

June 6, 2025

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MEMO TO: BFED-20(13) File

F R O M: Yuki Lei K. Sugimura, Chair *Yuki Lei K. Sugimura*
Budget, Finance, and Economic Development Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO
FISCAL YEAR 2024 SINGLE AUDIT REPORT** (BFED-20(13))

The attached informational document pertains to Item 20(13) on the Committee's agenda.

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Attachment



OFFICE OF THE COUNTY AUDITOR

COUNTY OF MAUI
2145 WELLS STREET, SUITE 303
WAILUKU, MAUI, HAWAII 96793
<http://www.mauicounty.gov/auditor>

April 10, 2025

The Honorable Alice L. Lee, Chair
and Members of the Council
County of Maui
Wailuku, Hawaii 96793

Dear Chair Lee and Members:

**SUBJECT: COUNTY OF MAUI SINGLE AUDIT REPORTS FOR THE
FISCAL YEAR ENDED 2024**

In accordance with Section 3-9.2(1)a and Section 9-13 of the Revised Charter of the County of Maui (1983), as amended, transmitted are 19 bound copies of the County of Maui Single Audit Reports for the Fiscal Year Ended June 30, 2024, submitted by N&K CPAs, Inc., the County's contractor.

May I request that the Single Audit Report be referred to the appropriate standing committee for discussion and action.

Sincerely,

A handwritten signature in black ink, appearing to read "Lance T. Taguchi".

LANCE T. TAGUCHI, CPA
County Auditor

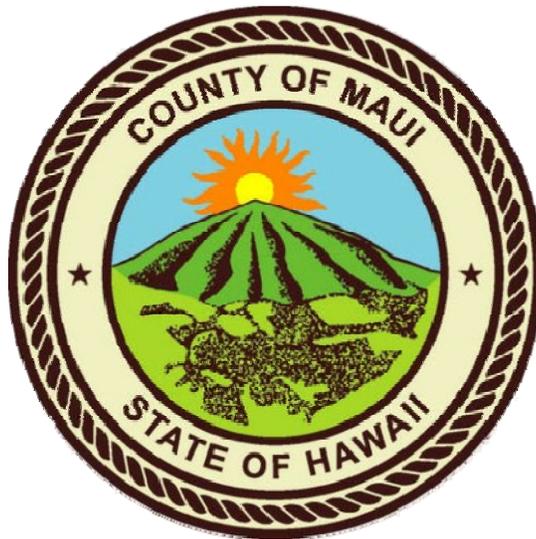
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Enclosure

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COUNTY CLERK

COUNTY OF MAUI

STATE OF HAWAII



SINGLE AUDIT REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

March 27, 2025

To the Chair and Members of
the County Council of Maui, Hawai'i
Wailuku, Maui, Hawai'i

We have completed our financial audit of the basic financial statements of the County of Maui, State of Hawai'i (the County), as of and for the fiscal year ended June 30, 2024. Our report containing our opinions on those basic financial statements is included in the County's *Annual Comprehensive Financial Report*. We submit herein our reports on the County's internal control over financial reporting and on compliance and other matters, the County's compliance for each major federal program and internal control over compliance and the schedule of expenditures of federal awards.

OBJECTIVES OF THE AUDIT

The primary purpose of our audit was to form opinions on the fairness of the presentation of the County's basic financial statements as of and for the fiscal year ended June 30, 2024, and to comply with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). More specifically, the objectives of the audit were as follows:

1. To provide a basis for opinions on the fairness of the presentation of the County's financial statements.
2. To report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. To report on internal control over compliance and an opinion on compliance on each major federal program, and on the schedule of expenditures of federal awards in accordance with the Uniform Guidance.

SCOPE OF THE AUDIT

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. The scope of our audit included an examination of the transactions and accounting records of the County for the fiscal year ended June 30, 2024.

ORGANIZATION OF THE REPORT

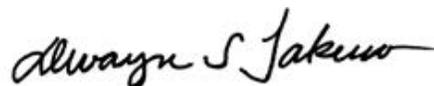
This report is presented in five parts as follows:

- Part I - Our report on internal control over financial reporting and on compliance and other matters.
- Part II - Our report on compliance for each major federal program and on internal control over compliance; and report on the schedule of expenditures of federal awards required by the Uniform Guidance.
- Part III - The schedule of findings and questioned costs.
- Part IV - The corrective action plan.
- Part V - The summary schedule of prior audit findings.

We wish to express our sincere appreciation for the excellent cooperation and assistance extended by the staff of the County.

Sincerely,

N&K CPAs, INC.



Dwayne S. Takeno
Principal

COUNTY OF MAUI, STATE OF HAWAII

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PART I

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Chair and Members of
the County Council of Maui, Hawai'i
Wailuku, Maui, Hawai'i

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Maui, State of Hawai'i (the County) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned cost as item 2024-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 through 2024-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

N&K CPAs, Inc.

