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

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A Report to the  
Governor  
and the  
Legislature of  
the State of  
Hawaii

Report No. 93-24  
December 1993

**THE AUDITOR**  
STATE OF HAWAII

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Hawaii

Conducted by

The Auditor  
State of Hawaii  
and  
Nishihama &  
Kishida, CPA's, Inc.

Submitted by

**THE AUDITOR**  
STATE OF HAWAII

Report No. 93-24  
December 1993

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## Foreword

This report was prepared in response to House Concurrent Resolution No 430, House Draft 2, which 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 study was performed by the Office of the Auditor and Nishihama & Kishida, CPA’s, Inc.

We wish to express our appreciation for the cooperation and assistance extended to us by the officials and staff of the Department of Land and Natural Resources, particularly the staff of its Division of Boating and Ocean Recreation.

Marion M. Higa  
State Auditor

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# Chapter 1

## Introduction

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Small boat harbors and boat ramp activities are part of the State's ocean recreation and coastal areas programs established in Chapter 200, Hawaii Revised Statutes. The Legislature transferred the operation of small boat harbors and boat ramps from the Harbors Division of the Department of Transportation (DOT) to the Department of Land and Natural Resources (DLNR) as of July 1, 1992. It reasoned that all recreational programs of the State should be administered by one department and that the needs of the boating community would be better served under the Department of Land and Natural Resources.

Small boat harbors are specifically designed for recreational boating activities, the landing of fish, and commercial vessel activities. The State currently operates 18 small boat harbors and 12 launching ramps in all four counties. These facilities are listed in Exhibit 1.1. These small boat harbors and boat ramps are operated, administered, and maintained by the DLNR's Division of Boating and Ocean Recreation. The cost of operating, maintaining, and managing these facilities is paid from the Boating Special Fund. Revenues to the Boating Special Fund are from mooring fees, vessel registration fees, user fees, fuel taxes, rents, and charges for services provided.

There has been a growing concern within the boating community that the Boating Special Fund has been used improperly. In addition, some boaters have complained about the lack of enforcement of boating rules, the proliferation of unseaworthy vessels, and the lack of access to a detailed accounting of program expenditures.

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 of the degree to which services provided by DLNR are satisfactory or unsatisfactory. A copy of the resolution is included as Appendix 1 to this report.

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### Objectives of the Study

The objectives of the study were to:

1. Evaluate the Department of Land and Natural Resources' procedures for determining the services to be provided to users of the small boat harbors and boat ramps, the estimated costs of those services, and the methods used to establish user fees at facilities.

**Exhibit 1.1**  
**State Small Boat Harbors and Boat Ramps**

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<b>Boat Harbors</b>	<b>Boat Ramps</b>
<b>Kauai</b>	
Nawiliwili	Waikaea Canal
Kukuiula	Kaumualii
Port Allen	Wailua
Kikiaola	
<b>Oahu</b>	
Haleiwa	Kahana Bay
Heeia-Kea	Maunalua Bay
Ala Wai	
Keehi Lagoon	
Waianae	
<b>Maui</b>	
Maalaea	Maliko
Lahaina	Hana
Kaunakakai	Kihei
Manele	Mala
<b>Hawaii</b>	
Wailoa	Pohoiki
Keauhou	Kaulana
Kailua-Kona	Puako
Honokohau	
Kawaihae	

2. Assess the degree of satisfaction and dissatisfaction with services and operations of state small boat harbors and launching ramps.
3. Assess the adequacy, effectiveness, and efficiency of the department's systems and procedures for the accounting, internal control, and financial reporting of the small boat harbors and boat ramps program; recommend improvements to such systems, procedures, and reports; and report on the fair presentation of the revenues, expenditures, and fund balance of the program.
4. Ascertain whether expenditures and other disbursements have been made and all revenues and other receipts have been collected and accounted for in accordance with federal and state laws, rules and regulations, and policies and procedures.

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## Scope and Methodology

We interviewed DLNR boating program administrators and harbor agents; maintenance staff from the Department of Transportation, Harbors Division; concerned boaters; and members of the boating program advisory groups on Oahu, Hawaii, Maui, and Kauai. We also visited selected small harbors and boat ramps in each of the four counties. In addition, we reviewed applicable statutes, administrative rules, memorandums of agreement, memorandums of understanding, and department files and reports.

We also conducted a survey of the users of small boat harbors and boat ramps. A random sample of 540 users throughout the state was selected for the survey. We received 270 usable responses. To maintain the integrity of our statistical sample, we did not include 17 unsolicited responses. The margin of error for this survey was plus or minus 5 percent, meaning the results of the survey could differ up to 5 percent from the results of a survey of all small boat harbor and launching ramp users in the state. Detailed survey results are included as Appendix 2 to this report.

We conducted a limited general audit of the financial transactions and accounting records of the Boating Special Fund. We examined the existing systems and procedures of accounting, reporting, and internal controls. We reviewed the transactions, systems, and procedures tested to determine compliance with applicable laws and regulations. The accountants' opinion as to the fairness of the financial statement presented is that of Nishihama & Kishida, CPA's, Inc.

Our work was performed from May 1993 through November 1993 in accordance with generally accepted government auditing standards.



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# Chapter 2

## Findings and Recommendations

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This chapter presents our findings and recommendations on the operations and fiscal management of the small boat harbors and boat ramps program. The program includes the administration of 18 small boat harbors and 12 launching ramps, and is one of 13 functions previously handled by the Department of Transportation (DOT).

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### Summary of Findings

1. The statewide boating program needs improvement. Facilities and services vary from harbor to harbor and many are inadequate. Dissatisfaction with the program is widespread.
2. Management of the boating program continues to be divided between the DOT and the Department of Land and Natural Resources (DLNR) causing problems in program operations.
3. A well developed boating program plan that sets statewide standards for facilities and services, policies on how program costs are to be financed, and a timetable for achieving the standards would help resolve many problems.
4. Accounting controls for the boating program are inadequate.

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### The Statewide Boating Program Needs Improvement

There appears to be little consistency statewide in the physical condition of boating facilities or in the type and level of services provided in the various harbors. We found significant differences from harbor to harbor. Conditions at some appear unsafe. We also found significant boater dissatisfaction with these facilities and services.

#### *Harbors differ greatly in facilities and services*

Some harbors and launching ramps are generally in very good physical condition while others need substantial improvements or repair. For example, Honokohau and Port Allen have good catwalks and piers and the waters appear to be free from debris. Other facilities, such as Maalaea on Maui and Keehi on Oahu, have poorly maintained catwalks, inadequate parking, or a shortage of restrooms.

### **Unsafe or polluted harbors**

Some harbor waters are reportedly unsafe and/or polluted. Most harbors do not have waste oil disposal sites. Even at harbors that have waste disposal facilities, boating administrators have not ensured that boaters properly dispose of their waste oil or that the general public properly uses the facility. The Coast Guard threatened to close one facility if it was not cleaned and the ground pollution eliminated.

### **Dirty restrooms**

We noticed dirty restrooms at some harbors and clean restrooms at others. Dirty and inadequate restrooms are a sore point for the boating public. Users of boating facilities who responded to our survey generally reported as satisfactory the restrooms at Waianae and Ala Wai, while rating as poor those at Nawiliwili (100 percent), Lahaina (88 percent), and Keehi (71 percent).

### **Parking problems**

Some harbors have paved parking areas while other harbors do not. At one harbor, boaters have complained that loose rocks and gravel are thrown by passing automobiles onto vessels anchored nearby. In addition, some harbors such as Ala Wai charge a monthly parking fee to boaters, even though the program has thus far been unable to prevent unauthorized use of designated parking areas by the general public.

### **Unsafe catwalks**

Many catwalks appear in disrepair and are potentially unsafe. The program has allowed boaters at some neighbor island harbors to build their own catwalks. Although boating administrators require boaters to first meet state construction designs, it is not clear that the facilities that have been built actually comply. In abdicating its responsibility for construction and maintenance of harbor facilities, the State could place users at risk of physical injury.

### ***Many boaters complain***

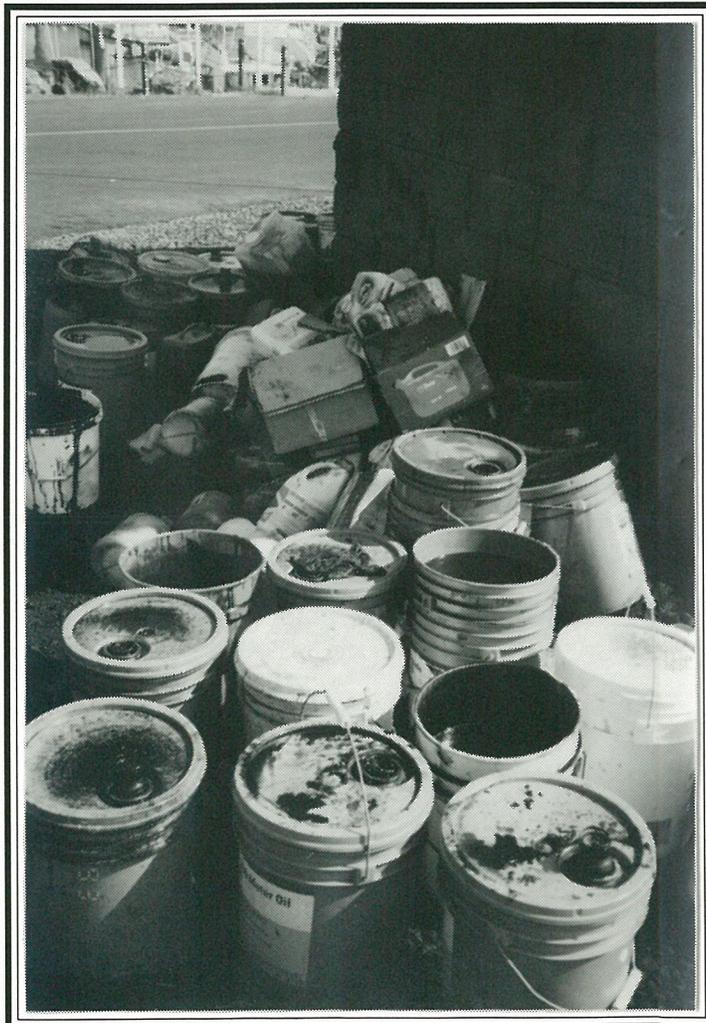
Our survey of boaters found that many are dissatisfied with both the facilities and the services provided.

### **Dissatisfaction with facilities**

A substantial number of boaters expressed dissatisfaction with the condition of dry storage areas, restrooms, parking lots, and moorings at State small boat harbors. A statewide average of 56 percent rated dry storage areas as “poor,” 51 percent rated restrooms as “poor,” and 42



Abandoned waste oil drums and containers at Honokohau harbor.

