
Auditor's Summary

Report on Compliance with Statutory Requirements Based on Report No. 15-13, *Study of State Departmental Engineering Sections That Manage Capital Improvement Projects*

Report No. 20-02

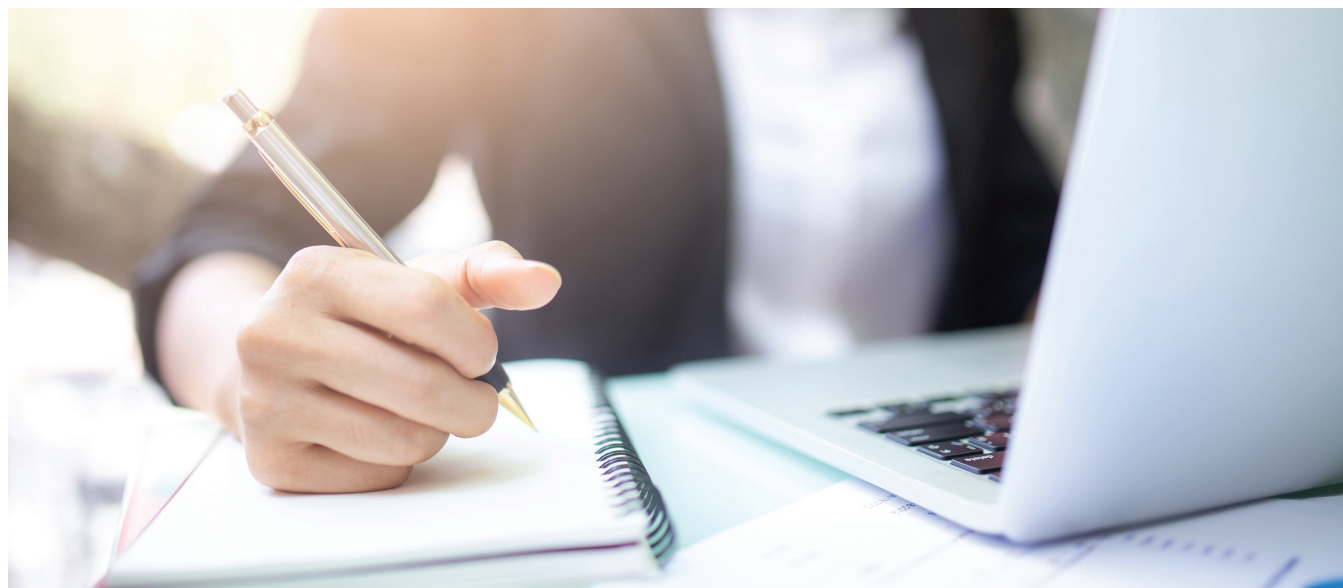


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IN REPORT NO. 15-13, *Study of State Departmental Engineering Sections That Manage Capital Improvement Projects*, the Auditor concluded that decentralized capital improvement project (CIP) engineering divisions serve the public's interest and recommended the Legislature adopt policy changes that provide state departments and executive agencies with consistent policies for project management. The recommendations from our 2015 report were subsequently formalized in the Hawai'i Revised Statutes, along with annual training requirements introduced by the 2016 Legislature. For Report No. 20-02, *Report on Compliance with Statutory Requirements Based on Report No. 15-13, Study of State Departmental Engineering Sections That Manage Capital Improvement Projects*, we revisited the departments and agencies that were surveyed in 2015 to determine whether they implemented our recommendations, as requested by the 2019 Legislature in House Concurrent Resolution No. 193, Senate Draft 1.

“Capital Improvement Projects (CIP) are renovations, repairs, and major maintenance to existing facilities, landscape improvements, new construction, land acquisition, and utility modifications.”

– State of Hawai'i

Change in Methodology Raises the Bar

Our 2015 report recommended that department and agency CIP programs could better align with best practices by (1) adopting basic, uniform procedures for maintaining timelines, (2) tracking expenditures and

deliverables, and (3) involving stakeholders in project development – all of which are now required by statute. We also attempted to determine agencies' compliance with required annual CIP training from the Department of Accounting and General Services (DAGS). We assessed compliance with these requirements through agencies' self-reported survey responses, as we did in 2015; however, for this report, we also verified those responses through independent reviews of supporting documents such as sample schedules, timelines, and project feedback. Under this more rigorous review, some departments and agencies deemed compliant with recommended best practices in 2015 were generally found non-compliant with comparable statutorily-required practices.

Departments Demonstrate Low Level of Compliance

Overall, we determined no agency had implemented all three statutory requirements. It is difficult to pinpoint whether this low level of compliance is due to departments being unaware or unclear about the requirements, or if there were other contributing factors. We encourage DAGS and affected departments and agencies to discuss both requirements and strategies to improve compliance.