ACCOUNTANTS | CONSULTANTS

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 23, 2024

PART II

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Chair and Members of
the County Council of Maui, Hawai'i
Wailuku, Maui, Hawai'i

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Maui, State of Hawai'i's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the fiscal year ended June 30, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-005. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-005 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 23, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

N&K CPAs, Inc.

Honolulu, Hawai'i
March 27, 2025

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS				
AmeriCorps Seniors Retired and Senior Volunteer Program	94.002		\$ --	\$ 86,237
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS			--	86,237
DEPARTMENT OF COMMERCE PROGRAMS				
Pass-through State - Coastal Zone Management Administration Awards:				
Coastal Zone Management FY22		B19-01CZM	--	1,518
Coastal Zone Management FY24		B22-01CZMS2	--	252,390
Total Coastal Zone Management Administration Awards	11.419		--	253,908
TOTAL DEPARTMENT OF COMMERCE PROGRAMS			--	253,908
DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS				
Pass-through State - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services:				
Aging Title III D		MA2016N03	--	7,913
Aging Title III D		S-22-221	--	20,114
Total Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services	93.043		--	28,027
Aging Cluster				
Pass-through State - Special Programs for the Aging Title III, Part B, Grants for Supportive Services Senior Centers:				
Aging Title III Programs		MA2016N03	--	(4,671)
Aging Title III Programs		S-22-221	--	392,244
Aging Title III Programs		S-24-135	--	30,512
Total Special Programs for the Aging Title III, Part B, Grants for Supportive Services Senior Centers	93.044		--	418,085
Pass-through State - Special Programs for the Aging Title III, Part C, Nutrition Services:				
Aging Title III C-2		MA2016N03	--	93,811
Total Special Programs for the Aging Title III, Part C, Nutrition Services	93.045		--	93,811
Pass-through State - Nutrition Services Incentive Program:				
Nutrition Services Incentive		PL 109-365	--	96,235
Total Nutrition Services Incentive Program	93.053		--	96,235
Total Aging Cluster			--	608,131
Pass-through State - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects:				
Federal Disaster Relief Grant		24-097	--	153,711
Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		--	153,711
Pass-through State - National Family Caregiver Support, Title III, Part E:				
Aging Title III E		MA2016N03		8,250
Aging Title III E		S-22-221	--	171,280
Total National Family Caregiver Support, Title III, Part E	93.052		--	179,530
Pass-through State - Substance Abuse and Mental Health Services Projects of Regional and National Significance:				
Strategic Prevention Framework		HI-SPF-PFS	--	49,400
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		\$ --	\$ 49,400

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS (Continued)				
Pass-through National Network of Public Health Institutes - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health:				
CDC Prevention Grant		5NU38OT0003030400	\$ --	\$ 4,127
Total Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421		--	4,127
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS			--	1,022,926
EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS				
High Intensity Drug Trafficking Areas Program:				
High Intensity Drug Trafficking Areas	95.001		--	266,516
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS			--	266,516
DEPARTMENT OF JUSTICE PROGRAMS				
Pass-through State - COVID-19 - Coronavirus Emergency Supplemental Funding Program:				
DPA COVID-19 Coordinated Response		2020-VD-BX-0312	--	25,081
MPD COVID-19 Coordinated Response		2020-VD-BX-0312	--	15,440
Total COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		--	40,521
Pass-through State - Crime Victim Assistance:				
FY24 Special Needs Advocacy Program		15POVC-21GG-00621	45,000	323,529
Special Needs Advocacy Program		2020-V2-GX0055	33,804	121,278
Total Crime Victim Assistance	16.575		78,804	444,807
Crime Victim Assistance/Discretionary Grants:				
National Crime Victims Right Week			--	4,801
Total Crime Victim Assistance/Discretionary Grants	16.582		--	4,801
Pass-through State - Violence Against Women Formula Grants:				
Domestic Violence Investigation		15JOVW-22-GG-00419		35,277
Domestic Violence Investigation		2021-WF-02		(797)
Address Intimate Partner Violence		22-WF-06	--	47,560
Total Violence Against Women Formula Grants	16.588		--	82,040
Pass-through State - Edward Byrne Memorial Justice Assistance Grant Program:				
Cybercrime Unit Enhancement		20-DJ-07	--	(530)
FY22 Local JAG Program		15PBJA-22-GG-02334	--	12,720
E Byrne Memorial JAG		15PBJA-23-GG-003348	--	58,986
E Byrne Memorial JAG FY21		15PBJA-21-GG-01424	--	42,843
SW Multi-Jurisdictional Drug		20-DJ-04	--	52,611
Latent Fingerprint Backlog RE		20-DJ-06	--	46,100
Enhancing Field Testing Capabilities		21-DJ-06	--	159,056
ARRA2022 E Byrne Memorial JAG		2020-DJ-BX-0681	--	37,354
Total Edward Byrne Memorial Justice Assistance Grant Program	16.738		--	409,140
Pass-through State - Paul Coverdell Forensic Sciences Improvement Grant Program:				
Lab Accreditation Tech Improvement		22-CD-02	--	17,941
Total Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		--	17,941
Pass-through State - NICS Act Record Improvement Program:				
NICS Act Record Improvement Program 2020 Grant		2020-NS-BX-K004	--	264,750
Total NICS Act Record Improvement Program	16.813		--	264,750
TOTAL DEPARTMENT OF JUSTICE PROGRAMS			\$ 78,804	\$ 1,264,000

