies and activities in accordance with its mission. Specifically, a study led by the University of Hawai'i has stated that managing visitors may be the most important and effective tool for conservation. Despite this recommendation, DPR has no method to evaluate the specific impacts that increasing visitor numbers has on the bay's ecosystem. We found that budgetary concerns and easing pandemic restrictions may have been the primary driver of recent visitor capacity increases, not conservation planning.

### ***Audit of Select Management Issues Impacting the City's Ability to Effectively Hire and Sustain its Workforce; Report No. 23-02, June 2023***

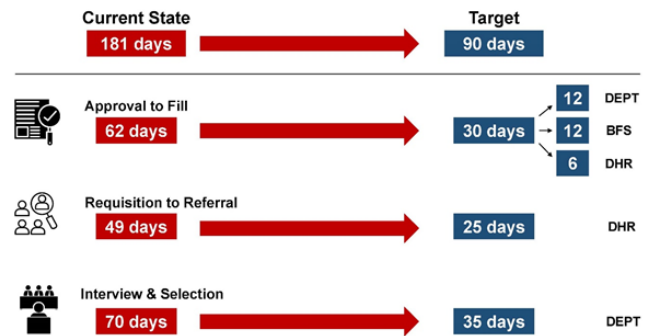
This audit was conducted pursuant to City Council Resolution 22-43, CD1, adopted by the Honolulu City Council on July 6, 2022, which directed our office to conduct a performance audit of the Department of Human Resources' selection and hiring processes. The audit objectives were to:

1. Assess and examine the city's vacancy count over the five-year period from FY 2017-18 through FY 2021-22 to identify inefficiencies and potential cost savings;
2. Determine whether the Department of Human Resources met the mayor's hiring benchmarks as determined by the Bloomberg-Harvard report; and
3. Determine whether the Department of Human Resources complies with applicable civil service and collective bargaining requirements, and the impact they have on the city's hiring and retention processes.

One of our primary objectives was to analyze and assess the city's reported 2,458 vacancies to determine the actual number of position vacancies, how long positions were vacant, which positions were or were not being posted to fill, and potential cost savings from long-term vacancies. However, due to unreliable and incomplete data, we were unable to perform this important analysis. More importantly, we found that DHR does not maintain sufficient data to accurately identify and report on the city's staff vacancies.

## *Summary of Reports to Council (continued)*

We also found that DHR and other city agencies did not meet the four key hiring and processing objectives established by the mayor, but improvements were made. For example, based on the Bloomberg-Harvard report, the mayor established a benchmark for DHR and requesting agencies to fill a vacancy within 90 days; DHR reported that the average time to fill vacancies during our review period was 139 days. While this fell short of the benchmark, it was an improvement over the 181-day average it took the city to fill a vacancy in a prior evaluation.

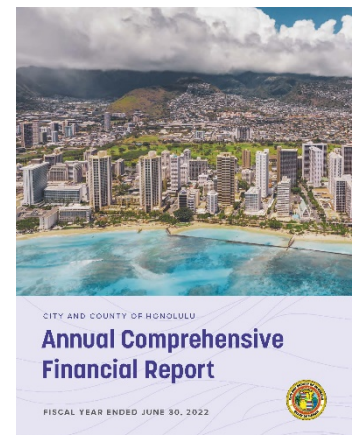


In addition, we identified other risk areas to improve DHR’s management of the city’s vacancies. We found that the city does not have formal policies or procedures to abolish long-term, obsolete positions, which may be skewing the city’s vacancy rate and tying up city funds. Also, the department’s reliance on four separate, stand-alone databases for managing the city’s hiring and selection processes is inefficient and raises the risk of error because staff have to manually transfer data from one system to another. Finally, although we found that the state civil service system does not pose significant impacts to selection, the voting requirements for collective bargaining prevent the city from unilaterally implementing wage and benefit incentives.

### ***Financial Audit of the City and County of Honolulu, State of Hawai’i for the Fiscal Year ended June 30, 2022***

The financial audit under OCA contract was completed by external auditors Accuity LLP with the following reports being issued:

- City and County of Honolulu Annual Comprehensive Financial Report (ACFR), June 30, 2022. Report issued in December 2022.  
[https://www.honolulu.gov/rep/site/oca/oca\\_docs/ACFR\\_FY2022.pdf](https://www.honolulu.gov/rep/site/oca/oca_docs/ACFR_FY2022.pdf)
- City and County of Honolulu - Public Transportation System - Bus and Paratransit Operations, Financial Statements and Supplemental Schedules, June 30, 2022 and 2021. Report issued in January 2023.  
[https://www.honolulu.gov/rep/site/oca/oca\\_docs/Bus\\_FY2022.pdf](https://www.honolulu.gov/rep/site/oca/oca_docs/Bus_FY2022.pdf)
- City and County of Honolulu - Sewer Fund Financial Statements, June 30, 2022 and 2021. Report issued in January 2023.  
[https://www.honolulu.gov/rep/site/oca/oca\\_docs/Sewer\\_FY2022.pdf](https://www.honolulu.gov/rep/site/oca/oca_docs/Sewer_FY2022.pdf)
- Single Audit of Federal Financial Assistance Programs for the Fiscal Year Ended June 30, 2022. Report issued in March 2023.  
[https://www.honolulu.gov/rep/site/oca/oca\\_docs/singleaudit2022.pdf](https://www.honolulu.gov/rep/site/oca/oca_docs/singleaudit2022.pdf)





---

## *Summary of Reports to Council (continued)*

---

### ***The National Community Survey (NCS)<sup>™</sup>, City and County of Honolulu (2022)***

<https://www.honolulu.gov/cms-oca-menu/site-oca-sitearticles/52662-2022-national-community-survey-report.html>

The National Community Survey<sup>™</sup> report was completed in March 2023. The report captures residents' opinions across 10 facets of community: Economy; Mobility; Community Design; Utilities; Safety; Natural Environment; Parks and Recreation; Health and Wellness; Education, Arts, and Culture; and Inclusivity and Engagement. This was the 14<sup>th</sup> national Community Survey of Honolulu residents conducted for the City and County of Honolulu.



