

November 4, 2020

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawai'i State Capitol, Room 409
Honolulu, Hawai'i 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawai'i State Capitol, Room 431
Honolulu, Hawai'i 96813

Re: Report on the Implementation of State Auditor's Recommendations 2015 - 2018,
Report No. 20-15

Dear President Kouchi and Speaker Saiki:

Please find attached Report No. 20-15, *Report on the Implementation of State Auditor's Recommendations 2015 - 2018*, which has also been uploaded to the Legislature's web-based application. This report is being issued pursuant to Section 23-7.5, Hawai'i Revised Statutes, and is a report on the follow-up reviews of State departments and agencies' implementation of audit recommendations contained in audits issued in calendar years 2015-2018.

The report is also accessible through our website at:
<http://files.hawaii.gov/auditor/Reports/2020/20-15.pdf>.

If you or other Legislators would like a printed version of the report, please let me know.

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:emo

Attachment
ec/attach: Senators
Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Report on the Implementation of State Auditor's Recommendations 2015 – 2018

A Report to the Governor
and the Legislature of
the State of Hawai'i

Report No. 20-15
November 2020



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<https://auditor.hawaii.gov>

Foreword

This is a report on the follow-up reviews of State departments and agencies' implementation of audit recommendations contained in audits issued in calendar years 2015–2018. We conducted the follow-ups pursuant to Section 23-7.5, Hawai'i Revised Statutes, which requires the Auditor to report to the Legislature on each recommendation that the Auditor has made that is more than one year old and that has not been implemented by the audited agency.

We wish to express our appreciation for the cooperation and assistance extended to us by the various audited agencies and others whom we contacted during the course of the follow-up review.

Leslie H. Kondo
State Auditor

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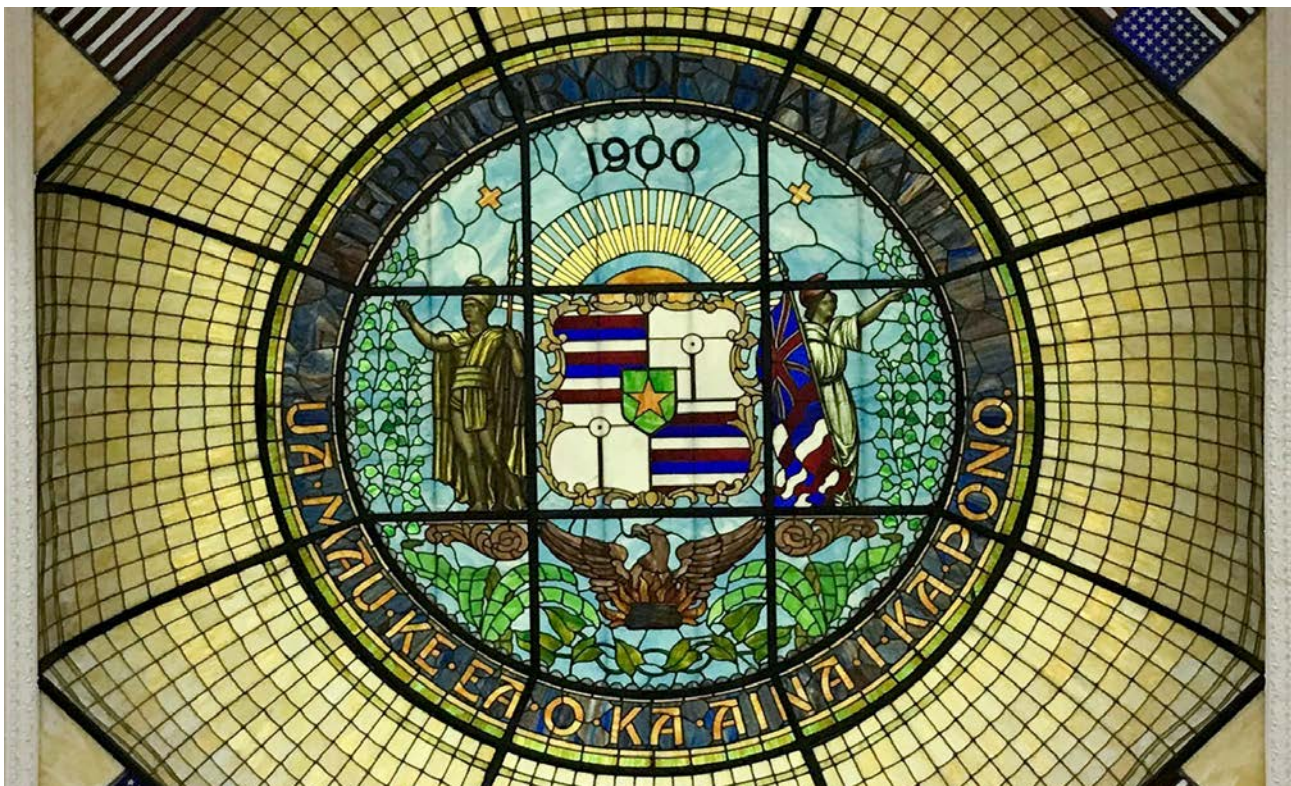


PHOTO: OFFICE OF THE AUDITOR

Status of Implementation of Audit Recommendations from Reports Issued 2015 – 2018

Section 23-7.5, Hawai‘i Revised Statutes, requires the Auditor to report to the Legislature annually on each audit recommendation more than one year old that has not been implemented by the audited agency. Our office follows up on recommendations in two ways. First, on an annual basis, we send requests to the agencies for status of implementation of our recommendations and details on steps taken toward implementation. Second, we conduct an active follow-up two to three years after issuance of the audit report containing recommendations and issue a separate follow-up report. Here, we report the latest status on the implementation of recommendations made in our reports issued from 2015 to 2018.

Introduction

EVERY YEAR, we follow up on recommendations made in our audit reports. We ask affected agencies to provide us with the status of their implementation of the recommendations made in our reports starting a year after the report was issued. After two or three years, we conduct a more rigorous follow-up review. Those reviews, which we refer to as “active reviews,” include interviewing

Definition of Terms

WE DEEM recommendations:

Implemented

where the department or agency provided sufficient and appropriate evidence to support all elements of the recommendation;

Partially Implemented

where some evidence was provided but not all elements of the recommendation were addressed;

Not Implemented

where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided;

Not Implemented - N/A

where circumstances changed to make a recommendation not applicable; and

Not Implemented - Disagree

where the department or agency disagreed with the recommendation, did not intend to implement, and no further action will be reported.

selected personnel from the agency and examining the agency's relevant policies, procedures, records, and documents to assess whether its actions fulfilled our recommendations. Our efforts are limited to the reviewing and reporting on an agency's implementation of recommendations made in the original audit report. We do not explore new issues or revisit issues from the report that are unrelated to our original recommendations.

From 2015 to 2018, we made 190 actionable audit recommendations, of which the affected agencies reported partially or fully implementing 182.

We based our scope and methodology on the United States Government Accountability Office (fka General Accounting Office) (GAO) guidelines, published in *How to Get Action on Audit Recommendations* (1991), as well as the *Government Auditing Standards* and Hawaii Revised Statutes (HRS), Section 23-7.5.

According to the GAO, saving tax dollars, improving programs and operations, and providing better service to the public represent audit work's "bottom line." Recommendations are the vehicles by which these objectives are sought. However, it is action on recommendations – not the recommendations themselves – that helps government work better at less cost. Effective follow-up is essential to realizing the full benefits of audit work.

Audit Recommendations Implementation Reports Issued 2015 – 2018

Determining progress

The rate of progress of a recommendation's implementation depends on the type of recommendation. While some fall fully within the purview of an audited agency and can be addressed relatively quickly, others may deal with complex problems and involve multiple agencies, resulting in a longer implementation period. We recognize ample time should be afforded to agencies implementing recommendations in order for a follow-up system to be useful and relevant.

With those observations in mind, we have determined an "active" follow-up effort, where we review and assess an agency's efforts to implement our recommendations, is most effective and relevant if conducted two to three years after publication of an audit report. Too short of an interval between audit report and follow-up might not give agencies enough time to implement; too long might allow agencies to lose valuable personnel and institutional knowledge needed to implement change. This is

consistent with the GAO's experience that action on recommendations usually occurs in the first 3 years after the recommendation is made.







Our current policy is to conduct follow-ups on recommendations for a five-year period after issuance of the report. We have determined that, after this time period, further action on recommendations is unlikely. At that point, a new audit may be more appropriate.

On the following pages are our summaries of the most recent status for recommendations from reports issued in the last five years. In many cases, the latest status is based on the agencies' responses to our formal requests for an updated status of implementation of our recommendations.

It is important to stress that, unlike our "active" follow-up reports, the agencies' responses to our requests for updates are just that - status as reported by the agencies themselves. Reporting of these responses is not based on an independent assessment by our office. However, the responses do represent the most recent status available to us.

Copies of our reports, including active follow-up reports, are available on our website at www.auditor.hawaii.gov.

Audit Recommendations Implementation Dashboard


No. 15-07	Research Corporation of the University of Hawai'i Audit of the Research Corporation of the University of Hawai'i		11 recommendations
No. 15-09	Department of Health Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse		6 recommendations
No. 15-14	Hawai'i State Public Charter Schools Commission Study of Public Charter Schools' Governing Boards		8 recommendations
No. 15-18	Department of Transportation Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings		11 recommendations
No. 15-20	Department of Human Services Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve ACA Goals		14 recommendations
No. 16-01	Enterprise Technology Services Report on Selected Executive Branch Departments' Information Technology Expenditures		5 recommendations
No. 16-08	Department of Taxation / Department of Business, Economic Development and Tourism Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit		9 recommendations
No. 17-05	Hawai'i Department of Agriculture Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch		7 recommendations
No. 17-14	Department of Health Audit of the Disease Outbreak Control Division of the Department of Health		5 recommendations
No. 18-01	Department of Business, Economic Development and Tourism Audit of the Hawai'i State Energy Office		9 recommendations
No. 18-03	Office of Hawaiian Affairs Audit of the Office of Hawaiian Affairs		39 recommendations


 Implemented
  Partially Implemented
  Not Implemented
  Not Implemented - N/A
  Not Implemented - Disagree


Source: Office of the Auditor


Audit Recommendations Implementation Dashboard

No. 18-04 **Hawai'i Tourism Authority**
Audit of the Hawai'i Tourism Authority
 27 recommendations

No. 18-05 **Public Utilities Commission**
Audit of the Public Utilities Commission
 12 recommendations

No. 18-08 **Office of Hawaiian Affairs**
Audit of the Office of Hawaiian Affairs' Competitive Grants
 11 recommendations

No. 18-09 **Department of the Attorney General**
Audit of the Department of the Attorney General's Asset Forfeiture Program
 7 recommendations

No. 18-18 **Department of Health**
Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program
 9 recommendations

 Implemented  Partially Implemented  Not Implemented  Not Implemented - N/A  Not Implemented - Disagree

Source: Office of the Auditor



PHOTO: RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

REPORT NO. 15-07

Audit of the Research Corporation of the University of Hawai'i

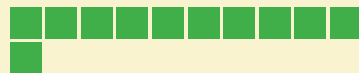
Number of Recommendations: **11**

Number of Recommendations
Partially or Fully Implemented: **11**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 15-07, we made a total of 11 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 15-07, *Audit of the Research Corporation of the University of Hawai'i*, we found the Research Corporation of the University of Hawai'i (RCUH) acted primarily as a provider of services to UH, which constituted \$9 out of every \$10 in RCUH business in FY2014. We also found that RCUH's executive director and board took a cautious business approach that ignored plans to pursue more non-UH projects and that RCUH allowed state agencies to circumvent contract requirements, secure services without proof of governor approvals, and forgo required evaluations of \$4.3 million in projects. We noted the corporation lacked clear policies and procedures governing review and acceptance of direct projects, and lacked sufficient staff to ensure adequate project vetting and monitoring. We also

reported that written policies and procedures could improve RCUH's oversight of intramural and revolving account projects.

