

June 11, 2024

MEMO TO: BFED-21(24) 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
JOHNSON CONTROLS, INC. ENERGY PERFORMANCE
CONTRACT** (BFED-21(24))

The attached informational document pertains to Item 21(24) on the Committee's agenda.

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Attachment

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OFFICE OF THE
COUNTY COUNCIL



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2024 MAY -6 AM 11:14

OFFICE OF THE COUNTY AUDITOR

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

OFFICE OF THE
COUNTY CLERK

May 2, 2024

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 REPORT FOR THE
FISCAL YEAR ENDED 2023**

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 Report for the Fiscal Year Ended June 30, 2023, 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".

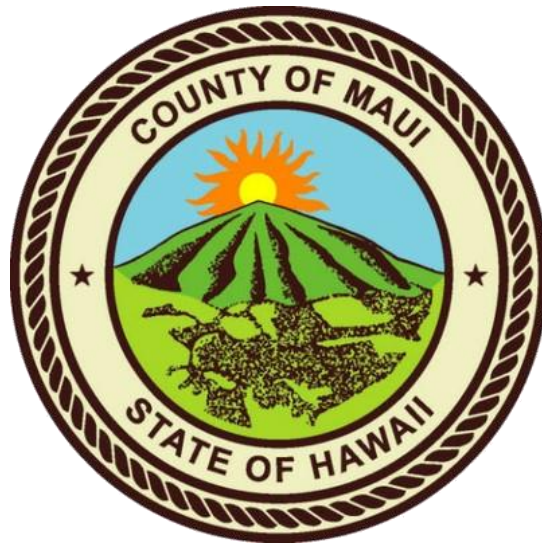
LANCE T. TAGUCHI, CPA
County Auditor

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Enclosure

COUNTY OF MAUI

STATE OF HAWAII



SINGLE AUDIT REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

March 28, 2024

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 and other supplementary information of the County of Maui, State of Hawai'i (the County), as of and for the fiscal year ended June 30, 2023. 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, 2023, 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 with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.
3. To report on internal control over compliance related to each major federal program and an opinion on compliance requirements that could have a direct and material effect on each major federal program 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, 2023.

ORGANIZATION OF THE REPORT

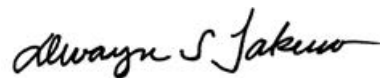
This report is presented in five parts as follows:

- 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 HAWAI'I

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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-003 that we consider to be material weaknesses.

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 auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
January 31, 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, 2023. 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, 2023.

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 items 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

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 significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 through 2023-006 to be significant deficiencies.

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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 31, 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 County's 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 auditing standards generally accepted in the United States of America. 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 28, 2024