Honolulu, HI  
The National Community Survey  
Report of Results  
2022

Report by:



Visit us online!  
[www.polco.us](http://www.polco.us)

### ***Citizen-Centric Report for Fiscal Year 2022***

[https://www.honolulu.gov/rep/site/oca/oca\\_docs/citizen\\_centric\\_report\\_fy2022.pdf](https://www.honolulu.gov/rep/site/oca/oca_docs/citizen_centric_report_fy2022.pdf)

The Citizen-Centric Report for Honolulu for Fiscal Year 2022 was published by the Office of the City Auditor in May 2023. The report succinctly communicates financial and performance information to the citizens of Honolulu.

---

## *Status of Council Requests for Audits, FY2020-21 to FY2022-23*

---

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. All requests adopted by the council in the last three fiscal years (FY 2021 to FY 2023) have been completed.

<b>No.</b>	<b>Resolution Number</b>	<b>Date Adopted</b>	<b>Resolution Title</b>	<b>Status</b>
1.	21-58	04/14/21	Directing the City Auditor to Conduct a Performance Audit of the Honolulu Police Department	Completed <i>Report No. 22-03</i>
2.	22-43 CD1	07/06/22	Directing the City Auditor to Conduct a Performance Audit of the Department of Human Resources’ Selection and Hiring Processes	Completed <i>Report No. 23-02</i>
3.	22-233	11/02/22	Directing the City Auditor to Conduct a Performance Audit of the Implementation of the City’s Capital Improvement Program by the Department of Design and Construction	Completed <i>Report No. 23-03</i>

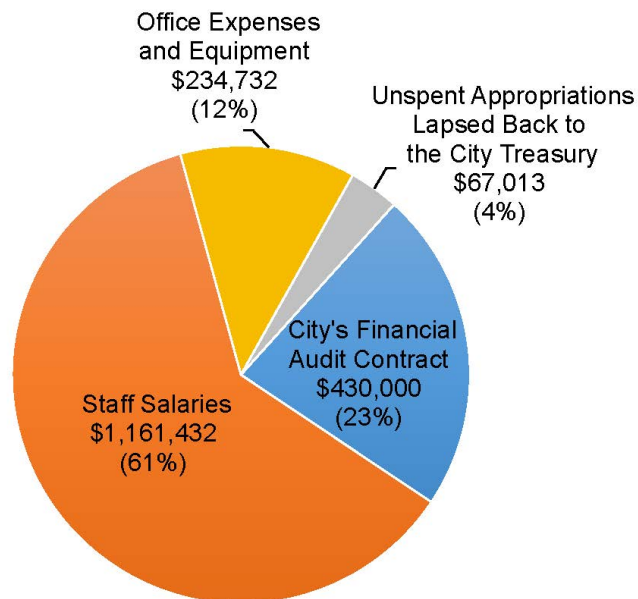
---

## *FY2022-23 Appropriations and Expenditures*

---

The Office of the City Auditor was appropriated a total of \$1,893,177 in FY2022-23. Of this total, \$430,000 was encumbered for the city's annual financial audit contract, which OCA oversees for the council; \$1,161,432 was expended for staff salaries; and \$234,732 was expended for office operations and equipment. Unspent appropriations totaling \$67,013 were returned to the city treasury at the end of the fiscal year and was mainly attributed to salary savings from vacant audit staff positions.

### **OCA FY 2022-23 Application of Resources**



---

## *Office of the City Auditor*

---



### **James Campbell Building**

**Office of the City Auditor**  
1001 Kamokila Boulevard, Suite 216  
Kapolei, Hawai'i 96707

**PH: (808) 768-3134**  
**FAX: (808) 768-3135**

**email: [oca@honolulu.gov](mailto:oca@honolulu.gov)**

**website: [www.honolulu.gov/auditor](http://www.honolulu.gov/auditor)**

### **OCA Staff Listing**

- Arushi Kumar, City Auditor, MPP, CGFM
- Van Lee, Audit Manager, MBA, CRMA, CICA
- Sherri Suzawa, Administrative Services Officer
- Shena Bocalbos-Garcia, Senior Auditor, CICA, CFS
- Charisma Fojas, Senior Auditor, MA, CFE
- Wayne Kawamura, Senior Auditor, JD, MBA, CISA, CRMA
- Christine Ross, Senior Auditor, MBA
- Troy Shimasaki, Senior Auditor, CRMA
- Jordan Alonzo, Auditor II, CFE, CISA
- Kyle Detke, Auditor II, MEd, CFE, CGFM
- Joshua Diaz, Auditor II, MPA, CFE, CICA
- Ciress Quidilla, Auditor II
- Erzel Hiyas, Intern