



EDWIN S.W. YOUNG
CITY AUDITOR

OFFICE OF THE CITY AUDITOR

City and County of Honolulu

State of Hawai'i

October 2, 2012

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 September 30, 2012**

This report provides the City Council with an update on the activities of the Office of the City Auditor and summarizes our Fiscal Year 2012-13 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:

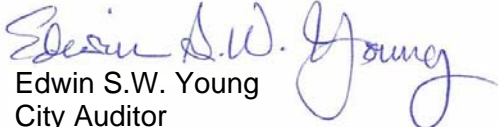
- ***Audit of the Policies and Procedures Relating to the Honolulu City Council's Annual Contingency Allowance (Resolution 10-73)***. This audit reviews and makes recommendations for improving policies and procedures relating to the use and expenditure of the council's annual contingency allowance. The council chair's staff was briefed on the preliminary survey results in August 2011 and the initial recommendations are being implemented. The draft report was sent to the city council for management comments in September 2012. The final report is scheduled for release in October 2012.
- ***Audit of the Department of Parks and Recreation's 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. The draft report was sent to the Office of the Managing Director for a management response in September 2012. The final report will be released in October 2012.
- ***Audit Recommendation Status Report***. The report will determine the number of outstanding recommendations completed, resolved, in-process, not started, and any that should be dropped. The draft report on the status of prior audit recommendations was released for management review in September 2012. The report will be released in October 2012.
- ***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. Field work is underway.

- **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 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. Preliminary survey work started in August 2012.
- **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 started in August 2012.
- **National Citizen Survey (NCS)TM, City and County of Honolulu (2012).** Work has begun on the National Citizen Survey (NCS)TM, City and County of Honolulu (2012). The NCSTM provides statistically valid survey results of citizen opinions of city services, programs, and priorities. This is the fourth citizen survey for Honolulu.
- **FY 2012 Financial Audit of the City and County of Honolulu.** The audit by the outside accounting firm started in July 2012. 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. Audit work is scheduled to be completed in December 2012.
- **Triennial Peer Review.** The city auditor's office is required by generally accepted government auditing standards to undergo an external peer review by an independent audit organization at least once every three years. The city auditor's office is preparing for this triennial review in order to retain its accreditation. The peer review is scheduled to take place in December 2012.
- **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 suspended due to preparations for the upcoming peer review of the Office of the City Auditor.
- **Monitoring of p-card purchases.** Ongoing.

Projects to Be Started

- Audit of City Established Non-profits (on-going).
- Service Efforts and Accomplishments Report (FY2012)
- Audit of Information Technology Operations, Security, Development, and Implementation
- Audit of City Transit and Paratransit Programs
- Audit of Management of City Capital Projects

Respectfully Submitted,


Edwin S.W. Young
City Auditor

c: City Clerk