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Status of Recommendations

Open
7

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Still Not Measuring Up:

Follow-Up on Recommendations Made in Report No. 13-01, *Management Audit of the Department of Agriculture's Measurement Standards Branch*

Report No. 16-06, May 2016

Hiring delays and decline in number of inspections continue at the Measurement Standards Branch

In our follow-up of recommendations made in Report No. 13-01, *Management Audit of the Department of Agriculture's Measurement Standards Branch*, we found that despite having secured state funding since 2012, the chairperson of the Board of Agriculture has neither re-established nor filled the branch's program manager and inspector positions. As a result, the Measurement Standards Branch (MSB) is still not carrying out its inspection duties or responsibilities. Inspections of petroleum meters, scales, and taxi meters continue to decline, by as much as 85 percent for petroleum meters. In addition, neighbor island inspections continue to be ignored. Consequently, there is a continued risk that consumers and businesses are not being protected from inaccurate or fraudulent business practices.

Background on Report No. 13-01

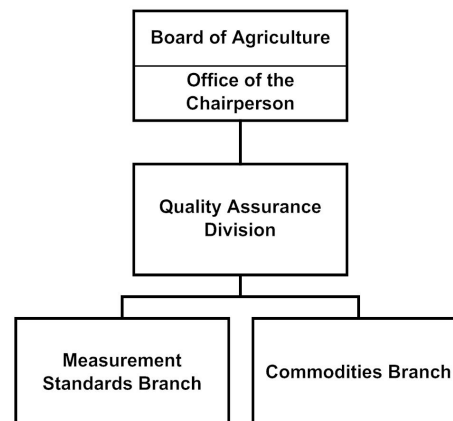
We released Report No. 13-01, *Management Audit of the Department of Agriculture's Measurement Standards Branch*, in March 2013. The audit was prompted by the 2012 Legislature, which was concerned that the FY2010 reduction of the State's workforce had reduced the branch's ability to properly carry out its duties. Specifically, the Auditor was asked to focus on the current state of the branch and make recommendations on the resources needed by the branch to fulfill its responsibilities.

Measurement Standards Branch organization and funding

The Measurement Standards Branch is one of two branches of the Department of Agriculture's Quality Assurance Division. Exhibit 1 shows the division's relevant organizational structure.

Exhibit 1

Quality Assurance Division's Organizational Chart



Source: Department of Agriculture

MSB's total position count for fiscal years 2007 through 2009 was 15; however, during that time, the branch only filled between ten and 12 of these positions. In FY2010, budget reductions reduced the position count to 11, and the branch had only six employees. In FY2011, total funding of \$327,288 for the branch was less than half of its FY2008 operating budget of \$719,145. In fiscal years 2011 and 2012, the position count was reduced further to seven, and the branch had only five employees.

Recognizing that the branch could not carry out its regulatory functions with so few staff, the department requested and received from the 2012 Legislature funding for four branch positions using non-general funds of \$420,000 from the Agricultural Development and Food Security Special Fund. As a result, the branch's operating budget climbed to \$796,025 in FY2013, surpassing the previous high of \$719,145 in FY2008.

Branch inspectors were performing only eight of 15 regulatory functions

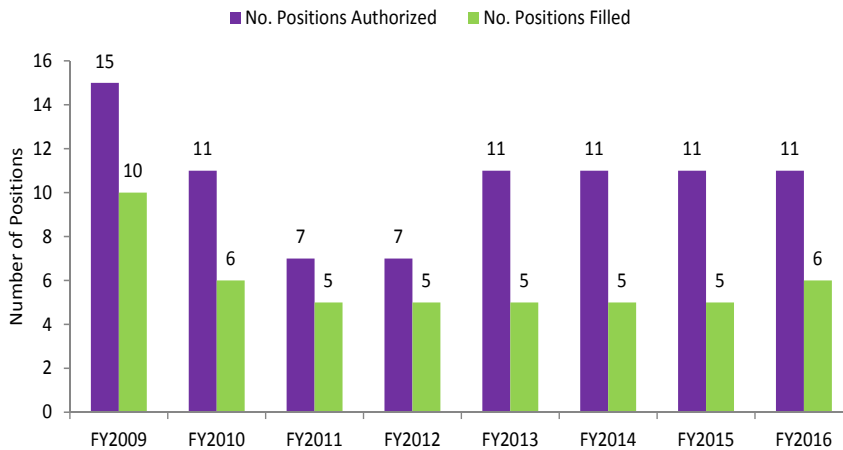
In Report No. 13-01, we found that the branch's two remaining inspectors performed only eight of the branch's 15 key regulatory functions (53 percent). In addition, inspections of measuring devices had fallen