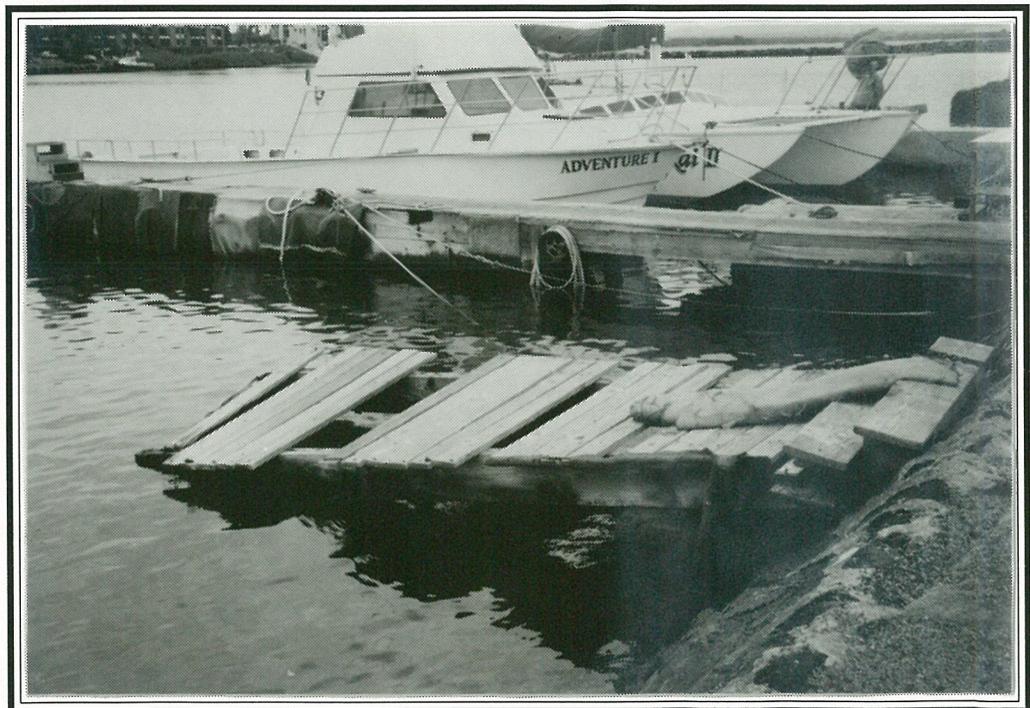


Illegally abandoned waste containers at Honokohau harbor.

Two abandoned submerged vessels in Keehi Lagoon.



A catwalk constructed by a boater at Maalaea harbor.



percent rated parking lots and moorings as “poor.” Exhibits 2.1 through 2.4 summarize the results of our survey relative to the level of dissatisfaction with dry storage areas, restrooms, parking lots, and moorings, statewide and in each county.

The level of dissatisfaction with each of the above items varies considerably by county, substantiating the differences we had observed among harbors. For example, dissatisfaction with dry storage areas ranged from a high of 82 percent of boaters on Hawaii to 50 percent of boaters on Oahu. Dissatisfaction with restrooms ranged from 76 percent on Kauai to 46 percent on Oahu. Dissatisfaction with parking ranged from 77 percent on Maui to 28 percent on Kauai, and dissatisfaction with moorings ranged from 74 percent on Maui to 26 percent on Hawaii. More detailed survey results are contained in Appendix 2.

Concerns about safety and pollution were also prevalent. Debris and water pollution were reported by two-thirds of the boaters statewide. Water pollution was noted by 86 percent of the Ala Wai boaters, 78 percent of the Keehi boaters, 71 percent of the Lahaina boaters, and 70 percent of the Haleiwa boaters. On Maui, 63 percent say the harbor waters contain underwater obstructions and 68 percent claim that the waters have public safety hazards. On the other hand, boaters at Waianae and Honokohau were not particularly concerned with debris and pollution.

### **Dissatisfaction with services**

Many boaters expressed dissatisfaction with essential services. Statewide, 55 percent gave poor ratings to harbor security; 47 percent were dissatisfied with DLNR’s efforts to repair and maintain facilities; and 43 percent rated DLNR’s boating safety education program as “poor.”

The level of dissatisfaction again varied by county. Dissatisfaction with security was the highest on Maui and lowest on Kauai. Kauai boaters, however, were most dissatisfied with repair and maintenance followed closely by boaters on Maui. Maui boaters were also highly dissatisfied with boating safety. Appendix 2 provides more detail on this issue.

The level of dissatisfaction seems to be particularly acute on Maui, where the majority of the boaters complain about the department’s boating safety program, repair and maintenance, harbor security, accident investigation, and parking. Exhibits 2.5 to 2.7 show the level of dissatisfaction with services relating to security, repair and maintenance, and boating safety in all four counties.

Exhibit 2.1  
Dissatisfaction with Dry Storage

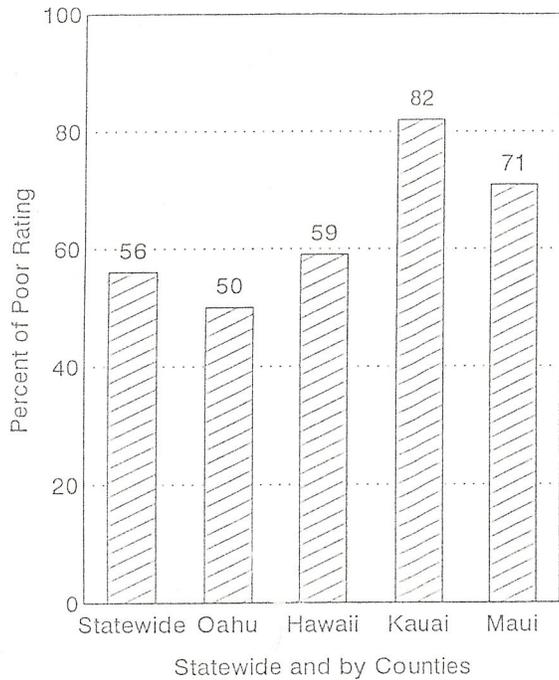


Exhibit 2.2  
Dissatisfaction with Restrooms

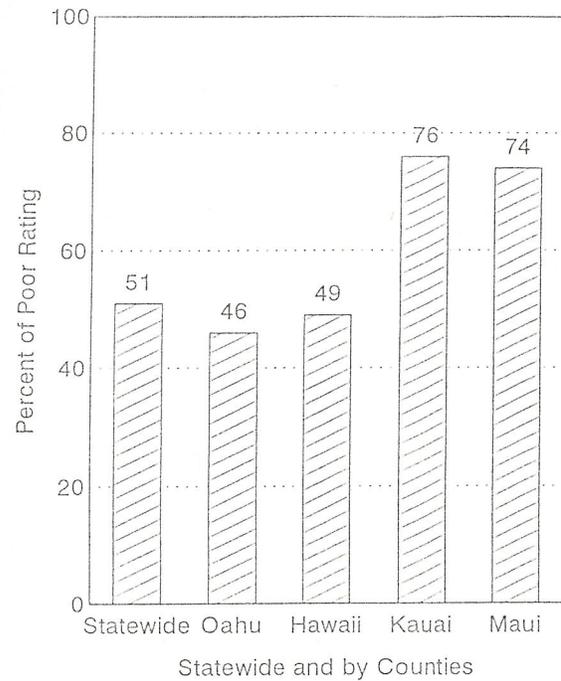


Exhibit 2.3  
Dissatisfaction with Parking

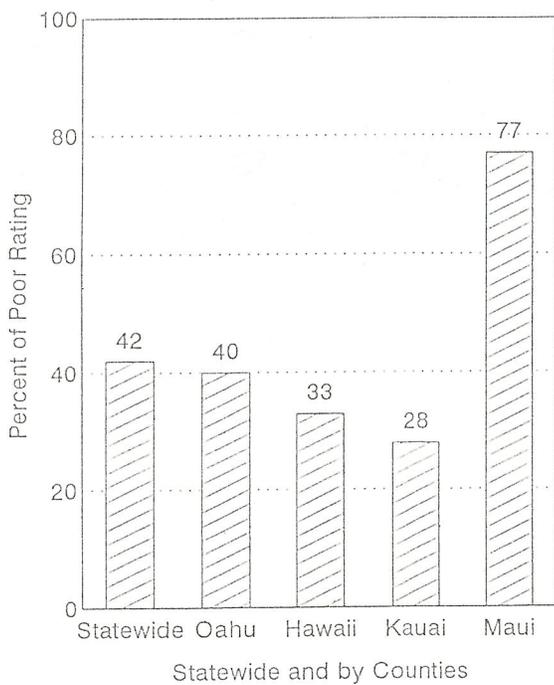
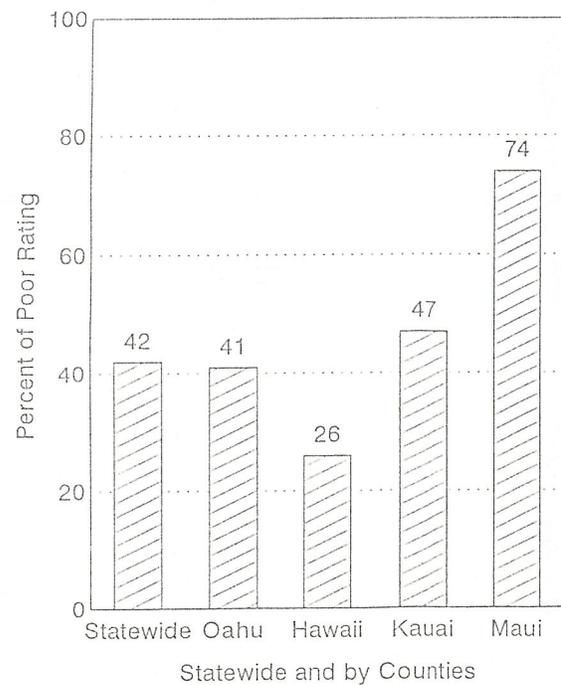


Exhibit 2.4  
Dissatisfaction with Moorings



### **Great dissatisfaction at Keehi Small Boat Harbor**

Boaters using Keehi small boat harbor were the most dissatisfied with its facilities and services. At Keehi, 89 percent expressed dissatisfaction with the dry storage area, 76 percent with parking lots, 71 percent with the restrooms, 58 percent with the moorings, 46 percent with the piers and catwalks, and 41 percent with the lighting. Exhibit 2.8 compares the response of Keehi users with all other respondents. The situation there is perhaps the most difficult faced by DLNR.

During our site visit, we found Keehi to be in particularly poor shape. Lagoon waters contain many submerged vessels. Although most sunken vessels appear to be adequately marked, they pose a potential safety hazard to boating traffic and are, at the very least, an undesirable eyesore for the program. In addition, shower and restroom facilities at Keehi are inadequate for a harbor of its size. There is only one restroom facility for over 600 boaters and the general public. The harbor has no indoor shower facilities for liveaboards—in contrast to Ala Wai Small Boat Harbor which does have such facilities.

