

**Fiscal Year 2018**  
**PUBLIC HOUSING AUTHORITY ANNUAL PLAN**

May 2017



City and County of Honolulu  
Department of Community Services  
Community Assistance Division  
51 Merchant Street, 2<sup>nd</sup> Floor  
Honolulu, Hawaii 96813  
(808) 768-7076  
[www.honolulu.gov/dcs/housing.htm](http://www.honolulu.gov/dcs/housing.htm)



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## 1.0 Introduction

The Fiscal Year (FY) 2018 Public Housing Agency (PHA) Annual Plan is a comprehensive guide to PHA policies, programs, operations, and strategies for meeting local housing needs and goals. The Annual Plan was prepared in accordance with the requirements of Section 511 of the Quality Housing and Work Responsibility Act (QHWRA) of 1998.<sup>1</sup> This report details the City and County of Honolulu's progress in FY 2017, in meeting the goals and objectives of the PHA Five-Year and Annual Plan for fiscal years 2015-2019.

The FYs 2015-2019 Five-Year and Annual PHA Plan describes the Agency's mission and the Agency's long-range goals and objectives for achieving its mission over a five-year period. The Five-Year Plan also describes the approach to managing the Section 8 programs and providing services for the upcoming year.

In addition to describing the progress toward goals and objectives, the Annual Plan contains the statements of compliance with HUD regulations and the Fiscal Years 2015-2020 Consolidated Plan. The PHA policies, rules, and requirements concerning the PHA's operations, programs, and services are included in the Annual Plan.

The draft Annual Plan was presented to the Resident Advisory Board (RAB) in January for recommendations and comments. A public hearing is held in March to receive testimony from the public at large. The public is invited to attend or to provide written comments on the Annual Plan. The finalized Annual Plan is then submitted to HUD in April.

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<sup>1</sup> "Public Housing Reform Overview," [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/phr/about](https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/phr/about)



## 2.0

### Streamlined Annual PHA Plan



<b>Streamlined Annual PHA Plan</b> <i>(HCV Only PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 02/29/2016
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

**Applicability.** Form HUD-50075-HCV is to be completed annually by **HCV-Only PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, High Performer PHA, Small PHA, or Qualified PHA do not need to submit this form. Where applicable, separate Annual PHA Plan forms are available for each of these types of PHAs.

**Definitions.**

- (1) **High-Performer PHA** - A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS and SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

<b>A.</b>	<b>PHA Information.</b>				
A.1	PHA Name: <u>City &amp; County of Honolulu</u> PHA Code: <u>H1003</u> PHA Plan for Fiscal Year Beginning: (MM/YYYY) <u>07/2017</u> PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Housing Choice Vouchers (HCVs) <u>4,968</u> PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission  Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at the main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. The Plan will be made available for viewing at 51 Merchant Street (CAD Main Office), 842 Bethel Street (Section 8 Main Office), 1000 Ulu'ohi'a Street, #118 (Kapolei Hale Office), 550 South King Street (Department of Customer Services. It will also be posted on at <a href="https://www.honolulu.gov/cms-dcs-menu/site-dcs-sitearticles/1795-cad-plans-and-rules.html">https://www.honolulu.gov/cms-dcs-menu/site-dcs-sitearticles/1795-cad-plans-and-rules.html</a> It can also be viewed at DCS Office, 715 S. King St., #311 <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below)				
	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program
	Lead HA:				

<b>B.</b>	<b>Annual Plan.</b>
<b>B.1</b>	<p><b>Revision of PHA Plan Elements.</b></p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last Annual Plan submission?</p> <p>Y N  <input type="checkbox"/> <input checked="" type="checkbox"/> Housing Needs and Strategy for Addressing Housing Needs.  <input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.  <input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources.  <input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.  <input type="checkbox"/> <input checked="" type="checkbox"/> Operation and Management.  <input type="checkbox"/> <input checked="" type="checkbox"/> Informal Review and Hearing Procedures.  <input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.  <input type="checkbox"/> <input checked="" type="checkbox"/> Self Sufficiency Programs and Treatment of Income Changes Resulting from Welfare Program Requirements.  <input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.  <input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification.</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each element(s):</p>
<b>B.2</b>	<p><b>New Activities</b></p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N  <input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers. <b>See Attachment A.1</b></p> <p>(b) If this activity is planned for the current Fiscal Year, describe the activities. Provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan.</p>
<b>B.3</b>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p>(a) Were there any findings in the most recent FY Audit? THE FY 2015 FINANCIAL AUDIT OF THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII WAS MADE AVAILABLE ON MARCH 28, 2016. IT IS INCLUDED IN THIS ANNUAL PLAN. (SEE ATTACHMENT A)</p> <p>Y N N/A  <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe. (See Attachment A)</p>
<b>B.4</b>	<p><b>Civil Rights Certification</b></p> <p>Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan. (See Attachment C and F)</p>
<b>B.5</b>	<p><b>Certification by State or Local Officials.</b></p> <p>Form HUD-50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan. (See Attachments B and E)</p>
<b>B.6</b>	<p><b>Progress Report.</b></p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in its 5-Year PHA Plan. (See Attachment H)</p>
<b>B.7</b>	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N  <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(a) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. (See Attachment D)</p>

## **B2 New Activities**

Does the Public Housing Agency (PHA) intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

### **Project Based Vouchers: Yes**

If funding is available to be used towards project based vouchers, the PHA envisions setting aside 15-20 vouchers. The county of Oahu is building a rail system which will allow families to seek better employment and achieve higher education. Transit Oriented Development (TOD) plans include housing in areas near or at the station locations. A request for proposals (RFP) would be issued to select most suitable project for the project based vouchers. Although the PHA understands the need for additional affordable housing, existing affordable housing will be considered. This follows the Annual PHA Plan to adopt strategies and options to maintain the maximum program size of the HCV Program and well as to maximize utilization of available vouchers.



**APPENDIX A**

**Financial Audit of the City and County of Honolulu, State of Hawaii**

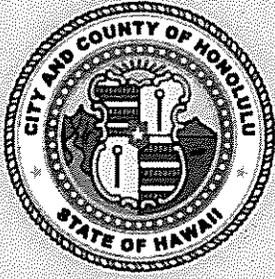


## ABBREVIATIONS

AI	Analysis of Impediments	FFATA	Federal Funding Accountability and Transparency Act
AMHD	Hawaii Department of Health Adult Mental Health Division	FSRS	Federal Subaward Reporting System
APR	Annual Progress Report	FSS	Family Self-Sufficiency
ARRA	American Recovery and Reinvestment Act of 2009 (transportation infrastructure funding)	FY	City and County of Honolulu Fiscal Year July to June
BWS	Board of Water Supply	GASB	Governmental Accounting Standards Board
CAD	Department of Community Services Community Assistance Division	HAP	Housing Assistance Payment
CoC	Continuum of Care	HART	Honolulu Authority for Rapid Transportation
CDBG	Community Development Block Grant	HCV	Housing Choice Voucher
CFDA	Catalog of Federal Domestic Assistance	HOME	Home Investment Partnerships
CFR	Code of Federal Regulations	HOP	Homeownership Option Program
CY	Calendar Year	HUD	U.S. Department of Housing and Urban Development
DCAB	State of Hawaii Disability and Communication Access Board	LLP	Limited Liability Partnership
DCS	City and County of Honolulu Department of Community Services	OMB	United States Office of Management and Budget
DIT	City and County of Honolulu Department of Information Technology	OTS	Oahu Transit Services
DPP	City and County of Honolulu Department of Planning and Permitting	PBV	Project-Based Voucher
ENV	City and County of Honolulu Department of Environmental Services	PCC	Program Coordinating Committee
ERS	Employees' Retirement System	PHA	Public Housing Authority
ESG	Emergency Solutions Grants	PTS	Public Transportation System
		RAB	Resident Advisory Board
		SEMAP	Section Eight Management Assessment Program