The Quality Assurance Division acting administrator's plan was to first hire a MSB program manager and then hire inspectors. The program manager would then develop a new training program for the inspectors. However, we found the acting administrator had neither started to update training manuals, sent inspectors to the mainland for training, nor hired a training consultant because she was too busy with her other responsibilities. Specifically, in addition to overseeing the division, the acting administrator was performing papaya inspections on Hawai'i island two days a week—which is the work of a Commodities Branch inspector.

MSB Staffing Has Not Been Chairperson's Priority Until Recently

In his March 19, 2013, response to a draft of Report No. 13-01, the then-chairperson of the Board of Agriculture took full responsibility for the department's failure to meet MSB's staffing needs. He assured us that a Quality Assurance Division administrator had been appointed and was actively moving forward on filling the MSB program manager position. Once hired, the new

**Exhibit 2
MSB Positions Authorized and Filled, FY2009–FY2016**



Source: Office of the Auditor and Department of Agriculture

significantly. From FY2007 to FY2009, the branch inspected an average of 21 percent of small scales, 10 percent of medium scales, and 31 percent of gas pumps registered in the state. However, from FY2010 to FY2012, the branch inspected an average of only 2.6 percent of small scales, less than 1 percent of medium scales, and 6.7 percent of gas pumps registered in the state. Moreover, enforcement functions on the neighbor islands as well as packaging and labeling inspections throughout the state had ceased as of 2009.

program manager would develop a training program for new inspectors. The then-chairperson also stated that active recruitment had begun for the two vacant MSB inspector positions.

In 2013, we reported that the recruitment for a program manager was at step 4 of the department's 20-step recruitment process. In our 2016 follow-up, we found that the recruitment status for a program manager is

unchanged. According to the Department of Agriculture’s personnel officer, the current chairperson re-started the recruitment process on January 21, 2016—a month after we initiated the follow-up with the department—by sending letters to the Department of Budget and Finance and the Hawai’i Government Employees’ Association informing them of the department’s proposal to re-establish MSB positions that were authorized during the 2013 legislative sessions.

The personnel officer confirmed the department still plans to hire a program manager first, followed by a group of inspectors who can be trained together. However, the officer said that the recruitment of a program manager has not been a department priority. We found that in its January 12, 2016, Fiscal Biennium 2015-2017 Supplemental Briefing to the Legislature, the department listed MSB’s functions last on its list of priorities. We also found that although MSB did fill one inspector position in FY2016, this was done through a departmental placement rather than recruitment.

In March 2016, the current chairperson told us that he alone is responsible for determining the department’s hiring priorities and that “MSB positions didn’t rise to the top and are just starting to now.” He said that the department would be starting the interview process for a MSB program manager in two to three months, and predicted that a new manager would be hired by the end of 2016. He assured us that MSB’s work has continued despite the staffing shortages. “It’s not like all work stops,” he said.

MSB Inspection Rates Continue to Decline

In contrast to the chairperson’s assurances, we found that the branch is still not fulfilling its statutory responsibilities in performing inspections. Inspection rates of petroleum meters, registered scales, and taxi meters continue to