In 2018, we conducted an active follow-up into the implementation of our recommendations, and issued Report No. 18-10 entitled, "*Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.*" As a result of that report, we found that 11 out of 11 (100%) of our recommendations had been implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.a.) The Research Corporation of the University of Hawai'i's Board of Directors should adopt a mission that more accurately reflects the corporation's statutory responsibility to initiate and promote research and development statewide. If the board no longer thinks RCUH can fulfill its broad mandate, it should request that the Legislature redefine the agency's role.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-10.

(1.b.) The Research Corporation of the University of Hawai'i's Board of Directors should adopt a strategic plan that conforms to Act 100, SLH 1999, requirements by containing proper objectives and accounts for organizations changes needed to ensure fulfillment of all mandated duties.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-10.

(1.c.) The Research Corporation of the University of Hawai'i's Board of Directors should adopt and implement strategic planning and performance reporting policies and procedures.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-10.

(1.d.) The Research Corporation of the University of Hawai'i's Board of Directors should explicitly identify the corporation's executive director as being responsible for developing and implementing a strategic plan.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-10.

(1.e.) The Research Corporation of the University of Hawai'i's Board of Directors should develop and update policies to ensure projects are accepted in conformance with Chapter 304A, HRS the UH/RCUH Internal Agreement, and the State/RCUH Master Agreement.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-10.

(2.a.) The corporation's executive director should implement a training program for board members that familiarizes them with their oversight roles and responsibilities.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-10.

Recommendation	Status of Recommendation
(2.b.) The corporation's executive director should develop, adopt, and report on performance measures for assessing RCUH's accomplishments of its goals, objectives, and mission.	<p>2018: Auditor reports Implemented</p> <p>Follow-up, Report No. 18-10.</p>
(2.c.) The corporation's executive director should consider and document whether added resources are needed to review incoming projects to determine whether they fall under the scope of RCUH services, and to monitor ongoing projects.	<p>2018: Auditor reports Implemented</p> <p>Follow-up, Report No. 18-10.</p>
(2.d.) The corporation's executive director should develop and implement procedures that include: <ul style="list-style-type: none"> i. Detailed guidance for monitoring all projects; ii. Ensuring periodic review of direct projects; and iii. Reviewing and approving projects. 	<p>2018: Auditor reports Implemented</p> <p>Follow-up, Report No. 18-10.</p>
(2.e.) The corporation's executive director should ensure that requirements of the State/RCUH master agreement are complied with by agencies requesting services.	<p>2018: Auditor reports Implemented</p> <p>Follow-up, Report No. 18-10.</p>
(2.f.) The corporation's executive director should request the Department of the Attorney General issue a written opinion on whether certain state agencies are exempted from the State/RCUH Master Agreement.	<p>2018: Auditor reports Implemented</p> <p>Follow-up, Report No. 18-10.</p>



PHOTO: OFFICE OF THE AUDITOR

REPORT NO. 15-09

Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse

Number of Recommendations: **6**

Number of Recommendations
Partially or Fully Implemented: **5**

Percent Partially or Fully
Implemented: **83%**

Audit Recommendations by Status

In Report No. 15-09, we made a
total of 6 recommendations to the
agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 15-09, *Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse*, we found that minimal oversight and support led to numerous procurement violations and irregularities in the department's contracts.

In 2018, we conducted an active follow-up into the implementation of our recommendations to the Department of Health (DOH), and issued Report No. 18-13 entitled, "*Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse*." As a result of that report, we found that 5 out of 6

(83%) of our recommendations had been implemented.

In 2019, we issued a formal request for information on the status of the audit recommendations that had not yet been fully implemented. The agency responded earlier this year (2020) and reported that all of our applicable recommendations had been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
<p>(1.a.i.) The Department of Health should improve its procurement practices by increasing organizational oversight over procurements. Depending on the nature and type of contract, method of procurement, complexity of procurement, composition and technical knowledge of the evaluation committee and staff involved in the procurement, and risks of fraud, transparency, and noncompliance related to the procurement, the Administrative Services Office should provide greater oversight over departmental procurements by defining what oversight responsibilities the ASO will provide, including determining the level of review and approval required for solicitations and awards that are deemed high risk; determining whether an evaluation committee has the appropriate knowledge, expertise, and composition reflective of the complexity and dollar value of the procurement; determining the level of review and approval required for significant contract modifications; identifying what its technical support will be and what role the State Procurement Office should have in conjunction with ASO oversight; notifying departmental divisions, branches, and offices of any procurement violations or noncompliance; and enforcing any corrective actions.</p>	<div data-bbox="786 361 1208 436"> <p>2020: DOH reports Implemented</p> <p>Self-reported July 16, 2020.</p> </div> <div data-bbox="786 466 1338 537"> <p>2018: Auditor reports Partially Implemented</p> <p>Follow-up, Report No. 18-13.</p> </div>

Recommendation

Status of Recommendation

(1.a.ii.) The Department of Health should improve its procurement practices by increasing organizational oversight over procurements. Depending on the nature and type of contract, method of procurement, complexity of procurement, composition and technical knowledge of the evaluation committee and staff involved in the procurement, and risks of fraud, transparency, and noncompliance related to the procurement, the department should develop a periodic, systematic review of procurement activities to monitor and promote compliance and ensure that all employees involved in procurements adhere to key requirements, including contract administration.

2020: DOH reports **Implemented**

Self-reported July 16, 2020.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-13.

(1.b.i.) The Department of Health should improve its procurement practices by clarifying roles, responsibilities, and procedures for procurements by developing and implementing a department-specific procurement policy and procedures manual that defines roles, responsibilities, authority, and accountability for each step in the procurement process. The manual should include specific guidelines, instructions, and standards for acquisitions of products and services. It should explain how to handle key issues and mistakes in the procurement, contract administration, and quality assurance processes, detailing procurement controls and oversight responsibilities. The manual should be formally approved by management and periodically reviewed and updated.

2020: DOH reports **Implemented**

Self-reported July 16, 2020.

2018: Auditor reports **Not Implemented**

Follow-up, Report No. 18-13.

In our report, we noted: “[A]s of the time of our follow-up, the evidence provided did not support meaningful movement towards implementation of this recommendation.”

Recommendation	Status of Recommendation
<p>(1.b.ii.) The Department of Health should improve its procurement practices by clarifying roles, responsibilities, and procedures for procurements by identifying and communicating what constitutes a high risk procurement that should be referred to ASO for guidance. Risk factors include contracts where the procurer does not have technical expertise or past experience with what is being procured, unusual contract terms or circumstances, and bid protests.</p>	<div data-bbox="784 384 1208 417"> 2020: DOH reports Implemented </div> <p data-bbox="784 428 1081 457">Self-reported July 16, 2020.</p> <div data-bbox="784 489 1276 522"> 2018: Auditor reports Not Implemented </div> <p data-bbox="784 533 1101 562">Follow-up, Report No. 18-13.</p> <p data-bbox="784 583 1377 804">In our report, we noted: “Although the four preliminary questions [to assess the level of risk of anticipated procurement efforts] are an initial step to identify and communicate what constitutes a high-risk assessment, the preliminary questions alone do not represent a meaningful movement towards implementation of [this recommendation].”</p>
<p>(2.) The director of health should ensure that staff involved in procurements are adequately trained and appropriately supervised.</p>	<div data-bbox="784 888 1240 921"> 2018: Auditor reports Implemented </div> <p data-bbox="784 932 1101 961">Follow-up, Report No. 18-13.</p>
<p>(3.) The department should review its procurement of the Grant Thornton/PKF contract. If the department determines that a procurement violation has occurred, it must report this violation to the SPO and rectify its process to ensure such a violation does not occur in future.</p>	<div data-bbox="784 1060 1362 1094"> 2018: Auditor reports Not Implemented - N/A </div> <p data-bbox="784 1104 1101 1134">Follow-up, Report No. 18-13.</p> <p data-bbox="784 1155 1369 1354">In our report, we noted: “Despite DOH’s consultation with the State Procurement Office, DOH’s inability to provide all the necessary documentation has and will continue to prevent the State Procurement Office from conducting a meaningful review to determine if a procurement violation occurred.”</p>



PHOTO: ISTOCK.COM

REPORT NO. 15-14 *Study of Public Charter Schools' Governing Boards*

Number of Recommendations: **8**

Number of Recommendations
Partially or Fully Implemented: **7**

Percent Partially or Fully
Implemented: **88%**

Audit Recommendations by Status

In Report No. 15-14, we made a total of 8 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 15-14, *Study of Public Charter Schools' Governing Boards*, we found that commission staff inexperience and human error hindered the Hawai'i State Public Charter School Commission's (SPCSC) ability to identify early signs of financial distress, and unclear requirements contained in charter school contracts did not ensure uniform compliance.

In 2018, we issued a formal request for information to the SPCSC on the status of audit recommendations from Report No. 15-14. The agency reported that all but one of our recommendations have been at least partially implemented.

In 2019, we issued another formal request for information on the status of audit recommendations that had not yet been fully implemented. The agency responded earlier

this year (2020) and reported that all of our applicable recommendations have now been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
(1.a.) The Hawai'i State Public Charter Commission should ensure its staff develops policies and procedures, including the collection and analysis of school data, to retain organizational knowledge and mitigate the risk of limiting that knowledge to only a few personnel.	<div> <div>2020: SPCSC reports Implemented</div> <div>Self-reported June 22, 2020.</div> <div>2018: SPCSC reports Partially Implemented</div> <div>Self-reported February 21, 2018.</div> </div>
(1.b.) The Hawai'i State Public Charter Commission should ensure its staff reviews its inter-office communication system to ensure information collected from the schools, including the rental terms of school facilities, is shared with all performance managers.	<div>2018: SPCSC reports Implemented</div> <div>Self-reported February 21, 2018.</div>
(1.c.i.) The Hawai'i State Public Charter Commission should ensure its staff reviews the charter contract to identify areas in need of clarification, including governance reporting requirements such as mandated policies and procedures, to ensure the schools and the boards are able to meet the commission's performance expectations.	<div> <div>2020: SPCSC reports Implemented</div> <div>Self-reported June 22, 2020.</div> <div>2018: SPCSC reports Partially Implemented</div> <div>Self-reported February 15, 2018.</div> </div>
(1.c.ii.) The Hawai'i State Public Charter Commission should ensure its staff reviews the charter contract to clarify provisions that automatically trigger an intervention protocol for noncompliance.	<div> <div>2020: SPCSC reports Implemented</div> <div>Self-reported June 22, 2020.</div> <div>2018: SPCSC reports Partially Implemented</div> <div>Self-reported February 15, 2018.</div> </div>
(1.c.iii.) The Hawai'i State Public Charter Commission should ensure its staff reviews the charter contract to consider amending the charter contract to require schools to provide adjusted annual budgets in the event school student enrollment projections fall significantly short of actual student enrollment figures.	<div>2018: SPCSC reports Implemented</div> <div>Self-reported February 21, 2018.</div>

Recommendation

Status of Recommendation

(1.d.) The Hawai'i State Public Charter Commission should ensure its staff consistently monitors and enforces compliance with terms of the charter contract, including the posting of minutes of governing board meetings to school websites, reporting governing board membership changes, and providing the rental terms of school facilities.