TA Technical Assistance  
TANF Temporary Assistance for Needy  
Families

TIGER Transportation Investment Generating  
Economic Recovery



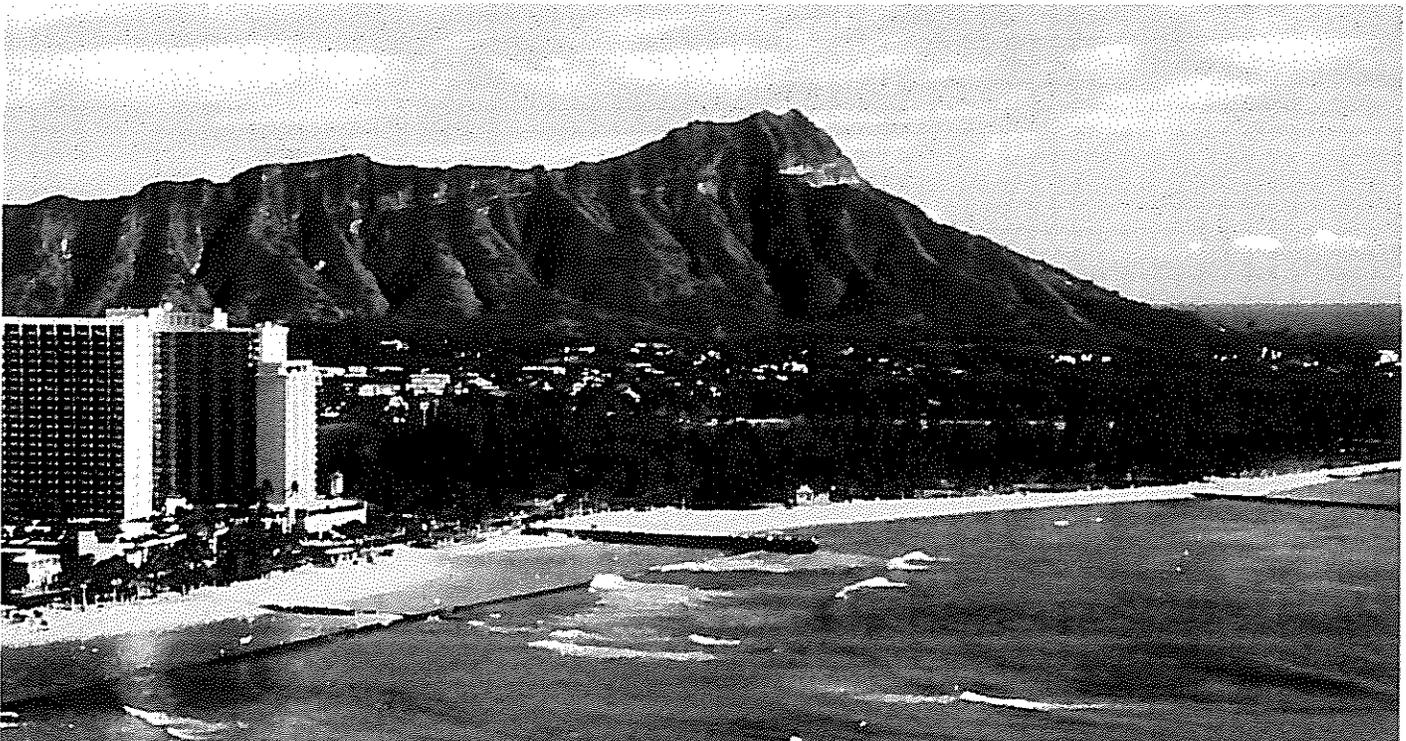
## **OFFICE OF THE CITY AUDITOR**

City and County of Honolulu  
State of Hawai'i

# **Financial Audit of the City and County of Honolulu, State of Hawai'i**

For the Fiscal Year Ended  
June 30, 2015

Single Audit of Federal Financial  
Assistance Programs

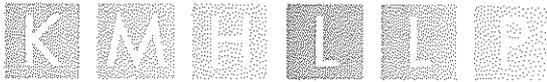


Conducted by KMH LLP

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## INTRODUCTION



A Hawaii Limited Liability Partnership

March 28, 2016

The Chair and Members of the City Council  
City and County of Honolulu

Dear Chair and Members of the City Council:

We have completed our financial audit of the basic financial statements of the City and County of Honolulu, State of Hawaii (the City) as of and for the fiscal year ended June 30, 2015. Our report containing our opinion on those basic financial statements is included in the City's *Comprehensive Annual Financial Report*. We have also audited the City's compliance with requirements applicable to its major federal financial programs. We submit herein our reports on compliance and internal control over financial reporting and over federal awards, the schedule of expenditures of federal awards, and the schedule of findings and questioned costs. Our audit was performed in accordance with the terms of our contract with the City and with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

#### **OBJECTIVES OF THE AUDIT**

1. To provide an opinion on the fairness of the presentation of the City's basic financial statements and the schedule of expenditures of federal awards as of and for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.
2. To consider the City's internal control over financial reporting in order to design our auditing procedures for the purpose of expressing our opinions on the financial statements.
3. To perform tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts.
4. To consider the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.
5. To report on the status of prior year findings and questioned costs.

## SCOPE OF THE AUDIT

We performed an audit of the City's basic financial statements and schedule of expenditures of federal awards as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133.

Our report on the basic financial statements of the City as of and for the year ended June 30, 2015 is included under a separate cover. A separate management letter containing our observations regarding the City's internal controls dated March 28, 2016 has also been issued to the City Council.

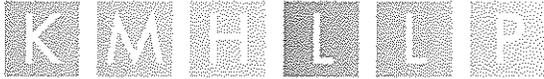
We wish to express our sincere appreciation for the excellent cooperation and assistance extended by the management and staff of the City.

Sincerely,

A handwritten signature in cursive script that reads "Wilcox Choy".

Wilcox Choy  
Partner

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***



A Hawaii Limited Liability Partnership

**Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

The Chair and Members of the City Council  
City and County of Honolulu

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2016. Our report includes a reference to other auditors who have audited the financial statements of the Board of Water Supply and Oahu Transit Services, Inc., as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Questioned Costs*, items 2015-1, 2015-2, and 2015-3, that we consider to be significant deficiencies.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items 2015-4, 2015-5, 2015-6, and 2015-7.

#### **The City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

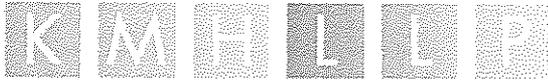
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KMH LLP

KMH LLP

Honolulu, Hawaii  
March 7, 2016

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**



A Hawaii Limited Liability Partnership

**Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

**Independent Auditor's Report**

The Chair and Members of the City Council  
City and County of Honolulu

**Report on Compliance for Each Major Federal Program**

We have audited the City and County of Honolulu, State of Hawaii's (the City's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Basis for Qualified Opinion on HOME Investment Partnerships Program, Continuum of Care, and Federal Transit Cluster**

As described in the accompanying *Schedule of Findings and Questioned Costs*, the City did not comply with requirements regarding the following:

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Program Name</b>	<b>Compliance Requirement</b>
2015-4	14.239	HOME Investment Partnerships Program	Subrecipient Monitoring
2015-5	14.267	Continuum of Care	Subrecipient Monitoring
2015-6	14.267	Continuum of Care	Reporting
2015-7	20.500, 20.507	Federal Transit Cluster	Special Test – Wage Rate

Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to those programs.

**Qualified Opinion on HOME Investment Partnerships Program, Continuum of Care, and Federal Transit Cluster**

In our opinion, except for the noncompliance described in Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on HOME Investment Partnerships Program, Continuum of Care, and Federal Transit Cluster for the year ended June 30, 2015.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the other major federal programs identified in the Summary of Auditor’s Results section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2015.

**Other Matters**

The City’s response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The City’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-4, 2015-5, 2015-6, and 2015-7 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-8 and 2015-9 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 7, 2016, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of the Board of Water Supply and Oahu Transit Services, Inc., which are discretely presented component units of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. As described in Note 1 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*KMH LLP*

KMH LLP

Honolulu, Hawaii

March 28, 2016, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is March 7, 2016

**City & County of Honolulu  
State of Hawaii**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Pass-through from the State Department of Education-- Summer Food Service Program for Children	10.559	12-351523	\$ 162,647
Pass-through from the State Department of Human Services-- Supplemental Nutritional Assistance Program	10.561	DHS-11-SNAP-301 SA3; SA4	17,510
Pass-through from the State Department of Land and Natural Resources-- Cooperative Forestry Assistance	10.664	12-DG-11052012-156	65,188
<b>Total U.S. Department of Agriculture</b>			<u>245,345</u>
<b>U.S. Department of Commerce:</b>			
Pass-through from University of Hawaii -- Sea Grant Support Economic Adjustment Assistance	11.417 11.307	MA130019 -	34,793 46,769
<b>Total U.S. Department of Commerce</b>			<u>81,562</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Community Development Block Grants/Entitlement Grants	14.218	-	7,534,639
Emergency Solutions Grant Program	14.231	-	775,714
Supportive Housing Program	14.235	-	61,682
Shelter Plus Care	14.238	-	432,983
HOME Investment Partnerships Program	14.239	-	2,558,896
Housing Opportunities for Persons with AIDS	14.241	-	416,197
Continuum of Care Program	14.267	-	5,531,157
Pass-through from the State Hawaii Public Housing Authority: Public and Indian Housing	14.850	PMB 13-04, SA1	45,748
Family Self-Sufficiency Program	14.896	PMB 13-04, SA1	31,254
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	-	159,588
<i>Housing Voucher Cluster:</i>			
Mainstream Vouchers	14.879	-	1,475,545
Section 8 Housing Choice Vouchers	14.871	-	47,354,046
Pass-through from the State Hawaii Public Housing Authority-- Section 8 Housing Choice Vouchers: FSS	14.871	PMB 13-04, SA1	110,261
<i>Total Housing Voucher Cluster</i>			<u>48,939,852</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>66,487,710</u>
<b>U.S. Department of Justice:</b>			
Domestic Cannabis Eradication/Suppression Program	16.000	-	105,137
Equitable Sharing Program	16.922	-	35,240
Pass-through from the State Department of Human Services-- Juvenile Accountability Block Grants	16.523	DHS-12-OYS-264, SA3 SA4 SA5	107,894
Pass-through from the State Department of the Attorney General: Crime Victim Assistance	16.575	11-VA-02; 12-VA-02	1,391,977
Violence Against Women Formula Grants (Non-ARRA)	16.588	11-WF-05 12-WF-04 13-WF-0811-WF-08; 12-WF-08; 13-WF-04	183,957
Crime Victim Assistance/Discretionary Grants	16.582	-	4,999
Public Safety Partnership and Community Policing Grants (ARRA)	16.710	-	20,280
Public Safety Partnership and Community Policing Grants (Non-ARRA)	16.710	-	47,421
DNA Backlog Reduction Program	16.741	-	250,505
Pass-through from the State Department of the Attorney General-- Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	13-CD-02	25,598
<i>Justice Assistance Grant (JAG) Program Cluster:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	464,713
Pass-through from the State Department of the Attorney General-- Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-DJ-01 11-DJ-02 11-DJ-06 11-DJ-09 12-DJ-04 12-DJ-09	468,325
Edward Byrne Memorial JAG Program / Grants To Units Of Local Government (ARRA)	16.804	-	45
<i>Total JAG Program Cluster</i>			<u>933,083</u>
<b>Total U.S. Department of Justice</b>			<u>3,106,001</u>

