



EDWIN S.W. YOUNG
CITY AUDITOR

OFFICE OF THE CITY AUDITOR

City and County of Honolulu

State of Hawai'i

January 5, 2015

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

Subject: **Office of the City Auditor's Quarterly Report as of December 31, 2014**

This report provides the Honolulu City Council with an update on the activities of the Office of the City Auditor and summarizes our Fiscal Year 2014-15 Work Plan activities.

Projects Completed

- **Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (Resolution 13-27).** The resolution requested an audit of the City's Motor Vehicle, Licensing and Permits Program. The audit addressed issues including, but not limited to, determining the efficiency of staff to process various motor vehicle licensing and permitting transactions; providing detailed statistics on daily and monthly transactions; providing recommendations on streamlining processes at motor vehicle licensing locations; and providing recommendations on legislation that should be introduced to assist with motor vehicle licensing efficiency. As appropriate, the project included processing of military members. The final report was released in August 2014.
- **Audit of Select Management and Operational Practices at the Board of Water Supply (BWS) (Resolution 13-201, FD1).** The resolution requested a comprehensive management and performance audit of the Board of Water Supply. The audit reports on issues including, but not limited to, management policies and procedures; performance measurements to gauge the effectiveness and efficiency of BWS operations; financial tools and controls to provide assurance that BWS is using taxpayer funds effectively and efficiently; whether the status and powers of the BWS as a semi-autonomous agency should be maintained; problems associated with the new billing system implementation; whether the BWS can improve operational efficiency and effectiveness and reduce costs by: (1) improving its management policies and/or procedures; (2) improving customer service, especially by decreasing call wait times; (3) comparing costs and operations with other water jurisdictions; and (4) improving transparency through better communications with the public and the council. Other issues relate to whether the BWS rate structure is fair to all customers when comparing BWS rates, water costs and operational costs with similar jurisdictions that are water providers. The final report was released in September 2014.
- **Comprehensive Annual Financial Report (CAFR).** Financial audit of city and county financial statements for FY 2014. Audit by external auditors under OCA contract. External audit includes:

- **City and County of Honolulu – Sewer Fund Financial Statements, June 30, 2014.** Audit results issued December 2014.
- **City and County of Honolulu – Public Transportation System - Bus and Paratransit Operations, Financial Statements and Supplemental Schedules, June 30, 2014.** Audit results issued November 2014.
- **Office of the City Auditor Annual Report.** Report released September 2014.
- **Peer Review of Wayne County, Michigan.** Completed September 2014.
- **Peer Review of Palo Alto, California.** Completed November 2014.

Projects in Process

- **Audit of the Environmental Services Wastewater Contracts and Procurement Practices (Resolution 12-150, CD1).** Field work in progress.
- **Audit of Funds Appropriated for Bicycle Projects (Resolution 10-297).** Field work completed and draft report in progress.
- **Comprehensive Annual Financial Report (CAFR):**
 - **Financial Audit of the City and County of Honolulu for Fiscal Year Ended June 30, 2014 – Management Letter**
 - **Single Audit of Federal Financial Assistance Program**
- **Service Efforts and Accomplishments (SEA) Report (FY 2014).** Report contains citywide and department specific statistics, information and data on city missions, goals, services and programs. Report quantifies inputs, outputs, performance measures, comparisons, and trends over five years. This is the fifth SEA for Honolulu. Field work in process. This project includes:
 - **National Citizen Survey (NCS)TM, City and County of Honolulu (2014) Community Livability Report.** Report quantifies citizen opinions and ratings for city services, programs, and priorities. This is the fifth citizen survey for Honolulu conducted in conjunction with the Honolulu SEA report.
 - **National Citizen Survey (NCS)TM, City and County of Honolulu (2014) Dashboard Summary of Findings Report**
 - **National Citizen Survey (NCS)TM, City and County of Honolulu (2014) Trends over Time Report.** Report provides benchmark for citizen opinions of city services, programs, and priorities compared to national benchmarks and jurisdictions with populations over 300,000.
 - **National Citizen Survey (NCS)TM, City and County of Honolulu (2014) Technical Appendices**
- **Citizen Centric Report for the City and County of Honolulu.** Four page report summarizes city revenues, expenditures, accomplishments, challenges, and performance during the past fiscal year.
- **Audit Recommendations Status Report** of prior audit recommendations. Follow-up audit of outstanding audit recommendations. Field work in process.
- **Audit of Information Technology Operations, Security, Development, and Implementation.** Preliminary survey started.
- **Audit of P-Card Purchases.** Ongoing review of FY 2014 p-card purchases.

Projects To Be Started

Self-Initiated Projects

- **Audit of the Honolulu Authority for Rapid Transportation (HART) Selected Expenditures and Operations**
- **Audit of the Information Technology Department Procurement Practices and Policies**
- **Audit of Environmental Services Collection and Disposal Systems**
- **Audit of City Grants Recipients**
- **Audit of City Towing Operations**

Outstanding Council Resolutions

- **Audit of the City's Paratransit Service (Resolution 14-69, FD1)**

Other FY 2015 Projects

- **Other projects as requested by the Honolulu City Council**

We will continue to provide the Honolulu City Council and the public with information on city programs and operations in support of the openness and transparency in government initiatives. We will also continue the important work of pursuing accountability, efficiency, effectiveness, and economy in government operations for the City and County of Honolulu.

Respectfully Submitted,



Edwin S.W. Young
City Auditor

- c: Mayor Kirk Caldwell
Ember Shinn, Managing Director
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