

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

October 2, 2009

**Committee
Report No.** _____

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 September 15, 2009, makes reference to County Communication No. 09-175, from the Council Chair, transmitting a report entitled "COUNTY OF MAUI, STATE OF HAWAII: SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2008", prepared by the County's independent auditor, Kobayashi, Doi & Lum CPAs LLC.

Your Committee notes that the Single Audit Report resulted from the consolidated audit process required by the Federal government, as a condition of Federal grants of funds to the County. The Single Audit Report consists of the following parts:

1. The auditor's report on financial reporting noted that the auditor had issued an unqualified opinion on the County's financial statements (i.e., the Comprehensive Annual Financial Report), and had discovered no instances of noncompliance that were material to the financial statements.
2. The auditor's report on compliance expressed an unqualified opinion that the County complied, in all material respects, with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs, as was the responsibility of its management.
3. Audit findings were reported in accordance with Section 510(a) of the Office of Management and Budget (OMB) Circular A-133, and included a "reportable condition" involving the use of operating funds for capital-related projects.
4. The Single Audit Report also included a schedule summarizing expenditures of Federal grants for the fiscal year.

Your Committee further notes that the Single Audit Act requires that the Single Audit Report, the Comprehensive Annual Financial Report, and a Corrective Action Plan for any findings must be submitted to the Federal government.

COUNCIL OF THE COUNTY OF MAUI
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October 2, 2009
Page 2

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Alan Kobayashi, from the firm now known as Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC, provided an overview of the auditor's report. He stated that there were no material problems discovered during the audit, but there were four significant deficiencies: (1) the initial schedule of Federal assistance contained an incorrect catalog of Federal domestic assistance numbers; (2) a centralized position would improve the monitoring of Federal program compliance requirements; (3) training for departmental personnel would improve compliance with Federal compliance requirements; and (4) the schedule of Federal assistance excluded expenditures related to the State Revolving Funds.

He identified only one area of noncompliance, where the Highway Planning and Construction grant reimbursement request incorrectly included retention amounts.

Your Committee noted that the report shows that the County is doing a good job accounting for the taxpayers' money.

Your Committee voted 9-0 to recommend filing of the communication. Committee Chair Pontanilla, Vice-Chair Mateo, and members Baisa, Johnson, Kaho'ohalahala, Medeiros, Molina, Nishiki, and Victorino voted "aye".

Your Budget and Finance Committee RECOMMENDS that County Communication No. 09-175 be FILED.

This report is submitted in accordance with Rule 7 of the Rules of the Council.



JOSEPH PONTANILLA, Chair