

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

July 20, 2001

Committee

Report No. 01-117

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on July 3, 2001, makes reference to County Communication No. 01-27, from the Council Chair, transmitting the Federal Single Audit Report ("audit") for the fiscal year ended June 30, 2000, as conducted by independent auditors from Russell Yamane & Associates CPAs, Inc.

Your Committee notes that the audit is a Federal requirement, as a condition of the County's receipt of Federal funds.

Your Committee further notes that the audit included the following results: (1) the independent auditors' report on the financial statements expressed an unqualified opinion; (2) no instance of noncompliance considered material to the financial statements was disclosed by the audit; (3) the independent auditors' report on compliance with requirements applicable to major Federal award programs expressed an unqualified opinion; (4) the audit disclosed findings required to be reported by the Office of Management and Budget (OMB) Circular A-133; (5) no matters were reportable under the Financial Statement Findings Section; and (6) two matters were reportable under the Federal Award Findings and Questioned Cost Section.

At its meeting, your Committee met with the Director of Finance, the Director of Housing and Human Concerns, a Deputy Corporation Counsel, and Russell Yamane and Randal Taniguchi from Russell Yamane & Associates CPAs, Inc.

The Director of Finance informed your Committee that there were two findings related to the Department of Housing and Human Concerns Section 8 Housing Voucher Program and the Housing Certificate Program. The first finding related to computational errors that were found in 2 out of 25 files. The second finding disclosed that 1 out of 25 files examined for testing did not contain the

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required authorization. He further informed your Committee that the Department of Housing and Human Concerns had hired a Section 8 Program supervisor and that they were increasing the number of internal reviews.

Mr. Yamane informed your Committee that as part of the audit, his firm selects files for testing against requirements of the Federal grant. He further stated that although the number of errors and the dollar value of the errors were immaterial, the findings are still required to be reported by OMB Circular A-133 (the U. S. Government's Office of Management and Budget rules for Federal grants).

Your Committee raised questions concerning why the Federal dollars expended were either very low compared to the grant award, or in some cases, exceeded the grant. The Director of Housing and Human Concerns stated that the differences may be due to the following: (1) the Federal fiscal year runs from October 1 to September 30, as opposed to the County's fiscal year which runs from July 1 to June 30; (2) some grants overlap more than one fiscal year; (3) monies may have been expended in the previous fiscal year; (4) the grant may have just been awarded; and (5) some grants are reimbursable.

Your Committee requested that a letter be sent to the Director of Finance for a report identifying the grant award and expenditures, by fiscal year.

After further discussion, your Committee voted to recommend that County Communication No. 01-27 be filed.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 01-27 be **FILED**.

Adoption of this report is respectfully requested.

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