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF TRANSPORTATION PROGRAMS				
Pass-through State - Highway Planning and Construction:				
FHWA Maui MPO FY22 UPWP		PL-0053(022)	\$ --	\$ 135,226
FTA Maui MPO FY23 UPWP		HI-2022-010-00	--	158,634
FHWA Maui MPO FY23 UPWP		PL-0053(023)	--	67,717
Old Haleakala Highway Traffic Sign		STP-0357(001)	--	10,149
Kahana Nui Bridge Replacement		BR-3080(009)	--	1,846,117
Iolani/Loha/Makani Road Pavement		STP-0900(099)	--	368,161
South Kihei Road Pavement Rehab		STP-3100(016)	--	1,321,484
Mill Street Pavement Reconstruction		STP-3840(001)	--	736,226
Onehee Avenue Improvements		STP-3960(001)	--	1,864,507
Papalua Street Traffic Signal Upgrade		STP-3960(001)	--	1,196
Kamehameha/Wakea Avenue Intersection		STP-0900(104)	--	284,988
Makawao Avenue Pavement Reconstruction		STP-0365(012)	--	713,827
Kaupakalua Road Pavement Reconstruction PH-2		STP-0365(011)	--	305
Total Highway Planning and Construction	20.205		--	<u>7,508,537</u>
Federal Transit Cluster				
Pass-through State - COVID-19 - Federal Transit Formula Grants (Urbanized Area Formula Program):				
COVID-19 - COVID CARES ACT FTA SEC 5307		5307 CARESACT	--	93,427
Total COVID-19 - Federal Transit Formula Grants and and Federal Transit Cluster	20.507		--	<u>93,427</u>
Pass-through State - Formula Grants for Rural Areas and Tribal Transit Program:				
FTA SEC5311 Non-Urbanized		HI-2021-003	--	8,123
FTA SEC5311 Non-Urbanized FRML		HI-2022-009	--	84,000
Total Pass-through State - Formula Grants for Rural Areas and Tribal Transit Program	20.509		--	<u>92,123</u>
Highway Safety Cluster				
Pass-through State - State and Community Highway Safety:				
MPD Traffic Services		PT23-M-03	--	192,939
Selective Traffic Enforcement		OP24-M-01	--	71,335
MFD Extrication Tools		EM23-M-02	--	45,474
MFD Extrication Tools		EM24-M-01	--	96,766
Total State and Community Highway Safety	20.600		--	<u>406,514</u>
Pass-through State - National Priority Safety Programs:				
MPD Child Restraint Program		OP23-M-05	--	49,455
MPD Traffic Data Records		TR23-M-04	--	20,509
Traffic Data Records		TR24-M-01	--	111,690
Maui Professionals Traffic Records		TR24-M-0220.600	--	3,712
Occupant Protection Grant		OP24-M-01	--	8,045
Total National Priority Safety Programs	20.616		--	<u>193,411</u>
Total Highway Safety Cluster			--	<u>599,925</u>
Pass-through State - Alcohol Open Container Requirements:				
Prosecutor's Impaired Driving		AL23-M-09	--	1,810
Maui Professionals Impaired Driving		AL24-M-02	--	4,549
Total Alcohol Open Container Requirements	20.607		--	<u>6,359</u>

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF TRANSPORTATION PROGRAMS (Continued)				
Pass-through State - Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
MPD Roadblock Program		AL23-M-04	\$ --	\$ 79,626
MPD Impaired Driving		AL24-M-01	--	56,643
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		--	136,269
TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS			--	8,436,640
DEPARTMENT OF HOMELAND SECURITY PROGRAMS				
Pass-through State - Disaster Grants - Public Assistance (Presidentially Declared Disasters):				
FEMA-4604 Hawaii Storms		FEMA-4604-DR-HI	--	1,383,774
FEMA-4510 COVID-19		FEMA-4510DR-HI	--	3,965,089
FEMA-4724 Hawaii Wildfires		FEMA-4724DR-HI	--	5,138,204
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		--	10,487,067
Pass-through State - Hazard Mitigation Grant:				
Hazard Mitigation Grant Program		HMGP DR-4366-21-10P	--	13,744
Total Hazard Mitigation Grant	97.039		--	13,744
Pass-through State - Emergency Management Performance Grants:				
Emergency Management Performance Grants		EMF-2022-EP-00006-03	--	28,400
Total Emergency Management Performance Grants	97.042		--	28,400
Assistance to Firefighters Grant				
FEMA AFG Program Operation/Safety				
Total Assistance to Firefighters Grant	97.044		--	145,000
Pass-through State - Homeland Security Grant Program:				
State Homeland Security		EMW-2019-SS-00019	--	151,374
State Homeland Security		EMW-2020-SS-00022A10	--	259,209
State Homeland Security		EMW-2021-SS-00030	--	120,000
State Homeland Security		EMW-2022-SS-00026	--	180,083
Total Homeland Security Grant Program	97.067		--	710,666
TOTAL DEPARTMENT OF HOMELAND SECURITY PROGRAMS			--	11,384,877
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				
Community Development Block Grants / State's Program and				
Non-Entitlement Grants in Hawaii			115,502	3,647,701
COVID-19 - Community Development Block Grants / State's Program and				
Non-Entitlement Grants in Hawaii			3,426	1,218,577
Total Community Development Block Grants / State's Program and			118,928	4,866,278
Non-Entitlement Grants in Hawaii	14.228			
Pass-through State - Home Investment Partnerships Program:				
Home FFY17 Administration		M17-SG150100	--	19,035
PY20 HTF Administration		F20-SG150100	--	50,182
Home FFY20 Administration		M20-SG150100	--	57,658
Home FFY21 Administration		M21-SP150100	--	2,756
Total Home Investment Partnerships Program	14.239		--	129,631
Continuum of Care Program:				
Continuum of Care Program Unsheltered Homelessness			45,356	45,356
Total Continuum of Care Program	14.267		45,356	45,356
Housing Trust Fund:				
National Housing Trust Fund FY23 Administration			--	4,410
Total Housing Trust Fund	14.275		\$ --	\$ 4,410

