PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 8/30/2011

1.0 **PHA Information**
PHA Name: City and County of Honolulu PHA Code: HI003
PHA Type: ☐ Small ☒ High Performing ☐ Standard ☒ HCV (Section 8)
PHA Fiscal Year Beginning: (MM/YYYY): 07/2013

2.0 **Inventory** (based on ACC units at time of FY beginning in 1.0 above)
Number of PH units: _____ Number of HCV units: 4567

3.0 **Submission Type**
☐ 5-Year and Annual Plan ☒ Annual Plan Only ☐ 5-Year Plan Only

4.0 **PHA Consortia** ☐ PHA Consortia: (Check box if submitting a joint Plan and complete table below.)

Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program	
				PH	HCV
PHA 1:					
PHA 2:					
PHA 3:					

5.0 **5-Year Plan.** Complete items 5.1 and 5.2 only at 5-Year Plan update.

5.1 **Mission.** State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years:

This is the Annual Plan update. Mission 5.1 is completed only at the 5-year plan update. The FY2010-2014, 5-year plan can be found at: www1.honolulu.gov/dcs/phaplans.htm or in person at 51 Merchant St., 2nd Floor, Honolulu, HI 96813

5.2 **Goals and Objectives.** Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

This is the Annual Plan update. Goals and Objectives, 5.2 is completed only at the Final-year plan update. The FY2010-2014, 5 year plan can be found at:
www1.honolulu.gov/dcs/phaplans.htm or in person at 51 Merchant St., 2nd Floor, Honolulu, HI 96813

6.0

PHA Plan Update

(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:

1. **Eligibility, Selection and Admissions Policies:**

Title and Chapter are amended. §§1-1 to 1-30 has been amended and renumbered. Chapter is compiled.
Chapter 1, Section 1-9, Establishment of a Waiting List, Placement onto Waiting List, has been amended by removing placement by date and time of the receipt of application and replacing it with a lottery method;

Chapter 1, Section 1-10, Issuance of Voucher, Preference in Selecting Eligible Families, has been amended by (1) adding a new preference for families who are receiving a HUD Special Funded Voucher for which funding will be exhausted and that meets the requirements set forth by the organization and (2) revising limit on preference from 10% of all vouchers issued from July 1 through June 30 of each year to qualifying families to 5% of the total amount of budget authority. The amendment removes the stipulation that a family that is homeless or disabled must be currently residing in an approved Section 8 unit and rent is reasonable and must pass Housing Quality Standards. The amendment deletes all references to date and time of application and substitutes lottery position;

Chapter 1, Section 1-20, Reexamination, removes statement that reexamination of a Family's income, composition and expenses shall be made at least annually and replaces it with a Family must be recertified for participation in the Program annually. The amendment includes rules on when a Family share of rent increase or decreases;

Chapter 1, Section 1-23, Termination of Assistance Due to Insufficient Funding, has been amended to remove the three categories of participants and substitutes the most recent date of admission as the criterion by which participants' assistance is terminated;

Chapter 1, Section 1-27, Equal Opportunity Requirements, is being amended by adding victims of domestic violence, dating violence or stalking (VAWA).

2. **Financial Resources:**

Sources (Projected)	Planned
HCV Housing Assistance Payments	$41,766,511
Mainstream (MS) Based on ACC	$1,751,856
Moderate Rehabilitation (MRP) estimate	$152,910
Administrative Fees	$3,170,690
Enhanced Vouchers (Opt-outs)	$1,160,064
FSS Coordinator grant for CY13	$189,008
Total Revenue	$48,191,039

3. **Rent Determination:**
No Changes

4. **Operation and Management:**

Program Name	Program Size (Baseline)	FY2014 Projected Program based on Funding availability
Section 8 Vouchers	4292	3456
Enhanced Vouchers (Opt-outs)	96	96
Section 8 Mod Rehab	40	40
Mainstream Vouchers	175	175
Family Unification Program	100	100

5. **Grievance Procedures:**
No Changes

6. **Designated Housing for Elderly and Disable Families** – N/A

7. **Community Service and Self-Sufficiency** – N/A

8. **Safety and Crime Prevention** – N/A

9. **Pets** – N/A

10. **Civil Rights Certification**

(See Attachment C)

11. **Fiscal year Audit**
The Agency was not selected to be audited for FY 2012. However, a FY 2012 Comprehensive Annual Financial Report for the City was

completed. The report can be found on-line at: www1.honolulu.gov/budget/cafrfy12.pdf#pagemode=bookmarks. We have attached the most recent audit (FY 2011) to this annual plan.
(See Attachment A)

12. Asset Management – N/A

13. Violence Against Women Act (VAWA):

1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking:

The Domestic Violence Action Center provides client advocacy, crisis support, risk assessment, legal representation and referral. The Hawaii State Coalition Against Domestic Violence (HSCADV) and the Ohia Domestic Violence Shelter provide statewide services. The HSCADV coordinates efforts to end family violence in Hawaii by providing education and training on family violence to service providers, collects resource materials, and serves as a clearinghouse, provides technical assistance on family violence matters, and provides facilitation for member agencies. On Oahu, HSCADV member agencies providing resources and support are: DV Services, Child & Family Service, Domestic Violence Action Center, Victim/Witness Services, Committee on Family Violence, Family Peace Center, and the Joint Military Family Shelter. Other available resources include, Child Abuse Hotline, Parent Line, Windward Spouse Abuse Center, Women In Need, Catholic Charities, Legal Aid Society of Hawaii and Volunteer Legal Services Hawaii.

2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing:

The Agency provides support and resources by providing information about VAWA and making referrals to resource agencies. The landlord specialist provides assistance to families who are experiencing difficulty in obtaining or maintaining housing due to domestic violence. The Agency periodically meets with resource agencies to learn more about services in the community that are available to child or adult victims of domestic violence, dating violence, sexual assault or stalking.

3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, or to enhance victim safety in assisted families.

The Agency continues to provide information by notifying families and landlords about VAWA. Landlords are also provided information about VAWA at the Section 8 Landlord workshops. The Agency also continues to seek out resources that can be distributed to Section 8 families. In 2012, the PHA continues to provide Emergency Shelter Grant funds to the Child and Family Services to operate shelters for families who are experiencing domestic violence. The Agency also leases two Honolulu properties to CFS which are used as emergency and transitional shelter and funded the Windward Spouse Abuse Shelter with Emergency Solutions Grant (ESG) and CDBG funds. Title 8, Chapter 10 includes the Agency's VAWA statement.

(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.

1) Main administrative office of the Agency: 51 Merchant St., 2nd Floor, Honolulu, HI 96813
2) Section 8 Office – 842 Bethel Street, 2nd Floor, Honolulu, HI 96813
3) Section 8 Office – Kapolei Hale, Room 118, Kapolei, HI 96707
4) PHA website: www1.honolulu.gov/dcs/phaplans.htm
5) Mission Memorial Building, Customer Service Department, Information Branch: 550 South King Street, Honolulu, HI 96813

7.0

Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. *Include statements related to these programs as applicable.*

1) Homeownership

Homeownership Option Program (HOP) continues to provide assistance to families interested in homeownership by preparing families with financial readiness. In 2012, 2 families moved toward homeownership and 1 family became subsidy free.