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS				
Retired Senior Volunteer Program	94.002		\$ 69,834	\$ --
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS			<u>69,834</u>	<u>--</u>
DEPARTMENT OF COMMERCE PROGRAMS				
Pass-through State - Coastal Zone Management Administration Awards:				
Coastal Zone Management FY22		B19-01CZM	188,701	--
Coastal Zone Management FY23		B22-01CZM	<u>24,205</u>	<u>--</u>
Total Coastal Zone Management Administration Awards	11.419		<u>212,906</u>	<u>--</u>
TOTAL DEPARTMENT OF COMMERCE PROGRAMS			<u>212,906</u>	<u>--</u>
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	20,012	--
Aging Title III D		S-22-221	<u>3,411</u>	<u>--</u>
Total Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services	93.043		<u>23,423</u>	<u>--</u>
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	448,379	--
Aging Title III Programs		S-22-221	<u>256,289</u>	<u>--</u>
Total Special Programs for the Aging Title III, Part B, Grants for Supportive Services Senior Centers	93.044		<u>704,668</u>	<u>--</u>
Pass-through State - Special Programs for the Aging Title III, Part C, Nutrition Services:				
Aging Title III C-2		MA2016N03	<u>86,189</u>	<u>--</u>
Total Special Programs for the Aging Title III, Part C, Nutrition Services	93.045		<u>86,189</u>	<u>--</u>
Pass-through State - Nutrition Services Incentive Program:				
Nutrition Services Incentive		PL 109-365	<u>37,567</u>	<u>--</u>
Total Nutrition Services Incentive Program	93.053		<u>37,567</u>	<u>--</u>
Total Aging Cluster			<u>828,424</u>	<u>--</u>
Pass-through State - National Family Caregiver Support, Title III, Part E:				
Aging Title III E		MA2016N03	93,728	--
Aging Title III E		S-22-221	<u>52,993</u>	<u>--</u>
Total National Family Caregiver Support, Title III, Part E	93.052		<u>146,721</u>	<u>--</u>
Pass-through State - Substance Abuse and Mental Health Services of Regional and National Significance:				
Strategic Prevention Framework		HI-SPF-PFS-16PFS	4,046	--
Strategic Prevention Framework		ASO-23-079	<u>9,512</u>	<u>--</u>
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		<u>13,558</u>	<u>--</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS			<u>1,012,126</u>	<u>--</u>
EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS				
High Intensity Drug Trafficking Areas Program:				
High Intensity Drug Trafficking Areas	95.001		<u>144,702</u>	<u>--</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS			<u>\$ 144,702</u>	<u>\$ --</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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF JUSTICE PROGRAMS				
Pass-through State - COVID-19 - Coronavirus Emergency Supplemental Funding Program:				
MPD COVID-19 Coordinated Response		2020-VD-BX-0312	\$ 7,271	\$ --
Total COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		<u>7,271</u>	<u>--</u>
Pass-through State - Crime Victim Assistance:				
Special Needs Advocacy Program		2019-V2-GX0017	78,434	--
Special Needs Advocacy Program		2020-V2-GX0055	556,108	33,030
Total Crime Victim Assistance	16.575		<u>634,542</u>	<u>33,030</u>
Crime Victim Assistance/Discretionary Grants				
National Crime Victims Right Week	16.582		<u>3,707</u>	<u>--</u>
Total Crime Victim Assistance/Discretionary Grants			<u>3,707</u>	<u>--</u>
Pass-through State - Violence Against Women Formula Grants:				
Violence Against Women Grant		21-WF-06	53,335	--
Domestic Violence Investigation		2021-WF-02	38,900	--
Total Violence Against Women Formula Grants	16.588		<u>92,235</u>	<u>--</u>
Pass-through State - Edward Byrne Memorial Justice Assistance Grant Program:				
Cybercrime Unit Enhancement		18-DJ-07	39,971	--
FFY18 JAG Program		2018-DJ-BX-1021	70,781	--
E Byrne Memorial JAG FY17		2017-DJ-BX-0986	87,420	--
E Byrne Memorial JAG FY21		15PBJA-21-GG-01424	15,592	--
SW Multi-Jurisdictional Drug		19-DJ-04	8,906	--
Cybercrime Unit Enhancement		20-DJ-07	15,455	--
Latent Fingerprint Backlog RE		20-DJ-07	15,900	--
SW Multi-Jurisdictional Drug		20-DJ-07	51,697	--
ARRA2022 E Byrne Memorial JAG		2020-DJ-BX-0681	5,110	--
FY16 JAG PROGRAM		2016-DJ-BX-0841	115,965	--
Total Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>426,797</u>	<u>--</u>
Pass-through State - Paul Coverdell Forensic Sciences Improvement Grant Program:				
Lab Accreditation Tech Improvement		20-CD-03	9,706	--
Total Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		<u>9,706</u>	<u>--</u>
Equitable Sharing Program:				
Federal Justice Police Forfeitures			6,609	--
Total Equitable Sharing Program	16.922		<u>6,609</u>	<u>--</u>
TOTAL DEPARTMENT OF JUSTICE PROGRAMS			<u>1,180,867</u>	<u>33,030</u>
ENVIRONMENTAL PROTECTION AGENCY PROGRAMS				
Pass-through State - Nonpoint Source Implementation Grants:				
DOH Water Quality Grant		C9-96978717-0	7,265	7,265
Total Nonpoint Source Implementation Grants	66.460		<u>7,265</u>	<u>7,265</u>