The poor relationship between boaters and program officials has been exacerbated by DLNR efforts to clean up the harbor. Prior to the transfer of the program from the DOT to DLNR, the impounding and removal of dormant or derelict (unseaworthy) vessels may not have been vigorously enforced. After the transfer, DLNR removed many derelict vessels from the Keehi harbor facility. Many more vessels are scheduled to be removed.

Some owners of derelict vessels feel that DLNR has been overzealous in its approach. The department states that harbor personnel have received death threats because of these efforts and has posted armed security guards in the Keehi harbor office.

### ***Security is a particular concern***

Small boat harbors and launching ramps lack adequate security, particularly during night and weekend hours. 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.

### **Harbor offices not open at periods of peak use**

Many harbor offices are closed on holidays and weekends when use of the harbors is at its peak. The harbor offices at Honokohau, Maalaea, and Lahaina are open daily except holidays. The offices at Waianae, Heeia-Kea, and Keehi are open on Saturdays. All others are closed weekends and holidays. Boating accidents and arguments among

Exhibit 2.5  
Dissatisfaction with Security

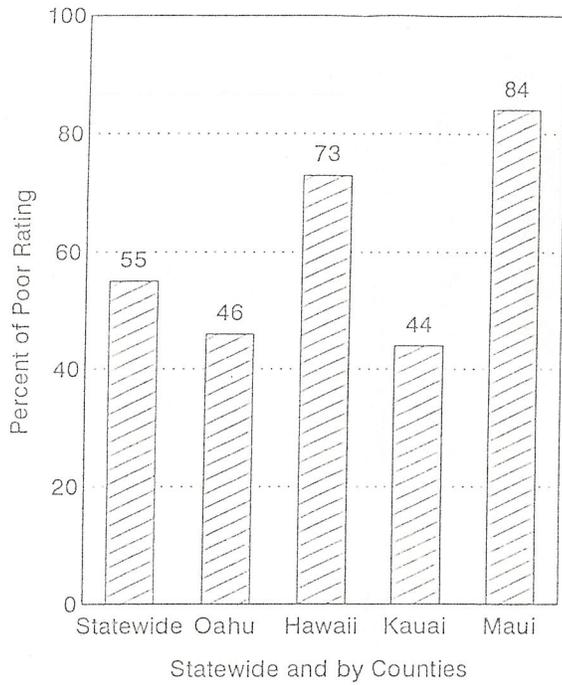


Exhibit 2.6  
Dissatisfaction with Repair and Maintenance

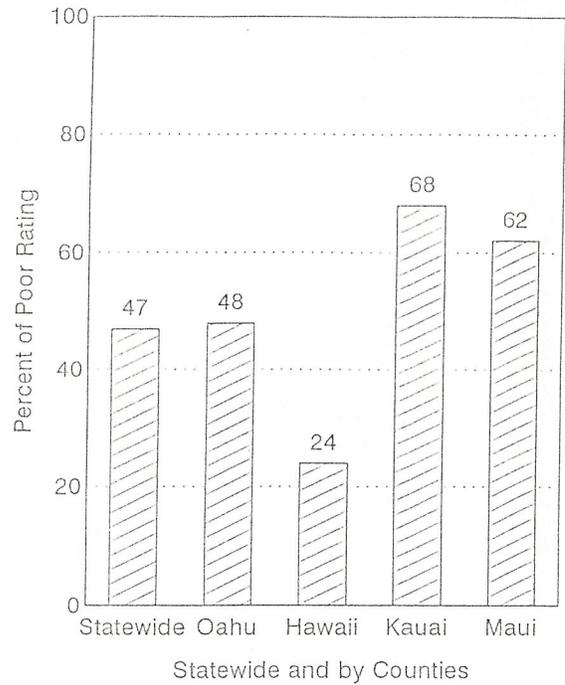
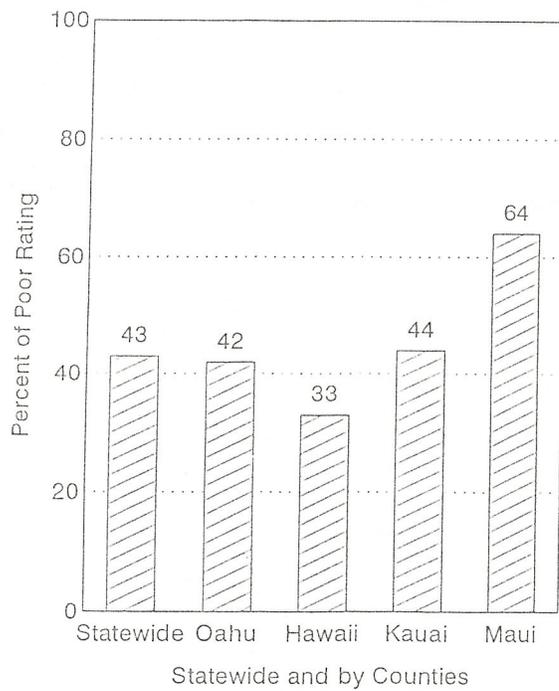


Exhibit 2.7  
Dissatisfaction with Boating Safety



**Exhibit 2.8**  
**Dissatisfaction with Facilities and Services**

Facility/ Service	Keehi	All Others
<b>FACILITIES</b>		
Piers and Catwalks	46%	23%
Other Moorings	58%	38%
Launching Facilities	12%	17%
Seawalls/Protective Structures	25%	19%
Parking Lots	76%	33%
Lighting	41%	25%
Dry Storage	89%	49%
Restrooms	71%	46%
<b>SERVICES</b>		
Boating Safety	49%	41%
Repairs/Maintenance	69%	42%
Harbor Security	51%	56%
Billings	53%	21%
Utilities	51%	34%
Accident Investigation	55%	29%

Figures are percentages of respondents who rated specific facilities and services as "poor."

boaters occur most frequently at these times. Harbor agents are not there at such times, however, to deal with these matters. In addition, vandalism and public disorder often occur at night. Except for occasional night police patrols, little is done to deter vandalism and public disorder at night. Harbor agents do not work during the evening and night shifts.

### **Harbor agents lack enforcement authority**

Harbor agents are responsible for ensuring that boating rules and regulations are enforced, yet they have no authority to do so. They cannot arrest or cite violators of the boating rules. They must rely upon the marine patrol or the local police to enforce the rules.

### **No control over the marine patrol**

When the boating program was transferred to DLNR, the marine patrol that provided security for the program was split off and transferred to the Department of Public Safety (PSD). The intent was to consolidate all police functions in PSD.

The Boating Special Fund paid more than \$800,000 in FY1992-93 to PSD to defray operating costs of the marine patrol. DLNR, however, has no control over the security and enforcement activities of the marine patrol that it has paid for from the special fund. We had previously cited this problem in our Report No. 92-28, *A Review of the Transfer of the Marine Patrol and Potential Transfer of the Division of Conservation and Resources Enforcement*. We recommended that the Legislature consider transferring the marine patrol to DLNR. If the Legislature does not do so, the department should be allowed to hire or contract for its own security personnel. It is difficult for DLNR to ensure effective security services when it cannot exercise control over these services.

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## **Management Responsibilities Continue to be Divided**

The boating program was transferred from DOT to DLNR effective July 1, 1992. The program is still in transition. Delays in completing the transfer have hampered program operations. DLNR continues to rely on DOT personnel for accounting and repair and maintenance functions. Since DLNR does not control these functions, they are often not performed on a timely basis. This makes it difficult to pinpoint accountability for delays and problems that occur.

To effectuate the transfer of the program, DOT and DLNR entered into a Memorandum of Agreement requiring DOT to provide continued technical and administrative support for a period of up to three years or until DLNR is able to staff and train its personnel to perform these key program functions. DLNR has had difficulty in filling crucial positions.

In addition, accounting and repair services have not been sufficiently coordinated between the two departments. These problems have had a negative impact on operations at the harbors.

### ***Positions are unfilled***

The program needs additional personnel such as accounting clerks, engineers, and repair and maintenance staff. Many of these positions have not yet been established. Some have been established but remain unfilled. Consequently, DLNR must continue to rely on DOT for accounting and repair services. Unless a condition presents an immediate public safety hazard, DLNR requests for repair and maintenance may take several months for DOT to complete.

DLNR has little control over accounting and repair and maintenance functions since DOT personnel are not under its direct supervision. This division of responsibility and resources between the two departments has reduced program accountability to the Legislature and the public.

### ***Repairs are slow***

A particular source of frustration on Kauai has been the delay in repairing damage from Hurricane Iniki. For example, it has taken 13 months to request bids to repair hurricane damage to Kauai's small boat harbors and launching ramps. In contrast, DOT repairs to commercial harbors on Kauai have practically been completed. As a result of these delays, many boaters have undertaken their own repairs. For example, much of the repair work at Kukuiula was done by commercial boaters who use that harbor.

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### **A Clearly Defined Program Is Needed**

In transferring the recreational boating program from the DOT to the Board of Land and Natural Resources, Act 272 of 1991 required the board to establish a unit to administer the ocean recreation and coastal areas programs previously implemented by DOT. The law further requires the unit to organize and administer a state comprehensive recreational boating program. In response, DLNR has established the Division of Boating and Ocean Recreation. The department, however, has yet to develop a comprehensive statewide boating program.

Many of the problems currently being experienced by DLNR and the users of small boat harbors could be resolved with a clearly defined program. A well developed recreational boating program would identify the responsibilities of the division for small boat harbors and boat ramps and the levels and types of facilities and services the department will provide. It would also establish clear operational standards for the facilities.

The department has not identified a clear set of standards for facilities, nor has it set out the services to be provided at all small boat harbors and boat ramps. Doing so would clarify for boaters what they might realistically expect from DLNR and what the program would cost.

Since the transfer of the boating program from the DOT, DLNR has begun to improve harbors and launching facilities. The department has developed improvement plans for a number of harbors and launch ramps in consultation with officially established advisory groups. During the course of our study, some boaters acknowledged improvements in the level of services since the transfer to DLNR. However, boaters who pay to use state harbors have little information about the program they might expect in return for their fees.

***Minimal program description***

The department needs to develop a written program that would better inform boaters of the direction intended for the boating program including a timetable for making improvements to facilities. The current boating program is described only in a minimal way in the Multi-Year Program and Financial Plan and Executive Budget and in the Program Memoranda. In these documents, the program activities are described simply in terms of the provision of berths, other moorings, and launching ramps, and the issuance of shorewater permits and improvements to the above. They lack detail. They do not establish standards for the facilities or describe the services to be provided.

Currently, the basic direction for the program comes from Chapter 200, HRS, and the department's proposed administrative rules governing program operations. However, neither the statute nor the proposed rules identify or describe the program, specific goals to be met, or the minimum standards for facilities or services. Moreover, we found the rules to be confusing.

***Confusing and unwieldy administrative rules***

Boaters complain that the administrative rules are incomprehensible and excessive. The rules are 469 pages long and weigh 2-1/2 pounds. The sheer volume of these rules makes them seem excessive and virtually impossible to understand.