2020: SPCSC reports **Implemented**

Self-reported June 22, 2020.

2018: SPCSC reports **Partially Implemented**

Self-reported February 21, 2018.

(1.e.) The Hawai'i State Public Charter Commission should ensure its staff works with stakeholders to develop means other than self-reporting, to ensure statutory requirements regarding criminal history checks are met and independently verified by commission staff; consultation with the Department of the Attorney General, the Hawai'i Criminal Justice Data Center, and the Office of Information Practices is also advised.

2018: SPCSC reports **Implemented**

Self-reported February 21, 2018.

(1.f.) The Hawai'i State Public Charter Commission should ensure its staff receives training regarding obtaining and using financial agreements, such as a line of credit, by charter schools under Chapter 37D, HRS.

2018: SPCSC reports **Not Implemented - N/A**

Self-reported February 21, 2018, stating:

“Section 37D-3, HRS, states that financial agreements for agencies, such as a line of credit, must be approved by the attorney general and the director of budget and finance. The section further provides specific procedures that these agreements must follow.

The Commission believes this recommendation is not applicable as charter school financing agreements would be under the purview of the Department of Budget and Finance.”



PHOTO: OFFICE OF THE AUDITOR

REPORT NO. 15-18

Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings

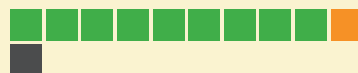
Number of Recommendations: **11**

Number of Recommendations
Partially or Fully Implemented: **10**

Percent Partially or Fully
Implemented: **91%**

Audit Recommendations by Status

In Report No. 15-18, we made a total of 11 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 15-18, *Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight Is Needed to Ensure Savings*, we found flaws in design and implementation of department contracts, including conflicting termination dates, undermined the energy contract's savings guarantee and weakened the department's ability to challenge or dispute any savings issues. We also reported a lack of procedures and expertise needed to evaluate annual savings reports.

In 2018, we conducted an active follow-up into the implementation of our recommendations to the Department of Transportation (DOT), and issued Report No. 18-14 entitled, "*Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy*

Performance Contracts: Improved Oversight is Needed to Ensure Savings." As a result of that report, we found that 10 out of 11 (91%) of our recommendations had been at least partially implemented.

In 2019, we issued a formal request for information on the status of audit recommendations that had not yet been fully implemented. The agency reported that of our applicable recommendations 1 had been implemented in full, and 1 recommendation had been implemented in part.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.a.i.) The director of transportation should review the DOT-Harbors and -Highways energy contracts with Johnson Controls to ensure they do not contain flaws found in the Airports Division's energy contract, and revise those two agreements, as needed, to ensure that the duration of those contracts align with guaranteed savings schedules so that all savings are achieved within the contract term.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-14.

(1.a.ii.) The director of transportation should review the DOT-Harbors and -Highways energy contracts with Johnson Controls to ensure they do not contain flaws found in the Airports Division's energy contract, and revise those two agreements, as needed, to ensure that the contracts integrate State Procurement Office guidelines calling for formal and written acceptance or rejection of deliverables, such as energy contract annual savings reports.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-14.

(1.b.) The director of transportation should establish procedures for review and independent verification of annual savings reports delivered by Johnson Controls to ensure that such analysis is completed within required reconciliation periods.

2019: DOT reports **Partially Implemented**

Self-reported December 19, 2019.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-14.

(1.c.) The director of transportation should ensure training is provided so that staff have sufficient expertise on measurement and verification processes, and other forms of performance and savings monitoring.

2019: DOT reports **Implemented**

Self-reported December 24, 2019.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-14.

(2.a.i.) The Airports Division deputy director should amend the division's energy contract to align guaranteed savings with the contract terms and conditions while holding to the contract's \$518 million savings guarantee.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-14.

Recommendation	Status of Recommendation
(2.a.ii.) The Airports Division deputy director should amend the division's energy contract to integrate State Procurement Office guidelines so that the acceptance or rejection of Johnson Controls' annual savings report is by formal and written means.	2018: Auditor reports Implemented Follow-up, Report No. 18-14.
(2.b.) The Airports Division deputy director should review the energy savings measures in the contract with Johnson Controls to ensure the anticipated cost savings are reasonable and applicable throughout the contract term.	2018: Auditor reports Not Implemented - N/A Follow-up, Report No. 18-14. In our report, we noted: "[W]ith the completion of the measures called for in the contract, this review is no longer applicable."
(2.c.) The Airports Division deputy director should ensure staff are trained to understand measurement and verification processes and other forms of performance and savings so they can properly interpret Johnson Controls' annual savings report.	2018: Auditor reports Implemented Follow-up, Report No. 18-14.
(2.d.) The Airports Division deputy director should follow-through on plans to procure outside audit consultants to reconcile annual savings reports.	2018: Auditor reports Implemented Follow-up, Report No. 18-14.
(2.e.) The Airports Division deputy director should ensure third-party consultants providing review and verification of Johnson Controls' annual savings reports are on contract with, or are directly accountable to, the division.	2018: Auditor reports Implemented Follow-up, Report No. 18-14.
(2.f.) The Airports Division deputy director should establish procedures for review and independent verification of Johnson Controls' annual savings report to ensure the analysis is completed within the 90-day reconciliation period.	2018: Auditor reports Implemented Follow-up, Report No. 18-14.



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REPORT NO. 15-20

Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve ACA Goals

Number of Recommendations: **14**

Number of Recommendations
Partially or Fully Implemented: **14**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 15-20, we made a total of 14 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 15-20, *Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve ACA Goals*, we found the new IT application fell short of meeting Affordable Care Act goals and was difficult to use and error-prone. We noted poor planning and lack of effective leadership at the Med-QUEST Division exacerbated already tight time constraints, allowing for a lack of integration of other human services programs, and that staff were not appropriately trained.

In 2018, we conducted an active follow-up into the implementation of our recommendations to the Department of Human Services (DHS), and issued Report No. 18-12 entitled, "*Follow-Up on Recommendations from Report No. 15-20, Audit*

of the Department of Human Services' KOLEA System." As a result of that report, we found that 14 out of 14 (100%) of our recommendations had been at least partially implemented.

In 2019, we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 18-12. The agency reported that of the applicable recommendations, 5 had been implemented in full, and 2 recommendations had been implemented in part.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
(1.a.) The director of human services should lead future departmental IT changes by ensuring rigorous project process standards are defined to guide the project, there is a clear structure for decision-making, individuals in lead roles have the right skills for the project, and those individuals appropriately execute their responsibilities.	2018: Auditor reports Implemented Follow-up, Report No. 18-12.
(1.b.i.) The director of human services should address Medicaid income verification issues and increase the likelihood that Hawai'i's neediest people are receiving all the benefits for which they qualify by finalizing the Memorandum of Agreement with the Department of Labor and Industrial Relations so that the Med-QUEST Division can perform data matching with state wage information and perform real-time income verifications.	2018: Auditor reports Implemented Follow-up, Report No. 18-12.
(1.b.ii.) The director of human services should address Medicaid income verification issues and increase the likelihood that Hawai'i's neediest people are receiving all the benefits for which they qualify by ensuring the Med-QUEST Division establishes an interface with the Internal Revenue Service to check unearned income or ensuring the Hawai'i Administrative Rules are revised to remove this requirement.	<div data-bbox="797 1089 1300 1159"> 2019: DHS reports Partially Implemented Self-reported October 31, 2019. </div> <div data-bbox="797 1194 1349 1264"> 2018: Auditor reports Partially Implemented Follow-up, Report No. 18-12. </div>
(2.a.) The Med-QUEST Division administrator should ensure that KOLEA project responsibilities are clearly defined between functional areas and actively manage those responsibilities to avoid gaps in, and enforce, responsibilities as necessary.	2018: Auditor reports Implemented Follow-up, Report No. 18-12.

Recommendation

Status of Recommendation

(2.b.i.) The Med-QUEST Division administrator should facilitate efforts to improve the division's eligibility and enrollment processes and address KOLEA's functionality and usability issues by establishing goals, objectives, performance targets, and performance measures for the Medicaid eligibility and enrollment processes that align with the department's overall mission, goals, and objectives and are useful for decision-making. The administrator should include managers at different organizational levels in the development of these performance goals.

2019: DHS reports **Implemented**

Self-reported October 31, 2019.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-12.

(2.b.ii.) The Med-QUEST Division administrator should facilitate efforts to improve the division's eligibility and enrollment processes and address KOLEA's functionality and usability issues by ensuring KOLEA is modified so that it can generate reports on relevant performance measures.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-12.

(2.b.iii.) The Med-QUEST Division administrator should facilitate efforts to improve the division's eligibility and enrollment processes and address KOLEA's functionality and usability issues by periodically reviewing and discussing with relevant stakeholders the progress made toward improving the division's eligibility and enrollment processes and KOLEA's functionality and usability issues.

2019: DHS reports **Implemented**

Self-reported October 31, 2019.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-12.

Recommendation	Status of Recommendation
(2.c.i.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office evaluates and updates the department's administrative rules, policies, and procedures regarding Medicaid enrollment and eligibility pursuant to requirements in the Affordable Care Act. The office should ensure administrative rules adhere to all applicable provisions of the ACA including income verification requirements, conform with the Notice of Proposed Rulemaking, align with the department's Verification Plan, and include business processes that optimize KOLEA's efficiency.	2018: Auditor reports Implemented Follow-up, Report No. 18-12.
(2.c.ii.1.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office works with the Eligibility Branch to along with other stakeholders and experts, examine the state's Medicaid application and eligibility determination process and establish a new one that complies with the department's administrative rules.	2018: Auditor reports Implemented Follow-up, Report No. 18-12.
(2.c.ii.2.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office works with the Eligibility Branch to reassess Eligibility Branch staff's responsibilities in light of the new statutory framework pursuant to the ACA and KOLEA-automated processes.	<div data-bbox="797 1213 1214 1287"> 2019: DHS reports Implemented Self-reported October 31, 2019. </div> <div data-bbox="797 1318 1338 1388"> 2018: Auditor reports Partially Implemented Follow-up, Report No. 18-12. </div>
(2.c.ii.3.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office works with the Eligibility Branch to develop an appropriate training program for Eligibility Branch workers. The program should include changes to the ACA, the division's new policies and procedures, and how to navigate KOLEA.	<div data-bbox="797 1514 1214 1587"> 2019: DHS reports Implemented Self-reported October 31, 2019. </div> <div data-bbox="797 1619 1338 1688"> 2018: Auditor reports Partially Implemented Follow-up, Report No. 18-12. </div>

Recommendation

Status of Recommendation

(2.d.i.) The Med-QUEST Division administrator should address KOLEA functionality and usability issues by seeking input from the policy office, Eligibility Branch, and other stakeholders and experts to identify weaknesses in the division's eligibility and enrollment processes and KOLEA and their causes; and develop a strategy for, and allocate resources to, support improvement.