Drinking Water State Revolving Fund (DWSRF) Cluster				
Pass-through State - Capitalization Grants for Clean Water State Revolving Funds:				
Pookela Well B		DW213-0018LOG#21-114	784,016	--
Total Capitalization Grants for Clean Water State Revolving Funds and DWSRF Cluster	66.468		<u>784,016</u>	<u>--</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY PROGRAMS			<u>\$ 791,281</u>	<u>\$ 7,265</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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF TRANSPORTATION PROGRAMS				
Pass-through State - Highway Planning and Construction:				
FHWA Maui MPO FY20 UPWP		PL-0053(020)	\$ 82,999	\$ --
FHWA Maui MPO FY21 UPWP		PL-0053(021)	145,502	--
FHWA Maui MPO FY22 UPWP		PL-0053(022)	38,078	--
FHWA Maui MPO FY23 UPWP		PL-0053(023)	51,499	--
Old Haleakala Highway Traffic Sign		STP-0357(001)	195,243	--
Kahana Nui Bridge Replacement		BR-3080(009)	570,790	--
C Maui Sub-Area Transport Stud		SPR-0010(046)	298,250	--
Iolani/Loha/Makani Road Pavement		STP-0900(099)	2,304,620	--
South Kihei Road Pavement Rehab		STP-3100(013)	3,560,811	--
Mill Street Pavement Reconstruction		STP-3840(001)	1,327,503	--
Onehee Avenue Improvements		STP-3960(001)	<u>3,091,357</u>	--
Total Highway Planning and Construction	20.205		<u>11,666,652</u>	--
Pass-through UMTA Technical Studies - Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:				
FTA Maui MPO FY20 UPWP		HI-2019-015-00	22,144	--
FTA Maui MPO FY22 UPWP		HI-2021-0008-00	<u>110,929</u>	--
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		<u>133,073</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	407,301	--
COVID-19 - ARP SEC5307 Urbanized Area		HI-2022-007	6,814,999	--
COVID-19 - FTA SAA SEC5307 Urbanized Area		HI-2021-004-01-00	<u>2,151,561</u>	--
Total COVID-19 - Federal Transit Formula Grants	20.507		<u>9,373,861</u>	--
Pass-through State - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				
FTA Rural 5539 Formula		HI-2017-003-00	589,199	--
FTA Small Urban/5339 Formula		HI-2018-010-00	589,199	--
FTA SEC5339 BUS/BUS FAC Program		1629-2020-5	2,601,316	--
FTA SEC5339 BUS/BUS FAC Program		HI-2021-0002	195,000	--
FTA SEC5339 BUS/BUS FAC Form		HI-34-0001HI-2016-002-00	<u>67,983</u>	--
Total Pass-through State - Buses and Bus Facilities Formula	20.526		<u>4,042,697</u>	--
Total Federal Transit Cluster			<u>13,416,558</u>	--
Pass-through State - Formula Grants for Rural Areas				
FTA SEC5311 Non-Urbanized		HI-2019-012	8,225	--
FTA SEC5311 Non-Urbanized		HI-2021-003	272,773	--
ARP SEC5311 RURAL AREA		HI-2022-006	<u>939,885</u>	--
Total Pass-through State - Formula Grants for Rural Areas	20.509		<u>1,220,883</u>	--
Highway Safety Cluster				
Pass-through State - State and Community Highway Safety:				
MPD Traffic Services		PT21-01(03-M-01)	24,479	--
MPD Speed Enforcement		SC22-M-03	132,211	--
MFD Extrication Equipment		EM22-M-02	54,352	--
MPD Traffic Services		PT22-M-03	10,774	--
MPD Traffic Services		PT23-M-03	79,713	--
Highway Safety Grant		TR23-M-07	<u>3,511</u>	--
Total State and Community Highway Safety	20.600		<u>\$ 305,040</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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF TRANSPORTATION PROGRAMS (Continued)				
Pass-through State - National Priority Safety Programs:				
MPD Roadblock Program		AL21-M-06	\$ 36,987	\$ --
MPD Traffic Data Records		TR22-M-04	4,233	--
MPD Roadblock Program		AL22-M-06	222,237	--
MPD Seatbelt Enforcement		OP22-M-05	35,846	--
Maui Child Restraint Prg		OP22-M-06	4,270	--
DPA 2022 Traffic Records		TR22-M-07	3,266	--
Maui Child Restraint Prg		OP23-M-05	22,704	--
MPD Traffic Data Records		TR22-M-04	180,091	--
Distracted Driving Enforcement		DD21-M-03	848	--
MPD Roadblock program		AL23-M-04	39,270	--
Total National Priority Safety Programs	20.616		<u>549,752</u>	--
Total Highway Safety Cluster			<u>854,792</u>	--
Pass-through State - Alcohol Open Container Requirements:				
Prosecutor's Impaired Driving		AL22-M-12	27,731	--
Prosecutor's Impaired Driving		AL23-M-09	722	--
Total Alcohol Open Container Requirements	20.607		<u>28,453</u>	--
TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS			<u>27,320,411</u>	--
DEPARTMENT OF HOMELAND SECURITY PROGRAMS				
Pass-through State - Disaster Grants - Public Assistance (Presidentially Declared Disasters):				
FEMA-4604 Hawaii Storms		FEMA-4604-DR-HI	199,677	--
FEMA-4639 Hawaii Storms DEC 21		FEMA-4639-DR-HI	1,618,768	--
FEMA-4510 COVID-19		FEMA-4510-DR-HI	1,525,173	--
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>3,343,618</u>	--
Pass-through State - Hazard Mitigation Grant:				
Hazard Mitigation Grant Program		HMGP DR-4366-21-10P	95,253	--
SOH HEMA - Lahaina WWRF		4365-0503RCBS-5548	21,647	--
Total Hazard Mitigation Grant	97.039		<u>116,900</u>	--
Pass-through State - Homeland Security Grant Program:				