2) Project-based Vouchers

The Agency plans to implement a Project-Based Voucher Program at the start of FY14 with 60 units designated to receive Project-Based Assistance provided funds are available. The Agency will continue to meet the Agency's goal of increasing housing choice opportunities for low income families. Title 8, Chapter 13 of the Administrative Plan has been amended and revised to support and administer this program.

8.0

Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable.
N/A

8.1

Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the *Capital Fund Program Annual Statement/Performance and Evaluation Report*, form HUD-50075.1, for each current and open CFP grant and CFFP financing.
N/A

8.2

Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the *Capital Fund Program Five-Year Action Plan*, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.
N/A

8.3	**Capital Fund Financing Program (CFFP).** ☐ Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements. N/A
9.0	**Housing Needs**. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Not applicable as this is a PHA Annual Plan submission
9.1	**Strategy for Addressing Housing Needs**. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.** Not applicable as this is a PHA Annual Plan submission
10.0	**Additional Information**. Describe the following, as well as any additional information HUD has requested. Not applicable as this is a PHA Annual Plan submission

11.0	**Required Submission for HUD Field Office Review**. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office. (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights) ***(See Attachments B and E)*** (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only) – N/A (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only) – N/A (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only) – N/A (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only) – N/A (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations. ***(See Attachment D)*** (g) Challenged Elements – There were no challenged elements (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only – N/A (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only) – N/A

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. 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 and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information
Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory
Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type
Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia
Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan
Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan**.**

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

(a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.

(b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central off ice of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.

4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.

5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.

6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1**) development name and number; **2**) designation type; **3**) application status; **4**) date the designation was approved, submitted, or planned for submission, and; **5**) the number of units affected.

7. **Community Service and Self-Sufficiency.** A description of: (**1**) Any programs relating to services and amenities provided or offered to assisted families; (**2**) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**

8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.

10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.

11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.

12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

13. **Violence Against Women Act (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

(a) **Hope VI or Mixed Finance Modernization or Development.** **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm

(b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: **(1)** A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and **(2)** A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent **that approved and/or pending** demolition and/or disposition has changed.

(c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: **1)** A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or that the public housing agency plans to voluntarily convert; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/conversion.cfm

(d) **Homeownership**. A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.

(e) **Project-based Vouchers**. If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 **Capital Improvements.** This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 **Capital Fund Program Annual Statement/Performance and Evaluation Report.** PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

(a) To submit the initial budget for a new grant or CFFP;

(b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and

(c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;

2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and

3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 **Capital Fund Program Five-Year Action Plan**

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 **Capital Fund Financing Program (CFFP).** Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note:** Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note:** Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

(a) Progress in Meeting Mission and Goals. PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan**. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

(b) Significant Amendment and Substantial Deviation/Modification. PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

(c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

(a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*

(b) Form HUD-50070, *Certification for a Drug-Free Workplace* **(PHAs receiving CFP grants only)**

(c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* **(PHAs receiving CFP grants only)**

(d) Form SF-LLL, *Disclosure of Lobbying Activities* **(PHAs receiving CFP grants only)**

(e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* **(PHAs receiving CFP grants only)**

(f) Resident Advisory Board (RAB) comments.

(g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.

(h) Form HUD-50075.1***, Capital Fund Program Annual Statement/Performance and Evaluation Report*** **(Must be attached electronically for PHAs receiving CFP grants only).** See instructions in 8.1.

(i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* **(Must be attached electronically for PHAs receiving CFP grants only).** See instructions in 8.2.

ATTACHMENT A

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, 2011

Single Audit of Federal Financial
Assistance Programs

ATTACHMENT A

City and County of Honolulu
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Year Ended June 30, 2011

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PART 1

INTRODUCTION

ATTACHMENT A

ACcuity LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2011

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

We have completed our financial audit of the basic financial statements of the City and County of Honolulu, State of Hawaii ("City"), as of and for the year ended June 30, 2011. 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.

The audit objectives and scope of our audits, as defined in our contract with the City, are as follows:

OBJECTIVES

1. To provide a basis for an opinion on the fair presentation of the City's basic financial statements and operations for which the City is responsible.

2. To determine whether the City's internal controls are adequate in assuring that:

   a) there is effective control over and proper accounting of revenues, expenditures, assets and liabilities;

   b) the City has established sufficient internal controls to properly manage federal financial assistance programs; and

   c) the City complies with applicable laws and regulations regarding internal controls.

3. To determine whether expenditures and other disbursements have been made and all revenues and other receipts to which the City is entitled have been collected and accounted for in accordance with the laws, rules and regulations, and policies and procedures of the City, the State of Hawaii, and the federal government (where applicable).

4. To determine whether the City has complied with the laws and regulations that may have a material effect on the financial statements and on each major federal financial assistance program.

5. To ascertain the adequacy of the financial and other management information reports in providing officials at the different levels of the City with information to plan, evaluate, control, and correct program activities of the City and the operations for which the City is responsible.

999 Bishop Street, Suite 1900
Honolulu, Hawaii 96813
Telephone: 808 531 3400 Facsimile: 808 531 3433

6. To recommend improvements to the City's systems and procedures, including, but not limited to, the management information system and the accounting and operating procedures.

7. To provide a basis for two separately issued opinions on the fair presentation of the City's financial statements relating to two enterprise funds – the sewer system and the public transportation system.

SCOPE OF AUDITS

1. We performed our audits of the City's financial statements as of and for the year ended June 30, 2011 in accordance with auditing standards generally accepted in the United States of America, as adopted by the American Institute of Certified Public Accountants, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

2. As part of our audit of the City's financial statements, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. We also evaluated the City's internal control over financial reporting, which included an assessment of the internal controls in place to ensure effective control over and proper accounting of financial information and compliance with laws and regulations.

3. We performed our audit of the City's federal financial assistance programs for the year ended June 30, 2011 in accordance with auditing standards generally accepted in the United States of America, as adopted by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in *Government Auditing Standards*, certain provisions of the Office of Management and Budget ("OMB") Circular A-133 and the applicable sections described in the OMB's Circular A-133 Compliance Supplement.

ORGANIZATION OF REPORT

This report is organized into the following parts:

1. Part 1, entitled "Introduction," briefly describes the objectives and scope of our audits and the organization and contents of this report.

2. Part 2, entitled "Compliance and Internal Control" includes the "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*" report on the City's internal control over financial reporting and compliance and other matters, the "Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133" report on the City's compliance and internal control over federal awards, and a schedule of expenditures of federal awards for the year ended June 30, 2011.

3. Part 3, entitled "Schedule of Findings and Questioned Costs," consists of current year findings and questioned costs, and the status of findings noted in the prior year's report.

4. The "Corrective Action Plan," includes the City's corrective action plan for the internal control and compliance matters noted in this report.

ATTACHMENT A

Our reports on the City's basic financial statements, the sewer system and the public transportation system financial statements as of and for the year ended June 30, 2011 have been issued separately. A separate management letter dated December 19, 2011 has also been issued.

