



EDWIN S.W. YOUNG
CITY AUDITOR

OFFICE OF THE CITY AUDITOR

City and County of Honolulu

State of Hawai'i

April 15, 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 March 31, 2015**

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 Funds Appropriated for Bicycle Projects (Resolution 10-297).** The resolution requested an audit of funds appropriated for bicycle projects to determine why funding lapsed at such a high rate and received low priority. The audit evaluated the administration of the city's bike program; assessed the adequacy of the controls used to manage bike project funds; and determined why bike project funds were lapsing. Field work and draft report completed. (Final report issued in April 2015).
- **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 reports include:
 - **City and County of Honolulu – Sewer Fund Financial Statements, June 30, 2014.** Final report issued in October 2014.
 - **City and County of Honolulu – Public Transportation System - Bus and Paratransit Operations, Financial Statements and Supplemental Schedules, June 30, 2014.** Final report issued November 2014.
 - **Financial Audit of the City and County of Honolulu for Fiscal Year Ended June 30, 2014 – Management Letter.** Final report issued in March 2015.
 - **Single Audit of Federal Financial Assistance Program.** Final report issued in March 2015.
- **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. Final report issued in March 2015. This project included:
 - **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. Final report released in March 2015.

- **National Citizen Survey (NCS)TM, City and County of Honolulu (2014) Dashboard Summary of Findings Report.** Final report released in March 2015.
- **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. This is the fifth benchmark report for Honolulu. Final report released in March 2015.
- **National Citizen Survey (NCS)TM, City and County of Honolulu (2014) Technical Appendices.** Final report released in March 2015.
- **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. Final report issued in March 2015.
- **Audit Recommendations Status Report** of prior audit recommendations. Follow-up of outstanding audit recommendations. Final report issued March 2015.
- **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.
- **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).** Draft report in progress.
- **Audit of Information Technology Operations, Security, Development, and Implementation.** Field work in progress.
- **Audit of the City's Paratransit Service (Resolution 14-69, FD1).** (Preliminary survey started April 2015.)
- **Audit of P-Card Purchases.** Ongoing review of FY 2014 p-card purchases.

Self-Initiated Projects

- **Audit of the Honolulu Authority for Rapid Transportation (HART) Selected Expenditures and Operations - HART Construction Contracts.** (Preliminary survey started April 2015.)
- **Audit of the Information Technology Department Procurement Practices and Policies.** Not started.
- **Audit of Environmental Services Collection and Disposal Systems.** Not started.
- **Audit of City Grants Recipients.** Not started.
- **Audit of City Towing Operations.** Not started.

Other FY 2015 Projects

- **Other projects as requested by the 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
Roy Amemiya, Managing Director
Nelson Koyanagi, Director, Department of Budget and Fiscal Services
Glen Takahashi, Acting City Clerk
Charmaine Doran, Director, Office of Council Services