State Homeland Security		EMW-2019-SS-00019	301,358	--
State Homeland Security		EMW-2020-SS-00022	53,419	--
State Homeland Security		EMW-2022-SS-00030	70,000	--
State Homeland Security		EMW-2018-SS-00006	29,555	--
Total Homeland Security Grant Program	97.067		<u>454,332</u>	--
TOTAL DEPARTMENT OF HOMELAND SECURITY PROGRAMS			<u>3,914,850</u>	--
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii				
COVID-19 - Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii			1,952,970	677,086
Total Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228		<u>2,556,281</u>	<u>1,280,397</u>
Pass-through State - Home Investment Partnerships Program:				
Home Kaiaulu O Halelea 64		M20-SG150100	50,000	50,000
Home Kaiaulu O Halelea 72		M20-SG150100	50,000	50,000
PY19 HTF Administration		F19-SG150100	22,931	--
PY20 HTF Halelea 64 PH1-A		F20-SG150100	50,000	50,000
PY20 Halelea 56 PH-1B		F20-SG150100	50,000	50,000
PY20 HTF Administration		F20-SG150100	40,018	--
Home FFY17 Administration		M17-SG150100	54,120	--
Total Home Investment Partnerships Program	14.239		<u>\$ 317,069</u>	<u>\$ 200,000</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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS (Continued)				
Housing Voucher Cluster				
COVID-19 - Section 8 Housing Choice Vouchers			\$ 657,943	\$ --
Section 8 Housing Choice Vouchers			<u>26,021,347</u>	<u>--</u>
Total Section 8 Housing Choice Vouchers and Housing Voucher Cluster	14.871		<u>26,679,290</u>	<u>--</u>
Family Self-Sufficiency Program - FSS Coordinator Grant			<u>48,104</u>	<u>--</u>
Total Family Self-Sufficiency Program	14.896		<u>48,104</u>	<u>--</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS			<u>29,600,744</u>	<u>1,480,397</u>
DEPARTMENT OF LABOR PROGRAMS				
Pass-through State - Workforce Investment Act:				
WIOA Admin PY2021		WIOA-21-LAC-M6/30/2023	<u>49,091</u>	<u>--</u>
Total Workforce Investment Act	17.U01		<u>49,091</u>	<u>--</u>
WIOA Cluster				
Pass-through State - WIOA Adult Program:				
WIOA Adult Program PY21		WIOA-21-A&DWP	179,644	--
WIOA Adult Program PY22		WIOA-21-A&DWP	<u>17</u>	<u>--</u>
Total WIOA Adult Program	17.258		<u>179,661</u>	<u>--</u>
Pass-through State - WIOA Youth Activities:				
WIOA Youth Activities		WIOA-21-YP-M6/30/2023	233,114	--
WIOA Youth Activities		WIOA-22-YP-M	<u>17</u>	<u>--</u>
Total WIOA Youth Activities	17.259		<u>233,131</u>	<u>--</u>
Pass-through State - WIOA Dislocated Worker Formula Grants:				
COVID-19 - Employment Recovery		DW-34829-20-60-A-15	2,300	--
WIOA Dislocated Worker		WIOA-21-A&DWP-M6/30/21	151,654	--
WIOA Rapid Response & Layoff A		WIOA-21-RRP-M	54,020	--
WIOA Dislocated Worker		WIOA-21-DWP-M	<u>17</u>	<u>--</u>
Total WIOA Dislocated Worker Formula Grants	17.278		<u>207,991</u>	<u>--</u>
Total WIOA Cluster			<u>620,783</u>	<u>--</u>
TOTAL DEPARTMENT OF LABOR PROGRAMS			<u>669,874</u>	<u>--</u>
DEPARTMENT OF THE TREASURY PROGRAMS				
Pass-through State - COVID-19 - Emergency Rental Assistance Program:				
COVID-19 - Emergency Rental Assistance Program		ERA0173	467,473	467,473
COVID-19 - Emergency ARPA Rent Assistance		ERAE0026	<u>9,168,530</u>	<u>9,000,000</u>
Total COVID-19 - Emergency Rental Assistance Program	21.023		<u>9,636,003</u>	<u>9,467,473</u>
Pass-through State - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 - Administrative		Act 009, SLH2020	109,576	--
COVID-19 - NEU-Administrative		Act 009, SLH2020	95,567	--
COVID-19 - 911 EMS Dispatch Communication		Act 009, SLH2020	341,531	--
COVID-19 - Public Health		Act 009, SLH2020	2,622,458	23,396
COVID-19 - Negative Eco Impacts		Act 009, SLH2020	732,755	583,058
COVID-19 - Senior Center Services		Act 009, SLH2020	175,500	175,500
COVID-19 - West Maui Reliable Capacity		Act 009, SLH2020	<u>891,862</u>	<u>--</u>
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>4,969,249</u>	<u>781,954</u>
TOTAL DEPARTMENT OF THE TREASURY PROGRAMS			<u>\$ 14,605,252</u>	<u>\$ 10,249,427</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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF AGRICULTURE PROGRAMS				
Child Nutrition Cluster				
Summer Food Service Program for Children				
Total Summer Food Service Program for Children and Child Nutrition Cluster	10.559		\$ 22,916	\$ --
Watershed Protection and Flood Prevention				
USDA NRCS LAH Watershed Field Project				
Total Watershed Protection and Flood Prevention Program	10.904		<u>263,400</u>	<u>--</u>
TOTAL DEPARTMENT OF THE AGRICULTURE PROGRAMS			<u>286,316</u>	<u>--</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 79,809,163</u>	<u>\$ 11,770,119</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, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activities of the County under programs of the federal government for the fiscal year ended June 30, 2023. 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.

