

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Study of the Financing of the Small Boat Harbors and Boat Ramps Program of the Department of Land and Natural Resources

Summary

House Concurrent Resolution No 430, House Draft 2, requested the Office of the Auditor "to conduct a comprehensive study of the revenue and service operations of all state-run small boat harbors and boat ramps." The resolution specifically requested an itemized review of program expenditures and revenues, and the degree to which services provided by the Department of Land and Natural Resources (DLNR) are satisfactory. The study was conducted by the Office of the Auditor and the certified public accounting firm of Nishihama & Kishida, CPA's, Inc.

Small boat harbors are designed for recreational boating activities, the landing of fish, and commercial vessel activities. The department currently operates 18 small boat harbors and 12 launching ramps in all four counties. Our study found that the statewide boating program needs improvement. Facilities and services vary from harbor to harbor and many are inadequate. Boater dissatisfaction with the facilities and services is widespread. In addition, small boat harbors and launch ramps lack adequate security. Harbor staff are not on duty during weekends and holidays, harbor agents lack authority to enforce boating rules, and DLNR has little control over the marine patrol that is supposed to provide security for the program.

We found management of the boating program continues to be divided between the Department of Transportation (DOT) and DLNR causing problems in program operations. Needed positions have not been established or remain unfilled and repairs must often wait until DOT personnel have time to make the repairs.

A clearly defined program could help resolve many of the problems we noted. Currently the program is only defined in statute and communicated through confusing and unwieldy rules. A more detailed budgeting and accounting system is also needed. A well developed boating program plan should include statewide standards for facilities and services, policies on how program costs are to be financed, and a timetable for achieving the standards.

We found the accounting controls for the boating program to be inadequate. For example, the department has not ensured that cash handling duties are

segregated, established controls over cash receipts, ensured timely deposits of cash collections, or developed written accounting procedures.

Recommendations and Response

We recommend that the Legislature consider transferring the marine patrol from the Department of Public Safety to the DLNR. If the Legislature chooses not to act on this recommendation, DLNR should be allowed to hire or contract for its own security personnel.

We also recommend that the DLNR develop a comprehensive statewide boating program that describes and sets statewide standards for facilities and services to be provided, defines policies for setting fees to finance these costs, and establishes goals and milestones for bringing facilities and services up to standard. The plan should also address security needs, administrative rules, and the need for a comprehensive financial and budgeting system.

We recommend that the department make the transfer of functions from the Department of Transportation a priority. In addition, the department should correct problems with its internal accounting controls by improving cash handling and processing procedures, reconciling internal collection records with the State's FAMIS system reports, preparing written accounting procedures, reconciling security deposits per harbor records to the department's trust fund for security deposits, and properly recording fixed assets in the State's fixed asset inventory records.

The department generally concurs with our findings and recommendations. It believes it may not yet be appropriate to transfer the marine patrol to DLNR—it would like to wait and see the results of implementation of a new memorandum of agreement concerning the marine patrol. The department also agrees with our recommendation to improve its internal accounting controls. It has retained the services of a consultant to help develop a new accounting system. In its response, the department pointed out some clarifying language which we incorporated in the report. It has removed the abandoned waste containers and dilapidated catwalk pictured on pages 7 and 8 respectively.

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