**City & County of Honolulu**  
**State of Hawaii**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Labor:</b>			
Pass-through from the State Department of Labor & Industrial Relations:			
(WIA) National Emergency Grant	17.277	WIA-12-NEG-DWT-0 WIA-14-NEG-JD-0	398,235
<i>Workforce Investment Act (WIA) Cluster:</i>			
Workforce Investment Act - Adult Program	17.258	WIA-13-AP-0 WIA-13-LAC-0	1,018,565
Workforce Investment Act - Youth Activities	17.259	WIA-13-YP-0 WIA-13-LAC-0	887,193
WIA Dislocated Worker Formula Grants	17.278	WIA-13-DW-0 WIA-13-LAC-0	1,189,211
<i>Total Workforce Investment Act Cluster</i>			<u>3,094,969</u>
Pass-through from the State Department of Labor & Industrial Relations--			
Trade Adj. Asst. Comm. College and Career Training (TAACCCT) Grants	17.282	C3T-Oahu	93,233
Reintegration of Ex-Offenders	17.270	-	224,804
Youthbuild	17.274	-	335,333
<b>Total U.S. Department of Labor</b>			<u><u>4,146,574</u></u>
<b>U.S. Department of Transportation:</b>			
Pass-through from the State Department of Transportation:			
<i>Highway Planning &amp; Construction Cluster:</i>			
Highway Planning and Construction (ARRA)	20.205	STP-0001 (36) (51)	1,734
Highway Planning and Construction (non-ARRA)	20.205	ARR-095(1) -8915(2); BR-NBIS(49)(53)(56); CMAQ-0001(41) -0300(128) -7863(001); FLH-0300(91); STP- 0001(33)(35)(36)(40)(42)(43)(46)(47)(50)(51)(52)( 55) (56)(57)(58) -0300(63)(69)(112)(132) -6010(1) - 6012(1) -7139(1) -7311(2) -7411(1) -7542(1) - 8920(2)(3)	9,164,186
Highway Planning and Construction (non-ARRA)	20.205	-	310,392
Highway Planning and Construction (non-ARRA)	20.205	FHWA-206-01-12	86,715
Highway Planning and Construction (non-ARRA)	20.205	FHWA 201.01-12 202.84-11 203.05-14 203.77-09 203.79-10 203.80-10 203.81-10 203.83-11 203.84-13 203.05-14	419,846
<i>Total Highway Planning &amp; Construction Cluster</i>			<u>9,982,873</u>
<i>Federal Transit Cluster:</i>			
Federal Transit - Capital Investment Grants (Non-ARRA)	20.500	-	189,543,441
Federal Transit - Formula Grants (ARRA)	20.507	-	4,256,000
Federal Transit - Formula Grants (Non-ARRA)	20.507	-	26,936,394
<i>Total Federal Transit Cluster</i>			<u>220,735,835</u>
<i>Transit Services Programs Cluster:</i>			
Job Access and Reverse Commute	20.516	-	400,244
New Freedom Program	20.521	-	195,217
<i>Total Transit Services Programs Cluster</i>			<u>595,461</u>
Pass-through from the State Department of Transportation--			
State and Community Highway Safety	20.600	AL14-02 AL15-02 DD14-10 DD15-10 OP14-05 OP15-05 PS14-09 PS15-09 PT14-01 PT15-01 SC14-06 SC15-06(01-O-01) AL15-02(06-O-01) TR15-03(03-O-01)EM15-04 (01-O-01) FLEX 2014 - Project 4 & 5 FLEX 2015 Project 4 & 11	1,190,840
<b>Total U.S. Department of Transportation</b>			<u><u>232,505,009</u></u>

**City & County of Honolulu  
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Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Environmental Protection Agency:</b>			
Pass-through from the State Department of Health:			
<i>Clean Water State Revolving Fund Cluster:</i>			
Capitalization Grants for Clean Water SRF	66.458	C150048-00	5,725,177
Capitalization Grants for Clean Water SRF	66.458	C150046-68	11,827
Capitalization Grants for Clean Water SRF	66.458	C150046-70	55,010
<i>Total Clean Water State Revolving Fund Cluster</i>			<u>5,792,014</u>
<b>Total Environmental Protection Agency</b>			<u>5,792,014</u>
<b>U.S. Department of Education:</b>			
Pass-through from the State Department of Human Services--			
Rehabilitation Services -Vocational Rehabilitation Grants to States	84.126	DHS-13-VR-758 SAI DHS-14-VR-1024 DHS-15-VR-2113 DHS-12-VR-640 SAI-2 DHS-12-VR-	413,798
Pass-through from the State Department of Education--			
Twenty-First Century Community Learning Centers	84.287	13023	21,002
<b>Total U.S. Department of Education</b>			<u>434,710</u>
<b>U.S. Department of Health and Human Services:</b>			
Pass-through from the State Executive Office on Aging:			
<i>Special Programs for the Aging-Title III, Part D-Disease:</i>			
Prevention and Health Promotion Services	93.043	HON2013N03 HON2015N03	106,866
Pass-through State Executive Office on Aging:			
<i>Aging Cluster:</i>			
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	HON2013N03 HON2015N03	1,669,313
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	HON2012N03 HON2013N03	1,175,840
Supportive Services, (Title III C-1) Home Delivered Meals (Title III C-2)	93.053	HON2014NSIP	114,976
Nutrition Services Incentive Program			<u>114,976</u>
<i>Total Aging Cluster</i>			2,960,129
Pass-through from the State Executive Office on Aging--			
National Family Caregiver Support, Title III, Part E	93.052	HON2013N03 HON2015N03	625,658
Pass-through State Department of Health--			
Block Grants for Community Mental Health Services	93.958	N/A	428,346
<b>Total U.S. Department of Health and Human Services</b>			<u>4,120,999</u>
<b>Corporation for National and Community Service--</b>			
Retired and Senior Volunteer Program	94.002	-	97,858
<b>Total Corporation for National and Community Service</b>			<u>97,858</u>
<b>Executive Office of the President --</b>			
High Intensity Drug Trafficking Area Program	95.001	-	1,694,427
<b>Total Executive Office of the President</b>			<u>1,694,427</u>

**City & County of Honolulu  
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Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Homeland Security:</b>			
Pass-through from the State Civil Defense:			
<i>Homeland Security Grant</i>			
Homeland Security Grant Program:			
Citizen Corp Program	97.067	EMW-2012-SS-00009	47,251
Metropolitan Medical Response System Program	97.067	2011-SS-00129	88,596
State Homeland Security Program	97.067	EMW-2013-SS-00003	1,780,655
		EMW-2014-SS-00003	
<i>Total Homeland Security Grant</i>			1,916,502
Pass-through from the State Department of Defense:			
Regional Catastrophic Planning Grant Program	97.111	2011-CA-00017	1,074,724
Emergency Management Performance Grants	97.042	EMW-2012-EP-00012	222,139
Assistance to Firefighters Grant	97.044	-	2,194,774
Rail and Transit Security Grant Program	97.075	-	349,764
<b>Total U.S. Department of Homeland Security</b>			<b>5,757,903</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 324,470,112</b>

**City and County of Honolulu  
State of Hawaii**

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City and County of Honolulu (the City) and is presented on the cash basis of accounting and in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Schedule does not include the federal grant activity of the Board of Water Supply and Oahu Transit Services, Inc., discretely presented component units of the City.

**2. Loans Outstanding**

The City had the following loan balances outstanding awarded as of and for the year ended June 30, 2015, which are not presented in the Schedule. There were no advances in fiscal year 2015.

Program Title	CFDA Number	Loans Outstanding
<b>Major programs</b>		
Community Development Block Grants -- Entitlement Grants	14.218	\$ 36,566,717
HOME Investment Partnerships Program	14.239	19,661,334
Section 8 Housing Choice Vouchers	14.871	3,647,688
		<u>\$ 59,875,739</u>

**3. Capitalization Grants for Clean Water State Revolving Funds**

At June 30, 2015, federal awards and state matching fund expenditures under capitalization grants for clean water state revolving funds were as follows:

Federal	\$ 5,792,014
State	740,236
	<u>\$ 6,532,250</u>

**City and County of Honolulu  
State of Hawaii**

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

**4. Subrecipients**

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Federal Grantor/Program/Grant	CFDA Number	Amount Provided to Subrecipients
<b>U.S. Department of Health and Human Services:</b>		
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	\$ 106,866
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	1,535,121
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	996,135
National Family Caregiver Support, Title III, Part E	93.052	<u>554,552</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>3,192,674</u>
<b>U.S. Department of Housing and Urban Development:</b>		
Community Development Block Grants/Entitlement Grants	14.218	4,611,638
Emergency Solutions Grant Program	14.231	775,714
Shelter Plus Care	14.238	432,983
HOME Investment Partnerships Program	14.239	2,487,875
Housing Opportunities for Persons with AIDS	14.241	416,197
Continuum of Care Program	14.267	<u>5,529,503</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>14,253,910</u>
<b>U.S. Department of Justice--</b>		
Crime Victim Assistance	16.575	<u>355,000</u>
<b>Total U.S. Department of Justice</b>		<u>355,000</u>
<b>Total Provided to Subrecipients</b>		<u>\$ 17,801,584</u>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

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**Section I – Summary of Auditor’s Results**

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*Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  None reported
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section I – Summary of Auditor’s Results (continued)**

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.239	HOME Investment Partnerships Program
14.267	Continuum of Care Program
20.500, 20.507	Federal Transit Cluster
66.458	Clean Water State Revolving Funds
93.044, 93.045, 93.053	Aging Cluster
97.111	Regional Catastrophic Preparedness Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?  Yes  No

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section II – Financial Statement Findings**

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**Finding No. 2015-1: Deficiencies in Information Technology Controls**

**Type of Finding:** Significant Deficiency

**Criteria:** Information technology (IT) is a strategic element of the City and County of Honolulu's (the City) operations. Because of the high volume of transactions, the establishment of internal controls over processes incorporating IT is critical to its operations. As IT is used to initiate, record, process and report on transactions included in the financial statements, the systems and related processes should have internal controls to prevent or detect potential misstatements.

**Condition, cause, and context:** As part of our financial statement audit for the year ended June 30, 2015, we performed an IT general controls review of the following systems operated by the City:

- Windows Domain
- AMS Advantage Financial Management System
- AMS Advantage Human Resources Management System
- Personnel Time and Attendance (PT&A) System
- IAS World Web Based Real Property System
- Revenue Collection Cashier System

Our review resulted in several IT control deficiencies in the areas of logical security and change management as follows:

Logical security

- No effective periodic reviews of certain servers/databases were performed to detect whether terminated individuals are able to log in to the IT systems.
- No effective periodic reviews of certain servers/databases performed to recertify if access rights granted to employees were commensurate with their job responsibilities.
- Lack of segregation of duties in certain areas of security administration for a particular system.
- User IDs to directly access the database is shared.