We will be pleased to discuss any questions that you or your associates may have regarding our report.

Very truly yours,

Accuity LLP

DMT/CY

PART 2

COMPLIANCE AND INTERNAL CONTROL

ATTACHMENT A

Accuity LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors 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*

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

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with 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. Other auditors audited the financial statements of the Board of Water Supply, which is the City's discretely presented component unit, 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 controls 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

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

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Our consideration of the 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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we and the other auditors identified a deficiency in internal control over financial reporting, described in Finding No. 2011-1 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City Council in a separate letter dated December 19, 2011.

The City's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accuity LLP

Honolulu, Hawaii
December 19, 2011

ATTACHMENT A

Accuity LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the City and County of Honolulu's, State of Hawaii ("City"), 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, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Board of Water Supply, a discretely presented component unit, which expended $3,905,727 in federal awards which is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of the Board of Water Supply because it engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 2011-2 to 2011-5.

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Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding No. 2011-2. A significant deficiency in internal control over compliance is a deficiency, or a 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. We did not audit the financial statements of the Board of Water Supply, which is the City's discretely presented component unit. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

ATTACHMENT A

This report is intended solely for the information and use of the City Council, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accuity LLP

Honolulu, Hawaii
December 19, 2011

ATTACHMENT A

City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Agriculture			
Pass-through from the State Department of Education			
Summer Food Service Program for Children	10.559	12-351523	$ 110,402
Pass-through from the State Department of Human Services			
Food Stamp Employment Training	10.561	DHS-06-BESSD-3000SA4, DHS-06-BESSD-3000SA5, DHS-11-SNAP-301	22,046
Total U.S. Department of Agriculture			132,448
U.S. Department of Commerce			
Economic Adjustment Assistance	11.307	—	314
Statewide Comprehensive Economic Development Strategy	11.307	—	12,487
			12,801
Pass-through from the State Department of Defense			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0005	141,667
Total U.S. Department of Commerce			154,468
U.S. Department of Housing and Urban Development			
Supportive Housing for Persons with Disabilities	14.181	—	1,454,010
CDBG Entitlement Grants Cluster			
Community Development Block Grants – Entitlement Grants	14.218	—	7,793,740
ARRA – Community Development Block Grants – Entitlement Grants	14.253	—	538,790
Total CDBG Entitlement Grants Cluster			8,332,530 *
Emergency Shelter Grants Program	14.231	—	368,674
Supportive Housing Program	14.235	—	272,574
Shelter Plus Care Program	14.238	—	3,942,883
HOME Investment Partnerships Program	14.239	—	3,383,017
Housing Opportunities for Persons with AIDS	14.241	—	419,194
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	—	702
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	—	1,783,009 *
Lower Income Housing Assistance – Section 8 Moderate Rehabilitation	14.856	—	137,849
Section 8 Housing Choice Vouchers	14.871	—	43,667,220 *
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	PMB 09-03	334,616
Total U.S. Department of Housing and Urban Development			64,096,278
U.S. Department of the Interior			
Honolulu Land Information System ("HoLIS") Web Site Project	15.808	—	17
Historic Preservation Fund Grants-In-Aid	15.904	—	36,553
ARRA – Geiger Community Park	15.916	—	632,554
Total U.S. Department of Interior			669,124
U.S. Department of Justice			
Domestic Cannabis Eradication/Suppression Program	16.000	—	95,388
Federal Asset Forfeiture	16.000	—	113,549
Pass-through from the State Department of Human Services			
Juvenile Accountability Block Grants	16.523	06-OYS-3035 MOA-CA-1130	141,334
Violence Against Women Formula Grants	16.588	08-WF-13, 09-EF-07	77,334
Project Safe Neighborhoods	16.609	07-GP-01, 07-GP-02 09-GP-01	65,247
ARRA – Public Safety Partnership and Community Policing Grants	16.710	—	1,676,150
Public Safety Partnership and Community Policing Grants	16.710	—	357,329
			2,033,479 *
Pass-through from the State Department of Attorney General			
Crime Victim Assistance	16.575	04-VA-02, 08-VA-02	847,529
ARRA – Back On Track Project	16.588	06-WF-21, 08-WF-21	70,624

City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
		09-EF-06	
Pass-through from the State Department of Health			
Enforcing Underage Drinking Laws Program	16.727	MOU 08-211, Mod. 2, 3	31,585
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant	16.738	—	352,202
Pass-through from the State Attorney General			
Edward Byrne Memorial Justice Assistance Grant	16.738	07-DJ-16, 07-DJ-18 09-DJ-11	103,401
Pass-through from the State Attorney General			
ARRA – Edward Byrne Memorial Justice Assistance Grant Program/ Grants to States and Territories	16.803	09-SU-11, 09-SU-21	166,509
ARRA – Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government	16.804	—	702,062
Total JAG Program Cluster			1,324,174 *
Forensic DNA Backlog Reduction Program	16.741	—	242,081
Pass-through from the State Department of Attorney General			
Gang Busters	16.744	07-PG-01, 07-PG-02 09-EF-06	35,104
Total U.S. Department of Justice			5,077,428
U.S. Department of Labor			
Pass-through from the State Department of Labor and Industrial Relations			
Unemployment Insurance	17.225	REED-06-0	285,448
Pass-through from the State Department of Labor and Industrial Relations			
Workforce Investment Act Cluster			
ARRA – Work Investment Act – Administration	17.250	WIA-08-ARRA-LAC-0	74,310
Work Investment Act – Administration	17.250	WIA-09-LAC-0, WIA-10-LAC-0	328,367
ARRA – Work Investment Act – Adult Program	17.258	WIA-08-ARRA-AP-O	78,194
Work Investment Act – Adult Program	17.258	WIA-09-AP-0, WIA-10-AP-0	1,049,580
ARRA – Work Investment Act – Youth Activities	17.259	WIA-08-ARRA-YP-0	913,813
Work Investment Act – Youth Activities	17.259	WIA-08-YP-0, WIA-09-YP-0, WIA-10-YP-0	987,804
ARRA – Work Investment Act – Dislocated Workers Program	17.260	WIA-09-DW-O WIA-ARRA-08-DW-0 WIA-09-NEG-OJT-O	890,814
Work Investment Act – National Emergency Grants	17.277	WIA-08-NEG-AA-O	94,155
Work Investment Act – Dislocated Workers Program	17.278	WIA-10-DW-O	625,065
Total Workforce Investment Act Cluster			5,042,102 *
WIA Pilots, Demonstrations, and Research Projects	17.261	AF-12383-02-60	201,161
Pass-through from the Youthbuild U.S.A.			
WIA Pilots, Demonstrations, and Research Projects	17.261	007	3,543
Pass-through from the RCUH Maui Community College			
WIA Pilots, Demonstrations, and Research Projects	17.261	PO Z715801	51,570
			256,274
Pass-through from the State Department of Labor and Industrial Relations			
Incentive Grants – WIA Section 503	17.267	WIA DEMO CAA-07-01	91,128
ARRA – Youthbuild	17.274	—	463,203
Youthbuild	17.274	—	15,069
			478,272
Pass-through from the State Department of Labor and Industrial Relations			
ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	WDC-ARRA-2010-12	114,402
Total U.S. Department of Labor			6,267,626

