

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

September 2, 2005

Committee
Report No.

05-120

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 August 16, 2005, makes reference to County Communication No. 05-57, from the Council Chair, transmitting a report entitled "COUNTY OF MAUI STATE OF HAWAII: SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2004" (Single Audit Report), which was submitted by Russell Yamane & Associates CPAs, Inc., the County's independent auditor.

Your Committee notes that the Single Audit Report results 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 several 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 was material to the financial statements.
2. The auditors' 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. Prior audit findings are reported in accordance with Section 510(a) of the Office of Management and Budget (OMB) Circular A-133, included two matters relating to the financial statement audit, and one matter relating to compliance with federal requirements.
4. The Single Audit Report also includes 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.

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At its meeting, your Committee met with the Director of Finance, the Director of Housing and Human Concerns, the Community Development Block Grant Program Manager, the First Deputy Corporation Counsel, and Russell Yamane and Randall Taniguchi from Russell Yamane & Associates CPAs, Inc.

There was no public testimony.

Your Committee noted that an auditee (e.g., the County) that meets certain conditions for each of the preceding two fiscal years may qualify as a low-risk auditee and be eligible for reduced audit requirements. Mr. Yamane stated that the prior year's audit findings prevented the County from qualifying as a low-risk auditee, this year.

Your Committee questioned whether the Real Property Tax Division of the Department of Finance had performed an assessment of staffing requirements needed to process subdivisions in a timely manner, as had been recommended in the prior year's audit. The Director of Finance responded that the assessment is incomplete because the division has been unable to fill vacancies due to a lack of qualified applicants. The Director further stated that the County has entered into a contract with the City and County of Honolulu for help in processing subdivisions.

Your Committee voted to recommend filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 05-57 be **FILED**.

Adoption of this report is respectfully requested.

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