Almost all the rules were carried over from those previously adopted by DOT. Many were written in a piecemeal fashion in response to boater abuses of harbor facilities. They do not reflect a comprehensive programmatic approach to a boating program. They focus primarily on the responsibilities of boaters and rules of the road. They contain no standards for the facilities and services to be provided by the department.

***A better accounting and budgeting system is needed***

Another source of boater dissatisfaction is the Boating Special Fund that supports the program. Revenues to the fund come from a portion of the state's liquid fuel tax, moneys from mooring fees and permits, and income from other sources. The fund is used to provide security and pay for the operation and maintenance of harbor and boat ramp facilities and services.

Revenues from boaters in the form of mooring fees and permits amounted to more than \$5.6 million in FY1992-93. Boaters, however, are not sure that they are receiving their money's worth. They are dissatisfied with the facilities and services, and DLNR is unable to give them an accounting of how much it spends at each facility and what kinds of expenditures it makes for each facility.

The statement of revenues and expenditures presented at the end of Chapter 3 presents in detail the revenues and program costs as maintained by DLNR. It shows that more than \$1.2 million of costs are paid from liquid fuel tax deposited into the fund. The statement also shows a preponderance of costs classified under "Administration" because DLNR lacks the ability to clearly identify expenditures by program or facility. Without a clear understanding of the costs of providing services by facility, it is not possible to determine if fees charged at facilities finance all or a part of the cost of operations.

Other costs presented in the financial statement include \$411,000 for personal services provided by DOT, a special fund assessment of \$510,000, and debt service costs of more than \$1.1 million. In order to gain a clear understanding of the total costs of the program, boaters should be made aware of the impact of these indirect costs. Further, these costs should be allocated to programs and facilities on a systematic and rational basis instead of being lumped under "Administration."

The inability to track expenditures by program or facility, coupled with the absence of a detailed program budget, has made it difficult for the department to respond to inquiries about program expenditures. DLNR does not know if it is charging boaters too much or too little for the various facilities and services it provides. A comprehensive financial accounting and budget system would enhance the program's accountability to the Legislature and the public.

DLNR should develop a financial accounting and budgeting system in conjunction with developing a program plan. This would enable DLNR to determine the type and amount of revenues needed to bring facilities and related services up to standard.

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## **Internal Accounting Controls Have Material Weaknesses**

We found several reportable conditions within the boating program. Reportable conditions are significant deficiencies in the design or operation of a program's internal control structure that could adversely affect its ability to record, process, summarize, and report financial data consistent with the assertions made by management in its financial statements.

A material weakness in the internal control structure is the worst possible reportable condition. A material weakness exists when the design or operation of a program's internal controls would not reduce to a relatively low level the risk that material errors or irregularities may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

### ***Cash handling duties are not segregated***

At many harbors, a single individual is responsible for receiving cash, preparing bank deposits, and recording receipts. The lack of segregation of these duties is considered a material weakness. Accounting functions should be segregated from cash receipt functions so that no one individual controls all phases of a transaction. Ideally, the functions of receiving cash, depositing cash, and recording the cash receipts in the accounting records should each be separated and performed by different individuals to enable an agency to detect errors and irregularities in recording cash receipts.

DLNR's inability to fill critical positions has limited its ability to segregate functions. In the interim, DLNR should establish compensating controls such as installing cash registers in harbor offices and discontinuing handwritten receipts.

### ***Controls over cash receipt books are poor***

Another material weakness is the poor control over the use of cash receipts and cash receipt books. For instance, we found the following discrepancies in the handling of cash receipts: (1) some were not numerically accounted for; (2) others were not used in numerical order; (3) during a three-month time span in one office receipts were not numbered at all; (4) unused cash receipt books were not numerically accounted for; and (5) access to unused books was not controlled.

Proper control procedures not only detect errors, they also deter potential misappropriation of cash receipts. The department should prenumber cash receipt forms. To maintain control over unused cash receipt books, DLNR should keep them in a locked cabinet or secured area accessible only to authorized personnel.

***Cash deposits are delayed***

At most harbors, collections are deposited on the next bank working day. In the Oahu district office, however, collections are sometimes deposited several days after they are received. As a result, the department risks loss from burglary, misplacement, or misappropriation. This practice is considered to be a material weakness because of the increased risk of loss. Collections should be promptly deposited on the next banking day.

***Treasury Deposit Receipts are delayed***

The Harbors Division of the Department of Transportation currently handles accounting functions for the boating program. Each harbor collects and deposits receipts into a State Treasury bank account. The Treasury Deposit Receipt (TDR) is the means for entering collections into the State of Hawaii accounting system and crediting them to the Boating Special Fund.

Collections are not entered into the State of Hawaii's Financial Accounting and Management Information System (FAMIS) on a timely basis because the TDRs are infrequently prepared — sometimes long after collections are deposited. For example, collections from October 1992 were not entered into FAMIS until December 1992. Collections from November 1992 were not entered into FAMIS until January 1993. Such delays distort the monthly revenue information contained in FAMIS. FAMIS is the official accounting record of the State and it is essential that it be correct. The TDRs should be prepared in a timely manner to ensure that funds are being properly credited to the Boating Special Fund.

***Records are not reconciled to FAMIS***

Department records of revenues received are not being reconciled with FAMIS. Reconciliation of internal accounting records to FAMIS records is necessary to ensure the accuracy of records and to enable prompt follow-up on differences between records.

***Accounting procedures are not documented***

DLNR currently uses the accounting system established by DOT. DLNR does not have written accounting procedures. Coding and misclassification errors often occur because there are no documented procedures. Errors include inconsistent and improper classification of revenues and expenditures.

***Trust fund account is not reconciled***

The program receives initial security deposits from the boaters equivalent to two months' worth of mooring fees. These deposits are placed in a trust fund. Each district accounts for the security deposits through its computerized billing system. The system lists the individuals and the amount of their deposits on a subsidiary ledger. The sum of security deposits in each district should equal the balance shown in the trust account in the State's accounting system.

No one reconciles the sum of the listings by districts to the total amount of deposits in the trust fund recorded in the State's accounting system. A key control to assure that all records are properly maintained is that of reconciling individual account balances to the total balances held in trust. For proper accounting, the listing of security deposits maintained by the districts should be reconciled to the total amount recorded in the boating trust fund.

***Accountability over fixed assets is poor***

As of June 30, 1993, the fixed assets of the boating program had not been transferred from DOT to DLNR. Additionally, acquisitions of fixed assets made in 1993 had not been reported and recorded in the State's property inventory records as required.

The Department of Accounting and General Services (DAGS) maintains the official fixed asset inventory records of the State. Section 106-1, HRS, requires DLNR to prepare and file a full, true, and correct list of all property with DAGS. In addition, DAGS' Inventory Systems Manual requires each department to report all inventory transactions to DAGS 15 days after the end of each quarter.

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**Recommendations**

1. The Legislature should transfer the marine patrol from the Department of Public Safety to the Department of Land and Natural Resources. If the Legislature chooses not to act on this recommendation, DLNR should be allowed to hire or contract for its own security personnel.
2. The Department of Land and Natural Resources should develop a comprehensive statewide boating program. The program should include:
  - a. a plan that describes and sets statewide standards for facilities and services to be provided to the boating public, that defines policies for setting fees to finance these costs, and that establishes goals and milestones for bringing facilities and services up to standard;
  - b. security measures that address the security needs of users of small boat harbors and boat ramps, keep harbor offices open on weekends and holidays, and provide harbor agents with enforcement authority;
  - c. clear and concise administrative rules; and

- d. a comprehensive financial accounting and budgeting system that would enable the department to track expenditures by facility and by type of expenditure.
3. The department should also:
    - a. make the transfer of functions from the Department of Transportation a priority, and
    - b. correct problems with its internal accounting controls by:
      - a. segregating accounting functions or, at a minimum, requiring the use of cash registers;
      - b. maintaining a log of all receipt books, and securing unused cash receipt books;
      - c. depositing cash receipts daily;
      - d. ensuring that Treasury Deposit Receipts are prepared on a timely basis for all cash deposits;
      - e. reconciling internal collection records with the FAMIS system reports;
      - f. preparing written accounting procedures;
      - g. reconciling security deposits per harbor records to the department's trust fund for security deposits; and
      - h. properly recording fixed assets in the state's fixed asset inventory records.



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# Chapter 3

## Financial Audit

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This chapter presents the results of the financial audit of the Boating Special Fund created under Section 200-8 of the Hawaii Revised Statutes and administered by the Division of Boating and Ocean Recreation of the State of Hawaii Department of Land and Natural Resources for the fiscal year ended June 30, 1993. It displays the statement of revenues and expenditures - cash basis for the Boating Special Fund with explanatory notes. It also includes reports on the internal control structure and compliance with laws and regulations.

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### Summary of Findings

In the opinion of Nishihama & Kishida, CPA's, Inc., based on their audit, the financial statement presents fairly, in all material respects, the revenues and expenditures of the Boating Special Fund for the fiscal year ended June 30, 1993 prepared on a cash basis.

Nishihama & Kishida, CPA's, Inc. noted matters involving the internal control structure and its operation that they considered to be material weaknesses as defined in the report on the internal control structure. They also noted, with respect to items tested, that the Boating Special Fund has complied, in all material respects, with laws and regulations applicable to the Boating Special Fund.

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### Independent Auditors' Report

To the Auditor  
State of Hawaii

We have audited the statement of revenues and expenditures - cash basis of the Boating Special Fund of the State of Hawaii Department of Land and Natural Resources for the fiscal year ended June 30, 1993. This statement of revenues and expenditures - cash basis is the responsibility of the management of the State of Hawaii Department of Land and Natural Resources. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles

used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statement was prepared to present the revenues and expenditures of the Boating Special Fund created under Section 200-8 of the Hawaii Revised Statutes, in conformity with the cash basis of accounting described in the notes, which is a comprehensive basis of accounting other than generally accepted accounting principles. It is not intended to be a complete presentation of the boating program's revenues and expenditures.

In our opinion, the accompanying statement of revenues and expenditures - cash basis presents fairly, in all material respects, the revenues and expenditures of the Boating Special Fund of the State of Hawaii Department of Land and Natural Resources for the fiscal year ended June 30, 1993, in conformity with the cash basis of accounting.

/s/ Nishihama & Kishida, CPA's, Inc.

Honolulu, Hawaii  
November 8, 1993

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## **Independent Auditors' Report on the Internal Control Structure**

To the Auditor  
State of Hawaii

We have audited the statement of revenues and expenditures -cash basis of the Boating Special Fund of the State of Hawaii Department of Land and Natural Resources for the fiscal year ended June 30, 1993, and have issued our report thereon dated November 8, 1993.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

In planning and performing our audit of the statement of revenues and expenditures - cash basis of the Boating Special Fund of the State of Hawaii Department of Land and Natural Resources for the fiscal year ended June 30, 1993, we considered its internal control structure in order

to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control structure.

