

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

October 15, 2004

Committee
Report No.

04-178

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 13, 2004 and September 28, 2004, makes reference to County Communication No. 04-26, from the Council Chair, transmitting a report entitled "COUNTY OF MAUI, STATE OF HAWAII, SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2003" (the Report).

At its meeting of July 13, 2004, your Committee met with the Deputy Director of Finance; the Accounting Systems Administrator from the Department of Finance; a Deputy Corporation Counsel; and Russell Yamane and Randall Taniguchi from Russell Yamane & Associates CPAs, Inc.

Your Committee deferred the matter with no discussion due to lack of a quorum.

At its meeting of September 28, 2004, your Committee met with the Deputy Director of Finance; the Accounting Systems Administrator and the Real Property Tax Administrator from the Department of Finance; the Director of Housing and Human Concerns; the Community Development Block Grant (CDBG) Program Manager; a Deputy Corporation Counsel; and Russell Yamane and Randall Taniguchi from Russell Yamane & Associates CPAs, Inc.

There was no public testimony.

Your Committee notes that the Report included the following results: (1) the independent auditors' report on the financial statements expressed an unqualified opinion; (2) two reportable conditions relating to the audit of the basic financial statements are reported in the "Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based upon the Audit Performed in Accordance with *Government Auditing Standards*"; (3) no instances of noncompliance material to the financial statements were disclosed during the audit; (4) one reportable condition relating to the audit of the

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major Federal award programs is reported in the “Independent Auditor’s Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Award Program”; (5) the auditors’ report on compliance for the major Federal award programs for the County expressed an unqualified opinion on all major Federal programs; (6) the audit disclosed findings required to be reported in accordance with Section 510(a) of the Office of Management and Budget (OMB) Circular A-133; (7) two matters were reportable under the Current Year Findings Financial Statement Section; and (8) one matter was reportable under the Current Year Federal Award Findings and Questioned Cost Section.

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

The Director of Housing and Human Concerns provided your Committee with a copy of a written response dated September 27, 2004, from the Housing Administrator, providing an update to the Corrective Action Plan relating to the Section 8 Housing Choice Voucher Program Audit Findings (Section 8 Program).

Your Committee further notes that the reportable conditions relating to the financial audit (Bank Deposits and Real Property Tax Subdivision Assessments) also appear as reportable conditions in the Report. The Accounting Systems Administrator informed your Committee that the Department of Finance has implemented new procedures to obtain copies of deposit documentation from the bank and preprinted deposit slips to identify the deposit sources. These procedures have reduced the unrecorded bank deposits and improved the timely recordation of revenue.

The Real Property Tax Administrator reported that the Department has contracted with the City and County of Honolulu to do all mapping of new subdivisions for the County, including the mapping backlog and training of Department personnel to resume the mapping responsibility. He advised that the current backlog is comprised of properties that require more research, which should be resolved by December 31, 2004.

The CDBG Program Manager provided a status report on the prior year’s finding regarding the internal control weaknesses in monitoring subrecipient grantees. She stated that new procedures and checklists have been

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implemented. Additional measures implemented include redesigning the grant application packet, addressing all the issues identified in the Council initiated program audit, holding a grants workshop in September, and improving accessibility and outreach.

Your Committee voted to recommend filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 04-26 be FILED.

Adoption of this report is respectfully requested.

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