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.

NOTE 4 - DISASTER GRANTS - PUBLIC ASSISTANCE (CFDA No. 97.036)

The County must record CFDA No. 97.036 expenditures on the Schedule when the Federal Emergency Management Agency (FEMA) approves the County's Project Worksheet (PW), and the County has incurred the eligible expenditures. As of June 30, 2023, the County incurred \$14,403 of eligible expenditures for the fiscal year ended 2023, and incurred \$3,329,215 of eligible expenditures in previous fiscal years. FEMA approved the related PWs in fiscal year 2023.

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, 2023

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?

yes

no

Significant deficiency(ies) identified?

yes

none reported

Noncompliance material to financial statements noted?

yes

no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

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)?

yes

no

Identification of major federal programs:

Assistance Listing Number

Name of Federal Program

14.228

Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii

14.871

Section 8 Housing Choice Vouchers

16.575

Crime Victim Assistance

21.023

COVID-19 - Emergency Rental Assistance Program

21.027

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

97.036

Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:

\$2,394,275

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, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.
No. **Internal Control Findings**

2023-001 Improve Controls over Financial Reporting - Material Weakness

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

- An adjustment to Grant Fund revenues and transfers out of approximately \$16.3 million.
- An adjustment to Department of Water Supply Fund grant revenue and transfers in of approximately \$16.3 million.
- An adjustment to the Capital Improvement Projects Fund receivables and revenues of approximately \$2.6 million.

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

Effect: We identified several material misstatements that were corrected by management in order to properly report amounts in the financial statements.

Recommendation: County management should evaluate its staffing needs in the accounting department to determine whether there are adequate resources to provide the level of oversight 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, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No. **Internal Control Findings**

2023-002 Develop Controls over Financed Purchases - Material Weakness

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 May 2022, the County awarded a contract to provide investment grade auditing services and associated energy services of the County's facilities to identify certain energy savings performance improvement projects. In September 2022, the County amended the contract to include the implementation of energy performance improvements. The contract for those improvements were estimated at approximately \$28.8 million. The contract period runs from May 2022 to October 2024.

