Ka ʻOihana
Kinai Ahi

CITY AUDITOR'S HIGHLIGHTS
AUDIT OF THE FIRE PLANS REVIEW REVOLVING FUND
REPORT NO. 25-04

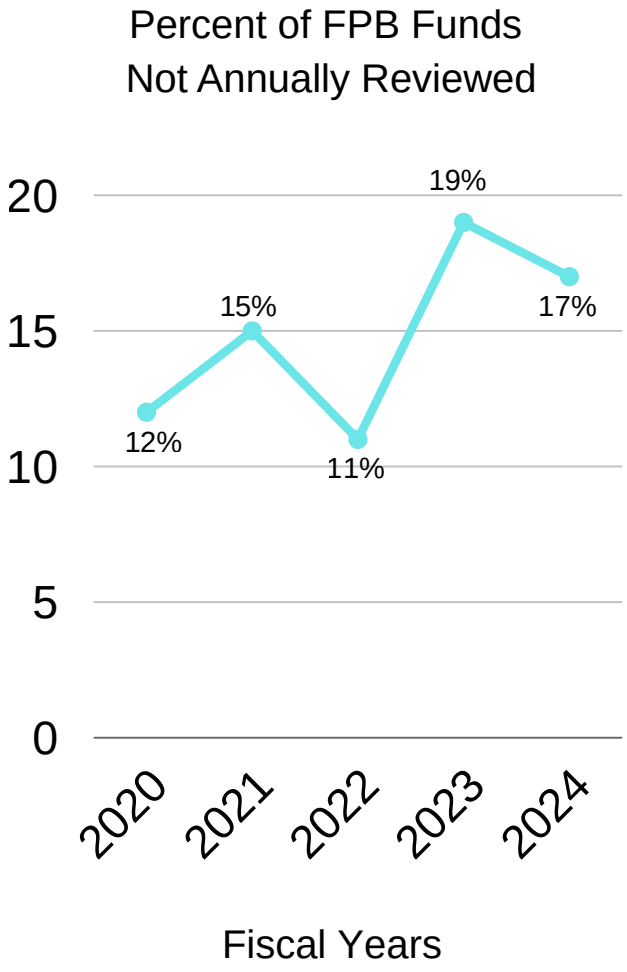
Key Findings

The Fire Plans Review Revolving Fund Administrative Structure Is Not Consistent with Ordinance Requirements, and Lacks Transparency and Accountability for the Fund and Its Fire Prevention Purposes

We found that although the Honolulu Fire Department (HFD) relies on the Fire Plans Review Revolving Fund (FPRRF) to support its Fire Prevention Bureau (FPB) , the fund is not structured or administered in accordance with city ordinance requirements. Ordinance 12-4 required that the city establish a revolving fund to receive and disburse fire plan review fees. Instead, the fees are deposited and managed within the city's Special Projects Fund, which was designed for state contract revenues and does not provide the safeguards and review requirements for revolving funds. The Special Project Funds structure limits transparency and oversight, and leaves critical financial information—such as fund balances, revenues, expenditures, and staffing decisions—unreported to the city council.

Fire Plans Review Revolving Fund Expenditures Generally Met Program Requirements, but Lacks Sufficient Transparency and Reporting

We also found that HFD relies significantly on the fund to supplement its operations. We found that between 12 to 19 percent of annual FPB spending between FY 2020 and FY 2024 was paid from the FPRRF, which occurred outside the city's annual budget process. During this period, HFD added unbudgeted staff and maintained between 4 and 9 staff annually, and spent nearly $1 million on unbudgeted equipment purchases without council oversight or approval. In addition, inconsistent accounting and the absence of clear reporting led to conflicting assessments of whether the fund operated with a surplus or deficit in multiple years.



We made 3 recommendations to the Department of Budget and Fiscal Services, the Honolulu City Council, and the Honolulu Fire Department.

Recommendation 1 - The Department of Budget and Fiscal Services should formally establish the Fire Plans Review Revolving Fund as authorized by Ordinance 12-4.

Recommendation 2 - The Honolulu City Council should consider amending Ordinance 12-4 to:

- Remove the "appropriated upon receipt" clause, which would make the Fire Plans Review Revolving Fund subject to city council oversight;
- If the council opts to leave the "appropriated upon receipt" language in the ordinance, clarify the fund purposes, establish applicable controls, and implement reporting requirements.

Recommendation 3 - The Honolulu Fire Department should establish appropriate policies and procedures for administering the Fire Plan Review revenues and receipts, and prepare an annual report of fund activities for the Honolulu City Council.

For the full report, and to see other audit reports from the Office of the City Auditor (Ke Keʻena o ka Luna Hōʻoia):
http://www.honolulu.gov/auditor/reportsworkplans.html