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section II – Financial Statement Findings (continued)**

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- Excessive user accounts with domain administrative privileges.
- Password configurations for a specific server do not meet standards.
- Developers of a specific application have access to application production.
- Ineffective vulnerability scanning.

Change Management Review

- Direct Data Changes – direct data changes are not restricted, monitored or approved as shared IDs are utilized.

The primary cause of the internal control deficiencies is that the City's IT procedures do not incorporate internal control procedures addressing the items discussed above.

**Effect:** Internal controls in the areas of logical security and change management address the following risks:

Logical security

Unauthorized access to these systems could result in either the destruction of data, unauthorized or nonexistent transactions being made, or transactions being inaccurately recorded.

Change Management

Unauthorized or untested changes promoted to the production environment could cause the systems to either process data differently than intended or unexpectedly compromise the integrity of the data maintained.

**Recommendation:** We recommend that the City perform the following:

- Update its IT procedures to include internal control procedures addressing the IT risks above.
- Identify methods to ensure that IT policies and procedures are consistently followed.
- Work with vendor programmers to address any internal control deficiencies due to systems limitations.

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section II – Financial Statement Findings (continued)**

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**Finding No. 2015-2: Real Property Tax Exemptions**

**Type of Finding:** Significant Deficiency

**Criteria:** In accordance with Revised Ordinances of Honolulu, Chapter 8 – “*Real Property Tax*”, Article 10 – “*Exemptions*”, a claimant may file a claim for exemption with the department of budget and fiscal services. The City is responsible for maintaining adequate documentation of all exemptions granted.

**Condition, cause, and context:** During the audit, we noted that 2 out of the 73 real property tax exemptions tested did not have documentation to support the exemptions granted. Management indicated that eight years ago, hard copies of the exemptions were scanned by a vendor and subsequently destroyed. Maintenance of this documentation is important because real property taxes is the City’s largest source of revenue and these signed forms are the only evidence of a proper tax exemption. During our discussion with management, due to the structure of the exemption database, there is currently no simple way to determine the extent of the missing documentation.

**Effect:** Failure to maintain records of real property tax exemptions could lead complications in the future if questions arise with a particular taxpayer and the City is unable to prove or disprove that the taxpayer had a properly approved tax exemption.

**Recommendation:** We recommend the City investigate to determine if there are any additional documentation missing from its records. Also, we recommend the City improve internal controls to ensure adequate records are kept.

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section II – Financial Statement Findings (continued)**

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**Finding No. 2015-3: Sewer Fund Capital Asset**

**Type of Finding:** Significant Deficiency

**Criteria:** Management is responsible for establishing and maintaining a capitalization policy for capital assets, the objectives of which are to provide management assurance that transactions and recorded in conformity with accounting principles generally accepted in the United States of America.

The City's capitalization policy is published on the City's intranet as index code 22.2.

**Condition, cause, and context:** During the audit, we noted two capital asset projects totaling approximately \$1.1 million that were improperly capitalized resulting in proposed adjustments (unrecorded) to the Sewer Fund financial statements. One project was inactive/abandoned in the current year and should have been expensed in the current year. The other project was completed prior to year-end and should have transferred into the proper asset class upon completion.

Although the City has procedures in place to ensure that capital assets are recorded in accordance with generally accepted accounting principles, the errors noted above were not initially identified during the City's review process.

**Effect:** Adjustments were proposed to correct the issue related to the capital asset.

**Recommendation:** We recommend the City be more diligent in performing its existing procedures.

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

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**Section III – Federal Award Findings and Questioned Costs**

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**Finding No.: 2015-4**      **Perform Annual Subrecipient Monitoring Duties**

**Federal Agency:**      United States Department of Housing and Urban Development  
**CFDA No.:**              14.239  
**Program:**                HOME Investment Partnerships Program  
**Requirement:**         Subrecipient Monitoring  
**Type of Finding:**        Non-Compliance and Material Weakness

**Criteria:** In accordance with 2 CFR section 200.331, "depending on the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tool may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals: ... (2) Performing on-site reviews of the subrecipient's program operations."

**Condition, cause and context:** For 1 out of 10 subrecipients tested, we noted that no on-site subrecipient monitoring was performed. The subrecipient was assessed and scheduled for on-site monitoring, however management indicated that due to staffing shortages, the on-site visit was not performed.

**Effect:** Failure to monitor subrecipients annually results in noncompliance with the subrecipient monitoring requirement.

**Questioned costs:** None

**Recommendation:** We recommend the City follow its procedures to monitor subrecipients on a timely basis, in accordance with their policy.

**Contact Person:** Keith Ishida, Department of Community Services Division Chief

**City and County of Honolulu  
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Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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**Finding No.: 2015-5                      Perform Annual Subrecipient Monitoring Duties**

**Federal Agency:**                      United States Department of Housing and Urban Development  
**CFDA No.:**                                14.267  
**Program:**                                 Continuum of Care  
**Requirement:**                          Subrecipient Monitoring  
**Type of Finding:**                        Non-Compliance and Material Weakness

*Criteria:* In accordance with 24 CFR section 578.7, the grantee must "monitor recipient and subrecipient performance." Further, in accordance with City policy, "generally, all monitoring letters should be mailed within 30 days after the exit conference."

*Condition, cause and context:* We tested 4 subrecipients for compliance with statutory, regulatory, and contractual requirements and related internal controls over subrecipient monitoring and noted the following:

- 1) For 1 out of 4 subrecipients tested, no on-site monitoring was performed; and
- 2) For remaining 3 out of 4 subrecipients tested, monitoring letters for on-site monitoring completed over five to six months ago were still in draft form or incomplete;

Management indicated that the above exceptions were due to staffing shortages.

*Effect:* Failure to monitor subrecipients and document the results timely results in noncompliance with the subrecipient monitoring requirement.

*Questioned costs:* None

*Recommendation:* We recommend the City follow its procedures to monitor subrecipients on a timely basis.

*Contact Person:* Keith Ishida, Department of Community Services Division Chief

**City and County of Honolulu  
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Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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**Finding No.: 2015-6            Submit Reports in a Timely Manner**

**Federal Agency:**            United States Department of Housing and Urban Development  
**CFDA No.:**                    14.267  
**Program:**                     Continuum of Care  
**Requirement:**               Reporting  
**Type of Finding:**            Non-Compliance and Material Weakness

**Criteria:** In accordance with 24 CFR section 578.109(b) and the U.S. Office of Management and Budget Circular A-133 Compliance Supplement, the “report is due from each grantee 90 days after the end of each operating year.”

**Condition, cause and context:** Under the program requirements of CFDA No. 14.267, the annual progress report (APR) must be completed and submitted timely. The program was required to submit two APRs during FY 2015.

During our audit, we noted that one of the APRs was not submitted on a timely basis (9 days late). Management indicated that APR was submitted late due to late submission by one of the subrecipients.

**Effect:** Failure to submit reports timely results in noncompliance with the reporting requirement.

**Questioned costs:** None

**Recommendation:** We recommend the City establish controls to gather required reporting information timely from subrecipients to ensure compliance.

**Contact Person:** Keith Ishida, Department of Community Services Division Chief

**City and County of Honolulu  
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Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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<b>Finding No.:</b> 2015-7	<b>Wage Rate</b>
<b>Federal Agency:</b>	United States Department of Transportation
<b>CFDA No.:</b>	20.500, 20.507
<b>Program:</b>	Federal Transit Cluster
<b>Requirement:</b>	Special Tests and Provisions – Wage Rate
<b>Type of Finding:</b>	Non-Compliance and Material Weakness

**Criteria:** 29 CFR Subtitle A section 5.5 states that the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the United States Department of Transportation (DOT) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the DOT.

**Condition, cause and context:** We tested 60 contracted projects for compliance with statutory, regulatory, and contractual requirements and related internal controls over special tests and noted the following:

- 1) Fifty instances where certified payrolls were not submitted within 7 days of pay period ending, and
- 2) One instance where the Honolulu Authority for Rapid Transportation (HART) was missing a non-performance report.

Although HART has established policies and procedures in place to ensure compliance with statutory, regulatory, and contractual requirements, there was a lack of diligence in following the established policies and procedures.

**Effect:** Failure to follow these policies and procedures demonstrates noncompliance with certain statutory, regulatory, and contractual requirements.

**Questioned costs:** None

**Recommendation:** We recommend the City be more diligent in consistently following its policies and procedures to ensure compliance.

**Contact Person:** Douglas Cullison, HART Internal Control Analyst

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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**Finding No.: 2015-8**                      **Perform Excluded Party Listing Search (EPLS)**

**Federal Agency:**                      United States Department of Housing and Urban Development  
**CFDA No.:**                                14.267  
**Program:**                                 Continuum of Care  
**Requirement:**                            Procurement  
**Type of Finding:**                        Significant Deficiency

*Criteria:* In accordance with 2 CFR 215.13, "subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities." To ensure compliance, the City performs an EPLS check prior to the execution of the subrecipient agreement.

*Condition, cause and context:* For 4 out of 4 contracts tested, we noted no documentation that an EPLS check was performed prior to the execution of the subrecipient agreement. Management indicated the check was performed; however, documentation was not retained.

In the current fiscal year, we noted that all of the program's subrecipients had agreements with the City in the prior year. We also re-performed the EPLS check for the contracts tested and noted no subrecipients were debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*Effect:* Failure to perform EPLS checks could result in noncompliance with the procurement requirement.

*Questioned costs:* None

*Recommendation:* We recommend the City establish procedures to perform and retain EPLS check documentation prior to executing a subrecipient agreement to ensure the parties are not debarred, suspended, or otherwise excluded from or ineligible for Federal assistance programs.