To finance the energy performance improvements, the County entered into an equipment lease with a financial institution. The equipment lease provides for advanced funding made by the financial institution and includes a non-appropriation cancellation clause for any future lease payments made by the County. As of June 30, 2023 the financial institution advanced approximately \$20.9 million to the contractor. Upon completion of the contract, the County will finalize an equipment lease agreement for these improvements. The lease term is expected to be from September 2024 to September 2044.

During our audit, management became aware of this finance purchase agreement by external sources. Management recorded the initial transaction, however, we proposed an adjusting entry to best report the transaction in the County's basic financial statements. Management recorded the proposed adjustment.

Cause: The County does not have controls to ensure that all financed purchases are identified and reported in accordance with US GAAP.

Effect: We identified a material misstatement that was corrected by management in order to properly record the finance purchase in the financial statements.

Recommendation: We recommend that the County implement procedures to ensure that all financed purchases are identified and reported.

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, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No. **Internal Control Findings**

2023-003 Maui County Transient Accommodations Tax - Material Weakness

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 our audit, we identified a misstatement related to the Maui County Transient Accommodations Tax (MCTAT) that was corrected by management and are described as follows:

- An adjustment to General Fund deferred inflows of resources, transient accommodations tax revenues, and transient accommodations tax receivables of approximately \$6.8 million, \$6.8 million, and \$13.6 million, respectively.

Cause: Delays in the County's process of implementing software to assist with the reconciliation of a taxpayer's MCTAT payments to its filing with the State of Hawaii, and provide information related to delinquencies and penalties and interest owed. The MCTAT Office also has experienced staffing shortages.

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

Recommendation: We recommend the County to work on its implementation of its MCTAT software program and continue its efforts to recruit and hire additional staffing.

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, 2023

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Ref. No. **Compliance and Internal Control over Compliance Findings**

2023-004 Reporting - Significant Deficiency

Federal agency: Department of Housing and Urban Development

Program: ALN No. 14.228 Community Development Block Grants / State's Programs and Non-Entitlement Grants in Hawaii

**Questioned
Cost**

Criteria: Section 15011 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) required that recipients of \$150,000 or more of CARES Act funding submit, not later than 10 days after the end of each calendar quarter, a report containing information regarding the use and amount of CARES Act funds received; the amount of funds obligated and expended for each project or activity; a detailed list of all such projects or activities, including a description of the project or activity; and detailed information on any subcontracts or subgrants awarded by the recipient.

Condition: During our testing of the reporting compliance requirement, we noted four (4) out of 4 instances where the quarterly report documenting the items required by Section 15011 of the CARES Act was not reviewed and/or submitted within 10 days after the quarter end.

Cause: Lack of adherence to reporting requirements displayed by the Community Development Block Grant (CDBG) Program personnel.

Effect: Without an effective internal control system, failure to timely review and submit reports as required by Section 15011 of the CARES Act could result in the misrepresentation of data and could adversely affect the program outcomes and future funding.

\$ --

Recommendation

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.

Views of Responsible Officials and Planned Corrective Action

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

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2023

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

Ref.

No. **Compliance and Internal Control over Compliance Findings**

2023-005 **Subrecipient Monitoring - Significant Deficiency**

Federal agency: Department of Justice

Pass-Through Entity: State of Hawaii Department of the Attorney General

Program: ALN No. 16.575 Crime Victim Assistance

**Questioned
Cost**

Criteria: Subrecipient monitoring and management requirements for pass-through entities at 2 CFR §200.332 - *Requirements for pass-through entities* requires that the County monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include reviewing financial and performance reports required by the pass-through entity.

The County of Maui's Prosecuting Attorney's Office completes a "Project Monitoring Report Form" during the project period for each subrecipient which details programmatic and fiscal data. At the end of the contract period, each subrecipient is required to submit a "Subrecipient Monitoring Form". The purpose of these reports are to monitor subrecipients, and to also ensure that the County is in compliance with federal, state, and Victims of Crime Act requirements and regulations.

Condition: During our testing of the subrecipient monitoring compliance requirement, we discovered the following:

- Two (2) out of 2 instances where the County did not complete the Project Monitoring Report Form for the subrecipients at the end of the contract period.
- One (1) out of 2 instances where the County did not obtain a Subrecipient Monitoring Form from the subrecipient at the end of the contract period.
- One (1) out of 2 instances tested where the County obtained a Subrecipient Monitoring Form from the subrecipient, however, it was not properly completed.