ATTACHMENT A

City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Transportation			
Pass-through from the State Department of Transportation			
Highway Planning and Construction	20.205	STP-0001, STP-7139(1), STP-0300, STP-0001(39), STP-0001(40), STP-0300(76), STP-8810(1), BR-NBIS(46)	5,297,693
ARRA – Highway Planning and Construction	20.205	ARR-0001, ARR-095-1(1)	1,004,198
Pass-through from the Oahu Metropolitan Planning Organization			
Highway Planning and Construction	20.205	PL-052(6), WE 201.65-07, FHWA 203.74-08, FHWA 203.75-09, FHWA 203.77-09, FHWA 203.79-10	809,364
			7,111,255
Federal Transit Cluster			
Federal Transit – Capital Investment Grants	20.500	HI-03-0047	22,948,611
Federal Transit – Formula Grants	20.507	HI-90-0017, HI-03-0037, HI-90-0026, HI-04-0005, HI-03-0040, HI-90-0026, FTA HI-90-X028, FTA HI-90-X029	7,128,895
ARRA – Federal Transit – Formula Grants	20.507	HI-96-0001	6,433,854
Total Federal Transit Cluster			36,511,360
Transit Services Program Cluster			
Job Access Reverse Commute	20.516	FTA HI-37-X002	233,462
New Freedom Program	20.521	FTA HI-57-X002	176,101
Total Transit Services Program Cluster			409,563
Pass-through from the State Department of Transportation			
State and Community Highway Safety	20.600	PS10-09(03-O-01), EM09-04(01-0-01), PS 10-09 (02-O-01), SC 11-06 (01-O-01), TR 10-03 (04-O-01), AL 10-02 (08-O-01)	708,228
Total U.S. Department of Transportation			44,740,406
U.S. Environmental Protection Agency			
Pass-through from the State Department of Health			
Capitalization Grants for Clean Water State Revolving Funds	66.458	C150046-55, C150048-60, C150048-68, C150046-70, C150070-45	3,336,805
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	—	49,346
Total U.S. Environmental Protection Agency			3,386,151
U.S. Department of Energy			
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000810	278,896
Total U.S. Department of Energy			278,896

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City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Department of Education			
Vocational Rehabilitation Cluster			
Pass-through from the State Department of Human Services			
Vocational Rehabilitation	84.126	DHS-06-BESSD-3000-SA5	2,793
ARRA – Vocational Rehabilitation	84.390	DHS-1-VR-305	63,643
Total Vocational Rehabilitation Cluster			66,436
Pass-through from the State Department of Education			
Twenty-First Century Community Learning Center	84.287	13023	9,053
Total U.S. Department of Education			75,489
U.S. Department of Health and Human Services			
Pass-through from the Executive Office on Aging			
Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	93.043	HON-2007 to 11-1	80,481
Aging Cluster			
Pass-through from the Executive Office on Aging			
Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	HON-2007-1, 2008-1, 2009-1, 2010-1, 2011-1	1,079,354
Supportive Services – FY07, FY08, FY09 and FY10	93.045	HON-2008-1, 2009-1, 2010-1, 2011-1	770,415
Home Delivered Meals – FY10	93.045	HON-2008-1, 2009-1, 2010-1, 2011-1	402,012
ARRA – Aging Home-Delivered Nutrition Services for States	93.705	—	52,419
ARRA – Aging Congregate Nutrition Services for States	93.707	—	128,476
Total Aging Cluster			2,432,676
Special Programs for the Aging – Title IV and Title II – Discretionary Projects	93.048	HON-ADRC-07-N HON-EBI-CDSMP-09	2,873
National Family Caregiver Support, Title III, Part E	93.052	HON-2008-1, 2009-1 2010-1, 2011-1	429,774
Pass-through from the State Department of Health			
Suicide Prevention Services	93.243	09-127 Mod. 4, 5, 6	182,415
TANF Cluster			
Pass-through from the State Department of Human Services			
First to Work and Case Management Services	93.558	DHS-08-BESSD-5042 DHS-08-BESSD-5043	1,240,090
Pass-through from the State Department of Human Services			
ARRA – Emergency Contingency Fund for TANF State Program	93.714	DHS-10-ETPO-199	927,357
Total TANF Cluster			2,167,447
Pass-through from the Executive Office on Aging			
ARRA – Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	HON-ARRA-CDSMP-10N	8,309
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	HON-MIPPA-2010	33,482
Pass-through from the State Department of Health			
Enforcement of Retail Tobacco Outlets in the City and County of Honolulu	93.959	ASO Log No. 09-010, Mod.1, 2	18,145
Strategic Prevention Framework State Incentive Grant	93.959	ASO Log No. 10-038, 10-190	441,019
			459,164
Total U.S. Department of Health and Human Services			5,796,621
Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	—	19,435
Total Corporation for National and Community Service			19,435

ATTACHMENT A

City and County of Honolulu
State of Hawaii
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program/Grant	Catalog of Federal Domestic Assistance Number	Pass-Through Identifier	Federal Expenditures
U.S. Executive Office of the President			
High Intensity Drug Trafficking Areas Program	95.001	—	1,592,194
Total U.S. Executive Office of the President			1,592,194
U.S. Department of Homeland Security			
Pass-through from the State Department of Defense			
March 2006 Flood	97.036	FEMA-1640-DR-HI, FEMA-1147-DR-HI	1,493,894
Emergency Management Performance Grants	97.042	2008-EM-E8-0039, 2009-EP-E9-0032	224,524
Pre-Disaster Mitigation	97.047	PDMC-09-HI-2008	62,827
2008 Assistance to Firefighter Grant	97.044	—	244,402
Homeland Security Grant Cluster			
Pass-through from the State Department of Defense			
Law Enforcement Terrorism Prevention Program	97.067	2007-GE-T7-0013	555,091
Citizen Corp Program	97.067	2007-GE-T7-0013, 2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-TS-0006	14,794
Metropolitan Medical Response System Program	97.067	2007-GE-T7-0013, 2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-TS-0006	288,437
Urban Areas Security Initiative Program	97.067	2006-GE-T6-0033, 2007-GE-T7-0013, 2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-TS-0006	4,034,652
State Homeland Security Program	97.067	2007-GE-T7-0013, 2008-GE-T8-0022, 2009-SS-T9-0006, 2010-SS-TS-0006	1,635,615
Total Homeland Security Grant Program			6,528,589
Pass-through from the State Department of Defense			
Rail and Transit Security Grant Program	97.075	2006-RL-T6-0009, 2007-RL-T7-0016, 2008-RL-T8-0023, 2010-RA-T0-0036	430,065
Regional Catastrophic Preparedness Grant Program	97.111	2008-CP-T8-0020, 2009-CA-T9-0009	594,072
Total U.S. Department of Homeland Security			9,578,373
Total Expenditure of Federal Awards			**$ 141,864,937**

(*)Denotes major federal financial assistance program as defined by OMB Circular A-133.

