



EDWIN S.W. YOUNG
CITY AUDITOR

OFFICE OF THE CITY AUDITOR

City and County of Honolulu

State of Hawai'i

December 31, 2011

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, 2011**

This report provides the City Council with an update on the activities of the Office of the City Auditor and summarizes our Fiscal Year 2011-12 Work Plan activities.

Status of Projects Started or Underway

During this quarter, the status of the Office of the City Auditor projects is as follows:

- ***Audit of City's Ambulance Fleet and Operations (Resolution 09-86)*** was started in March 2011. The report was published in December 2011 and contained several recommendations for improving ambulance performance and operations, maximizing use of state funds, and reducing employee overtime. In response to the draft report, city managers report they have already implemented most of the recommendations.
- ***FY 2011 Financial Audit of the City and County of Honolulu.*** The audit by Accuity LLP, the contract auditor, started in July 2011. The audit is required by the city charter and includes the Comprehensive Annual Financial Report (CAFR); Public Transportation System - Bus and Paratransit Operations Financial Statements; Sewer Fund Financial Statements; Management Letter; and Single Audit of Federal Financial Assistance Programs. The audit work is completed and the city received an unqualified opinion. The CAFR was released in December 2011.
- ***Audit of the Span of Control of Selected Departments in the City and County of Honolulu.*** This audit compares the existing organizational structure in a sample of five departments against current best practices. The audit objectives are to determine if opportunities exist for improving the economy, efficiency, and effectiveness of the sampled departments, and to determine if cost savings are possible. The final draft of the report was completed and released to management for comment. The city's managing director requested an extension due to the holidays. The final report is planned for release in January 2012.

In December 2011, we released the detailed organizational charts developed for the audit of the five departments sampled during the review. At least one department administrator reports the staff will review and update the charts, submit the charts to the mayor's office for approval, and submit the charts to human resources and the budget and fiscal services departments as their official organizational charts.

- **Audit of the City's Real Property Tax Delinquency Collection Program.** Field work was suspended in September 2010 and restarted in March 2011. The audit objective is to identify the extent and cause of tax delinquencies in the city and county. The draft report was released for management discussion and comments in October 2011. Certain issues are being resolved based on initial management discussions and concerns. We are waiting for Corporation Counsel inputs before releasing the final draft report. Planned release and publication of the report is January 2012.
- **Audit of the Policies and Procedures Relating to the Honolulu City Council's Annual Contingency Allowance (Resolution 10-73).** This audit will review and make recommendations for improving policies and procedures relating to the use and expenditure of the council's annual contingency allowance. The Council chair staff was briefed on the preliminary survey results in August 2011 and the initial recommendations are being implemented. Fieldwork is completed and a draft report will be released for management comment after the SEA 2011 report is completed.
- **Audit of Department of Parks and Recreation Camping Operations (Resolution 11-46).** The audit objective is to conduct a performance audit of the camping operations of the Department of Parks and Recreation. Preliminary survey was completed and fieldwork started in October 2011. Audit work was suspended in December 2011 to focus on the SEA 2011 report.
- **Service Efforts and Accomplishments (SEA) Report (2011).** Service Efforts and Accomplishments (SEA) Report (2011). This report contains city wide 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 will be the second SEA for Honolulu. Audit work started in October 2011.
- **National Citizen Survey (NCS)TM, City and County of Honolulu (2011) and National Citizen Survey (NCS)TM, City and County of Honolulu (2011) Benchmark Report.** The National Citizen Survey (NCS)TM, City and County of Honolulu (2011) provides statistically valid survey results of citizen opinions of city services, programs, and priorities. This is the third citizen survey for Honolulu. The Benchmark Report compares Honolulu results against national benchmarks and other cities. This is the second benchmark report for Honolulu. The survey work started in November 2011.

Projects to Be Started¹

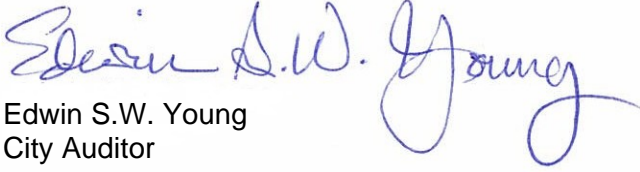
- Audit of Lobbying Activities of the Board of Water Supply (Resolution 09-243).
- Audit of the Real Property Assessment Division of the Department of Budget and Fiscal Services (Resolution 10-269). (Start delayed to January 2012 per BFS department request.)
- Audit of Funds Appropriated for Bicycle Projects (Resolution 10-297).
- Audit of Process for Handling Contract Bid and Award Protests.

¹ Resolutions' requests:

- *Audit of Lobbying Activities of the Board of Water Supply (Resolution 09-243).* Audit the lobbying activities of the Board of Water Supply.
- *Audit of the Real Property Assessment Division of the Department of Budget and Fiscal Services (Resolution 10-269).* Conduct a performance audit of the real property assessment division of the department of budget and fiscal services regarding its process of classification, reclassification, valuation, and assessment of real property for taxation purposes.
- *Audit of Funds Appropriated for Bicycle Projects (Resolution 10-297).* Conduct an audit of the funds appropriated for bicycle projects to determine why such funding lapses at such a high rate and receives such low priority.

- Monitoring of the impact of furloughs on City operations and performance (on-going).
- Audit of City Established Non-profits (on-going).

Respectfully Submitted,

A handwritten signature in blue ink that reads "Edwin S.W. Young". The signature is written in a cursive style with a large, looping "Y" at the end.

Edwin S.W. Young
City Auditor

c: City Clerk