2019: DHS reports **Implemented**

Self-reported October 31, 2019.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-12.

(2.d.ii.) The Med-QUEST Division administrator should address KOLEA functionality and usability issues by continuing to work with KPMG LLP to address functionality and usability issues so eligibility workers can use KOLEA more efficiently and effectively.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-12.

(2.e.) The Med-QUEST Division administrator should ensure the division's Training Office works with the policy office and KOLEA Project Team as necessary to develop and provide appropriate training to Eligibility Branch staff on new eligibility and enrollment processes and requirements, and navigating KOLEA. Training should be provided periodically as rules, policies, procedures, and KOLEA are modified.

2019: DHS reports **Partially Implemented**

Self-reported October 31, 2019.

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-12.

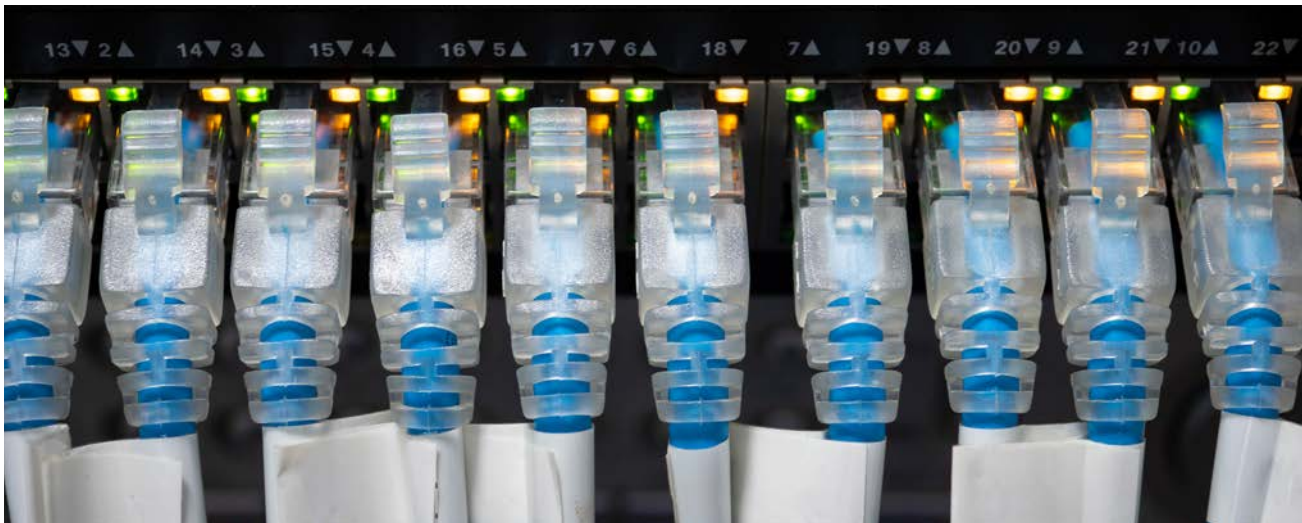


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REPORT NO. 16-01

Report on Selected Executive Branch Departments' Information Technology Expenditures

Number of Recommendations: **5**

Number of Recommendations
Partially or Fully Implemented: **4**

Percent Partially or Fully
Implemented: **80%**

Audit Recommendations by Status

In Report No. 16-01, we made a total of 5 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 16-01, *Report on Selected Executive Branch Departments' Information Technology Expenditures*, we found that a lack of standardization regarding IT expenditures across various State departments caused incomplete, inaccurate, and incomprehensive data. Also, without an annual reporting requirement to a central agency, the State was unable to manage its IT resources in the short-term or to plan for long-term IT growth.

In 2018, we conducted an active follow-up into the implementation of our recommendations to the Office of Enterprise Technology Services (ETS), and issued Report No. 18-07 entitled, "*Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments' Information Technology Expenditures*." As a result of that report, we found that 4 out of 5 (80%) of our recommendations had been at least partially implemented.

In 2019, we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 18-07. The agency reported that of the recommendations made to them, 1 recommendation had been implemented in full, 1 recommendation was still partially implemented, and 1 recommendation was no longer applicable.

Earlier this year (2020), we issued another formal request for information on the status of the audit recommendation that was still partially implemented per the agency's last self-report. As of the issuance of this report, we have not received a response.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.) The Office of Enterprise Technology Services should be the central agency to establish policies and procedures over IT governance statewide. This is consistent with the governor's December 10, 2015, announcement that ETS be the lead agency for IT planning and procurement.

2018: Auditor reports **Implemented**

Follow-up, Report No. 18-07.

(2.a.) The Office of Enterprise Technology Services should establish a statewide definition for IT that clearly defines what ETS considers IT costs.

2019: ETS reports **Partially Implemented**

Self-reported August 1, 2019:

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-07.

(2.b.) The Office of Enterprise Technology Services should provide statewide training to fiscal personnel to ensure all IT costs are consistently recorded to assigned object codes.

2019: ETS reports **Not Implemented - N/A**

Self-reported August 1, 2019, stating:

"[T]he following changes in circumstances has occurred, making the recommendation not applicable:

... Proposing a change or modification to the current chart of accounts structure in use by Departments for the financial accounting and management system (FAMIS), which has been in use for decades, involves a much wider audience than the fiscal offices of each Department.

... [T]he [Enterprise Resource Planning modernization] project evolved into a modular approach, and the first application that was rolled out was enterprise human resources/payroll application (completed January, 2019)."

2018: Auditor reports **Not Implemented**

Follow-up, Report No. 18-07.

(2.c.) The Office of Enterprise Technology Services should require annual reporting by all departments to report IT assets, expenditures, contracts, and personnel costs and positions to facilitate decision-making.

2019: ETS reports **Implemented**

Self-reported August 1, 2019:

2018: Auditor reports **Partially Implemented**

Follow-up, Report No. 18-07.

Recommendation	Status of Recommendation
(2.d.) The Office of Enterprise Technology Services should incorporate ETS into the IT budgeting process and ETS oversight into significant IT contracts and expenditures to ensure these activities align with the State's overall IT strategic plan.	2018: Auditor reports Implemented Follow-up, Report No. 18-07



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REPORT NO. 16-08

Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit

Number of Recommendations: **9**

Number of Recommendations
Partially or Fully Implemented: **7**

Percent Partially or Fully
Implemented: **78%**

Audit Recommendations by Status

In Report No. 16-08, we made a total of 9 recommendations to two agencies.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 16-08, *Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit*, we found incorrect implementation of the film tax credit and a lack of administrative rules, which hindered collection of reliable and timely information. This made it very difficult to determine whether the credit stimulated economic growth and increased the cost of the film tax credit to the State. Additionally, the Film Office's analysis of film tax credit data did not measure the incentive's true costs and reported economic impacts that were based on incomplete and overstated data.

In 2018, we issued a formal request for information to the Department of Taxation (DoTAX) and the Department of Business, Economic Development and Tourism (DBEDT)

on the status of audit recommendations from Report No. 16-08. The agencies reported that all but one of our recommendations had been at least partially implemented.

In 2019, we conducted an active follow-up into the implementation of our recommendations, and issued Report No. 19-14 entitled, "*Follow-Up on Recommendations from Report No. 16-08, Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit*." As a result of that report, we found that 7 out of 9 (78%) of our recommendations had been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
<p>(1.a.i.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:</p> <ul style="list-style-type: none"> i. Require all productions to obtain an independent review by a certified public accountant of qualified production costs and provide the report to the film office prior to being certified for the tax credit. 	<ul style="list-style-type: none"> • 2019: Auditor reports Partially Implemented Follow-up, Report No. 19-14. • 2018: DoTAX reports Partially Implemented Self-reported February 14, 2018.
<p>(1.a.ii.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:</p> <ul style="list-style-type: none"> ii. Specify actions that satisfy the statutory requirement for productions to make reasonable efforts to hire local talent and crew. 	<ul style="list-style-type: none"> • 2019: Auditor reports Partially Implemented Follow-up, Report No. 19-14. • 2018: DoTAX reports Not Implemented Self-reported February 14, 2018.
<p>(1.a.iii.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:</p> <ul style="list-style-type: none"> iii. Require a more reasonable minimum financial or in-kind contribution and educational or workforce development contribution of productions and consider basing the amount of such contributions on the amount of a production's qualified production costs. 	<ul style="list-style-type: none"> • 2019: Auditor reports Partially Implemented Follow-up, Report No. 19-14. • 2018: DoTAX reports Implemented Self-reported February 14, 2018.
<p>(1.a.iv.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:</p> <ul style="list-style-type: none"> iv. Require productions to provide proof of the shared-card, end-title screen credit to the film office prior to being certified for the tax credit. 	<ul style="list-style-type: none"> • 2019: Auditor reports Partially Implemented Follow-up, Report No. 19-14. • 2018: DoTAX reports Implemented Self-reported February 14, 2018.

Recommendation

Status of Recommendation

(1.a.v.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

- v. Require all productions to provide the following information as part of submitted post-production reports: (1) the number of Hawai'i resident and non-resident hires by category, such as above-the-line, below-the-line, and extras; (2) salary and wage information for resident actors, producers, directors, and other hires; (3) salary and wage information for nonresident actors, producers, directors, and other hires; and (4) any other information that DBEDT determines necessary to estimate the benefits of the tax credit.

2019: Auditor reports **Not Implemented**

Follow-up, Report No. 19-14.

In our report, we noted: "We reviewed TIR No. 2019-01 and confirmed that the proposed rules do not contain the provision called for in this recommendation...DoTAX Rules Officer has indicated DoTAX will include the provision in the proposed administrative rules."

2018: DoTAX reports **Implemented**

Self-reported February 14, 2018.

(1.a.vi.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

- vi. Include a penalty for productions claiming the tax credit that do not meet the 90-day filing deadline to submit their written, sworn statements to DBEDT, similar to the stipulation for productions failing to prequalify for the credit by registering with DBEDT currently in section 235-17(f), HRS.

2019: Auditor reports **Partially Implemented**

Follow-up, Report No. 19-14.

2018: DoTAX reports **Implemented**

Self-reported February 14, 2018.