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS (Continued)				
Housing Voucher Cluster				
COVID-19 - Section 8 Housing Choice Vouchers			\$ --	\$ 1,410,849
Section 8 Housing Choice Vouchers			--	28,404,020
Total Section 8 Housing Choice Vouchers and Housing Voucher Cluster	14.871		--	29,814,869
Family Self-Sufficiency Program			--	23,906
Total Family Self-Sufficiency Program	14.896		--	23,906
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS			<u>164,284</u>	<u>34,884,450</u>
DEPARTMENT OF LABOR PROGRAMS				
Pass-through State - Workforce Investment Act:				
WIOA Admin PY2021		WIOA-21-LAC-M6/30/2023	--	8,910
WIOA Admin PY2022		WIOA-21-DWP-M	--	93,944
Total Workforce Investment Act	17.U01		--	102,854
WIOA Cluster				
Pass-through State - WIOA Adult Program:				
WIOA Adult Program PY21		WIOA-21-A&DWP	--	(59)
WIOA Adult Program PY22		WIOA-21-AP-M	--	184,127
WIOA Adult Program PY23		WIOA-23-AP-M	--	537
Total WIOA Adult Program	17.258		--	184,605
Pass-through State - WIOA Youth Activities:				
WIOA Youth Activities		WIOA-21-YP-M6/30/2023	--	(59)
WIOA Youth Activities		WIOA-22-YP-M	--	265,325
WIOA Youth Activities		WIOA-23-YP-M	--	269
Total WIOA Youth Activities	17.259		--	265,535
Pass-through State - WIOA Dislocated Worker Formula Grants:				
WIOA Dislocated Worker		WIOA-21-A&DWP-M	--	(59)
WIOA Rapid Response & Layoff A		WIOA-21-RRP-M	--	15,846
WIOA Dislocated Worker		WIOA-21-DWP-M	--	127,447
WIOA Dislocated Worker		WIOA-23-DWP-M	--	537
Total WIOA Dislocated Worker Formula Grants	17.278		--	143,771
Total WIOA Cluster			--	593,911
Pass-through State - WIOA National Dislocated Worker Grants / WIA National Emergency Grants:				
WIOA QUEST Maui County		WIOA-21-DWP-M	--	153,262
Total WIOA National Dislocated Worker Grants			--	153,262
WIA National Emergency Grants	17.277		--	153,262
TOTAL DEPARTMENT OF LABOR PROGRAMS			<u>\$ --</u>	<u>\$ 850,027</u>