City and County of Honolulu
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30 2011

1. Basis of Presentation

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

2. Loans Outstanding

The City had the following loan balances outstanding and advances awarded as of and for the year ended June 30, 2011, which are not presented in the schedule of expenditures of federal awards.

Program Title	CFDA Number	Loans/Advances	Loans Outstanding
Major programs			
Community Development Block Grants – Entitlement Grants	14.218	$ 367,796	$ 33,123,430
HOME Investment Partnerships Program	14.239	-	16,088,538
Section 8 Housing Choice Vouchers	14.871	-	3,691,532
		$ 367,796	$ 52,903,500

3. Capitalization Grants for Clean Water State Revolving Funds

At June 30, 2011, federal awards and state matching fund expenditures under capitalization grants for clean water state revolving funds were as follows:

Federal	$ 3,336,805
State	689,070
	$ 4,025,875

4. Subrecipients

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

Program Title	CFDA No.	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development		
Community Development Block Grants – Entitlement Grants	14.218	$ 4,386,293
ARRA – Community Development Block Grants – Entitlement Grants	14.253	538,790
Emergency Shelter Grants Program	14.231	368,674
Shelter Plus Care Program	14.238	3,942,883
HOME Investment Partnerships Program	14.239	2,857,974
Housing Opportunities for Persons with AIDS	14.241	311,529
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	1,777,804
Total U.S. Department of Housing and Urban Development		14,183,947
U.S. Department of Justice		
Crime Victim Assistance	16.575	285,605
Edward Byrne Memorial Justice Assistance Grant Program/ Grants to States and Territories	16.803	59,880
Total U.S. Department of Justice		345,485
U.S. Environmental Protection Agency		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	48,447
Total U.S. Environmental Protection Agency		48,447
U.S. Department of Health and Human Services		
Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	93.043	70,272
Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	1,075,496
Special Programs for the Aging – Title III, Part C – Nutrition Services	93.045	938,042
ARRA – Aging Home-Delivered Nutrition Services for States	93.705	52,419
ARRA – Aging Congregate Nutrition Services for States	93.707	128,476
National Family Caregiver Support, Title III, Part E	93.052	387,525
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44,254
Total U.S. Department of Health and Human Services		2,696,484
Total Provided to Subrecipients		$ 17,274,363

PART 3

SCHEDULE OF
FINDINGS AND QUESTIONED COSTS

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	Yes

Identification of Major Programs

CFDA Number	Federal Program or Cluster
14.218, 14.253	CDBG Entitlement Grants Cluster
14.257	Homeless Prevention and Rapid Re-Housing Program
14.871	Section 8 Housing Choice Vouchers
16.710	Public Safety Partnership and Community Policing Grants
16.738, 16.803, 16.804	JAG Program Cluster
17.250, 17.258, 17.259, 17.260, 17.277, 17.278	Workforce Investment Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$3,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Finding No. 2011-1: Deficiencies in Information Technology Controls (Significant Deficiency)

Condition
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 at the City, the establishment of internal controls over processes incorporating IT is critical to its operations. As part of our financial statement audit for the year ended June 30, 2011, 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 System
- IAS World Web Based Real Property System
- Revenue Collection Cashier System

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

<u>Physical and logical security</u>

- System password configurations were inconsistent with the City's IT security policy.
- Lack of segregation of duties in certain areas of security administration, operating system and database security.
- Lack of monitoring controls to identify unauthorized changes within the IT systems.

<u>Change management</u>

- System changes were made prior to the completion of testing and approval.
- Lack of segregation of duties among City and vendor programmers.
- Lack of a formalized change management process for certain systems.

Collectively, the number and related nature of the IT control deficiencies resulted in an overall significant deficiency.

Criteria
When IT is used to initiate, record, process, and report on transactions included in the financial statements, the systems and related processes should include internal controls to prevent or detect potential misstatements.

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

Physical and 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.

Cause
The City's IT policies and procedures did not include internal control procedures that address the IT risks discussed above and were not consistently followed.

Recommendation
We recommend and the City has already started performing the following:

- Update its IT policies and 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 system limitations.

Section III – Federal Award Findings and Questioned Costs

		Questioned Cost
Finding No. 2011-2:	**Suspension and Debarment (Significant Deficiency)**	**$ –**
Federal Agency:	United States Department of Justice United States Department of Labor Employment Training Program	
CFDA Number and Title:	16.803 Edward Byrne Memorial Justice Assistance Grant Program 17.258 ARRA Workforce Investment Act ("WIA") – Adult Program 17.258 WIA Adult Program 17.259 WIA ARRA Youth Activities 17.259 WIA Youth Activities 17.260 WIA ARRA Dislocated Worker Program	
Award Year	2009 to 2011	
Award Number:	09-SU-11 WIA-08-ARRA-AP-O, WIA-09-AP-0, WIA-10-AP-0, WIA-08-ARRA-YP-0, WIA-08-YP-0, WIA-09-YP-0, WIA-10-YP-0. WIA-09-DW-O, WIA-ARRA-08-DW-0, WIA-09-NEG-OJT-O	

Condition
For the Justice Assistance Grant ("JAG") cluster and WIA contracts that we tested, the City did not obtain a federal suspension and debarment certification nor did the City perform a verification on the federal Excluded Parties List System ("EPLS"). However, we noted no contracts were awarded to suspended or debarred entities for the contracts we tested for the two programs.

Criteria
To comply with OMB Circular A-102, *Grants and Cooperative Agreements With State and Local Governments*, the City must verify that the vendor used for a federally funded contract is not suspended or debarred.

Effect
There is a risk that contracts are entered into with entities that are suspended or debarred from receiving any federal funds, which could jeopardize the City's future federal funding. The City may also be required to repay any federal funds disbursed to suspended or debarred entities.

Cause
The noncompliance was due to a lack of knowledge of the suspension and debarment compliance requirement and no formal procedures to ensure compliance with the requirement.

Recommendation
We recommend that the City provide training related to the procurement and suspension and debarment requirements to all personnel involved with the procurement of federally funded contracts. The City should also develop formalized procedures to perform a suspension and debarment verification on the EPLS and assign responsibility for the performance of the verification.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

		Questioned Cost
Finding No. 2011-3:	**Housing Inspections**	**$ –**
Federal Agency:	United States Department of Housing and Urban Development	
CFDA Number and Title:	14.871 Section 8 Housing Choice Vouchers	
Award Year	2010, 2011	
Award Number:	PMB 02-04	

Condition
During our testing of the City's Section 8 Housing Choice Vouchers ("Section 8") program, we noted four instances out of 40 items tested where the City did not perform housing inspections.

Criteria
To comply with Title 24 Code of Federal Regulations ("CFR") 982.405(a), the City must inspect the unit leased to a family at least annually to determine if the unit meets the Housing Quality Standards of the U.S. Department of Housing and Urban Development ("HUD").

Effect
Noncompliance could jeopardize future federal funding for the City's Section 8 program.

