

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

August 20, 2002

Committee  
Report No.

02-96

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 30, 2002, makes reference to County Communication No. 02-6, from the Council Chair, transmitting a report entitled "SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2001", 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. The audit is performed in compliance with Federal Office of Management and Budget (OMB) Circular A-133.

Your Committee further notes that the audit included the following results: (1) the independent auditor's 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) no matters were reportable under the Federal Award Findings and Questioned Cost Section.

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

During the discussion, your Committee voiced concern regarding the Schedule of Expenditures of Federal Awards and the confusion that can occur when reviewing the amounts in the Grant Awarded column and the Federal Expenditures column. Specifically, your Committee questioned why the Federal

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dollars expended were either very low compared to the grant award, or in some cases, exceeded the grant. Your Committee was informed that the differences may be due to the following: (1) the Federal fiscal year runs from October 1 through 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.

The Director of Finance informed your Committee that the report format is mandated by the Federal government. However, he stated that he would look into adding an additional report to the Finance Director's Quarterly Report, which would show expenditures over the life of the grant, that might be a more meaningful management tool.

After further discussion, your Committee voted to recommend that the communication be filed.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 02-6 be FILED.

Adoption of this report is respectfully requested.

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**G. RIKI HOKAMA** **Chair**

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**DANNY A. MATEO** **Member**

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**ALAN M. ARAKAWA** **Member**

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**MICHAEL J. MOLINA** **Member**

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**ROBERT CARROLL** **Member**

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**WAYNE K. NISHIKI** **Member**

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**JO ANNE JOHNSON** **Member**

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**CHARMAINE TAVARES** **Member**

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**DAIN P. KANE** **Member**