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF THE TREASURY PROGRAMS				
COVID-19 - Coronavirus Relief Fund	21.019	P.L. 116-136	\$ (93,925)	\$ (93,925)
Pass-through State - COVID-19 - Emergency Rental Assistance Program:				
COVID-19 - Emergency Rental Assistance Program		ERA0173	(85,966)	(85,966)
COVID-19 - Emergency ARPA Rent Assistance		ERAE0026	3,250,000	3,374,612
Total COVID-19 - Emergency Rental Assistance Program	21.023		<u>3,164,034</u>	<u>3,288,646</u>
Pass-through State - Homeowner Assistance Fund:				
Homeowner Assistance Fund		HAF0002	4,030,275	4,030,275
Total Homeowner Assistance Fund	21.026		<u>4,030,275</u>	<u>4,030,275</u>
Pass-through State - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 - Administrative		Act 009, SLH2020	--	110,126
COVID-19 - 911 EMS Dispatch Communication		Act 009, SLH2020	--	141,747
COVID-19 - Public Health		Act 009, SLH2020	--	1,817,035
COVID-19 - Negative Eco Impacts		Act 009, SLH2020	1,110,698	1,381,098
COVID-19 - West Maui Reliable Capacity		Act 009, SLH2020	--	8,079,118
Coronavirus ST Fiscal Recovery Fund		Act 009, SLH2020	9,050,000	9,050,000
CSLFRF/NEU - Revenue Replacement		Act 009, SLH2020	--	10,000,000
CSLFRF/NEU - Administrative		Act 009, SLH2020	--	97,404
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>10,160,698</u>	<u>30,676,528</u>
TOTAL DEPARTMENT OF THE TREASURY PROGRAMS			<u>17,261,082</u>	<u>37,901,524</u>
DEPARTMENT OF AGRICULTURE PROGRAMS				
Wildlife Services:				
USDA Kula Agriculture Fencing			--	28,300
Total Wildlife Services	10.028		<u>--</u>	<u>28,300</u>
Child Nutrition Cluster				
Summer Food Service Program for Children:				
Total Summer Food Service Program for Children and Child Nutrition Cluster	10.559		<u>--</u>	<u>108,730</u>
Watershed Protection and Flood Prevention:				
USDA NRCS LAH Watershed Field Project			--	25,329
Total Watershed Protection and Flood Prevention Program	10.904		<u>--</u>	<u>162,359</u>
TOTAL DEPARTMENT OF THE AGRICULTURE PROGRAMS			<u>--</u>	<u>162,359</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 17,504,170</u>	<u>\$ 96,513,464</u>

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activities of the County of Maui, State of Hawaii (the County) under programs of the federal government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

PART III
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	none reported

Noncompliance material to financial statements noted?

	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
--	-------------------------------------	-----	--------------------------	----

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction
21.023	COVID-19 - Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$2,895,404

Auditee qualified as a low-risk auditee? yes no

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.
No.

2024-001 Improve Controls over Preparation of the Schedule of Expenditures of Federal Awards - Material Weakness

Criteria: The Uniform Guidance requires management to provide a complete and accurate Schedule of Expenditures of Federal Awards (SEFA), which includes all Federal grant expenditures reported in the fiscal year the expenditure occurs, with the applicable Assistance Listing Number (ALN).

Condition: During the audit, revisions were made to the SEFA to:

- Reclassify \$136,269 of expenditures reported for the Highway Safety Cluster (HSC) program to another program.
- Increase total Federal expenditures by \$10 million for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.

Cause: The Finance department relies on other departments responsible for administering Federal programs to accurately report expenditures by Federal program and ALN. The department responsible for administering the HSC program mistakenly reported certain expenditures under the incorrect ALN. In addition, recent requirements for newer Federal programs such as reporting lost revenues as expenditures on the SEFA added more complexity when reconciling total SEFA amounts. The County did not have sufficient controls in place to detect and prevent errors on the SEFA as a result of those situations.

Effect: Inadequate internal controls over the SEFA preparation could result in inaccurate reporting of the County's SEFA expenditures. Additionally, due to revisions in the SEFA, two programs initially classified as major programs were reassessed and no longer met the criteria for major program status.

Recommendation: A properly designed internal control system over financial reporting allows the County to initiate, authorize, record, process, and report financial data in compliance with the Uniform Guidance. To strengthen this system, we recommend that County management implement procedures to ensure the completeness and accuracy of all information reported in the SEFA.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2024-002 Improve Controls over Financial Reporting - Significant Deficiency

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting relevant to the preparation and fair presentation of the basic financial statements prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Condition: During the audit, we identified misstatements that were corrected by management and are described as follows:

Fiduciary Fund - Equity in Pooled Cash and Investments Held in County Treasury

- Fiduciary funds are used to account for resources held for the benefit of parties outside of the County that are not available to support the County's own programs. Cash in the amount of approximately \$1.4 million not resulting from fiduciary activities was improperly recorded in the fiduciary fund. An adjustment to the County's fiduciary fund cash and general fund cash totaling approximately \$1.4 million was recorded by management.
- Cash in the amount of approximately \$412,000 was not properly recorded in the fiduciary fund. We proposed adjustments to properly state the County's fiduciary fund cash and grant fund cash, but it was not recorded by management due to materiality.

Governmental Activities - Arbitrage Liability

The County outsources its arbitrage rebate calculation to a third party to calculate the liability when arbitrage rebate payment is due every fifth year after bond issues in accordance with IRS regulations. A liability of approximately \$2.5 million was calculated by the third party that the County did not record as of June 30, 2024. An adjustment to the County's government-wide liabilities and expenses of approximately \$2.5 million was recorded by management.

Governmental Activities - Deferred Inflows of Unavailable Resources

Governmental funds recognize revenue under the modified accrual basis of accounting, which allows for recognition of derived tax revenues subject to accrual when cash is received within 60 days after fiscal year end and is reported as deferred inflows of unavailable resources. Under the full accrual basis of accounting, revenue is recognized when the underlying exchange occurs, regardless of the timing of the payment. Real property tax revenues earned by the County totaling

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2024-002 Improve Controls over Financial Reporting - Significant Deficiency (Continued)

approximately \$13.5 million should have been recorded in the statement of activities but was improperly recorded as deferred inflows of unavailable resources in the statement of net position as of June 30, 2024. The misstatement was subsequently corrected by management.