Cause: The County did not follow its procedures to complete the Project Monitoring Report Form and obtain the Subrecipient Monitoring Form from its subrecipients.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2023

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

Ref.
No. **Compliance and Internal Control over Compliance Findings (Continued)**

2023-005 **Subrecipient Monitoring - Significant Deficiency (Continued)**

Effect: Completion of the Project Monitoring Report Form and obtaining the Subrecipient Monitoring Form from subrecipients help to ensure that the subaward is used for authorized purposes and the terms and conditions of the subaward and that subaward performance goals are achieved.

\$ _____

Recommendation

We recommend 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.

Views of Responsible Officials and Planned Corrective Action

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

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2023

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

Ref.
No. **Internal Control over Compliance Findings**

2023-006 **Allowable Costs - Significant Deficiency**

Federal agency: Department of Justice
Pass-Through Entity: State of Hawaii Department of the Attorney General
Program: ALN No. 16.575 Crime Victim Assistance

**Questioned
Cost**

Criteria: Allowable costs are those costs consistent with the principles set forth in the Uniform Guidance 2 CFR §200 Subpart E – Cost Principles, and found in the laws, regulations, and the provisions of contracts or grant agreements pertaining to the Crime Victim Assistance Program (Program).

2 CFR §200.400 – *Policy guide* states that the application of the cost principles is based on the fundamental premises that the County, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award. In addition, the County's accounting practices must be consistent with the cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.

2 CFR §200.430 – *Compensation* for personal services states that costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees is reasonable for services rendered and conforms to the established written policy of the County and is determined and supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The County recovers all expenditures through reimbursements from the State of Hawaii Attorney General's (SOH AG) office on a monthly basis. The Account Clerk prepares a Request for Funds and Cash Balance Form (RFF) for submission and review. All expenditures are summarized using the County's Finance Enterprise (FE) Form for the respective reimbursement period and is included in the RFF submitted to the SOH AG's office for reimbursement.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2023

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

Ref.
No. **Internal Control over Compliance Findings (Continued)**

2023-006 Allowable Costs - Significant Deficiency (Continued)

Condition: During our testing of allowable costs related to non-payroll expenditures charged, we noted the following:

- Twenty-five (25) out of 25 instances where the County was unable to provide the FE Form for the respective RFF.

During our testing of allowable costs related to payroll expenditures charged, we noted the following:

- Sixteen (16) out of 16 instances where the County was unable to locate the RFF for payroll costs.

Cause: The County did not follow its procedures to prepare and review adequate documentation to support the accumulation of costs charged.

Effect: Review and preparation of adequate documentation to support accumulated costs help to ensure that the Federal award is used for authorized purposes and is being administered in accordance to 2 CFR §200 Subpart E.

\$ _____

Recommendation

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.

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

STEVE A. TESORO
Deputy Director



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

March 28, 2024

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, 2023**

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, 2023. 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 "Steve A. Tesoro".

STEVE A. TESORO
Deputy Director of Finance

SAT:mm Handwritten initials "mm" in black ink.

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2023**

Ref.

No. **Internal Control Findings**

2023-001 Improve Controls over Financial Reporting - Material Weakness

Recommendation

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.

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 key personnel over the past two years and as such, will evaluate resources and staffing to ensure that adequate and appropriate staff are available and able to perform comprehensive analysis and review of financial data and transactions. In addition, the division will incorporate comprehensive year-end and financial statement review processes to ensure that misstatements are minimized.

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, 2023**

Ref.
No. **Internal Control Findings**

2023-002 Develop Controls over Financed Purchases - Material Weakness

Recommendation

County management should implement procedures to ensure that all financed purchases are identified and reported.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The financed purchase that resulted in this audit finding was initiated and entered into by various employees of the previous mayoral administration. There was a lack of communication and the necessary background information and supporting documentation was not transitioned to the appropriate personnel in the new administration. As such, the discovery of the financial obligation was not made in a timely fashion and caused unnecessary additional work and research by various parties to record the purchase in our financial statements. The Department of Finance will issue a memo to all County departments with protocols regarding any new financing arrangements.