Cause
We were informed by the City that noncompliance was due to an error in the system used to monitor the annual inspection dates. System corruptions in the participants' system files caused those participants to be excluded from the inspection list used to monitor upcoming inspections.

Recommendation
We recommend that, and the City has already ensured that, the corrupted system files were corrected and other participants' system files were not corrupt.

City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

		Questioned Cost
Finding No. 2011-4:	**Reporting**	**$ –**
Federal Agency:	United States Department of Housing and Urban Development	
CFDA Number and Title:	14.218, 14.253 Community Development Block Grant	
Award Year	2011	
Award Number:	CDBG-R-B-09-MY-15-0001	

Condition
As the City was unable to provide a copy of the fiscal year 2011 HUD Form 60002 performance report for the Community Development Block Grant ("CDBG") cluster, we were unable to test the City's compliance with the related reporting requirements.

Criteria
To comply with 24 CFR section 135.90 and the March 2011 OMB Circular A-133 Compliance Supplement Part IV, Performance Reporting, the prime recipient must submit HUD Form 60002 for each grant over $200,000 that involves housing rehabilitation, housing construction, or other public construction.

Effect
There is a risk that the report may not be in compliance with the performance reporting requirements and that key line items are improperly reported.

Cause
The HUD Form 60002 is submitted electronically, but the City did not maintain a copy of the report for its file and is unable to retrieve the report online. We were informed by the City that HUD personnel were also unable to retrieve a copy of the report but stated they did not receive any notification of a failure to submit the report.

Recommendation
We recommend that the City retain a copy of all reports submitted to HUD in its CDBG program files.

		Questioned Cost
Finding No. 2011-5:	**HUD Monitoring**	**$ –**
Federal Agency:	United States Department of Housing and Urban Development	
CFDA Number and Title:	14.218, 14.253 Community Development Block Grant	
Award Year	2011	
Award Number:	B-10-MC-15-0001	

Condition

On-site Monitoring
HUD performed a monitoring review of the City and its subrecipient, Opportunities and Resources, Inc. ("ORI"), in April 2011. Based on HUD's review and as reported in a May 27, 2011 letter to the City, HUD identified the following items:

- HUD determined the program and facilities of a subrecipient were significantly underutilized, identified two ineligible events planned at a subrecipient's facility, found CDBG funds were inappropriately utilized to pay for certain salaries, and determined there was insufficient documentation of client eligibility at another subrecipient.

- The City and a subrecipient did not track CDBG program income generated, and another subrecipient denied HUD's requests for access to the subrecipient's agreements with outside organizations and revenue generated.

- A manager within the City's Department of Community Services failed to disclose a conflict of interest, and for the most recent CDBG project selections, two of the seven member selection committee with conflicts of interest failed to recuse themselves.

Period of Availability
On May 3, 2011, HUD also informed the City that the City was not in compliance with carrying out its CDBG program in a timely manner. The letter stated that when the 60-day test was conducted on May 2, 2011, HUD calculated that the City had a balance in its line-of-credit of 1.66 times its annual grant, which is more than the ratio allowed of 1.5 times the annual grant.

Criteria

On-site Monitoring
CDBG regulations at 24 CFR 570.208, 570.505, and 570.506 provide guidance on CDBG national objectives and eligible use of funds. Per 24 CFR 570.502(a)(4), grantees are required to have a system for tracking CDBG program income generated by subrecipients or other entities to which funds are passed through. Conflict of interest provisions are included in 24 CFR 570.611 and 24 CFR 85.36.

Period of Availability
Per 24 CFR 570.902, a grantee is considered to be timely, if 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.5 times the grantee's annual grant.

Effect

On-Site Monitoring
The City and several subrecipients did not meet the CDBG eligible use and national objective requirements. The City cannot ensure that program income generated by subrecipients on CDBG assisted property are reported timely and accurately. Although the City was not in compliance with the CDBG conflict of interest provisions, HUD concluded that the conflicts of interest did not result in an unfair advantage for any applicants.

Period of Availability
As the City failed the timeliness test under CDBG regulations, the City is now subject to HUD's sanctions policy and has until May 2, 2012 to reach the timeliness standard. If the City fails to meet the timeliness standard by that date, HUD may reduce the 2012 program year grant by the amount in excess of 1.5 the annual grant.

Cause

On-Site Monitoring

- HUD found that the City's ongoing management of open activities and completed activities still within the eligible use period was weak due to the limited post development monitoring performed. HUD also noted that a subrecipient's project was funded despite concerns raised by City staff over the ability of the subrecipient to comply with CDBG requirements.

- HUD found that the City does not have a formal system for tracking program income generated by subrecipients from the use or rental of real property acquired or constructed with CDBG funds.

- The City failed to establish quality controls to prevent any conflicts of interest.

Period of Availability
The City prepares and distributes a Timeliness Analysis after each drawdown (at least twice a month) to monitor the expenditures of all open projects and to calculate its current timeliness ratio. In spite of this ongoing monitoring, the City failed to meet the timeliness requirement due to the delay of several capital projects from major issues and concerns, including ongoing bid protests and questions on environmental compliance that required clarification from HUD prior to proceeding with several projects.

Recommendation

On-Site Monitoring
HUD instructed the City to perform a number of corrective actions, and we noted that HUD's October 11, 2011 letter to the City acknowledged the City's implementation of several of the corrective actions. It also reiterated that the City must implement the remaining corrective actions which included submitting detailed plans on meeting CDBG national program objectives; developing a formal system for tracking, verifying, and reporting CDBG program income generated by subrecipients; and provide progress reports to HUD every 15 days until the remaining findings are resolved.

Period of Availability
We recommend that the City implement controls to ensure that it is in compliance with the CDBG timeliness standard by working with its subrecipients to meet the 1.5 threshold. In addition, we recommend that the City ensures that it complies with its workout agreement with HUD, which outlines the details of the corrective actions to be taken by the City.

Section IV – Summary Schedule of Prior Audit Findings

Finding No.	Description	Classification	Status: Resolved	Status: Unresolved	Current Year Finding No.
2010-1	Deficiencies in Information Technology Controls	Significant deficiency		X	2011-1
2010-2	Cash Management		X		
2010-3	Cash Management		X		

Partial corrective actions taken to address Finding 2010-1 are as follows:

Physical and Logical Security

- The Department of Information Technology ("DIT") IT Security Policy was updated to discourage the re-use of passwords.
- The password settings for several systems were updated to comply with DIT's IT Security Policy.
- Effective July 2011, DIT receives reports that identify unauthorized terminated users in certain systems.
- All consultant access to the IAS Oracle database was removed in July 2010. Temporary access is given to the consultant when needed and requires a Change Request E-Form approved by appropriate individuals including the change request administrator.
- All developer access to the Advantage application was removed with the exception of custom reports and system interfaces. Temporary access is provided as needed and all developers are physically monitored while temporary access is granted. After the developer's work is completed, access is removed.
- A formal process is in place whereby changes to the firewall require an online Change Request E-Form approved by appropriate individuals including the change request administrator.
- A formal process is in place regarding identification badges. The DIT Administrative Services Officer is responsible for adding and deleting users to the datacenter using the Access Control and Monitoring System.