Recommendation	Status of Recommendation
<p>(1.b.) The Department of Taxation should request the Legislature to amend the statute to address the above recommendations if the department cannot implement the recommendations through administrative rule.</p>	<ul style="list-style-type: none"> 2019: Auditor reports Not Implemented Follow-up, Report No. 19-14. In our report, we noted: “According to DoTAX, the department did not propose any legislation amending section 235-17, HRS, during the 2019 legislative session. We inquired with the DoTAX Rules Officer who stated the department does not believe that it requires any legislative amendments to section 235-17, HRS, at this time. DoTAX plans to address [these] recommendations by permanently adopting its proposed administrative rules.” 2018: DoTAX reports Implemented Self-reported February 14, 2018.
<p>(2.a.) The Hawai‘i Film Office should collaborate with READ to identify the specific production information READ needs to prepare a comprehensive cost benefit analysis and/or economic output estimates that account for the different categories of jobs created, salaries and wages of resident and non-resident production hires, and any other relevant information.</p>	<ul style="list-style-type: none"> 2019: Auditor reports Partially Implemented Follow-up, Report No. 19-14. 2018: DBEDT reports Partially Implemented Self-reported March 6, 2018.
<p>(2.b.) The Hawai‘i Film Office should improve its reporting to the Legislature on the film tax credit by ensuring that the reported data is accurate, consistent, and timely.</p>	<ul style="list-style-type: none"> 2019: Auditor reports Implemented Follow-up, Report No. 19-14. 2018: DBEDT reports Partially Implemented Self-reported March 6, 2018.



PHOTO: OFFICE OF THE AUDITOR

REPORT NO. 17-05

Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch

Number of Recommendations: **7**

Number of Recommendations
Partially or Fully Implemented: **6**

Percent Partially or Fully
Implemented: **86%**

Audit Recommendations by Status

In Report No. 17-05, we made a total of 7 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 17-05, *Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch*, we found that the Plant Quarantine Branch (PQB) lacked data gathering and data analysis functions necessary to actively and continuously assess risks of invasive species. We also found the branch's central database did not perform its core functions and was considered by PQB staff to be unreliable and cumbersome to use. We noted PQB lacked the organizational framework necessary to manage and communicate risks from invasive species.

In 2018, we issued a formal request for information to the Hawai'i Department of Agriculture (HDOA) on the status of audit recommendations from Report No. 17-05. The agency reported that 100% of our recommendations had been at least partially implemented.

In 2019, we issued another formal request for information on the status of audit recommendations that had not been fully implemented in its 2018 written responses. The agency reported that of the 3 recommendations reported as partially implemented in their 2018 written responses, all 3 remained only partially implemented.

Earlier this year (2020), we conducted an active follow-up into the implementation of our recommendations, and issued Report No. 20-12 entitled, *Follow-Up on Recommendations from Report No. 17-05, Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch*. As a result of that report, we found that 6 out of 7 (86%) of our recommendations had been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
<p>(1.a.) The Hawai'i Department of Agriculture should plan and implement a risk analysis process to define and respond to threats of invasive species introduction, incorporating data-driven elements to monitor, evaluate, adjust, and improve inspection activities. This would include developing and implementing policies and procedures for data collection and verification, including establishing standards for data entry, which will ensure the completeness and accuracy of the data recorded.</p>	<ul style="list-style-type: none"> 2020: Auditor reports Partially Implemented Follow-Up, Report No. 20-12. 2019: HDOA reports Partially Implemented Self-reported August 29, 2019. 2018: HDOA reports Partially Implemented Self-reported September 5, 2018:
<p>(1.b.) The Hawai'i Department of Agriculture should plan, implement, and operate an up-to-date database system that houses important taxonomic data, communicates with other databases, and supports an e-manifest program, among other functions.</p>	<ul style="list-style-type: none"> 2020: Auditor reports Partially Implemented Follow-Up, Report No. 20-12. 2019: HDOA reports Partially Implemented Self-reported August 29, 2019. 2018: HDOA reports Partially Implemented Self-reported September 5, 2018:
<p>(1.c.) The Hawai'i Department of Agriculture should determine the personnel necessary to implement and operate a data-driven biosecurity program, ensuring that PQB is sufficiently staffed and supported to carry out these complex and specialized duties.</p>	<ul style="list-style-type: none"> 2020: Auditor reports Not Implemented Follow-Up, Report No. 20-12. In our report, we noted: "Although PQB has taken steps to implement the biosecurity program, we could not find enough at this time to conclude that substantial progress has been made to determine the number and necessary qualifications of personnel needed to implement its new Pacific Point system and use the new data-driven biosecurity program." 2018: HDOA reports Implemented Self-reported September 5, 2018.
<p>(1.d.) The Hawai'i Department of Agriculture should ensure timely recruitment of vacant PQB positions, paying particular attention to filling vacant managerial positions with permanent hires.</p>	<ul style="list-style-type: none"> 2020: Auditor reports Implemented Follow-Up, Report No. 20-12. 2018: HDOA reports Implemented Self-reported August 1, 2018.

Recommendation

Status of Recommendation

(2.a.) The Plant Quarantine Branch should develop appropriate policies and procedures to ensure that its inspectors carry out the branch's biosecurity plan.

2020: Auditor reports **Partially Implemented**

Follow-Up, Report No. 20-12.

2019: HDOA reports **Partially Implemented**

Self-reported August 29, 2019.

2018: HDOA reports **Partially Implemented**

Self-reported September 5, 2018.

(2.b.) The Plant Quarantine Branch should provide staff with the appropriate training to carry out this new approach.

2020: Auditor reports **Partially Implemented**

Follow-Up, Report No. 20-12.

2018: HDOA reports **Implemented**

Self-reported September 5, 2018.

(2.c.) The Plant Quarantine Branch should periodically review and update policies and procedures to ensure continued relevance.

2020: Auditor reports **Partially Implemented**

Follow-Up, Report No. 20-12.

2018: HDOA reports **Implemented**

Self-reported September 5, 2018.

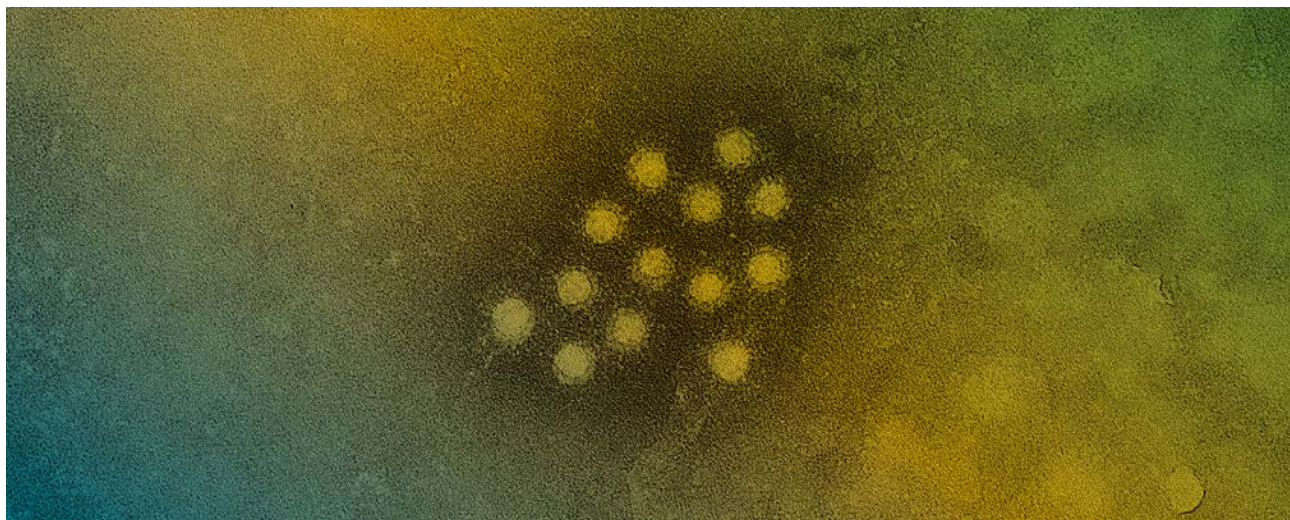


PHOTO: ISTOCK.COM

REPORT NO. 17-14

Audit of the Disease Outbreak Control Division of the Department of Health

Number of Recommendations: **5**

Number of Recommendations
Partially or Fully Implemented: **5**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 17-14, we made a total of 5 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 17-14, *Audit of the Disease Outbreak Control Division of the Department of Health*, we found communication breakdowns had caused confusion, discord, and delays; and lax procedures and records management may have been hampering outbreak response. We also found the Disease Outbreak Control Division had inconsistent procedures related to recordkeeping, internal reviews, and reporting.

In 2019, we issued a formal request for information to the Department of Health (DOH) on the status of audit recommendations from Report No. 17-14. The agency reported that all of our recommendations have been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.a.) The Department of Health should continue developing the All Hazards Preparedness Plan or an alternative strategy that establishes a defined chain of command, communication guidelines, and roles and responsibilities for responding to significant outbreaks.

2019: DOH reports **Implemented**

Self-reported, January 22, 2019.

(1.b.) The Department of Health should determine the type of information that can/should be shared with external agencies and parties involved in jointly responding to an outbreak and develop procedures for sharing such information (e.g., HIPAA/ confidentiality agreement). DOH may consider seeking advice and counsel from the Department of the Attorney General and oversight agencies such as CDC.

2019: DOH reports **Partially Implemented**

Self-reported, January 30, 2019.

(2.a.) The Disease Outbreak Control Division should develop and enforce administrative procedures related to the opening, investigating, and closing of cases, clusters, and outbreaks. Such procedures should include review and recordkeeping requirements, reporting requirements, responsible parties involved with each process, and established deadlines.

2019: DOH reports **Implemented**

Self-reported, January 11, 2019.

(2.b.) The Disease Outbreak Control Division should continue to develop and implement guidelines for summary report and after-action assessments for epidemiological investigations. These should include input from responsible parties, established deadlines, and a scientific format as recommended by CDC. We note that Epidemiological Investigation Summary Report Guidelines have been drafted by the Disease Investigation Branch.

2019: DOH reports **Implemented**

Self-reported, January 30, 2019.

(2.c.) The Disease Outbreak Control Division should complete summary reports and after-action assessments for each significant outbreak, including documentation of key activities to ensure accountability.

2019: DOH reports **Implemented**

Self-reported, January 30, 2019.