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, 2023**

Ref.
No. **Internal Control Findings**

2023-003 Maui County Transient Accommodations Tax - Material Weakness

Recommendation

County management should prioritize its implementation of the MCTAT software program and continue its efforts to recruit and hire additional staffing.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The County Transient Accommodation Tax continues to work to with the software vendor to provide the reporting platform needed to be able to reconcile MCTAT payments with tax return information provided from the State of Hawaii. In addition, the MCTAT office is having recruitment challenges which is a contributing factor to the finding.

End Date: **Ongoing**

Responding Person(s): Steve Tesoro, Deputy Director
Department of Finance
Phone No. (808) 270-7475

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, 2023**

Ref.

No. Compliance and Internal Control over Compliance Findings

2023-004 Reporting - Significant Deficiency

Recommendation

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.

View of Responsible Officials and Planned Corrective Action

Management concurs with the finding as it applies to the special allocation of CARES Act funds. CDBG is implementing a new software program that will improve internal process controls and program efficiency. The software will automatically generate reminder notifications to CDBG staff and subrecipients of upcoming deadlines for quarterly reports. The CDBG Specialist will follow up with a letter to subrecipient to document non-compliance and additional corrective actions, as applicable.

A policy and procedures manual for this software program will also be completed.

Management further adds that due to a change in administration effective January 1, 2023, the CDBG Program experienced a 100% staff changeover.

End Date: **Ongoing**

Responding Person(s): Patience M. K. Kahula, CDBG Program Director
Office of the Mayor
Phone No. (808) 270-7213

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023**

Ref.

No. Compliance and Internal Control over Compliance Findings

2023-005 Subrecipient Monitoring - Significant Deficiency

Recommendation

We recommend 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.

View of Responsible Officials and Planned Corrective Action

Management concurs with the finding. The Department of the Prosecuting Attorney's office has reviewed and agreed one of the Subrecipient Monitoring Forms was not submitted, as we cannot locate it as it was stored on a computer hard drive of a former employee. However, on the second monitoring form which was submitted, after further review, discrepancies were found within the submitted monitoring form in regard to back-up documentation. The monitoring was conducted and completed within the requested time frame, but a follow-up was not conducted to address a discrepancy for the VOCA-SNAP-20-V2-01 grant. Subrecipient monitoring will be conducted at the end of every grant period as per the Recommendation. The DPA has already implemented that such forms are to be maintained electronically on a shared drive and hard copy for the file.

End Date: **Ongoing**

Responding Person(s): Robert Nadal
Grant Management Specialist
Phone No. (808) 270-7608

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2023**

Ref. No. **Compliance and Internal Control over Compliance Findings**

2023-006 Allowable Costs - Significant Deficiency

Recommendation

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.

View of Responsible Officials and Planned Corrective Action

Management agrees with this finding. The Department of the Prosecuting Attorney's office has reviewed and agreed a detailed line item report and Payment Request/Approval form did not accompany the respective RFF. The Department has already corrected these deficiencies to ensure each expense has an Expense Approval form with justification and that each RFF is accompanied with a detailed line item report and backup documentation for each expense being requested for reimbursement. Each payroll and non-payroll monthly invoices submitted clearly shows the breakdown. With each invoice submitted, it will state, as an example, "VOCA-SNAP 21-V2-01 Report & Attachments MM/YY". A sample of this was submitted on March 25, 2024 with response. In short, the necessary back-up requested going forward is and will be available to submit for future audits or reviews.

End Date: **3/27/2024**

Responding Person(s): Robert Nadal
Grant Management Specialist
Phone No. 808-270-7608

PART V
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**County of Maui, State of Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2023**

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, 2022, dated January 27, 2023 and March 28, 2023.

SECTION II - FINANCIAL STATEMENT FINDINGS

<u>Recommendations</u>	<u>Status</u>
<p>2022-001 Timeliness of Developing Financial Statement Estimates - Material Weakness (Page 21)</p> <p>County management should ensure that estimates are developed more timely to ensure proper recording in the County's financial statements.</p>	<p>Partially accomplished. See findings 2023-001 and 2023-003.</p>

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>Recommendations</u>	<u>Status</u>
<p>2022-002 Subrecipient Monitoring - Significant Deficiency (Page 23)</p> <p>We recommend that the County follow its procedures to ensure that audits required by the Uniform Guidance are being performed when monitoring subrecipients.</p>	<p>Partially accomplished. See finding 2023-005.</p>