*Contact Person:* Keith Ishida, Department of Community Services Division Chief

**City and County of Honolulu  
State of Hawaii**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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**Finding No.: 2015-9                      Obtain DUNS Number Prior to Contract Execution**

**Federal Agency:**                      United States Department of Transportation  
**CFDA No.:**                                20.500, 20.507  
**Program:**                                 Federal Transit Cluster  
**Requirement:**                         Subrecipient Monitoring  
**Type of Finding:**                      Significant Deficiency

**Criteria:** In accordance with FTA Circular 9030.1E, "the recipient must not make any subaward to an entity unless the entity has provided its DUNS number to the recipient."

**Condition, cause and context:** For 1 out of 2 subrecipient contracts tested, the DUNS number was obtained after the execution of the subrecipient agreement. Management indicated that they were not aware of this requirement.

**Effect:** Failure to obtain the DUNS number before contract execution could result in noncompliance with the subrecipient monitoring requirement.

**Questioned costs:** None

**Recommendation:** We recommend the City establish procedures to obtain the DUNS number prior to executing a subrecipient agreement to ensure compliance.

**Contact Person:** Scott Ishiyama, Department of Transportation Services Paratransit Branch Chief

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

## City and County of Honolulu State of Hawaii

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2015

### Financial Statement Findings

#### **Finding No.: 2014-1 Deficiencies in Information Technology Controls (Significant Deficiency)**

*Condition, cause and context:* As part of our financial statement audit for the year ended June 30, 2014, we performed an IT general controls review of the following systems operated by the City:

- Windows Domain
- AMS Advantage Financial Management System
- AMS Advantage Human Resources Management System
- Personnel Time and Attendance (PT&A) System
- IAS World Web Based Real Property System
- Revenue Collection Cashier System

Our review resulted in several IT control deficiencies in the areas of logical security and change management as follows:

#### Physical and logical security

- Several terminated employees continued to have access to the City's IT systems.
- No effective periodic review performed to detect whether terminated individuals are able to log in to the IT systems.
- No effective periodic review performed to determine whether access rights granted to employees were commensurate with their job responsibilities.
- Lack of segregation of duties in certain areas of security administration, operating system, and database security.
- Excessive user accounts with administrative privileges.
- User IDs to directly access the database are shared.
- Activity logging configurations do not meet standards.

#### Change management

- Direct Data Changes – currently no process for monitoring/reviewing direct data changes.

The primary cause of the internal control deficiencies is that the City's IT procedures do not incorporate internal control procedures addressing the items discussed above.

*Recommendation:* We recommend that the City perform the following:

- Update its IT procedures to include internal control procedures addressing the IT risks above.

## City and County of Honolulu State of Hawaii

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2015

- Identify methods to ensure that IT policies and procedures are consistently followed, such as centralizing their user administration process to streamline provisioning and de-provisioning.
- Work with vendor programmers to address any internal control deficiencies due to system limitations.

*Status:* Partially resolved. See finding 2015-1.

### **Finding No.: 2014-2 Information Technology for the Board of Water Supply (“BWS”) (Significant Deficiency)**

*Condition, cause and context:* As part of the other auditors’ financial statement audit for the year ended June 30, 2014, they performed an IT general controls review of the following systems operated by BWS:

- J.D. Edwards
- Oracle Utilities Customer Care and Billing
- Automated Meter Reading System
- Kronos Workforce Timekeeper

The other auditors noted that as BWS performed a significant migration to an updated version of J.D. Edwards in the year ended June 30, 2014, they performed additional migration testing over:

- Data Conversion
- Logical Security
- Interface Implementation
- Project Governance
- Reporting

The other auditors’ review resulted in several IT control deficiencies in the areas of logical security, change management, and IT operations as follows:

#### Logical security

- Weak password security.
- User access rights not approved and granted on a need-to-know, need-to-do basis.
- Lack of validation by business for user access rights.

#### Change management

- Lack of IT segregation of duties.
- Lack of user acceptance for configuration changes.

**City and County of Honolulu  
State of Hawaii**

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2015

IT operations

- Lack of monitoring controls for certain financial system interfaces.

**Recommendation:** The other auditors recommend that management of BWS perform the following:

- Identify methods to ensure IT policies and procedures are consistently followed.
- Remove user access that is not commensurate with job responsibilities.

**Status:** The comment is no longer applicable.

**Finding No.: 2014-3 Employer Contributions to Employee Retirement System (Material Weakness)**

**Condition, cause and context:** During the audit, we noted that the City did not entirely contribute the statutory employer contribution for several years and report the liability. Consequently, as of June 30, 2014, the cumulative amount due to the ERS was approximately \$31.1 million, of which approximately \$16.2 million was related to prior fiscal years. The City did not record the liability owed to the ERS.

There was a combination of control deficiencies that caused the contribution deficiency. The City's contribution amount is calculated by the City's integrated payroll system. The payroll division within the City's Department of Budget and Fiscal Services (BFS) is responsible for communicating any statutory contribution rate changes to the City's Department of Informational Technology (DIT). In 2011, legislation passed that increased employer contributory rates gradually for the next several years. Management was not able to provide any evidence during the audit that the rate changes were communicated to DIT. In addition, budget to actual comparisons identified the large variances in pension expenditures, but no further analysis was performed by BFS.

Based on our discussion with management and ERS, ERS did not communicate to the City that a contribution liability existed until 2014.

**Recommendation:** The payroll division should timely communicate and properly document statutory contribution rate changes to DIT. The City should consider implementing a detective control to ensure that the changes communicated to DIT have been accurately updated into the system such as reconciliation between expected pension expense and actual pension expense.

**Status:** The comment is no longer applicable.

**City and County of Honolulu  
State of Hawaii**

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2015

**Finding No.: 2014-4 Effective Review of Reconciliations and Details Supporting the Financial Statements (Material Weakness)**

*Condition, cause and context:* During the audit, we identified multiple errors related to the review of the reconciliation and account balance detail supporting the financial statements at the Sewer Fund and Solid Waste Fund, that, when considered in the aggregate, indicated a material weakness in internal control.

During the audit, we noted the following errors related to the Sewer Fund:

- Fiscal year 2013 inventories of parts, materials and supplies were errantly overstated by approximately \$6.1 million. In addition, related materials and supplies expense was understated by approximately \$6.1 million.
- Fiscal year 2013 interest expense was errantly understated by approximately \$9.3 million.
- Fiscal year 2013 capital assets were errantly overstated by approximately \$3.7 million.

In addition, we noted the following errors related to the Solid Waste Fund:

- Fiscal year 2014 estimated liability for landfill closure and postclosure care costs and related contractual service expenses were errantly understated by approximately \$3.2 million.
- Fiscal year 2014 accounts receivable and related disposal and collection fees revenue was errantly overstated by approximately \$1.3 million.

Adjustment were proposed, which management recorded, to correct all errors identified above.

Although the City has assigned personnel to perform the review of reconciliations and schedules supporting the balances reflected in the financial statements, the review process did not identify the errors noted above. Management has defined the scope of their reviews as evaluating balances for "reasonableness," but does not use a specific dollar amount or percentage. When management's review year-over-year changes did identify variances, management did not effectively evaluate variance explanations from other departments/divisions.

*Recommendation:* We recommend that the City improve its review policies and procedures as part of the accounting process. This includes defining the scope utilized in the review of the account balances. During the performance of such review, management should also ensure that they consider obtaining corroborating evidence to support management's explanations, where applicable.

*Status:* The comment is no longer applicable.

**City and County of Honolulu  
State of Hawaii**

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2015

**Finding No.: 2014-5 Sewer Fund Capital Assets (Significant Deficiency)**

*Condition, cause and context:* During the audit, we noted two capital asset projects that were improperly capitalized resulting in a restatement to the Sewer Fund financial statements. One project did not meet the City's capitalization criteria and therefore should have been expensed as the project costs were incurred in prior years. The other project was abandoned in the prior year and should have been expensed in the year of abandonment.

Although the City has procedures in place to ensure that capital assets are recorded in accordance with generally accepted accounting principles, the errors noted above were not initially identified during the review process.

*Recommendation:* We recommend that the City be more diligent in performing its existing procedures.

*Status:* The comment is still applicable. See finding 2015-3.

Continuum of Care CFDA No. 14.267

**Finding No.: 2014-6 Perform Annual Subrecipient Monitoring Duties (Non-Compliance and Material Weakness)**

*Condition, cause, and context:* For three out of four subrecipients tested, no annual subrecipient monitoring was performed. Management indicated that due to the turnover of a lead contact of the Continuum of Care program, personnel were not aware of such requirement.

*Recommendation:* We recommend the City document its procedures to monitor subrecipients on a timely basis. This will ensure that compliance procedures are continued, should there be changes in personnel.

*Status:* Partially resolved. See finding 2015-5.

**City and County of Honolulu  
State of Hawaii**

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2015

**Community Challenge Planning Grants and Department of Transportation's TIGER II Planning  
CFDA No. 14.704**

**Finding No.: 2014-7 Submit Reports in a Timely Manner (Non-Compliance and Material Weakness)**

*Conditions, cause, and context:* Under the program requirements of CFDA No. 14.704, three types of reports must be completed and submitted timely: financial ("SF-425"), narrative, and FFATA reports. As the grant was completed in 2014, the program was required to submit three SF-425 reports, one final narrative report, and one FFATA report, for a total of five reports.

During our audit, we noted that the FFATA data was not submitted in FSRS on a timely basis (162 days late). Management indicated that the subaward was reported late due to the lack of awareness of the requirement.

*Recommendation:* We recommend the City review its grant agreements to identify all program requirements and implement procedures to ensure compliance.

*Status:* The comment is no longer applicable.

