

BF Committee

From: Jim or Belinda <2jbhome@hawaiiantel.net>
Sent: Monday, March 26, 2018 9:12 PM
To: BF Committee
Subject: TESTIMONY item (BF-8(2)) Department of Water Supply Financial Audit Report
Attachments: TESTIMONY BF meeting 03 28 18 Item BF-8 (2) auditor's report.odt

Hello,

Please find attached a copy of written testimony for Wednesday's Committee meeting

If there are problems with the item sent please call me at 572-0218

thank you

Jim Smith

Jim Smith
99 Kapuai Road
Haiku, Maui, Hawaii 96708

Testimony : Department of Water Supply
Financial Audit Report (Fiscal Year 2017) (BF-8(2))

Chairperson Riki Hokama and Members of this Budget and Finance
Committee

The Report prepared by N@K CPAs, Inc. informs this Committee at
unnumbered page 3:

“The following misstatements were detected as a result of audit
procedures and were not corrected by management:...” (five misstatements
are listed. I include here misstatements 4 and 5)

4) Adjustments to record vouchers payable (County and Department of
Water Supply)

5) Adjustments to properly state workers compensation reserve balance
(Department of Water Supply)

This Committee will soon deliberate upon funding operations and
capital improvement projects requested by our mayor regarding the
Department of Water Supply. The County Auditor has issued its Single Audit
Report for the Fiscal Year Ended, June 30 2017. At page 25 Section II –
Financial Statement Findings (continued) Ref. No. 2017-004 Internal
Controls Over Miscellaneous Cash Receipts. It finds **Significant Deficiency**
and identified this as a repeat finding. It referenced finding 2016-005 in the
Summary Schedule of Prior Audit Findings. It appears problematic.

Similarly, Finding 2017-003 Internal Controls Over Procurement
Process was identified a **Significant Deficiency**. This finding was a repeat,
and the report references finding 2016-004. I request the Committee
discover whether the deficiencies identified here have been remedied, and the
action taken to prevent similar dysfunction.

s/ Jim Smith
03_27_2018