Change Management

- Advantage system administrators no longer perform programming of the Advantage application.

- All changes to the Advantage and Personnel Time and Attendance system production environments are approved and user acceptance testing is performed.

- All vendor access to the IAS operating system and Oracle database was removed in July 2010. Temporary access is given to the vendor when needed and requires a Change Request E-Form approved by appropriate individuals including the change request administrator.

- DIT configured a test environment for the Revenue Collection application in the Treasury Division in May 2011.

ATTACHMENT A

CORRECTIVE ACTION PLAN

ATTACHMENT A

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

PETER B. CARLISLE
MAYOR

MICHAEL R. HANSEN
DIRECTOR

NELSON H. KOYANAGI, JR.
DEPUTY DIRECTOR

December 19, 2011

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

Dear Mr. Young:

Subject: Single Audit Report for the Fiscal Year Ended June 30, 2011

Enclosed is the response to the recommendations included in Accuity LLP's preliminary draft of the single audit report of the City and County of Honolulu for the fiscal year ended June 30, 2011. The response includes actions taken or contemplated, anticipated completion dates, and City personnel responsible for the corrective action.

Sincerely,

Michael R. Hansen
Director

MRH:lt

Attachments

APPROVED:

Douglas S. Chin
Managing Director

cc: BFS- Internal Control
BFS- Accounting

ATTACHMENT A

RESPONSE TO SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

CURENT YEAR FINDINGS AND RECOMMENDATIONS

Finding No. 2011-1 and 2010-1: Deficiencies in Information Technology Controls (Significant Deficiency)

Audit Recommendation: We recommend the City perform the following:

- Update its IT policies and 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 system limitations.

Administration's Comment: The City has made significant progress in addressing the prior audit issues. Compensating controls have also been implemented to minimize IT risks. DIT will continue to review its policies and procedures to meet the ever changing technological demands and work with its vendors to include the City's more stringent IT controls in their respective systems.

Anticipated Completion Date: June 2012

Contact Person(s): Gordon J. Bruce, Director and CIO, Information Technology
Keith Ho, Chief of Data Processing, Information Technology

Finding No. 2011-2: Suspension and Debarment

Audit Recommendation: We recommend that the City provide training related to the procurement and suspension and debarment requirements to all personnel involved with the procurement of federally funded contracts. The City should also develop formalized procedures to perform a suspension and debarment verification on the EPLS and assign responsibility for the performance of the verification.

Administration's Comment: The City will develop procurement procedures to identify federally funded procurements and implement internal procedures to perform suspension and debarment verifications prior to awards being made.

Anticipated Completion Date: June 2012

Contact Person(s): Mike Hiu, Assistant Central Purchasing and Contracts Administrator, Budget and Fiscal Services

Finding No. 2011-3: Housing Inspections

Audit Recommendation: We recommend that, and the City has already ensured that, the corrupted system files were corrected and other participants' system files were not corrupt.

ATTACHMENT A

RESPONSE TO SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Administration's Comment: The City has developed and implemented procedures to ensure that units involved with this federal housing program are inspected annually and have corrected the files that were corrupted by the program system. The City has tested a large sample of other participants' files to confirm that the system is now running properly and in accordance with the newly developed procedures.

Anticipated Completion Date: September 2011

Contact Person(s): Jayne Lee, Rental Assistance Administrator, Community Services

Finding No. 2011-4: Reporting

Audit Recommendation: We recommend that the City retain a copy of all reports submitted to HUD in its CDBG program files.

Administration's Comment: The City implemented procedures to ensure compliance with HUD reporting requirements.

Anticipated Completion Date: December 2011

Contact Person(s): Holly Kawano, Federal Grants Coordinator, Budget and Fiscal Services

Finding No. 2011-5: HUD Monitoring

Audit Recommendations:

On-Site Monitoring
HUD instructed the City to perform a number of corrective actions, and we noted that HUD's October 11, 2011 letter to the City acknowledged the City's implementation of several of the corrective actions. It also reiterated that the City must implement the remaining corrective actions which included submitting detailed plans on meeting CDBG national program objectives; developing a formal system for tracking, verifying, and reporting CDBG program income generated by subrecipients; and provide progress reports to HUD every 15 days until the remaining findings are resolved.

Period of Availability
We recommend that the City implement controls to ensure that it is in compliance with the CDBG timeliness standard by working with its subrecipients to meet the 1.5 threshold. In addition, we recommend that the City ensures that it complies with its workout agreement with HUD, which outlines the details of the corrective actions to be taken by the City.

ATTACHMENT A

RESPONSE TO SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Administration's Comments:

On site monitoring
The City is implementing the corrective actions required by HUD in its May 27, 2011 on-site monitoring letter. Some of the corrective actions have been closed by HUD, including actions related to improvements to post-development monitoring, a system for tracking and verifying program income, and conflict of interest. The City is awaiting a response from HUD to a follow-up report addressing the remaining corrective actions, and will work to resolve any remaining corrective actions.

Period of availability
The City has agreed to comply with the HUD workout agreement to achieve the 1.5 timeliness threshold by May 2, 2012, including monthly reporting on the City's progress in meeting the timeliness standard. The City calculates the timeliness ratio monthly and is working closely with subrecipients to help them expend CDBG grant funds in a timely manner.

Anticipated Completion Date: June 2012

Contact Person(s): Michael Shiroma, Acting Administrator, Community Based Development Division, Community Services
Connie Kaneshiro, Chief Fiscal/CIP Analyst, Budget and Fiscal Services

ATTACHMENT B

PHA Certifications of Compliance with PHA Plans and Related Regulations

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 08/30/2011

PHA Certifications of Compliance with the PHA Plans and Related Regulations: Board Resolution to Accompany the PHA 5-*Year and Annual* PHA Plan

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 X Annual PHA Plan for the PHA fiscal year beginning, 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 certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (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.
5. 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.
6. 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.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address 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 maintain records reflecting these analyses and actions.
8. For PHA Plan 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 2006-24);
   - 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 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 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).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. 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.
11. 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.
12. 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.

13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. 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.
15. 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.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. 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.
18. 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).
19. 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.
20. 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.
21. The PHA provides assurance as part of this certification that:
    (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
    (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
    (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

City and County of Honolulu
PHA Name

HI003
PHA Number/HA Code

5-Year PHA Plan for Fiscal Years 20 - 20

Annual PHA Plan for Fiscal Years 2013- 2014

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
Pamela A. Witty-Oakland	Director
Signature	Date
	April 2, 2013

ATTACHMENT C

Civil Rights Certification	**U.S. Department of Housing and Urban Development** Office of Public and Indian Housing **Expires 08/30/2011**

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 if there is no Board of Commissioner, I approve the submission of the Plan for the PHA of which this document is a part and make the following certification and agreement with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan 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.