**CORRECTIVE ACTION PLAN**

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
PHONE: (808) 788-3900 • FAX: (808) 788-3179 • INTERNET: www.honolulu.gov

KIRK CALDWELL  
MAYOR



NELSON H. KOYANAGI, JR.  
DIRECTOR

GARY T. KUOKAWA  
DEPUTY DIRECTOR

March 28, 2016

Mr. Edwin Young  
Office of the City Auditor  
1001 Kamokila Boulevard, Suite 216  
Kapolei, Hawaii 96707

Dear Mr. Young:

**SUBJECT: Single Audit Report for the Fiscal Year Ended June 30, 2015**

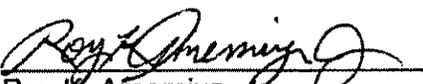
Enclosed is the response to the recommendations included in KMH LLP's preliminary draft of the single audit report of the City and County of Honolulu for the fiscal year ended June 30, 2015. The response includes actions taken or contemplated, anticipated completion dates, and City personnel responsible for the corrective action.

Sincerely,

  
Nelson H. Koyanagi, Jr., Director  
Budget and Fiscal Services

Enclosures

APPROVED:

  
Roy K. Amemiya, Sr.  
Managing Director

**RESPONSE TO SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Finding No. 2015-1: Deficiencies in Information Technology Controls**

Audit Recommendation: We recommend that the City perform the following:

- Update its IT procedures to include internal control procedures addressing the IT risks above.
- Identify methods to ensure that IT policies and procedures are consistently followed.
- Work with vendor programmers to address any internal control deficiencies due to systems limitations.

Administration's Comment: IT procedures have been updated to include internal control procedures such as access audits, technical implementations, Lightweight Directory Access Protocol authentication and terminated employee syncing between our systems. In addition, methods have been identified to ensure that IT policies and procedures are consistently followed.

Anticipated Completion Date: June 2016

Contact Person(s): Mark D. Wong, Director and CIO, Department of Information Technology  
Keith G.H. Ho, Deputy Director, Department of Information Technology

**Finding No. 2015-2: Real Property Tax Exemptions**

Audit Recommendation: We recommend the City investigate to determine if there are any additional documentation missing from its records. Also, we recommend the City improve internal controls to ensure adequate records are kept.

Administration's Comments: The Real Property Assessment Division has three compliance positions that are dedicated to audit exemption claims. If any discrepancy between exemption claims and documentation is uncovered, the compliance officer will do a site visit and investigate appropriateness of the exemption and can retroactively recover delinquent real property taxes.

Anticipated Completion Date: Ongoing

Contact Person(s): Robert Magota, Assistant Real Property Assessment Administrator, Department of Budget and Fiscal Services

**RESPONSE TO SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**Finding No. 2015-3: Sewer Fund Capital Assets**

Audit Recommendation: We recommend the City be more diligent in performing its existing procedures.

Administration's Comment: The City will be more diligent in implementing its capital asset accounting procedures to ensure that capital assets are properly classified. Training of new or current staff on the proper recording and classifying of capital assets will be a priority. Two levels of review will be implemented: first by capital assets Senior Accountant, and second by the Capital Assets Supervisor. Inquiries and follow up communications about status of projects will be performed to ensure information are received timely. Additional analysis of related general ledger accounts will be implemented to ensure completeness of capital assets.

Anticipated Completion Date: June 2016

Contact Person(s): Luz Peirson, Accountant V, Department of Budget and Fiscal Services

**Finding No. 2015-4: Perform Annual Subrecipient Monitoring Duties (HOME Investment Partnerships Program)**

Audit Recommendation: We recommend the City follow its procedures to monitor subrecipients on a timely basis, in accordance with their policy.

Administration's Comment: HOME subrecipients will be monitored on an annual basis.

Anticipated Completion Date: December 2016

Contact Person(s): Keith Ishida, Program Administrator, Department of Community Services

**Finding No. 2015-5: Perform Annual Subrecipient Monitoring Duties (Continuum of Care)**

Audit Recommendation: We recommend the City follow its procedures to monitor subrecipients on a timely basis.

Administration's Comment: Continuum of Care subrecipients will be monitored on an annual basis in accordance with the Department of Community Services' established policy. A new monitoring checklist is being developed to standardize monitoring practices and increase monitoring efficiency. A new laptop computer is being procured to assist staff during their on-site visits.

Anticipated Completion Dates: June 2016 to complete new monitoring checklist and to procure a new laptop computer. December 2016 to monitor subrecipients annually.

Contact Person(s): Keith Ishida, Program Administrator, Department of Community Services

**RESPONSE TO SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**Finding No. 2015-6: Submit Reports in a Timely Manner**

Audit Recommendation: We recommend the City establish controls to gather required reporting information timely from subrecipients to ensure compliance.

Administration's Comment: The Department of Community Services will work with its Continuum of Care subrecipients to ensure that annual performance reports are submitted in a timely manner.

Anticipated Completion Date: June 2016

Contact Person(s): Keith Ishida, Program Administrator, Department of Community Services

**Finding No. 2015-7: Wage Rate**

Audit Recommendation: We recommend the City be more diligent in consistently following its policies and procedures to ensure compliance.

Administration's Comment: Management has hired a full time staff person who will be responsible for verifying that all required weekly payroll reports from contractors are being submitted on a timely basis.

Policies and procedures will also be put in place that will require contractors to submit weekly required payroll reports and notifications when such reports are not being filed on a timely basis.

Anticipated Completion Date: December 2015 for hiring a staff person and June 2016 for the implementation of the procedures with the contractors.

Contact Person(s): Douglas Cullison, Internal Control Analyst II, Honolulu Authority for Rapid Transportation

**Finding No. 2015-8: Perform Excluded Party Listing Search (EPLS)**

Audit Recommendation: We recommend the City establish procedures to perform and retain EPLS checks prior to executing a subrecipient agreement to ensure the parties are not debarred, suspended, or otherwise excluded from or ineligible for Federal assistance programs.

Administration's Comment: Excluded Parties List System searches will be completed for all Continuum of Care contracts prior to their execution.

Anticipated Completion Date: June 2016

Contact Person(s): Keith Ishida, Program Administrator, Department of Community Services

**RESPONSE TO SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**Finding No.: 2015-9: Obtain DUNS Number Prior to Contract Execution**

Audit Recommendation: We recommend the City establish procedures to obtain the DUNS number prior to executing a subrecipient agreement to ensure compliance.

Administration's Comment: Staff has been directed to obtain DUNS numbers prior to executing future subrecipient agreements. Standard operating procedures will be drafted and adopted to formalize this practice.

Anticipated Completion Date: June 2016

Contact Person(s): Scott Ishiyama, Planner VII, Department of Transportation Services



## **APPENDIX B**

### **PHA Certifications of Compliance with PHA Plans and Related Regulations**



**Certifications of Compliance with  
PHA Plans and Related Regulations  
(Standard, Troubled, HCV-Only, and  
High Performer PHAs)**

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB No. 2577-0226  
Expires 02/29/2016

**PHA Certifications of Compliance with the PHA Plan and Related Regulations including  
Required Civil Rights Certifications**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the \_\_\_ 5-Year and/or  Annual PHA Plan for the PHA fiscal year beginning 7/2017, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
5. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
6. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those programs, addressing those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.
7. For PHA Plans that includes a policy for site based waiting lists:
  - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2010-25);
  - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
  - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
  - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing;
  - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
8. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
9. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
10. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
11. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

12. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
13. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
14. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
15. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
16. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
17. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
18. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
19. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

City and County of Honolulu  
PHA Name

HI003  
PHA Number/HA Code

Annual PHA Plan for Fiscal Year 20 18

5-Year PHA Plan for Fiscal Years 20      - 20     

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name of Authorized Official <b>Gary K. Nakata</b>	Title <b>Director</b>
Signature 	Date <b>APR - 6 2017</b>

**APPENDIX C**

**Civil Rights Certification**



**Civil Rights Certification**  
**(Qualified PHAs)**

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB Approval No. 2577-0226  
Expires 02/29/2016

**Civil Rights Certification**

**Annual Certification and Board Resolution**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official, I approve the submission of the 5-Year PHA Plan for the PHA of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the public housing program of the agency and implementation thereof.*

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those program, addressing those impediments in a reasonable fashion in view of the resources available and working with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.

City and County of Honolulu  
PHA Name

HI003  
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name of Authorized Official  Gary K. Nakata  Signature 	Title  Director  Date APR 6 2017
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## **APPENDIX D**

### **Resident Advisory Board (RAB) Comments/Narrative**



**Resident Advisory Board Meeting  
Draft FY 2018 PHA Annual Plan  
January 23, 2017  
10:00 am – 11:00 am**

Members Present: Deeana J. Joseph (Mapu), Mabel U. Nagaseu, Billie-Jo Naleieha, Chantrelle A. Waialae

Staff Present: Jayne Lee, Carole Chung-Yokoyama, Lynne Kong, Uilani Silva, Vickie Punua-McGinnis

Meeting Agenda

- I. Overview on the status of our goals and objectives and if we are meeting those goals
- II. Funding Shortfall Overview and how it affected the program
- III. Recent administrative rule changes and the process for adoption of rules
- IV. FUP-FSS Demonstration
- V. Violence Against Women Act (VAWA)
- VI. Homeownership Program (HOP)

Summary of Presentation

1. Introductions of staff and RAB members
2. Summarized the RAB purpose and the importance of it
3. Described the funding shortfall challenges and the current status of our funding
4. Described the PHA's future endeavors and the need for a significant amendment in the upcoming months
  - a. FSS-FUP Demonstration
  - b. FSS Administrative Rule changes and the Tenant-based Rental Assistance Administrative Rule changes
  - c. Proposed HOP Administrative Rule changes
  - d. PHA's need to update VAWA
5. Question and Answer session

Comments by RAB Members

1. When talking about eliminating interim disbursements for the FSS program, one member thought that we were doing away with escrow accounts. After clearing it up, she said "I wish it (final escrow account disbursements) was more."
2. After discussing the need to disseminate the VAWA information, one member said that she has a similar situation at her work at a college. She said "One issue that we have at the university is teachers not having the training or understanding or when and what to report and what signs to look for and stuff like that. So we have certain people in place who go through the trainings. They are then aware of the legal requirements and the signs." She elaborated that they train specific employees and direct people to them.