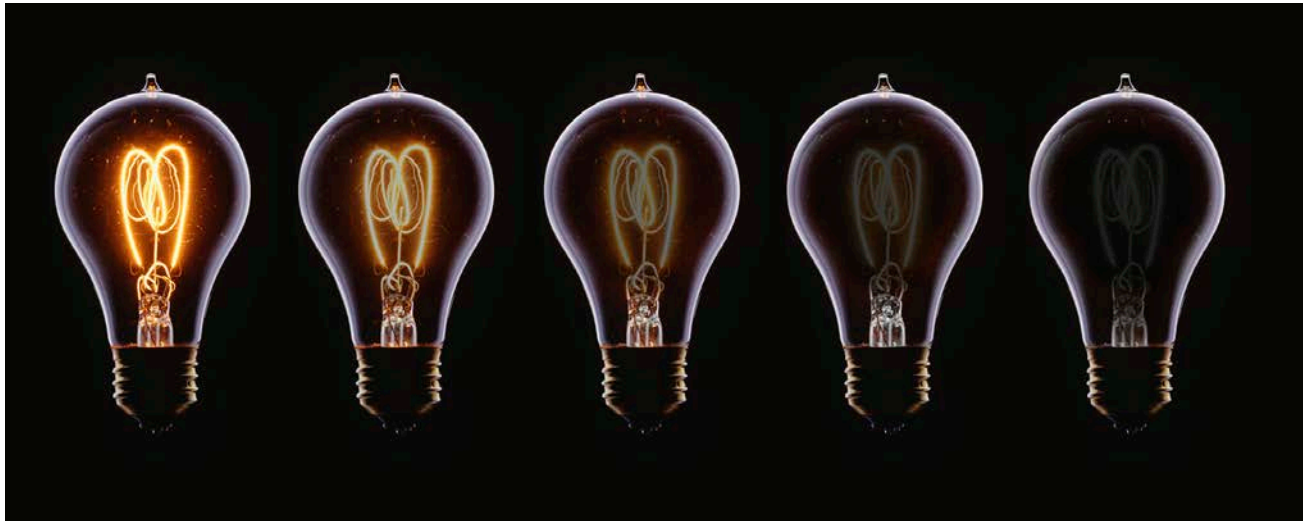


PHOTO: ISTOCK.COM

REPORT NO. 18-01 *Audit of the Hawai'i State Energy Office*

Number of Recommendations: **9**

Number of Recommendations
Partially or Fully Implemented: **9**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 18-01, we made a total of 9 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-01, *Audit of the Hawai'i State Energy Office*, we reported specific contributions to advancing the State's clean energy initiatives were unclear, and strategic plan and updates included goals and targets that were unrealistic and may be impossible to achieve. We also noted an imminent financial shortfall would significantly impact Energy Office operations.

In 2018, we issued a formal request for information to the Department of Business, Economic Development and Tourism (DBEDT) on the status of audit recommendations from Report No. 18-01. The agency reported that

all of our recommendations have been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.a.) The Hawai'i State Public Charter Commission should ensure its staff develops policies and procedures, including the collection and analysis of school data, to retain organizational knowledge and mitigate the risk of limiting that knowledge to only a few personnel.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(1.b.) The Energy Office should reduce operating expenses to a sustainable level.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(1.c.) The Energy Office should immediately update its strategic plan.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.a.) The Energy Office should also develop and implement robust project management and reporting processes by documenting the justification for initiation of each project, measurable goals, budget and staffing requirements implementation and execution strategies, and project schedule.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.b.) The Energy Office should also develop and implement robust project management and reporting processes by establishing performance measures for all programs and activities.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.c.) The Energy Office should also develop and implement robust project management and reporting processes by monitoring the progress and status of programs and activities.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.d.) The Energy Office should also develop and implement robust project management and reporting processes by ensuring an analysis of achievements and impacts on the State's clean energy goals upon project completion.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

Recommendation	Status of Recommendation
(2.e.) The Energy Office should also develop and implement robust project management and reporting processes by reporting the resultant achievements and impacts in its annual and Act 73 reports clearly and concisely, so that the Legislature and public can evaluate the office's progress toward its goals.	2019: DBEDT reports Implemented Self-reported February 28, 2019.
(2.f.) The Energy Office should also develop and implement robust project management and reporting processes by establishing written policies and procedures that all program staff are required to follow.	2019: DBEDT reports Implemented Self-reported February 28, 2019.



PHOTO: OFFICE OF HAWAIIAN AFFAIRS

REPORT NO. 18-03 *Audit of the Office of Hawaiian Affairs*

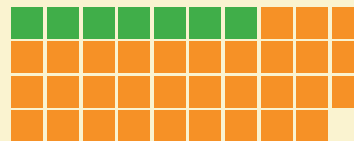
Number of Recommendations: **39**

Number of Recommendations
Partially or Fully Implemented: **39**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 18-03, we made a total of 39 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

IN REPORT NO. 18-03, *Audit of the Office of Hawaiian Affairs*, we found spending on non-competitive Kūlia Initiatives was nearly double of what the Office of Hawaiian Affairs (OHA) spent on closely vetted, competitive grants and the Fiscal Reserve lacked a clear policy guiding its use and had been spent down rapidly. We reported CEO Sponsorships were subject to minimal oversight and were often, despite written guidelines, approved based on personal discretion. We also reported rules governing Trustee allowances were broad and arbitrarily enforced, leading to many instances of questionable spending.

In 2019, we issued a formal request for information to OHA on the status of audit recommendations from Report No. 18-03.

The agency reported that all of our recommendations have been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
<p>(OHA Board of Trustees, 1.a.) OHA Board of Trustees should, in general, require trustees and trustee staff to attend regular training that includes, but is not limited to:</p> <ul style="list-style-type: none"> i. Fiduciary duties and other responsibilities of trustees; ii. State Ethics Code, Chapter 84, HRS; iii. Sunshine Law, part I of Chapter 92, HRS; and iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS. 	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 1.b.) OHA Board of Trustees should, in general, ensure that OHA policies and procedures, applicable to trustees and the Administration, align and are consistent with OHA's mission, trustees' fiduciary duties, and State laws.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 1.c.) OHA Board of Trustees should, in general, develop a clearly defined process by which trustees must hold each other individually accountable for actions that are inconsistent with their collective fiduciary duties and responsibilities to trust beneficiaries and for violations of State laws.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 1.d.) OHA Board of Trustees should, in general, provide greater transparency into OHA's administration of trust assets, including OHA's fiscal year budgets and actual expenditures, specific information regarding the Grants, Sponsorships, and other funding awarded by OHA, OHA's investment portfolio holdings and returns, and expenditures by trustees using Trustee Allowances. Consider posting such information on OHA's website or some other similarly accessible public portal.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>

Recommendation

Status of Recommendation

(OHA Board of Trustees, 1.e.) OHA Board of Trustees should, in general, consider requiring board approval of all Grants, Sponsorships, and other funding awarded by OHA and/or that use Native Hawaiian Trust Fund assets.

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 1.f.) OHA Board of Trustees should, in general, require the Administration to develop a master list of all OHA Grants, Sponsorships, and other funding awarded, including the name of the individual, group, or organization receiving the funds, the amount of the award, and the approving or granting entity within OHA (such as the board, CEO, or line of business).

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 1.g.) OHA Board of Trustees should, in general, consider developing policies regarding the maximum number and maximum total dollar amounts of Grants, Sponsorships, and other funding awarded to the same individual, group, or organization during a fiscal year or other determined period.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 2.a.) OHA Board of Trustees should, with respect to Kūlia Initiatives, determine and clearly define the purpose of Kūlia Initiatives.

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 2.b.) OHA Board of Trustees should, with respect to Kūlia Initiatives, review, update, and amend policies related to Kūlia Initiatives, as needed, to align with the defined purposes of Kūlia Initiatives. Such policies and procedures should clearly describe the types of spending for which Kūlia Initiatives are appropriate (as opposed to the purposes of other OHA funding support mechanisms, such as Community and ‘Ahahui Grants).

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
(OHA Board of Trustees, 2.c.) OHA Board of Trustees should, with respect to Kūlia Initiatives, consider including in OHA's annual budget a board-determined amount to fund Kūlia Initiatives.	2019: OHA reports Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 2.d.) OHA Board of Trustees should, with respect to Kūlia Initiatives, ensure that the purpose and use of Kūlia Initiatives aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustee's fiduciary duties; and (d) State laws.	2019: OHA reports Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 3.a.) OHA Board of Trustees should, with respect to the Fiscal Reserve, determine and clearly define the purpose of the Fiscal Reserve, considering the original intent of the reserve, as well as the board's current intent for maintaining a reserve.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 3.b.) OHA Board of Trustees should, with respect to the Fiscal Reserve, review, update, and amend policies and procedures related to the Fiscal Reserve, including OHA's Spending Policy and Fiscal Reserve Guidelines, as needed, to align with the defined purpose of the Fiscal Reserve. Such policies and procedures should clearly describe the circumstances in and purposes for which the Fiscal Reserve can be used.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 3.c.) OHA Board of Trustees should, with respect to the Fiscal Reserve, clarify and clearly define the purpose of the 5 percent spending limit, and determine whether it is necessary to establish a withdrawal rate limit to ensure the health and sustainability of the Native Hawaiian Trust Fund.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Board of Trustees, 3.d.) OHA Board of Trustees should, with respect to the Fiscal Reserve, work with the administration, including OHA's Investment Management staff, to determine and obtain the financial information necessary for the board to assess the short- and long-term impacts to the Native Hawaiian Trust Fund when considering use of the Fiscal Reserve.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 3.e.) OHA Board of Trustees should, with respect to the Fiscal Reserve, for each action item considering use of the Fiscal Reserve, ensure the Administration clearly includes the specific information as required by the Fiscal Reserve Guidelines and necessary for the board's decision-making.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 3.f.) OHA Board of Trustees should, with respect to the Fiscal Reserve, ensure that the purpose and use of the Fiscal Reserve aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 4.a.) OHA Board of Trustees should, with respect to CEO Sponsorships, determine and clearly define the purpose of CEO Sponsorships.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 4.b.) OHA Board of Trustees should, with respect to CEO Sponsorships, review, update, and amend policies and procedures related to CEO Sponsorships, as needed, to align with the defined purpose of CEO Sponsorships. Such policies and procedures should clearly describe the circumstances in and purposes for which CEO Sponsorships can be used.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
(OHA Board of Trustees, 4.c.) OHA Board of Trustees should, with respect to CEO Sponsorships, consider restricting the Administration's ability to independently adjust the fiscal year budget, once approved by the board, to fund or otherwise support CEO Sponsorships.	2019: OHA reports Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 4.d.) OHA Board of Trustees should, with respect to CEO Sponsorships, ensure that the purpose and use of CEO Sponsorships aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 5.a.) OHA Board of Trustees should, with respect to Trustee Allowances, amend the Trustee Allowances policy to restrict the use of Trustee Allowances to expenses incurred by trustees relating to their communication with beneficiaries and the public, as was the original purpose of the Trustee Allowances, and reduce the Trustee Allowances to an amount determined by the board to be reasonably necessary for that purpose.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.
(OHA Board of Trustees, 5.b.) OHA Board of Trustees should, with respect to Trustee Allowances, prohibit the use of Trustee Allowances to provide financial support, direct or otherwise, to individuals, groups, or organizations. Require requests for financial support by individuals, groups, or organizations to be approved by the board and funded through a program other than Trustee Allowances.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Board of Trustees, 5.c.) OHA Board of Trustees should, with respect to Trustee Allowances, work with the Administration to more clearly define procedures related to the use and administration of Trustee Allowances.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 5.d.) OHA Board of Trustees should, with respect to Trustee Allowances, require trustees to seek reimbursement of expenses; do not disburse the total amount of Trustee Allowances to trustees at the beginning of the fiscal year or otherwise advance any funds to trustees.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 5.e.) OHA Board of Trustees should, with respect to Trustee Allowances, review and amend, as needed, the sanctions established in the Code of Conduct for violations of Trustee Allowance policies and procedures and establish a process to ensure enforcement of sanctions to appropriately address such violations.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 5.f.) OHA Board of Trustees should, with respect to Trustee Allowances, ensure that the purpose and use of Trustee Allowances aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
<p>(OHA Administration, 1.a.) OHA Administration should, in general, require the Administration to attend regular training that includes, but is not limited to:</p> <ul style="list-style-type: none"> i. Fiduciary duties and other responsibilities of trustees; ii. State Ethics Code, Chapter 84, HRS; iii. Sunshine Law, part I of Chapter 92, HRS: and iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS. 	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Administration, 1.b.) OHA Administration should, in general, support trustees in performing their fiduciary duties and other responsibilities by, among other things, providing financial documents and other information in a timely manner as requested by individual trustees.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Administration, 2.a.) OHA Administration should, with respect to Kūlia Initiatives, ensure that the board and the Administration adhere to and comply with the board-adopted policies and procedures for Kūlia Initiatives.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Administration, 2.b.) OHA Administration should, with respect to Kūlia Initiatives, ensure that OHA's use of Kūlia Initiatives aligns and is consistent with: (a) OHA's mission; (b) OHA's policies and procedures; (c) trustees' fiduciary duties; and (d) State laws.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>
<p>(OHA Administration, 3.a.) OHA Administration should, with respect to the Fiscal Reserve, ensure each proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the board-stated purpose of the Fiscal Reserve.</p>	<p>2019: OHA reports Partially Implemented</p> <p>Self-reported March 28, 2019.</p>