City and County of Honolulu	HI003
PHA Name	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	Title
Pamela A. Witty-Oakland	Director
Signature	Date April 2, 2013

form **HUD-50077-CR** (1/2009)

OMB Approval No. 2577-0226

ATTACHMENT D

Resident Advisory Board
PHA Annual Plan Questions and Comments
February 22, 2013

Questions:

1. What happens to people on the lease and when funding runs out?

   PHA Response: As stated on the voucher and HAP contract, the agency has to terminate assistance when funding runs out, we do not have any control.

2. Who makes the rules that the last in is the first out and is it alright to change it?

   PHA Response: It is the City and County rule. Administration proposes and receives input from the public and Resident Advisory Board. Once the public and RAB acknowledges the changes, the Director along with the City Council approves the changes. The changes were proposed through a public hearing and a hearing was held to receive testimony.

3. Does Section 8 have any preferences?

   PHA Response: The Section 8 program has preferences and it can be found in the Section 8 Rules, Chapter 10. The preferences are for elderly, family and people with disabilities. In addition, we have special funded vouchers for homeless which is capped at 5% of the budget authority.

4. Is the elderly, family and disabled all in one pool?

   PHA Response: Yes

5. In the past was the annual recertification optional?

   PHA Response: No, but if the recertification was not completed timely, there were no consequences.

6. How many people are on the program?

   PHA Response: We average 3,550 families on our program.

7. Must VAWA victims provide documentation of abuse?

   PHA Response: Yes, documentation must be submitted to our Agency.

8. How is the sequestration going to affect the homeownership program?

PHA Response: We are not sure what impact it would have, but we are hopeful that sequestration does not impact the program.

9. Is the FSS program tied in with homeownership program?

   PHA Response: The programs are separate. The FSS program provides a transition to homeownership by assisting clients with "escrow" funds. The families are referred to homeownership once the examiner feels that the family's income may be sufficient.

10. How come the Section 8 tenants are not required to work?

    PHA Response: HUD does not mandate that participants of the program must work.

RAB Commentary:

1. The lottery system is a good idea.

2. A follow up with previous FSS families should be done since some may not have been ready at the time for homeownership and since it may have been a while, they may have forgotten about the program.

3. Section 8 tenants should have a time limit.

4. If a new housing unit has been inspected and certified by a housing inspector, it would make sense a HQS be certified at that time. It seems like a waste of resources to have to complete two inspections especially when an inspector was just completed.

5. Effective communication with the public could be made available with social media programs.

6. With all the different programs, Section 8 should just concentrate on providing housing.

ATTACHMENT E

Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan	**U.S. Department of Housing and Urban Development** Office of Public and Indian Housing **OMB# 2577-0226** **Expires 08/30/2011**

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

I, Pamela A. Witty-Oakland the Director, Department of Community Services certify that the Five Year and Annual PHA Plan of the 2013 is consistent with the Consolidated Plan of City and County of Honolulu prepared pursuant to 24 CFR Part 91.

April 2, 2013

Signed / Dated by Appropriate State or Local Official

ATTACHMENT F

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 Shelter Grants (ESG)* and *Housing Opportunities for Persons With Aids (HOPWA)* sections of this narrative.

B. ACTIONS TAKEN TO AFFIRMATIVELY FURTHER FAIR HOUSING

During the report period, the City's Fair Housing Officer:

1) Received and handled approximately 40-telephone inquiries relating to possible housing discrimination, similar to previous years. Most callers, 32, mis-attributed the phrase *"Fair Housing"* to pertain to either the landlord-tenant code, or discrimination that was not technically defined as "illegal."

Ethnic Descriptors	Gender	Landlord Tenant	Physical Disability	Mental Disability	Elderly	Children
Asian American	F	4	1	0	0	0
Asian American	M	4	0	0	0	0
Asian L-E-P	F	0	0	0	0	0
Asian L-E-P	M	0	0	0	0	0
Polynesian Local	F	3	0	1	0	2
Polynesian Local	M	5	0	0	0	0
Pacific L-E-P	F	0	0	0	0	0
Pacific L-E-P	M	0	0	0	0	0
Caucasian	F	5	0	0	3	1
Caucasian	M	8	0	0	0	0
Black	F	3	0	0	0	0
Black	M	0	0	0	0	0
Totals		32	1	1	3	3

2) As a monitoring effort, periodically reviewed residential rental and sales solicitation advertisements to identify any ads with exclusionary or preferential phrasing, and transmittal of such ads to HUD for review to determine whether the phrasing complied with "exemption" criteria. Assisted 2-applicants, both animal related, in filing "Pre-Complaint Applications" to the State of Hawaii Civil Rights Commission (HCRC) alleging discrimination.

3) Served as a Project Officer to administer 2-Housing Opportunities Persons With Aids (HOPWA) contracts, totaling approximately $400,000, through a Request for Proposals (RFP) process..

4) Affirmatively furthered fair housing education by conducting 1-fair housing seminar at Palolo Valley Homes to a total of 30-property managers, tenant advocates, housing security guards, and government housing staff emphasizing the need to comply with requests for reasonable accommodations for protected classes such as mental disabilities, English-second-language cultural diversity, comfort animals, and physical security in common areas. A Powerpoint presentation titled *"A Practical Approach to Fair Housing"* was distributed to interested parties.

5) Supported the local Legal Aid Society of Hawaii (LASH) in its fair housing outreach efforts by referring 10-potential complainants for their processing.

6) Reviewed the current survey and analysis, *"Analysis of Fair Housing Impediments"* to identify impediments and recommend mitigative actions. One sub-component of the report was the *"City and County of Honolulu Action Plan 2003-2008*," in part, summated below:

   Impediment 1: Insufficient inventories of affordable housing units on each island, especially rental units. It was recommended that the Fair Housing Office, and all entities involved with providing affordable rental units come together to understand and develop meaningful strategies to address this impediment. The Fair Housing Office could advocate for more units, especially for individuals often challenged to find housing, such as mentally and physically disabled, families with children, and those with service and comfort animals.

   Impediment 2: Applicants are unaware of rights and resources and do not follow up with authorities if they are denied their rights. The survey indicated that only 11% of residents who believed they were victimized by discrimination in a rental process took action to report or rectify the situation. It was recommended that the Fair Housing Office provide more outreach, in a manner that enhances comprehension, to both landlords as well as tenants, encourage complainants to submit pre-complaint applications, and work with HUD to increase awareness of the toll-free complaint telephone number commonly found in the rental classified sections of the newspapers.

   Impediment 3: Fair housing policies between the state and various counties lack standardization which causes substantial difficulty in developing sufficient housing supply, qualifying clients, identifying enforcement issues, and developing education campaigns. It was recommended that the Fair Housing Office begin the process of identifying fair housing policies and procedures that are contradictory or lack standardization.

7) 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

8) Advocated for DCS Project Officers to submit plans for City-funded projects to the State of Hawaii Disabilities Communication Access Board (DCAB) in compliance with HRS 103-50.

- End 2/13/2013 -

ATTACHMENT G

Challenged Elements

FY 2013 – 2014 Draft PHA Annual Plan Public Hearing was held on March 18, 2013.

There were no challenges to the PHA Annual Plan elements.