A Board member also mentioned "I was just thinking of the notices that my landlord gets, probably at the lease signing. It would be a good time for the landlord to be aware before getting into this contract. These are legal provisions that are in place. Even when they get inspection notice, they get the same notice that we get as residents so they can get something in the mail that can be like an annual reminder."

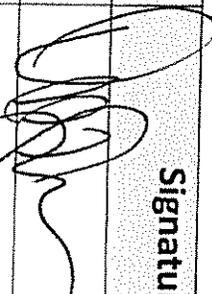
Other members seconded this idea.

3. To keep families from moving away from Hawaii, a Board member suggested working with certain landlords, or real estate agencies. She said that at her current working place, they are trying to get a list of community partners together to help clients that are trying to build up their financial literacy. She said "It's hard to move when you are trying to find an owner that will accept section 8 and a place where you would qualify financially. Therefore, if you have a running group or certain people that are alert to this homelessness problem and high cost of living and they'd want to help; I don't know, some kind of networking in some sense. I know that's a lot to put together."
4. Regarding finding housing, one Board member said that in her current job, she does searches on Craigslist for potential rentals and gives them to clients. She mentioned though that there has to be a more effective way of helping her clients. She also mentioned that some realty companies don't advertise potential rentals but if you call them, they do offer more listings.

#### PHA Narrative

The RAB meeting was effective in gathering comments and answering questions that the RAB members had regarding certain agenda items such as the changes to the FSS interim reimbursements and escrow accounts, educating landlords and tenants on VAWA, and portability concerns. They offered suggestions on disseminating VAWA information. They gave good feedback and had no objections to the current goals and objectives.

**2017 Resident Advisory Board (RAB) Meeting**  
**Draft FY 2018 PHA Annual Plan**  
 January 23, 2017  
 10:00 a.m. to 11:00 a.m.

RAB Member	Signature	EMAIL	Phone Number
Deeana J. Joseph (Chair)		Deeana.joseph@yma.org	6936654
Mabel U. Nagaseu		mabelnagaseu@yahoo.com	808-723-0398
Billie-jo T. Naleieha		tiaran78@gmail.com	746 9980
Lanaytte K. Paia			
Chantrelle A. Waialae		Chantrelle@hawaii.edu	688-4350
			
			



## **APPENDIX E**

### **Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan**



**Certification by State or Local  
 Official of PHA Plans Consistency  
 with the Consolidated Plan or  
 State Consolidated Plan  
 (All PHAs)**

U. S Department of Housing and Urban Development  
 Office of Public and Indian Housing  
 OMB No. 2577-0226  
 Expires 2/29/2016

**Certification by State or Local Official of PHA Plans  
 Consistency with the Consolidated Plan or State Consolidated Plan**

I, Gary K. Nakata, the Director  
*Official's Name* *Official's Title*

certify that the 5-Year PHA Plan and/or Annual PHA Plan of the

City and County of Honolulu

*PHA Name*

is consistent with the Consolidated Plan or State Consolidated Plan and the Analysis of

Impediments (AI) to Fair Housing Choice of the

City and County of Honolulu

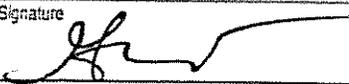
*Local Jurisdiction Name*

pursuant to 24 CFR Part 91.

Provide a description of how the PHA Plan is consistent with the Consolidated Plan or State Consolidated Plan and the AI.

The FY 2018 PHA Annual Plan is consistent with HUD objectives. The Plan included citizen participation outreach through the Public Hearing and notices on the DCS website. The goals and objectives outlined in the Plan are consistent with the FYs 2015-2020 Consolidated Plan. It ensures equal opportunity and furthers fair housing objectives. It also improves the quality of housing and housing choices.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Gary K. Nakata	Director
Signature	Date
	APR - 6 2017



## **APPENDIX F**

### **Civil Rights Narrative Affirmatively Furthering Fair Housing**



## **CIVIL RIGHTS NARRATIVE AFFIRMATIVELY FURTHERING FAIR HOUSING**

### **A. ASSESSMENT OF THREE TO FIVE YEAR GOALS**

Actions undertaken during the report period to address *Strategic Plan* objectives and areas of high priority identified in the *Consolidated Plan* are delineated by source of funds and are included in the *Community Development Block Grant (CDBG)*, *Home Investment Partnerships (HOME)*, *Emergency Solutions Grants (ESG)*, *Continuum of Care grants (CoC)*, and *Housing Opportunities for Persons With Aids (HOPWA)* sections of this narrative.

### **B. ACTIONS TAKEN TO AFFIRMATIVELY FURTHER FAIR HOUSING**

- 1) During the reporting period, the City received and responded to multiple and diverse fair housing inquiries from the public. The City's Fair Housing Office provided information, counseling, and referral to other community resources as appropriate including referrals to the Legal Aid Society of Hawaii, Hawaii Civil Rights Commission, the State of Hawaii landlord tenant hotline, and other agencies.
- 2) The City's Fair Housing Office continued to require nonprofit housing developers to submit the Affirmative Fair Housing Marketing Plan, HUD Form 935.2A, to outline their marketing of affordable housing to protected classes such as the disabled, elderly, and non-English proficient persons.
- 3) The Fair Housing Office continued to require nonprofit lessees of City owned Special Needs Housing properties to complete and submit the HUD Form 935.2A with their proposals to lease or renew their leases with the City.
- 4) Administered two HOPWA contracts, totaling more than \$450,000 which served approximately 300 persons through the provision of rental assistance, emergency assistance, case management and advocacy services provided by two nonprofit agencies.
- 5) The Fair Housing Office planned and coordinated the Mayor's Proclamation of April 2016 as "Fair Housing Education Month" in the City and County of Honolulu. The Proclamation Ceremony was held on April 7, 2016 in the Mayor's Office. During the ceremony, Deputy Managing Director Georgette Deemer presented fair housing advocates with a proclamation.
- 6) Affirmatively furthered fair housing education with numerous fair housing advocates by participating in the "Fair Housing Awareness Fair" at the State Capitol on April 13, 2016. The City partnered with Hawaii Civil Rights Commission, Hawaii Public Housing Authority, Legal Aid Society of Hawaii, and other organizations to promote education of fair housing at the State Capitol to raise awareness for fair housing issues.
- 7) Affirmatively furthered fair housing education by sponsoring the event, "Fair

## ATTACHMENT F

Housing Training 2016: Shared Opportunity in Every Community” on April 21, 2016 at the Neal Blaisdell Center. The training enhanced the fair housing knowledge of more than 190 landlords, property managers, advocates, tenants, agency staff, and others. The training this year had a special presentation from the State of Hawaii Office of Language Access that educated attendees on the language access in relation to national origin.

- 8) Participated in the joint “*Analysis of Fair Housing Impediments Study*” that was conducted by the University of Hawaii’s Center on Disabilities Studies. This was a joint undertaking of four state agencies and all four of the counties. The study commenced in December 2015 and was completed in November of 2016. The main focus of the 2016 study was on people with disabilities. The results of the study are currently being worked on to focus and guide fair housing activities and initiatives in the future.
- 9) Maintained the “Fair Housing Office” portion of the Department of Community Services (DCS) website, <http://www1.honolulu.gov/dcs/fairhousing.htm>, to include a briefing and recital of fair housing laws, translation of fair housing information in Chinese, Ilokano, Korean, Marshallese, Samoan, Spanish and Tagalog, and a listing of fair housing information and enforcement resources.
- 10) Instituted standard protocols for all Department of Community Services Project Officers to submit plans for City-funded construction projects to the State of Hawaii Disabilities Communication Access Board (DCAB) for review/evaluation in compliance with HRS 103-50.
- 11) The City Fair Housing Office expanded its collaborative network of resource persons and agencies through attendance at training activities, including the March 10, 2016, Developing New, Accessible, and Affordable Housing for Persons with Disabilities Today seminar, presented by Accessible Space, Inc.; the May 3, 2016 Disability Access Conference conducted by the State of Hawaii’s Disability and Communication Access Board; the October 11, 2016 Design Conference: Accessible Residential Dwelling Units conducted by the State of Hawaii’s Disability and Communication Access Board; and the November 02, 2016 Fair Housing Training conducted by the Hawaii Civil Rights Commission, the Hawaii Legal Aid Society, and the local HUD Office.
- 12) The City’s Fair Housing Office continued to work with nonprofit agencies that lease Special Needs Housing properties from the City through the Department of Community Services. The agencies use these properties as emergency shelters and domestic violence shelters. The agencies are reminded of federal laws under Title VI I Rights Act of 1964 (as amended) and Title VIII of the Civil Rights Act of 1968 (as amended) that prohibit any discrimination in service provision based on race, color, national origin, gender, or sexual identity.
- 13) Analyzed inquires made to, or referred to, the Fair Housing Office. The most common problems were related to two areas: landlord tenant conflict and disability rights/accessibility issues. Future training and outreach efforts will target these areas.

ATTACHMENT F

- 14) The Fair Housing Office's collaborative network has expanded with additional expertise being provided by the University of Hawaii's Office of Disability Rights, the State of Hawaii's Disabilities Communications and Access Board (DCAB), the Hawaii Disabilities Rights Center, Mental Health Hawaii, the State of Hawaii Department of Commerce and Consumer Affairs landlord-tenant program, Hawaii Public Housing Authority, Hawaii Housing Finance and Development Corporation, City and County of Honolulu Section 8 Rental Assistance, and others.

- End Jan. 2017 -



## **APPENDIX G**

### **Public Hearing Narrative**



## ATTACHMENT G

### **Public Hearing Draft FY 2018 PHA Annual Plan Challenged Elements**

The Public Hearing to take testimony for the Draft Fiscal Year (FY) 2018 PHA Annual Plan was held on Friday, March 24, 2017 at 10:00 a.m. The written comment period ended at EOB on Friday, April 7, 2017. No written comments were received by the PHA during the comment period.

The presiding officer was Ms. Jayne Lee, Section 8 Administrator. The Public Hearing was called to order at 10:00 a.m.