Cause: The County currently lacks sufficient personnel to allow for an appropriate review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP.

Effect: We identified several misstatements in the County's statements as a result of our audit procedures.

Recommendation: County management should evaluate its staffing needs in the Department of Finance (Finance) to determine whether there are adequate resources to provide the level of review and approval necessary to facilitate the review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP. In addition, proper training of personnel in other County departments responsible for providing necessary financial information should be facilitated to ensure information provided to the accounting department is accurate and timely.

The County should also continue to improve and develop its internal controls over financial reporting, with greater attention to recording of non-routine transactions and post-closing journal entries. While the County assesses its staffing needs, management may also consider utilizing an outside party to assist them with the preparation of the financial statements.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2024-003 Maui County Transient Accommodations Tax - Significant Deficiency

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting relevant to the preparation and fair presentation of the basic financial statements prepared in accordance with US GAAP.

Condition: On October 5, 2021, Ordinance No. 5273, Bill No. 101 (2021), Draft 1 was signed into law which established the Maui County Transient Accommodations Tax (MCTAT). Effective November 1, 2021, the MCTAT is levied at a rate of 3 percent on every taxpayer that has gross rental proceeds and/or fair market rental value attributable to Maui County (County) considered taxable under the definitions of Chapter 237D-1 of the Hawaii Revised Statutes.

During our audit, we discovered the following:

- Approximately \$1.1 million in payments were received by the County, with incorrect tax identification numbers. As such, the payments were not properly applied to the customer's account and MCTAT receivables were overstated.

We proposed an adjustment to decrease accounts receivable and decrease deferred inflows of unavailable resources as of June 30, 2024.

- Approximately \$1.9 million of estimated refunds already applied against MCTAT revenue in prior periods were improperly applied against revenue in the current period. Under the modified accrual basis of accounting, revenues that meet the criteria for recognition should be reported net of estimated refunds for the current period, and MCTAT receivables were understated.

We proposed an adjustment to increase accounts receivable and increase revenues as of and for the fiscal year ended June 30, 2024.

Management determined the effects of the above uncorrected misstatements were immaterial, both individually and in the aggregate, to the financial statements as a whole.

Cause: The County is continuing its process of reconciling taxpayer MCTAT payments to its filing with the State of Hawaii, and providing information related to delinquencies, penalties, and interest owed. Due to the inadequacy of the current MCTAT software, staffing, and various other reasons, the MCTAT Office currently lacks the capacity to perform these reconciliations.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

**2024-003 Maui County Transient Accommodations Tax - Significant Deficiency
(Continued)**

Effect: Without proper systems, software, and adequate staffing, accounting for MCTAT will continue to be challenging, especially as time goes on.

Recommendation: We recommend the County to continue to work on evaluating alternatives to the MCTAT software program and continue its efforts to recruit and hire additional staff.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2024-004 Internal Control Policies and Procedures over Capital Assets - Significant Deficiency

Criteria: US GAAP requires that assets be transferred from construction in progress (CIP) to capital assets when they are placed in service or are available to be placed in service.

Condition: During our audit, we identified equipment purchases totaling approximately \$4.5 million that was placed into service but was not removed from CIP.

Cause: The County's Financial System Analyst performs an annual review of CIP activity and balances by making inquiries with each department regarding the status of capital improvement projects and related equipment placed into service during the year. Once a project is determined to be complete, CIP balances including related equipment are capitalized and transferred to the appropriate capital asset category. These items are maintained and accumulated in the County's accounting system and reconciled in a manual spreadsheet. Once the assets are placed in service, the spreadsheet is updated to show the reduction in CIP.

Due to oversight during Finance's annual review of capital assets, Finance overlooked reducing CIP for capitalized equipment. As a result, the County did not record the necessary entry to reduce CIP by approximately \$4.5 million once assets were determined to be placed into service.

Effect: CIP was overstated by approximately \$4.5 million and expenses were understated by approximately \$4.5 million on the government-wide financial statements. However, the misstatement was subsequently corrected by management as of June 30, 2024.

Recommendation: The County should exercise greater care when performing its policies and procedures over capital assets to ensure that assets placed in service are removed from CIP to properly state the CIP and capital asset balances.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Ref.
No.

2024-005 Subrecipient Monitoring - Significant Deficiency

Federal agency: Department of Treasury

Pass-through entity: State of Hawaii

Award number and award year: Act 009, SLH2020; 2021

Program: ALN No. 21.027 COVID-19 - Coronavirus State and Local
Fiscal Recovery Funds

Repeat Finding? Yes; 2023-005

**Questioned
Cost**

Criteria: Subrecipient monitoring and management requirements for pass-through entities at 2 CFR §200.332 - *Requirements for pass-through entities* require that the County:

- Evaluate each subrecipient's fraud risk and risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward [2 CFR § 200.332(c)].
- Verify that subrecipients are audited as required by 2 CFR Part 200, Subpart F - Audit Requirements if the entity expended \$750,000 or more during the entity's fiscal year [2 CFR § 200.332(g)].