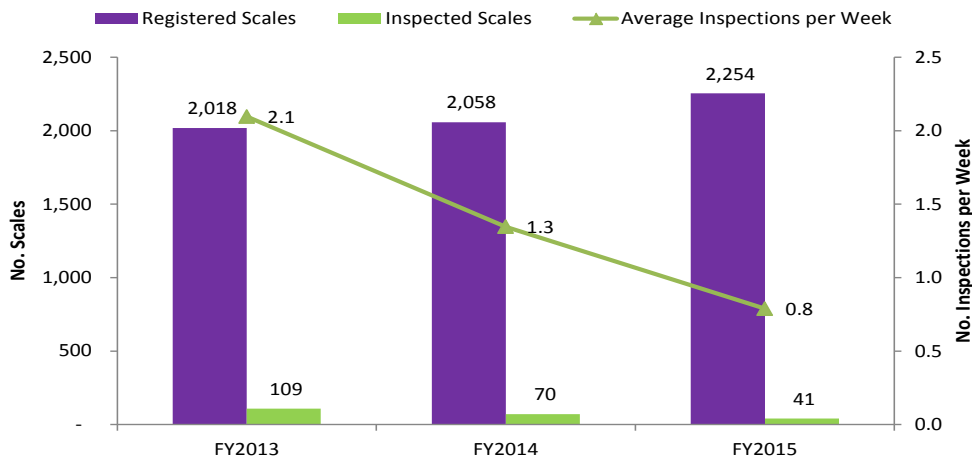
fall despite the number of inspectors remaining relatively the same and their responsibilities remaining constant since FY2011. Routine inspections also continue to be performed only on O’ahu.

Since FY2010, branch inspectors have only been investigating complaints and performing inspections of taxi meters, petroleum meters, scales, and packages and commodities labels. Complaints are the branch’s highest priority because they involve dissatisfied consumers and businesses. Taxi meter inspections are also a priority because taxi drivers must report to the branch and have their meters inspected before being eligible to receive a county taxi control business license.

MSB inspections of registered scales and petroleum meters have decreased in recent years. Registered scales inspections have decreased by more than 62 percent, from 109 in FY2013 to just 41 in FY2015, as shown in Exhibit 3. Exhibit 4 shows petroleum meters inspections also decreased, from 433 in FY2013 to just 63 in FY2015, a reduction of 85 percent. Taxi meter inspections have also declined by 8 percent, from 2,635 in FY2013 to 2,421 in FY2015, as shown in Exhibit 5. In addition, MSB continues to ignore its other mandated duties, including inspections of odometers, registered scales over 2,500 pounds, bulk fuel meters, and follow-up investigations of service persons. MSB no longer issues citations to businesses whose measuring devices are used or susceptible to being used unlawfully.

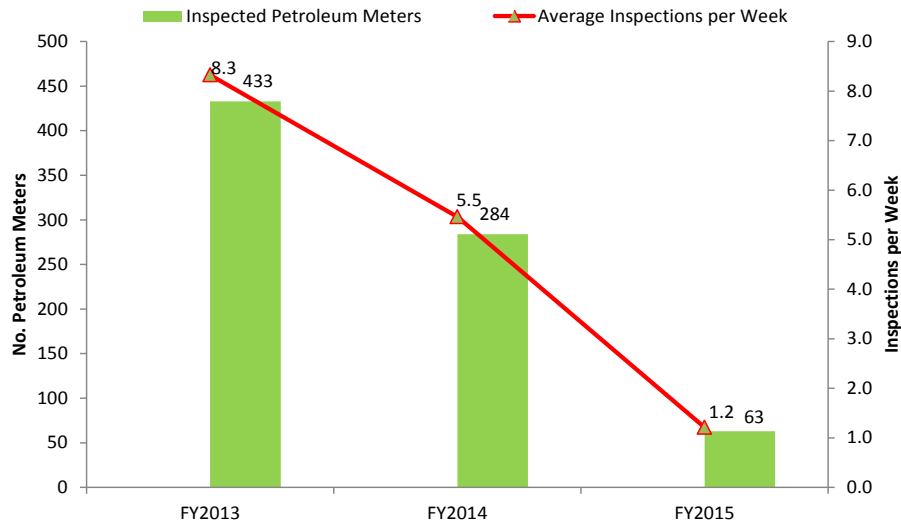
Since MSB is unable to fulfill its mandated regulatory functions with its current staffing levels, there is a continual risk that consumers and businesses are not being protected from inaccurate practices. For example, consumers may receive less than what they paid for if a gas pump is out of calibration and is under-pumping gasoline. Conversely, businesses may lose revenues if an inaccurate pump is over-pumping gasoline.

