



EDWIN S.W. YOUNG
CITY AUDITOR

OFFICE OF THE CITY AUDITOR

City and County of Honolulu

State of Hawai'i

October 31, 2013

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 October 31, 2013**

This report provides the City Council with an update on the activities of the Office of the City Auditor and summarizes our Fiscal Year 2013-14 Work Plan activities.

Projects Completed

During this quarter, the Office of the City Auditor completed the following projects:

- ***Audit of the Real Property Assessment Division of the Department of Budget and Fiscal Services (Resolution 10-269)***. The resolution requests 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. The final report was released on October 4, 2013.
- **City and County of Honolulu – Public Transportation System - Bus and Paratransit Operations, Financial Statements and Supplemental Schedules, June 30, 2013**. This CAFR financial report was released in October 2013.
- **Peer Review of the City Auditor Office for the City of San Diego, CA**. The peer review was completed in October 2013.
- **OCA Annual Report FY2012-13 September 2013**. The annual OCA report for FY2012-13 was released in September 2013.
- **Monitoring of p-Card purchases**. OCA reviewed the city p-card purchases for FY2012-13 and the results were forwarded to the BFS Internal Audit Division for follow-up.
- **Review of Council's ACA and P-Card Transactions for FY2012-13**. Per the City Council response to the *Audit of the Policies and Procedures Relating to the Honolulu City Council's Annual Contingency Allowance*, OCA reviewed the ACA and P-card transactions for FY2012-13 and found no deficiencies. The results were released in August 2013.

Projects Underway

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

- ***Audit of the Honolulu Authority for Rapid Transportation's (HART) Contracts and Spending for Public Relations and Public Involvement Services (Resolution 12-149)***. The resolution requests an audit of HART's contracts and spending for public relations and public involvement services to determine what specific public involvement service(s) each employee, contractor and subcontractor provides, and to provide an opinion on whether these services, and the amount paid for these services, individually and collectively, are objective; required by federal law; and justified. The field work was completed and the discussion draft report sent to management in September 2013. Discussions with HART management are ongoing. The final report is projected for release in November 2013.
- ***Audit of the Department of Environmental Services' (ENV) Wastewater Contracts and Procurement Practices (Resolution 12-150)***. The resolution requests an audit of ENV's contracts, including its procurement practices to ensure that it is operating efficiently, effectively, and in compliance with all applicable laws and policies. Preliminary survey work indicates a series of audits is needed to cover the multitude of projects and sub-projects listed in the resolution. Audit work is ongoing.
- ***Audit of Management of City Capital Projects***. This project was combined with the *Audit of the Department of Environmental Services' (ENV) Wastewater Contracts and Procurement Practices (Resolution 12-150)*.
- ***Audit of the Department of Customer Services' Motor Vehicle, Licensing and Permits Program (Resolution 13-27)***. The resolution requests an audit of the City's Motor Vehicle, Licensing and Permits Program. The audit is to address 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 location efficiency. As appropriate, the project will include processing of military members. Preliminary survey work started in September 2013 and is ongoing.
- ***Audit of Funds Appropriated for Bicycle Projects (Resolution 10-297)***. The resolution requests 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. The project was re-started in August 2013.
- ***Comprehensive Annual Financial Report (CAFR)***. Financial audit of city and county financial statements for FY2013 started in July 2013 and is projected to be completed in December 2013. Audit by external auditors under OCA contract. Remaining external audits include:
 - **City and County of Honolulu – Sewer Fund Financial Statements, June 30, 2013**
 - **Financial Audit of the City and County of Honolulu for Fiscal Year Ended June 30, 2013 – Management Letter**
 - **Single Audit of Federal Financial Assistance Programs**

- **Service Efforts and Accomplishments (SEA) Report (FY 2013).** 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 fourth SEA for Honolulu. The NCS portion of the project started in October 2013 and includes :
 - **National Citizen Survey (NCS)TM, City and County of Honolulu (2013).** Report quantifies citizen opinions and ratings for city services, programs, and priorities. This is the fourth citizen survey for Honolulu conducted in conjunction with the Honolulu SEA report.
 - **National Citizen Survey (NCS)TM, City and County of Honolulu (2013) Benchmark 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 fourth benchmark report for Honolulu.

Projects to Be Started

- Audit of the Board of Water Supply (Resolution 13-201, FD1)
- Audit Recommendations Status Report of prior audit recommendations. Follow-up of outstanding audit recommendations.
- Audit of the Honolulu Authority for Rapid Transportation (HART) Selected Expenditures and Operations
- Audit of Environmental Services Collection and Disposal Systems
- Audit of City Grants Recipients and City Established Non-Profits
- Audit of City Towing Operations
- Audit of Information Technology Operations, Security, Development, and Implementation
- Other audits as requested by the City Council
- Peer Review of the City Auditor Office for the City of San Jose, CA

Respectfully Submitted,


Edwin S.W. Young
City Auditor

c: City Clerk