The management of the Division of Boating and Ocean Recreation of the State of Hawaii Department of Land and Natural Resources is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of the financial statement on a cash basis. Because of the inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Revenues and receipts
- Purchases and disbursements
- Payroll

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable conditions that we noted are described in Chapter 2 of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited

may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable conditions concerning the limited segregation of duties, the poor controls over cash receipt books, and the delays in depositing cash into the bank account described in Chapter 2 are material weaknesses.

This report is intended for the information of the Auditor, State of Hawaii, and management of the Division of Boating and Ocean Recreation of the State of Hawaii Department of Land and Natural Resources. However, this report is a matter of public record and its distribution is not limited.

/s/ Nishihama & Kishida, CPA's, Inc.

Honolulu, Hawaii  
November 8, 1993

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**Independent  
Auditors' Report  
on Compliance  
Based on an Audit  
of a Financial  
Statement**

To the Auditor  
State of Hawaii

We have audited the statement of revenues and expenditures -cash basis of the Boating Special Fund of the State of Hawaii Department of Land and Natural Resources for the fiscal year ended June 30, 1993, and have issued our report thereon dated November 8, 1993.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

Compliance with laws and regulations applicable to the boating program of the State of Hawaii is the responsibility of the Division of Boating and Ocean Recreation of the State of Hawaii Department of Land and Natural Resources' management. As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we performed tests of the boating program's compliance

with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Boating Special Fund complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Boating Special Fund had not complied, in all material respects, with those provisions.

This report is intended for the information of the Auditor, State of Hawaii, and management of the Division of Boating and Ocean Recreation of the State of Hawaii Department of Land and Natural Resources. However, this report is a matter of public record and its distribution is not limited.

/s/ Nishihama & Kishida, CPA's, Inc.

Honolulu, Hawaii  
November 8, 1993

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## Definition of terms

This section provides definitions of technical terms used in the financial statement and in the notes to the financial statement.

**Encumbrance.** An obligation in the form of a purchase order or contract which is chargeable to an appropriation, the incurring of which sets aside the appropriation for the amount of the obligation.

**Expenditure.** The actual disbursement of funds for the payment of goods delivered or services rendered.

**Agency fund.** A fund that is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations.

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## Notes to the Financial Statement

Explanatory notes which are pertinent to an understanding of the financial statement are discussed in this section.

### *Financial statement presentation*

**General.** The statement of revenues and expenditures of the Boating Special Fund presents only the special fund whose revenues are derived primarily from fees assessed and collected from users of the small boat

harbor and boat ramp facilities. The statement does not include the funds received from the federal government for recreational boating and boating safety, the capital projects fund, and the general fixed assets account group of the program.

**Reporting entity.** The Boating Special Fund is one of the funds of the boating program administered by the Division of Boating and Ocean Recreation of the State of Hawaii Department of Land and Natural Resources.

**Fund accounting.** The financial activities are recorded in individual funds classified by type, each of which is deemed to be a separate accounting entity. Financial resources obtained from specific revenue sources and used for restricted purposes are accounted for in the special revenue funds.

**Boating Special Fund.** The Boating Special Fund accounts for the revenues and expenditures of the operations, maintenance, and administration of the boating program. The Boating Special Fund was established by Section 200-8, Hawaii Revised Statutes for administering a comprehensive statewide boating program. All revenues collected under Sections 200-10 and 200-32, Hawaii Revised Statutes, are deposited into the Boating Special Fund. The revenues consist primarily of mooring fees, commercial user fees, fuel tax, rent for land and parking, and charges for services provided.

***Basis of accounting***

The statement of revenues and expenditures is presented on a cash basis which is not in accordance with generally accepted accounting principles. Under the cash basis of accounting, revenues and expenditures are recognized when cash is received or disbursed. Unrecorded assets and liabilities (unaudited) for the Boating Special Fund as of June 30, 1993 are as follows:

**ASSETS**

Petty cash	\$ 1,400
Cash Held in State Treasury	2,295,012
Investments	3,800,000
Accounts receivable	98,435
Accrued interest receivable	21,603
Prepaid Interest	<u>125,624</u>
Total	<u><u>\$6,342,074</u></u>

**LIABILITIES**

Due to State of Hawaii	\$1,400
Due to State of Hawaii Department of Transportation - Harbors Division for personal services	381,603
Security deposits payable	<u>533,585</u>
 Total	 <u>\$ 916,588</u>

In addition to the above, the Boating Special Fund owes the Office of Hawaiian Affairs lease rent for the fiscal year ended June 30, 1993. The minimum amount owed for lease rent has not been determined by the boating program but is estimated to be at least \$460,000.

As of June 30, 1993, the Boating Special Fund had approximately \$1,164,000 of encumbrances outstanding (commitments) in the form of contracts and purchase orders with various vendors.

Of the total amount of cash held in the State Treasury, \$867,323 is still under the control of the State of Hawaii Department of Transportation - Harbors Division for encumbrances outstanding, while \$533,585 represents the amount of security deposits held in the agency fund.

The receipts and disbursements of the agency fund for the fiscal year ended June 30, 1993, were as follows:

Receipts	Disbursements
\$62,165	\$35,355

**Description of expenditures**

**Personal services.** Salaries, wages, and related fringe benefit costs paid to employees of the boating program.

**Personal services by the State of Hawaii Department of Transportation - Harbors Division.** Salaries, wages, and related fringe benefit costs paid to the Harbors Division employees for services rendered to the boating program.

**Payments to State of Hawaii Department of Public Safety - Marine Patrol.** Salaries, wages, related fringe benefit costs, and other operating costs charged by the Marine Patrol to the boating program. Amounts charged to the Boating Special Fund is net of \$566,091 which was claimed for reimbursement from the federal government as part of the Federal Boat Safety Act Fund.

**Special fund assessment.** In accordance with Section 36-27 and 36-30 of the Hawaii Revised Statutes, special funds may be assessed for central service expenses of government and for a prorata share of administrative costs incurred by the department responsible for the operations supported by the special fund concerned.

**Debt service payments.** General obligation bonds of the State of Hawaii that were used to finance capital projects of the boating program are reimbursed by the Boating Special Fund. The amount of the general obligation bonds outstanding at June 30, 1993 is reflected in the capital projects fund. Reimbursement payments in the fiscal year ended June 30, 1993 consisted of \$501,908 for principal and \$637,004 for interest. The following is a schedule (unaudited) of the outstanding bonds as of June 30, 1993:

<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount of Issue</u>	<u>Principal Outstanding</u>
02/01/78	02/01/1998	5.000-6.00%	\$ 565,035	\$ 156,891
02/01/79	02/01/1999	5.350-6.00%	395,726	131,856
07/01/79	07/01/1999	5.500-5.90%	285,909	111,143
06/01/80	06/01/2000	6.300-7.10%	77,401	34,387
07/01/85	07/01/1995	7.400-7.75%	258,376	193,782
11/01/86	11/01/2003	6.000-6.80%	911,478	771,226
03/01/87	03/01/2007	5.400-6.00%	1,187,034	923,216
04/01/88	04/01/2008	6.125-7.50%	1,464,884	1,220,706
06/01/89	06/01/2009	7.000-7.10%	2,710,626	2,409,407
02/01/91	02/01/2011	5.30-8.125%	3,666,553	3,666,553
03/01/92	03/01/2002	5.150-6.00%	<u>423,588</u>	<u>423,588</u>
			<u>\$11,946,610</u>	<u>\$10,042,755</u>

State of Hawaii  
 Department of Land Natural Resources  
 Division of Boating and Ocean Recreation  
**BOATING SPECIAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - CASH BASIS**  
 Fiscal Year Ended June 30, 1993

	<u>Oahu</u> <u>District</u>	<u>Hawaii</u> <u>District</u>	<u>Maui</u> <u>District</u>	<u>Kauai</u> <u>District</u>	<u>Administration</u>	<u>Total</u>
<b>REVENUES</b>						
Licenses, permits and fees	\$3,877,850	\$ 520,986	\$1,122,514	\$ 116,269	\$ --	\$5,637,619
Liquid fuel tax	--	--	--	--	1,238,969	1,238,969
Investment income	--	--	--	--	88,684	88,684
Other income	--	--	--	--	<u>12,602</u>	<u>12,602</u>
	<u>3,877,850</u>	<u>520,986</u>	<u>1,122,514</u>	<u>116,269</u>	<u>1,340,255</u>	<u>6,977,874</u>
<b>EXPENDITURES</b>						
Personal services	577,799	224,063	226,165	93,431	461,594	1,583,052
Personal services provided by Department of Transportation - Harbors Division	182,976	45,836	45,175	30,361	106,752	411,100
Payments to Department of Public Safety - Marine Patrol	--	--	--	--	807,722	807,722
Operating expenses	82,771	34,687	31,360	9,574	107,311	265,703
Travel expenses	3,886	1,586	9,125	853	15,107	30,557
Utilities	243,783	92,093	52,558	17,470	51,893	457,797
Rent expense	9,074	10,864	9,112	152	46,242	75,444
Repairs and maintenance	80,972	13,907	15,467	13,295	1,070,383	1,194,024
Services on a fee basis	52,891	60,911	23,273	8,451	82,634	228,160
Special Fund assessment	--	--	--	--	510,861	510,861
Other current expenses	5,397	7,992	4,082	837	14,956	33,264
Land and land improvement	2,790	3,994	18,819	--	23,841	49,444
Machinery and equipment	58,432	7,765	6,755	4,337	111,060	188,349
Payments for debt retirement	--	--	--	--	501,908	501,908
Interest on debt	--	--	--	--	637,004	637,004
Other interest	19	24	5	--	--	48
	<u>1,300,790</u>	<u>503,722</u>	<u>441,896</u>	<u>178,761</u>	<u>4,549,268</u>	<u>6,974,437</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$2,577,060</u>	<u>\$ 17,264</u>	<u>\$ 680,618</u>	<u>\$ (62,492)</u>	<u>\$(3,209,013)</u>	<u>\$ 3,437</u>

See accompanying notes to financial statement.



HOUSE OF REPRESENTATIVES  
SEVENTEENTH LEGISLATURE, 1993  
STATE OF HAWAII

H.C.R. NO. 430  
H.D. 2

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## HOUSE CONCURRENT RESOLUTION

REQUESTING THE OFFICE OF THE STATE AUDITOR TO CONDUCT A  
COMPREHENSIVE STUDY ON THE REVENUE AND SERVICE OPERATIONS OF  
ALL STATE-RUN SMALL BOAT HARBORS AND BOAT RAMPS.