As part of the County's policies and procedures to evaluate subrecipient risk and to determine whether or not the subrecipient is subject to an audit as required by 2 CFR Part 200, Subpart F - Audit Requirements, subrecipients are required to complete the "Subrecipient Monitoring and Risk Assessment Form" which is to be submitted along with the subrecipient's grant application or prior to the execution of the grant agreement, upon award.

Condition: During our testing of the subrecipient monitoring compliance requirement, we discovered three (3) out of 3 samples tested where the County did not complete the Subrecipient Monitoring and Risk Assessment Form.

Cause: The County did not follow its policies and procedures over subrecipient monitoring throughout the fiscal year.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2024

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Ref.
No.

2024-005 Subrecipient Monitoring - Significant Deficiency (Continued)

Questioned
Cost

Effect: Completion of the Subrecipient Monitoring and Risk Assessment Form for subrecipients help ensure proper accountability and compliance with program requirements and achievement of performance goals.

\$ --

Recommendation

We recommend the County follow its policies and procedures for its subrecipients to ensure proper monitoring activities are performed as required by 2 CFR §200.332.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the finding and the recommendation. See Part IV Corrective Action Plan.

PART IV
CORRECTIVE ACTION PLAN

RICHARD T. BISSEN, JR.
Mayor

MARCY MARTIN
Director

MARIA E. ZIELINSKI
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

March 27, 2025

Mr. Dwayne S. Takeno
N&K CPAs Inc.
999 Bishop Street, Suite 2200
Honolulu, Hawai'i 96813

**SUBJECT: SINGLE AUDIT REPORT FINDINGS – CORRECTIVE
ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30,
2024**

Dear Mr. Takeno:

The County of Maui understands that the audits for the County's basic financial statements and federal financial assistance programs identify opportunities for improving our performance and operational processes. Accordingly, attached is our Corrective Action Plan in response to the Single Audit Report Findings for the fiscal year ended June 30, 2024. It is the County's goal for every audit to have positive results and our responses to these findings and recommendations allow the County to take the appropriate corrective actions for improvement of our operational processes.

I would like to take this opportunity to express my appreciation to you and your staff during this fiscal year's audit and to provide our responses to your findings and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcy Martin".

MARCY MARTIN
Director of Finance

MM:mms

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2024**

Ref.

No. **Financial Statement Findings**

2024-001 Improve Controls over Preparation of the Schedule of Expenditures of Federal Awards - Material Weakness

Recommendation

A properly designed internal control system over financial reporting allows the County to initiate, authorize, record, process, and report financial data in compliance with the Uniform Guidance. To strengthen this system, we recommend that County management implement procedures to ensure the completeness and accuracy of all information reported in the SEFA.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. Due to the increase in federal grants, multiple departments are responsible for the oversight of these grants. The Department of Finance continues to face staffing challenges and does not have adequate personnel and resources for the continuous monitoring of these funds. A Countywide Grant Compliance Specialist position is in the process of being created by the Department of Personnel Services. This position will be primarily responsible for the monitoring of grants in accordance with the Uniform Guidance and will assist in the preparation of the Single Audit. Additionally, the Department of Finance - Accounts Division should re-evaluate its interfund processes and procedures when providing grant funds to special revenues funds as this was the cause for the CSLFRF expenditures to be categorized as a transfer-out and not an expenditure on the SEFA.

End Date: **Ongoing**

Responding Person(s): Marci Sato, Accounting System Administrator
Department of Finance
Phone No. (808) 270-7503

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2024**

Ref.
No. **Financial Statement Findings**

2024-002 Improve Controls over Financial Reporting - Significant Deficiency

Recommendation

County management should evaluate its staffing needs in the Department of Finance (Finance) to determine whether there are adequate resources to provide the level of review and approval necessary to facilitate the review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP. In addition, proper training of personnel in other County departments responsible for providing necessary financial information should be facilitated to ensure information provided to the accounting department is accurate and timely.

The County should also continue to improve and develop its internal controls over financial reporting, with greater attention to recording of non-routine transactions and post-closing journal entries. While the County assesses its staffing needs, management may also consider utilizing an outside party to assist them with the preparation of the financial statements.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The Department of Finance - Accounts Division has experienced changes in personnel and has struggled to stay fully staffed over the past several years. Management will focus on additional training for staff members and will incorporate supplemental financial statement reviews throughout the year in efforts to ensure that financial information is presented accurately.

End Date: **Ongoing**

Responding Person(s): Marci Sato, Accounting System Administrator
Department of Finance
Phone No. (808) 270-7503

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2024**

Ref.
No. **Financial Statement Findings**

2024-003 Maui County Transient Accommodations Tax - Significant Deficiency

Recommendation

We recommend the County to continue to work on evaluating alternatives to the MCTAT software program and continue its efforts to recruit and hire additional staff.