As there were no oral challenges to the Draft FY 2018 PHA Annual Plan elements and no oral or written testimonies given, the public hearing was officially adjourned at 10:02 a.m.



**APPENDIX H**

**Progress Report  
Goals and Objectives**



## ATTACHMENT H

### Goals and Objectives

#### **A. Expand the supply of assisted housing**

##### **Objectives:**

- 1. Apply for the maximum number of new Housing Choice Vouchers (HCV), when made available by HUD**

The PHA applied for and was approved for 57 additional VASH Vouchers totaling \$720,936.

- 2. Adopt strategies and options that maintain the maximum program size of the HCV Program**

The PHA monitors the payment standards. The payment standards are measured in relation to rent burden on the families and funding availability. Due to the FY 2016 funding shortfall, effective July 15, 2016, the PHA stopped issuing vouchers, absorbing port-ins, and allowing port-outs unless the Receiving Housing Authority (RHA) agreed to absorb them or if family moves to a lower cost area.

The PHA was able to apply for shortfall funding to avoid termination of current tenants. The PHA monitored and updated the Payment Standards in October 2016. With limited affordable housing availability, the PHA is looking towards project-based vouchers as a means to add to the affordable housing inventory.

- 3. Explore ways to expand service delivery to all housing markets on Oahu**

The Landlord Specialist has been successful in expanding service delivery to all housing markets by educating potential Landlords of the Section 8 program, helping current tenants find rentals in different parts of Oahu and briefing applicants on their role and responsibilities in the Section 8 Program. The Landlord Specialist develops relationships with Section 8 tenants and landlords throughout the Island.

#### **B. Improve the quality of assisted housing**

##### **Objectives:**

- 1. Maintained a "High performer," Section Eight Management Assessment Program (SEMAP) score. The PHA obtained the "High Performer" rating for the SEMAP certified for the fiscal year ending June 30, 2016 and the PHA continues to strive for the high performance rating.**

- 2. Maximize utilization of available vouchers**

The PHA continues to promote the program benefits to community partners and landlords. The Family Unification Program and the Family Self-Sufficiency (FSS-FUP) Demonstration will allow the PHA to work with Hale Kipa to provide housing to youth and provide them life skills to help them become self-sufficient. The PHA was chosen by HUD to participate in the FSS-FUP Demonstration, which will allow FUP-Youth to voluntarily participate in the FSS program and thereby extend their housing assistance for five additional years.

Working with community partners enables the PHA to gather information about available funds for security deposits and other leasing barriers.

## ATTACHMENT H

The lack of affordable housing is the biggest barrier for families. Project-based vouchers will provide the opportunity for more affordable housing units.

### **3. Explore new and existing ways to fund, coordinate and link supportive services to housing**

The PHA staff attended the following events:

- a. 11/17/2015: Landlord Summit
- b. 2/18/2016: Transit Oriented Development (TOD) Workshop
- c. 3/17/2016: Family Self-Sufficiency Program Coordinating Committee Meeting
- d. 4/21/2016: Fair Housing Training Event
- e. 4/26/2016: Annual Coordinators' Meeting
- f. 4/29/2016: Examiner's In-house Training
- g. 6/16/2016: Family Self-Sufficiency Program Coordinating Committee Meeting
- h. 6/24/2016: Lead and Healthy Homes Training Workshop
- i. 7/26/2016: HUD Training on HCV Tool
- j. 9/15/2016: Family Self-Sufficiency Program Coordinating Committee Meeting
- k. 9/22/2016 and 9/23/2016: Office of Language Access Orientation and Workshop
- l. 11/18/2016: Statewide Homeless Awareness Conference
- m. 12/01/2016: Family Self-Sufficiency Program Coordinating Committee Meeting

These events helped staff to keep abreast of community partners and the services that they provide. In FY 2017, the PHA will discuss social media options to promote the program that will allow the agency to receive and give feedback on a wider scale.

### **C. Increase Housing Choices**

#### **Objectives:**

#### **1. Conduct a thorough analysis of payment standards**

The PHA checked and updated the payment standards in October 2016. The PHA continues to monitor payment standards as it affects the rent burden of the families as well as monitor funding in order to maintain maximum program size for the HCV program.

#### **2. Continue the Homeownership Option Program (HOP) throughout Oahu**

The PHA is currently updating the HOP Administration rules. The PHA plans to give preference to those who have received homeownership buyer's training and is pre-qualified for a mortgage loan.

However, housing on Oahu is expensive and the average purchase prices have increased. The most recent homeowners have all been either those who purchased through Self-Help housing or through the Department of Hawaiian Home Lands.

#### **3. Develop strategies for providing training and outreach to landlords**

Although all staff, especially the inspectors, have been helpful in promoting the program, the Landlord Specialist has by far, been the best marketing tool for the agency.

## ATTACHMENT H

### D. Promote Self Sufficiency

Objectives:

- 1. Increase the number of families enrolled in the Family Self-Sufficiency (FSS) program and continue to set up and administer escrow accounts for families participating in the FSS program.**

Applied for: HUD FY 2016 Family Self-Sufficiency (FSS) Program Coordinator renewal funding for three (3) positions and was awarded funding for (3) positions totaling \$189,008.

Homeownership Option Program (HOP) continues to be the top reason for enrollment as it provides assistance to families interested in homeownership by preparing families with financial readiness. In FY 2016, zero (0) families moved toward homeownership and six (6) families became subsidy free. Enrollment should increase because of the FSS-FUP Demonstration.

- 2. Identify and facilitate supportive services**

An annual FSS Program Coordinating Committee (PCC) will be held to cover all aspects of the Family Self-Sufficiency Program.

At least one main FSS PCC meeting will be held annually with more meetings scheduled as needed. Subcommittees consisting of, but not limited to, education, employment, and social services are being planned to allow more focus on specific areas, with experts in these areas. This allows the PHA to network with other community service providers with similar focuses. These focus-oriented meetings will provide opportunities for staff and providers to collaborate on new strategies and form new partnerships.

- 3. Seek new partnerships with entities to enhance social and economic services**

The PHA invites other agencies to speak and attend the FSS PCC meetings. The PHA continues to search for different and new community service providers that may be able to assist our families.

- 4. Explore ways to fund, coordinate, and link supportive services in communities**

The FSS program uses a Listserv which provides interested parties with updated information. FSS coordinators are able to link with each other and gather information or best practices on supportive services in the different neighborhoods across the nation.

### E. Ensure equal opportunity and affirmatively further fair housing

Objectives:

- 1. Continue to improve the distribution of Fair Housing information**

Applicants are provided with information regarding equal opportunity and affirmatively further fair housing. The applicants are briefed on Section 8 rules and regulations and given informational packets which include equal opportunity and fair housing information. Families are also able to access information on the PHA's website at <https://www.honolulu.gov/dcs/housing.html>.

- 2. Undertake affirmative measures to ensure access to all persons regardless of race, color, religion, national origin, sex, familial status, and disability.**

## ATTACHMENT H

On all outgoing notices, the PHA gives the opportunity for customers to request interpreters at no cost. It also gives disabled persons information on how to request help in accessing the PHA buildings. Landlords and Section 8 tenants are also briefed and given information on Fair Housing rules and regulations participants.

Required notices are posted at every interview station and waiting room areas. The PHA monitors the need and/or requirements for the translation of key documents. Section 8 staff continues to receive training and participate in workshops when available.

3. Continue to improve the dissemination of Violence Against Women Act (VAWA) information. Section 8 applicants, participants, and landlords are briefed and given information on the VAWA rules and regulations.

### **F. Improve housing delivery system**

#### **1. Evaluate the current administration of the HCV Program**

Administration of the HCV Program monitors HUD regulation changes and updates the Section 8 rules and regulations as needed.

The PHA is looking to upgrade the current software.

#### **2. Provide training to staff**

In FY 2016, HUD provided several trainings including Lead and Healthy Homes Training Workshops and training on the HCV two-year tool. Also, the City and County of Honolulu's training catalog allows staff the opportunity to increase skills and stay current on different topics. The PHA staff can sign up for training in customer service, project planning, software and computer training, and other related classes.

HCV Specialist training was provided to several staff members and who are currently being certified or recertified. Refresher training is important to achieve continued quality work.

#### **3. Provide utility allowance schedule annually**

The CY 2017 Utility Allowance schedule was disseminated in October 2016. However, due to a flaw in the HUD Utility Schedule Model (HUSM) tool, the schedule was updated in December 2016.

#### **4. Maintain and develop effective reporting systems to improve operation efficiency**

The PHA continues to use Happy Software's Housing Pro software program to transfer data and reports to HUD. The Software helps staff to meet HUD requirements in a timely and accurate manner. The Administrative Plan is being updated to reflect HUD's recommended streamlining measures to cut cost and staff workload.

## ATTACHMENT H

### **G. Seek partnerships that will further the goal of affordable housing opportunities**

#### **1. Partner with other Local, State and Federal agencies**

PHA Staff attended the Annual Coordinators' Meeting on April 26, 2016. This helped foster open communication with the other housing agencies in the State. The PHA's were able to discuss and learn best practices from each other having similar challenges. HUD provided an overview on the different components of the Housing Choice Voucher Program such as the two-year forecasting tool.

#### **2. Provide leadership, support and enhance partnership with Federal, State and Local agencies to address affordable housing and supportive service issues**

The PHA continues to attend workshops and trainings throughout the year such as the Fair Housing Workshop and Statewide Homeless Awareness Summit. This helps foster a good working relationship with HUD and stay connected to our federal, state and local agencies. The PHA provides data when requested and if available.

Our local HUD office staff has been very instrumental in providing the PHA with advice, guidance, and support.

#### **3. Explore possibilities and resources to provide and encourage linking supportive services and housing**

Staff continues to network while attending the different conferences and workshops throughout Fiscal Year 2016. The FSS PCC meetings also provide a venue to nurture current relationships and cultivate new connections.

As a part of the county of Oahu government, the PHA continues to assist as many Oahu families as the budget will allow through collaborative efforts with other departments and divisions within the county and the state.