WHEREAS, the State of Hawaii possesses some of the finest opportunities for recreational boating and fishing in the nation and the world; and

WHEREAS, despite this valuable resource, recreational boating development in the State has slowed due in part to the lack of adequate berthing, storage, and launching facilities; and

WHEREAS, the Board of Land and Natural Resources currently operates a number of small boat harbors, mooring facilities, and other boating facilities; and

WHEREAS, there are fifteen small boat harbors and numerous boat ramps owned and operated by the State of Hawaii; and

WHEREAS, the operations of these small boat harbors and boat ramps are run collectively and not on an itemized basis; and

WHEREAS, numerous yacht slips throughout the State are in need of immediate repair and maintenance; and

WHEREAS, some of these harbors are involved with lawsuits, and the State continues to receive numerous complaints as to the operation of some of these harbors; and

WHEREAS, some areas adjacent to the harbors and boat ramps are deficient in parking facilities for the slip tenants and have ongoing problems with derelict vessels, unauthorized conveyances of slips and unauthorized commercial operations; and

WHEREAS, small boat harbors and other boating facilities are generally operated in other states as private business concerns, with relatively few government-operated facilities; and

WHEREAS, it is in the interest of this State to improve the service and operations of state-run small boat harbors and boat

ramps through the achievement of more efficient management, control, and maintenance of facilities; now, therefore,

BE IT RESOLVED by the House of Representatives of the Seventeenth Legislature of the State of Hawaii, Regular Session of 1993, the Senate concurring, that the Office of the State Auditor is requested to conduct a comprehensive study of the revenue and service operations of all state-run small boat harbors and boat ramps; and

BE IT FURTHER RESOLVED that the comprehensive study shall include an itemized review of financial expenditures and incoming revenue, and the degree of satisfactory and unsatisfactory services provided at each small boat harbor and boat ramp; and

BE IT FURTHER RESOLVED that the Office of the State Auditor report its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 1994; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Chairperson of the Board of Land and Natural Resources and the State Auditor.

## Boater Responses to Survey

**TABLE 1**  
Ratings of Facilities

Facilities	Percentage Ratings				
	Statewide	Oahu	Hawaii	Kauai	Maui
<b>Piers and Catwalks</b>					
Excellent	14	10	32	17	6
Satisfactory	58	58	63	44	61
Poor	28	31	5	39	32
<b>Other Moorings</b>					
Excellent	8	7	20	0	0
Satisfactory	50	52	54	53	26
Poor	42	41	26	47	74
<b>Launching Facilities</b>					
Excellent	16	18	16	18	7
Satisfactory	68	71	71	59	50
Poor	16	11	13	24	43
<b>Seawalls + Other Structures</b>					
Excellent	21	21	21	44	10
Satisfactory	58	63	61	39	42
Poor	20	16	18	17	48
<b>Parking Lots</b>					
Excellent	17	18	21	22	3
Satisfactory	41	43	46	50	19
Poor	42	40	33	28	77
<b>Lighting</b>					
Excellent	19	23	17	11	3
Satisfactory	53	59	44	39	42
Poor	28	18	39	50	55
<b>Dry Storage Areas</b>					
Excellent	5	7	3	0	4
Satisfactory	38	43	38	18	25
Poor	56	50	59	82	71
<b>Restrooms</b>					
Excellent	13	14	20	6	6
Satisfactory	35	41	32	18	19
Poor	51	46	49	76	74

## Boater Responses to Survey

**TABLE 2**  
Ratings of Facilities, by Harbor

Facilities	Percentage Ratings						
	Ala Wai	Haleiwa	Keehi	Waianae	Honokohau	Nawiliwili	Lahaina
<b>Piers and Catwalks</b>							
Excellent	7	20	11	20	34	18	6
Satisfactory	64	80	43	60	62	64	53
Poor	29	0	46	20	3	18	41
<b>Other Moorings</b>							
Excellent	5	0	10	17	19	0	0
Satisfactory	62	89	33	33	62	50	29
Poor	34	11	58	50	19	50	71
<b>Launching Facilities</b>							
Excellent	12	30	12	36	18	10	7
Satisfactory	77	70	76	50	75	70	40
Poor	11	0	12	14	7	20	53
<b>Seawalls + Other Structures</b>							
Excellent	23	30	13	33	18	55	6
Satisfactory	70	60	63	20	61	45	53
Poor	8	10	25	47	21	0	41
<b>Parking Lots</b>							
Excellent	18	50	5	47	18	36	0
Satisfactory	55	50	18	40	46	64	24
Poor	27	0	76	13	36	0	76
<b>Lighting</b>							
Excellent	25	30	14	33	20	18	0
Satisfactory	65	60	45	67	37	36	47
Poor	10	10	41	0	43	45	53
<b>Dry Storage Areas</b>							
Excellent	9	10	2	13	4	0	0
Satisfactory	53	60	9	73	48	27	13
Poor	38	30	89	13	48	73	87
<b>Restrooms</b>							
Excellent	21	10	2	20	23	0	0
Satisfactory	46	40	27	60	37	0	12
Poor	33	50	71	20	40	100	88

## Boater Responses to Survey

**TABLE 3**  
**Ratings of Services**

Services	Percentage Ratings				
	Statewide	Oahu	Hawaii	Kauai	Maui
<b>Boating Safety Education</b>					
Excellent	7	7	9	0	8
Satisfactory	50	51	58	56	28
Poor	43	42	33	44	64
<b>Repairs and Maintenance</b>					
Excellent	7	6	16	0	7
Satisfactory	46	46	61	32	31
Poor	47	48	24	68	62
<b>Harbor Security</b>					
Excellent	7	9	5	0	0
Satisfactory	39	45	23	56	16
Poor	55	46	73	44	84
<b>Billings</b>					
Excellent	14	14	15	24	10
Satisfactory	58	48	78	71	79
Poor	28	38	8	6	10
<b>Utilities</b>					
Excellent	10	14	3	0	3
Satisfactory	53	57	30	72	48
Poor	37	29	68	28	48
<b>Accident Investigation</b>					
Excellent	8	9	10	0	4
Satisfactory	58	57	59	73	46
Poor	35	34	31	27	50
<b>Parking Services</b>					
Excellent	14	14	22	28	0
Satisfactory	43	43	54	50	26
Poor	42	43	24	22	74

## Boater Responses to Survey

**TABLE 4**  
Ratings of Services, by Harbor

Services	Percentage Ratings						
	Ala Wai	Haleiwa	Keehi	Waianae	Honokohau	Nawiliwili	Lahaina
<b>Boating Safety Education</b>							
Excellent	6	0	9	8	9	0	7
Satisfactory	55	29	42	75	70	60	21
Poor	39	71	49	17	22	40	71
<b>Repairs and Maintenance</b>							
Excellent	5	0	6	8	18	0	6
Satisfactory	55	90	25	58	64	18	19
Poor	40	10	69	33	18	82	75
<b>Harbor Security</b>							
Excellent	6	0	13	23	3	0	0
Satisfactory	51	44	36	38	21	45	12
Poor	43	56	51	38	76	55	88
<b>Billings</b>							
Excellent	14	0	11	38	17	36	18
Satisfactory	54	80	36	31	72	64	65
Poor	32	20	53	31	10	0	18
<b>Utilities</b>							
Excellent	13	0	13	36	3	0	6
Satisfactory	67	90	36	57	31	82	50
Poor	19	10	51	7	66	18	44
<b>Accident Investigation</b>							
Excellent	10	13	2	9	10	0	0
Satisfactory	66	75	43	73	67	78	53
Poor	24	13	55	18	24	22	47
<b>Parking</b>							
Excellent	11	40	7	40	27	45	0
Satisfactory	57	60	17	53	53	45	29
Poor	32	0	76	7	20	9	71

## Boater Responses to Survey

**TABLE 5**  
**Additional Services or Facilities Requested**

Service or Facilities	Percent Requesting				
	Statewide	Oahu	Hawaii	Kauai	Maui
Better security	25	23	41	42	6
More or better restrooms or showers	21	24	9	17	22
More or better parking	18	18	0	0	56
Electricity or lighting	14	4	27	33	33
Cleaner harbor	11	12	5	8	17
Better pickup of waste oil or batteries	8	9	5	8	6
Pump out stations	8	12	0	0	0
Dry storage or maintenance area	6	3	5	17	17
Safe piers, docks	5	6	0	0	6
Fuel station	5	4	5	8	6
Services provided are ok	4	4	0	8	6
Dock boxes	4	2	9	0	11
Water or water faucets	4	3	0	17	6
Paved roads or paved parking	3	4	5	0	0
Trailer storage or trailer parking	3	4	0	0	0
Docks for dinghys	3	4	0	0	0
Increased maintenance	2	2	0	0	6
Loading facilities	2	2	0	8	0
Enforce laws on liveaboards	1	2	0	0	0
More telephones	1	1	5	0	0
Cable TV	1	2	0	0	0
Laundry facilities	1	2	0	0	0
Allow commercial mooring	1	2	0	0	0
Ice machines	1	1	5	0	0
Community room or club facility	1	2	0	0	0
Newsletter	1	2	0	0	0

Note: Columns may add up to more than 100 percent due to multiple responses.

## Boater Responses to Survey

**TABLE 6**  
**Additional Services or Facilities Requested, by Harbor**

Service or Facility	Percent Requesting						
	Ala Wai	Haleiwa	Keehi	Waianae	Honokohau	Nawiliwili	Lahaina
Better security	19	50	20	30	40	67	0
More or better restrooms or showers	17	0	43	10	0	33	33
More or better parking	14	25	23	10	0	0	67
Electricity or lighting	0	50	3	0	40	17	22
Cleaner harbor	24	0	3	0	0	0	22
Better pickup of waste oil or batteries	14	0	3	10	7	17	0
Pump out stations	7	0	23	0	0	0	0
Dry storage or maintenance area	0	0	9	0	7	17	22
Safe piers or docks	10	0	6	0	0	0	0
Fuel station	0	0	0	40	0	0	0
Services provided are ok	7	0	0	10	0	0	0
Dock boxes	0	0	6	0	7	0	0
Water or water faucets	0	0	9	0	0	0	11
Paved roads or paved parking	0	0	11	0	7	0	0
Trailer storage or trailer parking	2	0	6	10	0	0	0
Docks for dinghys	0	0	11	0	0	0	0
Increased maintenance	5	0	0	0	0	0	0
Loading facilities	0	0	3	10	0	0	0
Enforce laws on liveaboards	2	0	3	0	0	0	0
More telephones	2	0	0	0	0	0	0
Cable TV	5	0	0	0	0	0	0
Laundry facilities	0	0	6	0	0	0	0
Allow commercial mooring	2	0	3	0	0	0	0
Ice machines	2	0	0	0	0	0	0
Community room or club facility	2	0	3	0	0	0	0
Newsletter	5	0	0	0	0	0	0

Note: Columns may add up to more than 100 percent due to multiple responses.