View of Responsible Officials and Planned Corrective Action

While management concurs with this audit finding we would like to clarify the following:

- The \$1.1 million in payments received by the County were filed by taxpayers using the incorrect tax identification numbers. Unfortunately, our current pay portal software accepts ID numbers that are not attached to an account. This necessitates MCTAT staff to manually research all such incidents. From a technical perspective, revenue has not been overstated. Rather, it hasn't been applied to a correct taxpayer yet.
- The software purchased in 2022 is inadequate and does not satisfy the County's requirements. It is basically only a pay portal. We are in the process of sending out an RFP for a total software solution and reporting platform which can reconcile MCTAT payments with tax return information provided from the State of Hawaii. This would include reflecting receivables, aging reports, greater functionality to ensure greater tax compliance, as well as payment processing.
- While the MCTAT staffing is currently at six employees, we are awaiting approval of two additional positions from the County's Department of Personnel Services so we can commence recruitment.

End Date: **Ongoing**

Responding Person(s): Maria E. Zielinski, Deputy Director
Department of Finance
Phone No. (808) 270-7212

Nicole Ricks, Revenue Manager
Department of Finance
Phone No. (808) 270-6248

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2024**

Ref.
No. **Financial Statement Findings**

2024-004 Internal Control Policies and Procedures over Capital Assets - Significant Deficiency

Recommendation

The County should exercise greater care when performing its policies and procedures over capital assets to ensure that assets placed in service are removed from CIP to properly state the CIP and capital asset balances.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The Department of Finance - Accounts Division has experienced changes in personnel over the past three years. Management will review its fixed asset and CIP procedures with staff and will ensure adequate reviews are being performed.

End Date: **Ongoing**

Responding Person(s): Marci Sato, Accounting System Administrator
Department of Finance
Phone No. (808) 270-7503

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2024**

Ref.
No. **Federal Award Findings**

2024-005 Subrecipient Monitoring - Significant Deficiency

Recommendation

We recommend the County follow its policies and procedures for its subrecipients to ensure proper monitoring activities are performed as required by 2 CFR §200.332.

View of Responsible Officials and Planned Corrective Action

Management concurs with this finding. As mentioned in Corrective Action 2024-001, due to the increase in federal grants, multiple departments are responsible for the oversight of these grants. The Department of Finance continues to face staffing challenges and did not have adequate personnel and resources for the continuous monitoring of these funds. A Countywide Grant Compliance Specialist position is in the process of being created by the Department of Personnel Services. This position will be primarily responsible for the monitoring of grants in accordance with the Uniform Guidance.

End Date: **Ongoing**

Responding Person(s): Marci Sato, Accounting System Administrator
Department of Finance
Phone No. (808) 270-7503

PART V
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**County of Maui, State of Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2024**

This section contains the current status of our prior audit recommendations. The recommendations are referenced to the pages of the previous audit report for the fiscal year ended June 30, 2023, dated January 31, 2024 and March 28, 2024.

SECTION II - FINANCIAL STATEMENT FINDINGS

<u>Recommendations</u>	<u>Status</u>
<p>2023-001 Improve Controls over Financial Reporting - Material Weakness (Page 21)</p> <p>County management should evaluate its staffing needs in the accounting department to determine whether there are adequate resources to provide the level of review and approval necessary to facilitate the review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP. In addition, proper training of personnel in other County departments responsible for providing necessary financial information should be facilitated to ensure information provided to the accounting department is accurate and timely.</p> <p>The County should also continue to improve and develop its internal controls over financial reporting, with greater attention to recording of non-routine transactions and post-closing journal entries. While the County assesses its staffing needs, management may also consider utilizing an outside party to assist them with the preparation of the financial statements.</p>	<p>Not accomplished. See finding 2024-002.</p>
<p>2023-002 Develop Controls over Financed Purchases - Material Weakness (Page 22)</p> <p>We recommend that the County implement procedures to ensure that all financed purchases are identified and reported</p>	<p>Accomplished.</p>
<p>2023-003 Maui County Transient Accommodations Tax - Material Weakness (Page 23)</p> <p>We recommend the County to work on its implementation of its MCTAT software program and continue its efforts to recruit and hire additional staffing.</p>	<p>Partially accomplished. See finding 2024-003.</p>

**County of Maui, State of Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2024**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendations	Status
<p>2023-004 Reporting - Significant Deficiency (Page 24)</p> <p>The County should improve their internal control process to ensure that quarterly reports required by Section 15011 of the CARES Act are completed and submitted on a timely basis.</p>	<p>Accomplished.</p>
<p>2023-005 Subrecipient Monitoring - Significant Deficiency (Page 25)</p> <p>We recommend that the County ensure the completion of its Project Monitoring Report Form during the contract period and obtain the Subrecipient Monitoring Form from its subrecipients at the end of every contract period as part of its monitoring procedures over subrecipients.</p>	<p>Not accomplished. See finding 2024-005.</p>
<p>2023-006 Allowable Costs - Significant Deficiency (Page 27)</p> <p>We recommend the County follow their internal control process to ensure that adequate documentation supports the accumulation of costs charged to the Program as required by 2 CFR §200 Subpart E.</p>	<p>Accomplished.</p>