Exhibit 3
Number of Scale Inspections, FY2013–FY2015



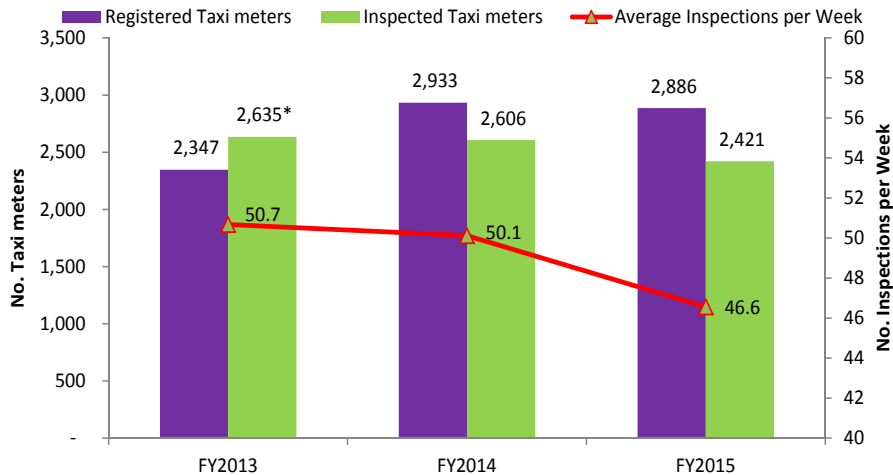
Source: Office of the Auditor and Department of Agriculture

**Exhibit 4
Number of Petroleum Meter Inspections, FY2013–FY2015**



Source: Office of the Auditor and Department of Agriculture

**Exhibit 5
Number of Taxi Meter Inspections, FY2013–FY2015**



*The number of taxi meters inspected can exceed those registered because some meters are inspected more than once due to maintenance issues.

Source: Office of the Auditor and Department of Agriculture

**Status of Report No. 13-01
Recommendations**

The 2008 Legislature amended the Auditor’s governing statute to require follow-up reporting on recommendations made in various audit reports to ensure agency accountability over audit recommendations. The purpose of this change was to appraise the Legislature of recommendations not implemented by audited agencies, and to require agencies to submit a written report within 30 days explaining why any recommendation was not implemented

and the estimated date of its implementation. The Auditor must report annually, for each unimplemented recommendation: 1) the agency that was audited; 2) the title and number of the report that contained the recommendation; 3) a brief description of the recommendation; 4) the date the report was issued; and 5) the most recent explanation provided by the agency regarding the status of the recommendation.

All seven of our recommendations in Report No. 13-01 remain Open, meaning work on the recommendations has not started, or cannot start

because precursor events have not occurred. The following details each recommendation, its status, and actions taken related to the recommendation.

Recommendation No. 1 directed the chairperson of the Board of Agriculture to temporarily appoint a Commodities Branch manager to free the Quality Assurance Division acting administrator of those responsibilities. We found that a Commodities Branch temporary manager was assigned in April 2013; however, the division administrator continues to perform commodities inspections. Therefore, we deem Recommendation No. 1 **Open**.

Recommendation Nos. 2, 3, and 4 directed the Quality Assurance Division acting administrator to recruit to fill the two vacant inspector positions, and establish and recruit to fill the program manager position and three new inspector positions. We found that the division administrator has only filled one of the two vacant inspector positions and has not re-established the program manager and three inspector positions. Moreover, the filled inspector position was not hired through recruitment efforts but rather through a departmental human resources placement. According to the division administrator, the remaining inspector positions will not be filled until a program manager is hired. Therefore, we deem Recommendation Nos. 2, 3, and 4 **Open**.

Recommendation Nos. 5, 6, and 7 instructed the division acting administrator to use the *National Institute of Standards and Technology Weights and Measures Program Requirements: A Handbook for the Weights and Measures Administrator 2011* to develop a strategic plan for the branch, develop a training program, and develop plans, policies, and procedures for oversight of registered service agencies and persons with follow-up inspections. We found that the division administrator has not developed a strategic plan, training program, and oversight policies and procedures for registered service agencies and persons with follow-up inspections. According to the division administrator, the performance of such responsibilities will be placed on the MSB program manager, who has yet to be hired. Therefore, we deem Recommendation Nos. 5, 6, and 7 **Open**.

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