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## COUNTY COUNCIL

COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

July 8, 2024

Mr. Andrew Martin, Prosecuting Attorney  
Department of the Prosecuting Attorney  
County of Maui  
Wailuku, Hawaii 96793

Dear Mr. Martin:

**SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT,  
SINGLE AUDIT REPORT, AND DEPARTMENT OF  
WATER SUPPLY'S FINANCIAL AUDIT REPORTS  
(BFED-21(25))**

At its meeting of June 2, 2024, the Budget, Finance, and Economic Development Committee discussed the County's Fiscal Year 2023 Single Audit Report. The report identified two deficiencies, 2023-005 and 2023-006, relating to grants managed by your Department. A copy of the findings is attached.

May I please request your response to the following:

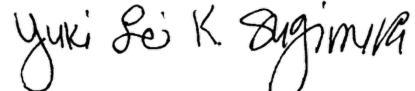
1. Explain why the deficiencies identified occurred.
2. Will these findings impact the County's ability to coordinate with other law enforcement agencies or obtain future grant funding? Why or why not?

May I further request you transmit your response to [bfed.committee@mauicounty.us](mailto:bfed.committee@mauicounty.us) by **July 19, 2024**. To ensure efficient processing, please include the Committee item number in the subject line.

Mr. Andrew Martin  
July 8, 2024  
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Should you have any questions, please contact me or the Committee staff  
(Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,



YUKI LEI K. SUGIMURA, Chair  
Budget, Finance, and Economic  
Development Committee

bfed:ltr:021(25)apa01:jgk

Attachment

cc: Mayor Richard T. Bissen, Jr.  
First Deputy Prosecuting Attorney

**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

	<b>Questioned Cost</b>
<b>Criteria:</b> Subrecipient monitoring and management requirements for pass-through entities at 2 CFR §200.332 - <i>Requirements for pass-through entities</i> 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.	
<b>Condition:</b> During our testing of the subrecipient monitoring compliance requirement, we discovered the following:	
	<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• One (1) out of 2 instances tested where the County obtained a Subrecipient Monitoring Form from the subrecipient, however, it was not properly completed.</li></ul>
<b>Cause:</b>	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.

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**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

**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.

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**Questioned  
Cost**

**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.

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**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.

## **BFED Committee**

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**From:** BFED Committee  
**Sent:** Monday, July 8, 2024 10:44 AM  
**To:** Andrew Martin  
**Cc:** BFED Committee; 'Michelle Santos'; 'Zeke Kalua'; Shelly DeMattos; Glen Duran  
**Subject:** PLEASE READ attached letter re: BFED-21(25); reply by 7/19/24  
**Attachments:** 021(25)apa01 signed.pdf

**Mr. Martin:** Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated July 8, 2024. Please respond by **July 19, 2024**

**Mayor's Office (attention: Michelle Santos and Zeke Kalua):** Please forward the attached letter to Mayor Bissen for his information.

Thank you,  
Yvette Bouthillier, Senior Secretary  
BFED Committee