Recommendation

Status of Recommendation

(OHA Administration, 3.b.) OHA Administration should, with respect to the Fiscal Reserve, for each requested use of the Fiscal Reserve, provide the board with specific information and recommendations as to whether the board's or the Administration's proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the purpose of the Fiscal Reserve. Such information may include, but is not limited to, specific financial information regarding the Native Hawaiian Trust Fund balance, projected revenue for the fiscal year, and impact to the Native Hawaiian Trust Fund resulting from the requested use of the Fiscal Reserve.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 4.a.) OHA Administration should, with respect to CEO Sponsorships, adhere to Grants Staff recommendations regarding the Administration's requests to fund CEO Sponsorships.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 4.b.) OHA Administration should, with respect to CEO Sponsorships, if the Administration is allowed to adjust the budget to fund Sponsorships, obtain board approval before doing so, and provide the board with specific information about the proposed funding request to inform trustees' decision-making.

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

(OHA Administration, 5.a.) OHA Administration should, with respect to Trustee Allowances, monitor and review trustees' use of Trustee Allowances and ensure expenditures using Trustee Allowances comply with the Trustee Allowances policy.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
(OHA Administration, 5.b.) OHA Administration should, with respect to Trustee Allowances, establish procedures to more clearly define the Administration's role and procedures for administering and monitoring the use of Trustee Allowances.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.
(OHA Administration, 5.c.) OHA Administration should, with respect to Trustee Allowances, report to the board the specific expenditures approved and reimbursed to each trustee using Trustee Allowances.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.
(OHA Administration, 5.d.) OHA Administration should, with respect to Trustee Allowances, create a formal appeal process for trustees to request a second determination of whether they are entitled to reimbursement of expenses using Trustee Allowances, for instance, through staff whose regular duties do not involve review and approval of Trustee Allowances.	2019: OHA reports Partially Implemented Self-reported March 28, 2019.



PHOTO: HAWAII TOURISM AUTHORITY (HTA) / TOR JOHNSON

REPORT NO. 18-04

Audit of the Hawai‘i Tourism Authority

Number of Recommendations: **27**

Number of Recommendations
Partially or Fully Implemented: **27**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 18-04, we made a total of 27 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-04, *Audit of the Hawai‘i Tourism Authority*, we found that the Hawai‘i Tourism Authority’s (HTA) lax oversight of its major contractors did not ensure that public funds were being used effectively and efficiently; deficient procurement and contracting practices undermined accountability and did not ensure best value; and expenses previously classified as “administrative” were shifted to other budget lines to work around a reduced statutory limit for such expenses.

In 2019, we issued a formal request for information to HTA on the status of audit recommendations from Report No. 18-04. The agency reported that all of our recommendations have been at least partially implemented.

Earlier this year (2020), we issued another formal request for information on the status of audit recommendations that were marked as Partially Implemented in their 2019 written responses. The agency reported that all of our recommendations have been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
(1.) HTA should, in general, update internal policies and procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel.	<ul style="list-style-type: none"> 2020: HTA reports Implemented Self-reported June 18, 2020. 2019: HTA reports Partially Implemented Self-reported March 29, 2019.
(2.) HTA should, in general, assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.	<ul style="list-style-type: none"> 2020: HTA reports Implemented Self-reported June 18, 2020. 2019: HTA reports Partially Implemented Self-reported March 29, 2019.
(3.) HTA should, with respect to overall procurement, update internal policies and procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.	<ul style="list-style-type: none"> 2020: HTA reports Implemented Self-reported June 18, 2020. 2019: HTA reports Partially Implemented Self-reported March 29, 2019.
(4.a.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.	<ul style="list-style-type: none"> 2020: HTA reports Implemented Self-reported June 18, 2020. 2019: HTA reports Partially Implemented Self-reported March 29, 2019.
(4.b.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring proposals for each contract, contract amendment, and extension.	<ul style="list-style-type: none"> 2019: HTA reports Implemented Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(4.c.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(4.d.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(4.e.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring contractors to provide regular progress reports.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(4.f.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including evaluating contractor performance against performance criteria.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
(4.g.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring written evaluation of contractor performance before amending, modifying, or extending any contract.	2019: HTA reports Implemented Self-reported March 29, 2019.
(5.) HTA should, with respect to overall procurement, retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State's ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.	2019: HTA reports Implemented Self-reported March 29, 2019.
(6.) HTA should, with respect to overall procurement, regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.	<div> <div></div> <div> 2020: HTA reports Implemented Self-reported June 18, 2020. </div> <div> 2019: HTA reports Partially Implemented Self-reported March 29, 2019. </div> </div>
(7.) HTA should, with respect to overall procurement, require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS, and the State Ethics Code, specifically, Section 84-15, HRS.	2019: HTA reports Implemented Self-reported March 29, 2019.
(8.) HTA should, with respect to sole source procurements, limit sole source procurement to where a good or service is deemed available from only one source.	2019: HTA reports Implemented Self-reported March 29, 2019.
(9.) HTA should, with respect to sole source procurements, require completed documentation to support use of sole source procurement.	2019: HTA reports Implemented Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(10.) HTA should, with respect to sole source procurements, require written confirmation and justification of sole source contract pricing.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(11.) HTA should, with respect to sole source procurements, develop a publicly accessible list of sole source procurement contracts.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(12.) HTA should, with respect to cost reimbursement contracts, enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(13.) HTA should, with respect to cost reimbursement contracts, develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(14.) HTA should, with respect to major contractors (AEG and HVCB), develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.

2020: HTA reports **Implemented**

Self-reported June 18, 2020.

2019: HTA reports **Partially Implemented**

Self-reported March 29, 2019.

(15.) HTA should, with respect to major contractors (AEG and HVCB), require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
<p>(16.) HTA should, with respect to major contractors (AEG and HVCB), require requests for written approval to subcontract to include, at a minimum:</p> <p>(1) an explanation of the need for the goods or services to be subcontracted;</p> <p>(2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.</p>	<p>2019: HTA reports Implemented</p> <p>Self-reported March 29, 2019.</p>
<p>(17.) HTA should, with respect to major contractors (AEG and HVCB), for current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.</p>	<p>2019: HTA reports Implemented</p> <p>Self-reported March 29, 2019.</p>
<p>(18.) HTA should, with respect to major contractors (AEG and HVCB), determine whether "agreements" and "arrangements" for goods or services relating to AEG's performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.</p>	<p>2019: HTA reports Implemented</p> <p>Self-reported March 29, 2019.</p>
<p>(19.) HTA should, with respect to major contractors (AEG and HVCB), consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically about action required to remedy AEG's failure to competitively procure the concession services as required by law.</p>	<p>2019: HTA reports Implemented</p> <p>Self-reported March 29, 2019.</p>

Recommendation

Status of Recommendation

(20.) HTA should, with respect to the limit on administrative expenses, seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.

- **2020: HTA reports** **Implemented**
Self-reported June 18, 2020.
- **2019: HTA reports Partially Implemented**
Self-reported March 29, 2019.

(21.) HTA should, with respect to the limit on administrative expenses, until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.

- **2020: HTA reports** **Implemented**
Self-reported June 18, 2020.
- **2019: HTA reports Partially Implemented**
Self-reported March 29, 2019.



REPORT NO. 18-05 *Audit of the Public Utilities Commission*

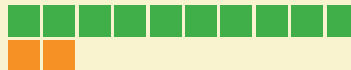
Number of Recommendations: **12**

Number of Recommendations
Partially or Fully Implemented: **12**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 18-05, we made a total of 12 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-05, *Audit of the Public Utilities Commission*, we found that the Public Utilities Commission’s (PUC) “Goals and Objectives of the Commission” was missing action plans and performance measures to link goals and objectives to the commission’s actual work and activities; that PUC did not address critical issues facing the commission such as staff retention, an archaic document management system, and inconsistent docket processing; and that despite spending \$2.8 million on a computerized document management system, PUC’s docket efficiency needs remained unmet.

In 2019, we issued a formal request for information to PUC on the status of audit recommendations from Report No. 18-05.

The agency reported that all of our recommendations had been at least partially implemented.

Earlier this year (2020), we issued another formal request for information on the status of audit recommendations that were marked as Partially Implemented in their 2019 written responses. The agency reported that all but 2 of our recommendations have been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.a.) The Public Utilities Commission should, with respect to strategic planning, develop and implement a formal written strategic planning process that includes involving internal and external stakeholders.

2020: PUC reports **Implemented**

Self-reported July 16, 2020.

2019: PUC reports **Partially Implemented**

Self-reported March 29, 2019.

(1.b.) The Public Utilities Commission should, with respect to strategic planning, develop and implement a multi-year strategic plan, separate from the annual report, and ensure the PUC's routine self-evaluation of the plan including the assessment of achieved objectives and goals.

2020: PUC reports **Implemented**

Self-reported July 16, 2020.

2019: PUC reports **Partially Implemented**

Self-reported March 29, 2019.

(1.c.) The Public Utilities Commission should, with respect to strategic planning, ensure that the strategic plan specifically includes a well-defined mission statement and vision statement which clearly articulates short- and long-term objectives, detailed action plans to achieve specific objectives, prioritized goals, performance measurements identifying target milestones, and the ability to monitor and track progress towards achieving the strategic plan.

2020: PUC reports **Partially Implemented**

Self-reported July 16, 2020.

2019: PUC reports **Partially Implemented**

Self-reported March 29, 2019.

(1.d.) The Public Utilities Commission should, with respect to strategic planning, ensure that the strategic plan is communicated to internal and external stakeholders.

2020: PUC reports **Partially Implemented**

Self-reported July 16, 2020.

2019: PUC reports **Partially Implemented**

Self-reported March 29, 2019.

(1.e.) The Public Utilities Commission should, with respect to strategic planning, ensure that the strategic plan specifically addresses PUC's role in facilitating larger State goals, including the State's goal of 100 percent renewable energy by 2045.

2020: PUC reports **Implemented**

Self-reported July 16, 2020.