## Boater Responses to Survey

**TABLE 7**  
**Comments on Services and Facilities**

Comments	Percent Commenting				
	Statewide	Oahu	Hawaii	Kauai	Maui
Parking problems	24	29	13	0	29
Security is ineffective	24	25	26	13	29
Harbor is poorly maintained	15	20	0	6	13
Restrooms are dirty	13	13	22	13	8
Piers or docks need repair	10	10	0	31	4
More slips are needed	10	9	13	19	4
Electricity is inadequate	10	4	26	19	17
Water is dirty or polluted	8	10	13	0	4
More showers or restrooms are needed	7	10	4	6	0
Billings are late or inaccurate	7	10	0	0	0
Harbor master does a good job	6	8	4	0	4
Personnel have poor attitudes	6	8	0	0	8
Harbor is poorly designed	5	2	9	6	17
Utilities are poorly maintained	4	3	13	6	0
Services are poor	4	1	4	6	21
Regulations need enforcement	4	6	0	0	0
Moorings need maintenance	4	6	0	0	0
Services are ok	3	4	0	0	4
Derelict vessels are in water	3	4	0	0	0
Roads or parking lots need paving	3	2	9	0	0
Personnel are not available	3	1	4	6	8
Facilities are good	3	4	0	6	0
Harbor waters have too much surge	2	2	0	0	8
Launch ramp is inadequate	2	1	4	0	8
Moorings are poorly designed	2	3	0	0	0
Harbor needs pumpout facilities	2	2	0	6	4
Sea walls are too short	2	2	4	0	0
Dry storage area is needed	1	1	0	0	4
Boating safety program is needed	1	1	0	0	4
Fuel facility is needed	1	0	4	6	0
Houseboats need removal	1	1	0	0	0
Slips are too small	1	1	0	0	0
Channel markers need repair	1	1	0	0	0
Maintenance staff do a good job	1	1	0	0	0
Water is not provided	1	1	0	0	0

Note: Columns may add up to more than 100 percent due to multiple responses.

## Boater Responses to Survey

**TABLE 8**  
**Comments on Services and Facilities, by Harbor**

Comments	Percent Requesting						
	Ala Wai	Haleiwa	Keehi	Waianae	Honokohau	Nawiliwili	Lahaina
Parking problems	34	0	30	8	12	0	15
Security is ineffective	30	50	20	8	35	20	23
Harbor is poorly maintained	21	0	25	8	0	10	15
Restrooms are dirty	10	33	18	8	24	20	15
Piers or docks need repair	18	0	5	0	0	20	0
More slips are needed	5	17	10	8	12	0	8
Electricity is inadequate	2	17	3	0	35	20	23
Water is dirty or polluted	20	0	0	0	12	0	8
More showers or restrooms are needed	5	0	20	8	0	10	0
Billings are late or inaccurate	8	17	13	8	0	0	0
Harbor master does a good job	10	0	5	8	0	0	8
Personnel have poor attitudes	2	0	23	0	0	0	0
Harbor is poorly designed	2	0	3	8	6	0	15
Utilities are poorly maintained	3	0	5	0	18	10	0
Services are poor	0	0	3	0	0	10	38
Regulations need enforcement	7	17	5	8	0	0	0
Moorings need maintenance	3	17	10	0	0	0	0
Services are ok	3	0	0	23	0	0	0
Derelict vessels are in water	5	0	3	0	0	0	0
Roads or parking lots need paving	0	0	8	0	12	0	0
Personnel are not available	2	0	0	0	6	10	8
Facilities are good	5	17	0	0	0	10	0
Harbor waters have too much surge	0	0	0	15	0	0	0
Launch ramp is inadequate	0	0	0	8	6	0	0
Moorings are poorly designed	2	0	8	0	0	0	0
Harbor needs pumpout facilities	2	0	0	8	0	10	8
Sea walls are too short	0	0	0	15	6	0	0
Dry storage area is needed	0	0	3	0	0	0	8
Boating safety program is needed	0	0	3	0	0	0	8
Fuel facility is needed	0	0	0	0	6	10	0
Houseboats need removal	0	0	0	8	0	0	0
Slips are too small	0	0	0	8	0	0	0
Channel markers need repair	2	0	0	0	0	0	0
Maintenance staff do a good job	0	0	3	0	0	0	0
Water is not provided	0	17	0	0	0	0	0

Note: Columns may add up to more than 100 percent due to multiple responses.

## Boater Responses to Survey

**TABLE 9**  
**Use of Harbors**

Use	Percent of Responses				
	Statewide	Oahu	Hawaii	Kauai	Maui
<b>Number of Vessels Berthed</b>					
0	0	1	0	0	0
1	80	80	90	89	65
2	14	15	5	11	26
3	2	3	2	0	0
4	2	2	0	0	10
5	0	0	2	0	0
<b>Harbor</b>					
Ala Wai	32	49	0	0	0
Haleiwa	4	6	0	0	0
Heeia Kea	3	4	0	0	0
Keehi	21	32	0	0	0
Waianae	6	9	0	0	0
Honokohau	12	0	76	0	0
Kawaihae	1	0	10	0	0
Keauhou	0	0	2	0	0
Wailoa	1	0	10	0	0
Kukuiula	0	0	0	5	0
Nawiliwili	4	0	0	58	0
Port Allen	1	0	0	21	0
Kaunakakai	0	0	0	0	3
Lahaina	6	0	0	0	55
Maalaea	3	0	0	0	29
Manele	1	0	0	0	10
Other	2	0	0	16	3
<b>Number of years Berthed</b>					
Less than 10	53	56	63	56	29
10 or more	47	44	38	44	71
<b>Type of Use</b>					
Purely recreational	74	91	38	60	29
Commercial or combined	26	9	62	40	71
<b>Frequency of Use</b>					
Less than once a week	58	61	50	55	55
At least once a week	42	39	50	45	45

## Boater Responses to Survey

**TABLE 10**  
**Use of Harbors, by Harbor**

Use	Percent of Response						
	Ala Wai	Haleiwa	Keehi	Waianae	Honokohau	Nawiliwili	Lahaina
<b>Number of Vessels Berthed</b>							
0	0	0	2	0	0	0	0
1	83	100	70	100	90	100	47
2	16	0	18	0	3	0	35
3	1	0	7	0	3	0	0
4	0	0	4	0	0	0	18
5	0	0	0	0	3	0	0
<b>Number of Years Berthed</b>							
Less than 10	40	70	72	80	59	73	29
10 or more	60	30	28	20	41	27	71
<b>Type of Use</b>							
Purely recreational	99	60	95	75	39	82	24
Commercial or combined	1	40	5	25	61	18	76
<b>Frequency of Use</b>							
Less than once a week	64	50	52	81	45	64	53
At least once a week	36	50	48	19	55	36	47

## Boater Responses to Survey

**TABLE 11**  
**Boater Evaluation of Fees**

	CURRENT FEES			PROPOSED FEES			COMPARISON TO WEST COAST			
	Too High	Reason-able	Too Low	Too High	Reason-able	Don't know	Lower	Same	Higher	Don't Know
Statewide	24	75	1	61	21	18	21	13	13	52
Island										
Oahu	28	71	1	69	18	14	18	18	16	48
Hawaii	17	81	2	35	32	32	28	3	8	62
Kauai	15	85	0	42	26	32	32	0	11	57
Maui	19	81	0	59	22	19	22	14	14	49
Harbor										
AlaWai	23	76	1	73	15	12	24	28	14	35
Haleiwa	20	80	0	80	0	20	33	0	11	56
Keehi	36	64	0	61	26	13	11	11	23	56
Waianae	33	67	0	63	13	25	0	6	6	88
Honokohau	13	84	3	29	32	40	30	3	10	57
Nawiliwili	0	100	0	36	27	36	50	0	0	50
Lahaina	18	82	0	53	33	13	33	27	14	27

## Boater Responses to Survey

**TABLE 12**  
**Boater Complaints about Facilities and Services**

	Percentage of Responses					
	Complaints Made to:				Harbor Personnel Responsiveness to Complaints	
	Harbor Master	District Manager	State Administrator	Other	Responsive	Not Responsive
Statewide	79	7	5	9	67	33
Island						
Oahu	83	1	5	11	63	37
Hawaii	83	10	3	3	82	18
Kauai	50	36	7	7	74	26
Maui	68	18	7	7	67	33
Harbors						
Ala Wai	93	0	3	4	66	34
Haleiwa	89	0	11	0	100	0
Keehi	66	0	11	23	36	64
Waianae	80	0	0	20	100	0
Honokohau	81	14	0	5	89	11
Nawiliwili	43	43	14	0	73	27
Lahaina	65	24	6	6	65	35

## Boater Responses to Survey

**TABLE 13**  
**Boater Ratings of Harbor Waters**

Harbor Waters	Percentage Ratings				
	Statewide	Oahu	Hawaii	Kauai	Maui
<b>Free of Underwater Obstructions</b>					
Yes	67	66	88	74	37
No	33	34	13	26	63
<b>Free of Other Public Safety Hazards</b>					
Yes	54	52	77	55	32
No	46	48	23	45	68
<b>Free of Debris</b>					
Yes	39	28	68	55	50
No	61	72	33	45	50
<b>Free of Water Pollution</b>					
Yes	34	22	66	50	47
No	66	78	34	50	53

## Boater Responses to Survey

**TABLE 14**  
**Boater Ratings of Harbor Waters, by Harbor**

Harbor Waters	Percentage Ratings						
	Ala Wai	Haleiwa	Keehi	Waianae	Honokohau	Nawiliwili	Lahaina
<b>Free of Underwater Obstructions</b>							
Yes	75	100	37	100	93	100	41
No	25	0	63	0	7	0	59
<b>Free of Other Public Safety Hazards</b>							
Yes	49	80	34	86	83	73	27
No	51	20	66	14	17	27	73
<b>Free of Debris</b>							
Yes	11	40	30	100	80	55	47
No	89	60	70	0	20	45	53
<b>Free of Water Pollution</b>							
Yes	14	30	22	67	69	36	29
No	86	70	78	33	31	64	71

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## Response of the Affected Agency

### Comments on Agency Response

We transmitted a draft of this study to the Department of Land and Natural Resources on December 15, 1993. A copy of the transmittal letter is included as Attachment 1. The department's response is included as Attachment 2.

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 see the results of the implementation of a new memorandum of agreement concerning the marine patrol. It will explore the possibility of using contract security services. The department also agrees with our recommendation to correct problems in its internal accounting controls. It has retained the services of a consultant to help develop a new financial accounting system.

The response also provided explanatory notes on the status of various facilities and services provided and pointed to some clarifying language that we have incorporated into our report.

STATE OF HAWAII  
OFFICE OF THE AUDITOR  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917



MARION M. HIGA  
State Auditor

(808) 587-0800  
FAX: (808) 587-0830

December 15, 1993

C O P Y

The Honorable Keith W. Ahue, Chair  
Board of Land and Natural Resources  
Kalanimoku Building  
1151 Punchbowl Street  
Honolulu, Hawaii 96813

Dear Mr. Ahue:

Enclosed for your information are eight copies, numbered 6 to 13 of our draft report, *Study of the Financing of the Small Boat Harbors and Boat Ramps Program of the Department of Land and Natural Resources*. We ask that you telephone us by Friday, December 17, 1993, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Monday, December 27, 1993.

The Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa  
State Auditor

Enclosures

JOHN WAIHEE  
GOVERNOR OF HAWAII



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
P.O. BOX 621  
HONOLULU, HAWAII 96809

KEITH W. AHUE, CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES

## DEPUTIES

JOHN P. KEPPELER, II  
DONA L. HANAIKE

AQUACULTURE DEVELOPMENT  
PROGRAM  
AQUATIC RESOURCES  
BOATING AND OCEAN  
RECREATION  
CONSERVATION AND  
ENVIRONMENTAL AFFAIRS  
CONSERVATION AND  
RESOURCES ENFORCEMENT  
CONVEYANCES  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
PROGRAM  
LAND MANAGEMENT  
STATE PARKS  
WATER AND LAND DEVELOPMENT

December 28, 1993

BOR:DEP/AT:dep

TO: Ms. Marion Higa  
Auditor  
State of Hawaii

FROM: Keith W. Ahue *KA*  
Chairperson  
Board of Land and Natural Resources

RECEIVED

DEC 28 11 36 AM '93

OFFICE OF THE AUDITOR  
STATE OF HAWAII

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

Thank you for the opportunity to comment on the subject study. We realize that this was a difficult study to complete within the short time frame allowed. We believe that the Fiscal Year 1993 was the most appropriate period for determining weaknesses in the Boating Program, as this was the first year of the program's operation within the Department, and the advent of Hurricane Iniki which significantly interrupted an orderly transition of functions and procedures.

We offer the following comments on the findings and recommendations of the study in order to provide a better understanding of the status of the program:

**A. Findings.**

1. "Harbors differ greatly in facilities and services." (page 5) We concur. We have implemented a differential fee structure to compensate for the differing levels of facilities and services. As additional facilities and services are added, the fee structure is adjusted.

2. "Unsafe or polluted harbors." (page 6) The problem of waste oil disposal at our boating facilities is symptomatic of the larger problem of the lack of proper facilities within the State to dispose of contaminated waste petroleum products or contaminated soil. We have been working closely with the Department of Health (DOH) and the U. S. Coast Guard to correct the specific problems existing

at boating facilities. All the abandoned waste oil containers and contaminated soil at Honokohau Boat Harbor, as shown in the photographs on page 7 of the draft report, have been removed.

3. **"Dirty restrooms."** (page 6) We acknowledge that the restrooms at several facilities are inadequate; however, we receive few complaints of them being dirty. The restroom at Nawiliwili, although functional, is awaiting repair of the hurricane damage. The hours of operation of the Lahaina restroom had been restricted, due to low water pressure which affected the toilet flushing system; but this situation has been corrected and the facility is now open 24 hours per day, seven days a week. We are unable to implement plans for additional restroom and shower facilities at Keehi Boat Harbor due to DOH restrictions against any further cesspools or injection wells in this area, and lack of permission to connect to the nearest sewer main due to its present over capacity.

4. **"Parking problems."** (page 6) Monthly parking fees are charged only for areas designated for permit parking. All other parking spaces are designated for public use; we do not understand the comment regarding "unauthorized use of designated parking areas by the general public." The limitation of the size of the fast land area of some harbors, such as Lahaina, will preclude further expansion of the existing parking facilities.

5. **"Unsafe catwalks."** (page 6) We have permitted some boat owners to construct their own catwalks in accordance with the provisions contained in our Hawaii Administrative Rules, in cases where it is apparent that State funding will not be available for construction of new catwalks for several years. In such cases, the person is charged with the responsibility of maintenance of the catwalk, and must obtain general liability insurance, naming the State as an additional assured. We do not consider this practice to be an abdication of our responsibility for construction and maintenance of harbor facilities. The photograph on page 8 is not typical of privately constructed catwalks; it represents an isolated case of a catwalk abandoned by the owner. This catwalk has since been removed by the State and we are charging the owner for the costs involved.

6. **"Dissatisfaction with facilities."** (page 6) We are concerned about the high degree of dissatisfaction

expressed about dry storage facilities, especially by boaters on Hawaii. The only dry-stack storage facilities in the State are located on the leased premises of Gentry's Kona Marina at Honokohau Harbor, and we have recently leased an additional four acres to Gentry to develop for boat and trailer parking. We believe that this area of dissatisfaction should be clarified as to whether it concerns the condition of existing dry storage facilities, or the lack of available dry storage areas in general. We are also concerned that the statements concerning safety and pollution, except those referring to floating debris, are too general in nature to be used as a basis for corrective action.

7. **"Dissatisfaction with services."** (page 9) If possible, we would like to have more definitive statements regarding dissatisfaction with boating safety and accident investigation efforts. It appears that a follow-up questionnaire on these topics may be necessary in order to develop a comprehensive approach to address these concerns. In order to strengthen our boating safety efforts, we will be requesting the conversion of an existing Community Relations Specialist position to a Boating Safety Education Specialist position in our supplemental budget request to the 1994 Legislature. We are also developing a three-part boating and water safety program for the public school system, under contract with the U. H. Sea Grant Program.

8. **"Great dissatisfaction at Keehi Small Boat Harbor."** (page 11) With regard to the statements about sunken and derelict vessels, many of these are scheduled for removal under a contract to be awarded in January, 1994. Removal of the larger sunken barges and other vessels may have to be deferred until more funding for this purpose can be made available. Indoor shower facilities are available for those living aboard vessels assigned berths in Keehi Boat Harbor itself; however, we are not yet able to offer shower facilities to those living aboard vessels moored off shore due to the restrictions on developing additional rest room facilities as mentioned earlier. Consequently, the Principal Habitation fee (i.e., "liveaboard" fee) is only half that charged for this privilege within the boat harbor.

9. **"Harbor offices not open at periods of peak use."** (page 11) The offices at Honokohau, Lahaina and Maalaea harbors are open for business seven days a week. On Oahu, the offices at Waianae, Heeia Kea and Keehi are open on Saturdays but closed on Sundays and Mondays. Vessel inspections are available at Ala Wai Boat Harbor on

Saturdays, although no clerical staff is present. It is our goal to have harbor offices open on week-ends, depending on availability of personnel and union contract provisions.

10. **"Harbor agents lack enforcement authority."** (page 14) All enforcement functions, as well as the personnel and resources of the Marine Patrol, were transferred to the Department of Public Safety effective July 1, 1991, in accordance with Act 281, Session Laws of Hawaii 1990. This provision eliminated the existing authority for commissioning harbor agents with enforcement powers.

11. **"No control over the marine patrol."** (page 14) The Department has executed a Memorandum of Agreement (MOA) with the Department of Public Safety which establishes the basis for greater cooperation and increased communication between both agencies regarding the enforcement needs of the Boating Program. The positive effect of this MOA is already apparent.

12. **"Positions are unfilled."** (page 15) We have been delayed in filling the new positions authorized by the Legislature in the 1992 budget request, as approval of the new Division organization was not received until June 15, 1993. Consequently, the new positions could not be established and advertised for recruitment. The Department has hired a consultant to expedite this process. The present restriction on requesting new positions has precluded us from requesting the additional maintenance and administrative positions necessary to replace the present level of support being received from the Department of Transportation (DOT). Consequently, it appears that the transition period needed for the Division of Boating and Ocean Recreation to be self-sufficient will exceed the three year period originally envisioned.

13. **"Confusing and unwieldy administrative rules."** (page 16) The primary basis for developing our administrative rules is to implement legislative mandates and to comply with court decisions in various legal actions which have taken place over the years. The legislative request to develop a Statewide Ocean Recreation Management Plan, for example, has accounted for about one-third of the total volume of the rules. We believe that the present rules reflect our efforts to address new issues that have impacted the program as it has evolved since the Boating Program was first established pursuant to Act 221, Session Laws of Hawaii, 1976.

Hawaii Administrative Rules must be drafted to meet format and legal requirements acceptable to the Attorney General and Legislative Reference Bureau in order to have the force and effect of law, in accordance with statutory requirements. Therefore, they may be difficult for the average layman to follow. We believe a need exists to develop a general synopsis of those rules governing routine activities for the majority of boaters to use as a guide. We plan to develop such a guide, depending on funding availability. We do not concur with the inference that standards for facilities or services should be incorporated in the rules.

14. **"Special fund assessment."** (page 30) In addition to the special fund assessment in accordance with Section 36-30, HRS, the Boating Special Fund is also subject to the five per cent assessment for central service expenses under Section 36-27, HRS.

#### **B. RECOMMENDATIONS.**

1. **Recommendation Number 1.** With the creation and implementation of the Memorandum of Agreement between PSD and DLNR regarding enforcement responsibilities, it may not be appropriate to transfer the marine patrol program to DLNR before the departments have an opportunity to implement the provisions of the MOA. We will explore the possibility of using contract security services at specific sites as required.

2. **Recommendation Number 2.** With respect to recommendation 2.d, recommending "a comprehensive financial accounting and budgeting system that would enable the Department to track expenditures by facility and by type of expenditure," the Boating Program was not using the State's Financial Accounting and Management Information System (FAMIS) prior to its transfer to DLNR. As such, the coding system was not set up to take advantage of the various FAMIS expenditure reports available and currently used by many of our other divisions. Meaningful cost data, such as the operating expenditures for a specific harbor, can be captured by an internal revision of the coding structure used by the division.

Similar financial reporting for revenue has never been available through FAMIS. This prompted our Department to develop an automated revenue accounting system to provide a similar variety of revenue reports. This system has been in

successful operation for seven years. Boating revenue information by location and type can be readily reported, provided the data is coded correctly. As with revenue reporting, a review of the coding structure presently in use and an expansion of the level of detail initially entered into the automated system is needed.

3. **Recommendation Number 3.** Except for recommendation 3.b.e to correct problems with internal accounting controls by reconciling internal collection records with the FAMIS system reports, we are in agreement with the audit recommendations concerning improvement to internal controls.

The reported internal control weaknesses are the result of (1) carry-over of DOT procedures; (2) a lack of permanent staffing dedicated to boating financial activities; and (3) minimum amount of involvement by the DLNR Fiscal Office with the Boating Program's daily accounting operations.

An internal review of the accounting procedures used by Boating Program personnel, including the cash receipts and revenue collection cycle, has been started. Besides addressing the recommendations listed in the audit report, a primary objective of the review is to identify those accounting areas where additional temporary or permanent support by the DLNR Fiscal Office personnel or private consultants is required. We note that it is difficult to segregate accounting functions in cases where only one position is authorized to man a branch office charged with those responsibilities.

A new accounting system is presently being developed by private consultant services which will be compatible with the DLNR accounting system, and more versatile than the system in use by DOT. It is expected that the new system will facilitate the implementation of these recommendations and eliminate complaints relating to the present billing system.

In conclusion, we recognize that improvements can be made to the Boating Program, and that the recommendations contained in this report can form a solid basis for incorporating appropriate changes to the program as it is fully integrated into the Department.