2019: PUC reports **Partially Implemented**

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
(1.f.) The Public Utilities Commission should, with respect to strategic planning, develop and implement multi-year strategic workforce, retention, and succession plans that align with the PUC's strategic plan.	<ul style="list-style-type: none"> 2020: PUC reports Implemented Self-reported July 16, 2020. 2019: PUC reports Partially Implemented Self-reported March 29, 2019.
(1.g.) The Public Utilities Commission should, with respect to strategic planning, perform annual formal performance evaluations of all employees.	<p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
(1.h.) The Public Utilities Commission should, with respect to strategic planning, conduct and document exit interviews.	<p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
(2.a.) The Public Utilities Commission should, with respect to docket processing, develop, establish, and implement official policies and procedures over the docket process.	<p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
(2.b.) The Public Utilities Commission should, with respect to docket processing, document, clarify, and communicate the roles and responsibilities of docket team members.	<p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
(3.a.) The Public Utilities Commission should, with respect to information technology (IT), develop and implement an IT strategy that aligns with the PUC's strategic plan and current needs, and which involves internal and external stakeholders, including the consumer advocate.	<ul style="list-style-type: none"> 2020: PUC reports Implemented Self-reported July 16, 2020. 2019: PUC reports Partially Implemented Self-reported March 29, 2019.
(3.b.) The Public Utilities Commission should, with respect to information technology (IT), complete the Request for Information as soon as possible to avoid additional maintenance costs for the current system.	<ul style="list-style-type: none"> 2020: PUC reports Implemented Self-reported July 16, 2020. 2019: PUC reports Partially Implemented Self-reported March 29, 2019.



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REPORT NO. 18-08

Audit of the Office of Hawaiian Affairs' Competitive Grants

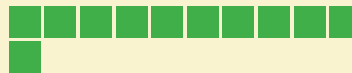
Number of Recommendations: **11**

Number of Recommendations
Partially or Fully Implemented: **11**

Percent Partially or Fully
Implemented: **100%**

Audit Recommendations by Status

In Report No. 18-08, we made a total of 11 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-08, *Audit of the Office of the Hawaiian Affairs Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*, we found that the Office of Hawaiian Affairs (OHA) did not consistently meet the statutory requirements to monitor and evaluate 'Ahahui Grants, but predominantly met monitoring and evaluation requirements for Community Grants.

In 2019, we issued a formal request for information to OHA on the status of audit recommendations from Report No. 18-08. The agency reported that all of our recommendations had been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
(1.a.) OHA should improve its overall administration and reporting of grants by ensuring that all grants are awarded and administered consistent with the requirements set forth in Section 10-17, HRS.	2019: OHA reports Implemented Self-reported August 20, 2019.
(1.b.) OHA should improve its <u>overall administration and reporting of grants</u> by developing and documenting a process to ensure a complete list of grants is properly maintained and reported. As part of this process, OHA should consider establishing a master list of all grants, and reconciling TAP's grant records against the grant records of fiscal and other OHA divisions.	2019: OHA reports Implemented Self-reported August 20, 2019.
(2.a.) OHA should improve its administration of <u>'Ahahui Grants</u> by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award decisions.	2019: OHA reports Implemented Self-reported August 20, 2019.
(2.b.) OHA should improve its administration of <u>'Ahahui Grants</u> by formally evaluating the information gathered from grantee final reports and OHA staff attendance reports to determine whether events met criteria and should be funded in the future.	2019: OHA reports Implemented Self-reported August 20, 2019.
(2.c.) OHA should improve its administration of <u>'Ahahui Grants</u> by requiring OHA personnel to attend 'Ahahui Grant-funded events to monitor and evaluate the events to ensure grants are used consistent with the purpose and intent of the grant, and achieved the expected results; and ensuring that staff reports are submitted by the established deadline.	2019: OHA reports Implemented Self-reported August 20, 2019.

Recommendation

Status of Recommendation

(2.d.) OHA should improve its administration of 'Ahahui Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all 'Ahahui Grants, and updating existing policies and procedures as necessary.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(2.e.) OHA should improve its administration of 'Ahahui Grants by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including grantee final reports and OHA staff attendance reports, such as a checklist for each grant.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(3.a.) OHA should improve its administration of Community Grants by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award discussions.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(3.b.) OHA should improve its administration of Community Grants by monitoring the scheduling and performance of on-site visits to ensure that visits are conducted annually and results are communicated to grantees in a timely manner.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(3.c.) OHA should improve its administration of Community Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all Community Grants, and updating existing policies and procedures as necessary.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

Recommendation	Status of Recommendation
(3.d.) OHA should improve its administration of <u>Community Grants</u> by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including on-site monitoring reports, such as a checklist for each grant.	2019: OHA reports Implemented Self-reported August 20, 2019.



REPORT NO. 18-09
***Audit of the Department of the Attorney General's
 Asset Forfeiture Program***

Number of Recommendations: **7**

Number of Recommendations
 Partially or Fully Implemented: **7**

Percent Partially or Fully
 Implemented: **100%**

**Audit Recommendations
 by Status**

In Report No. 18-09, we made a
 total of 7 recommendations to the
 agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-09, *Audit of the Department of the Attorney General's Asset Forfeiture Program*, we found that administrative rules describing the procedures and practice requirements for asset forfeiture had not been adopted, and consequently, the Department of the Attorney General was providing informal, piecemeal guidance to law enforcement agencies and the public. We also found a lack of internal policies and procedures and that the program manager did not guide and oversee day-to-day activities and financial management.

In 2019, we issued a formal request for information to the Department of the Attorney General on the status of audit recommendations from Report No. 18-09.

The agency reported that all of our recommendations had been at least partially implemented.

Earlier this year (2020), we issued another formal request for information on the status of audit recommendations that were marked as Partially Implemented in their 2019 written responses. The agency reported that all but one recommendations have been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation	Status of Recommendation
(1.) The Department of the Attorney General should promulgate administrative rules necessary to provide direction to county prosecutors, police departments, and those seeking remission or mitigation.	<div> 2020: ATG reports Implemented Self-reported July 13, 2020. </div> <div> 2019: ATG reports Partially Implemented Self-reported September 4, 2019. </div>
(2.) The Department of the Attorney General should develop clear internal policies and procedures to ensure that petitions for administrative forfeiture are processed timely and consistently, that forfeited property and program funds are appropriately managed, and that proceeds from the sale of forfeited property are used for purposes intended by the Legislature.	2019: ATG reports Implemented Self-reported September 4, 2019.
(3.a.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by establishing basic accounting policies and procedures to properly account for program revenues and expenditures.	2019: ATG reports Implemented Self-reported September 4, 2019.
(3.b.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by maintaining a complete listing of forfeited property with estimated values for each property; and properly accounting for transactions for each property auctioned, destroyed, or kept for use by law enforcement.	2019: ATG reports Implemented Self-reported September 4, 2019.
(3.c.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by assigning the periodic and annual reconciliation of and reporting on the Criminal Forfeiture Fund to the department's fiscal section.	<div> 2020: ATG reports Implemented Self-reported July 13, 2020. </div> <div> 2019: ATG reports Partially Implemented Self-reported September 4, 2019. </div>

Recommendation

Status of Recommendation

(3.d.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by preparing a short- and long-term forecast of revenues and expenditures of the Criminal Forfeiture Fund to ensure self-sustainability.

2019: ATG reports **Implemented**

Self-reported September 4, 2019.

(3.e.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by ensuring the department complies with Act 104, Session Laws of Hawai'i 1996, which requires the allocation of 20 percent of moneys deposited into the Criminal Forfeiture Fund be used to support drug abuse education, prevention, and rehabilitation programs.

2020: ATG reports **Partially Implemented**

Self-reported July 13, 2020.

2019: ATG reports **Partially Implemented**

Self-reported September 4, 2019.



REPORT NO. 18-18

Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program

Number of Recommendations: **9**

Number of Recommendations
Partially or Fully Implemented: **8**

Percent Partially or Fully
Implemented: **89%**

Audit Recommendations by Status

In Report No. 18-18, we made a total of 9 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-18, *Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program*, we found that Office of Health Care Assurance's (OHCA) license renewal process for adult residential care homes was unorganized and undisciplined, and that OHCA did not consistently enforce care homes' compliance with quality of care standards and plans to correct noted deficiencies.

In 2019, we issued a formal request for information to the Department of Health (DOH) on the status of audit recommendations from Report No. 18-18. The agency reported that 8 of our recommendations had been at least partially implemented, and 1 was not implemented that they did not agree with.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are in yellow.

Recommendation

Status of Recommendation

(1.) OHCA should complete its annual inspection process, including OHCA's acceptance of a care home's Plan of Correction and confirmation that deficiencies have been corrected, before renewing a care home's license.

2019: DOH reports **Implemented**

Self-reported December 3, 2019.

(2.) OHCA should use provisional licenses only as stipulated in Chapter 11-100.1, Hawai'i Administrative Rules, including to allow a care home to operate while it addresses and corrects deficiencies identified during a relicensing inspection.

2019: DOH reports **Implemented**

Self-reported December 3, 2019.

(3.) OHCA should discontinue the use of short-term licenses, which are not defined by statute or administrative rules.

2019: DOH reports **Not Implemented - Disagree**

Self-reported December 3, 2019, stating:

"Use of short-term licenses, including their purpose, is described in the policy and procedure (P&P) titled 'State Licensing and Renewal Inspection Process and Timelines.' Staff were trained on the policy in December 2018. Use of short-term licenses may be used for non-enforcement reasons to bridge the license to their original license renewal date. Examples of non-enforcement reasons for short-term licenses are described in the policy and procedure. A short term license is not a provisional license."

(4.) OHCA should establish policies and procedures to verify or otherwise confirm that care homes have implemented approved Plans of Correction to correct deficiencies identified during inspections or unannounced visits, including policies and procedures to conduct follow-up visits for certain types of deficiencies.

2019: DOH reports **Implemented**

Self-reported December 3, 2019.

Recommendation	Status of Recommendation
(5.) OHCA should conduct at least one unannounced visit for each care home as required by Section 321-15.6, HRS, not as a substitute for an annual inspection, and should consider conducting more unannounced visits for each care home per year to verify that the care home is implementing its Plan of Correction and/or the care home is adequately providing care for its residents.	2019: DOH reports Implemented Self-reported December 3, 2019.
(6.) OHCA should develop a centralized data management system for management and staff to review and update information as well as monitor inspections and licenses.	2019: DOH reports Partially Implemented Self-reported December 3, 2019.
(7.) OHCA should develop policies and procedures to guide the relicensing process, including clear deadlines by which staff must, for example, issue Statements of Deficiencies to the licensee, review Plans of Correction, and complete inspections, to ensure timely license renewal.	2019: DOH reports Implemented Self-reported December 3, 2019.
(8.) OHCA should promulgate administrative rules that describe the types of violations for which it may consider assessing a monetary fine or other action, including suspending or revoking a care home's license.	2019: DOH reports Implemented Self-reported December 3, 2019.
(9.) OHCA should implement policies and take all measures necessary to comply with the posting requirements of Section 321-1.8, HRS, including posting all approved Plans of Correction for relicensing inspections. OHCA should also consider posting unanswered Statements of Deficiencies for care homes that do not submit a Plan of Correction within the ten-day deadline and Plans of Correction resulting from unannounced visits that identified deficiencies.	2019: DOH reports Implemented Self-reported December 3, 2019.