

County Auditor
Lance T. Taguchi, CPA



OFFICE OF THE COUNTY AUDITOR

COUNTY OF MAUI
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WAILUKU, MAUI, HAWAII 96793
<http://www.mauicounty.gov/auditor>

September 2, 2022

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OFFICE OF THE
COUNTY CLERK

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

We have received the County of Maui Single Audit Report for the Fiscal Year Ended June 30, 2021, submitted by N&K CPAs, Inc., the County's contractor.

Transmitted are 19 copies of the report.

Sincerely,

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

LANCE T. TAGUCHI, CPA
County Auditor

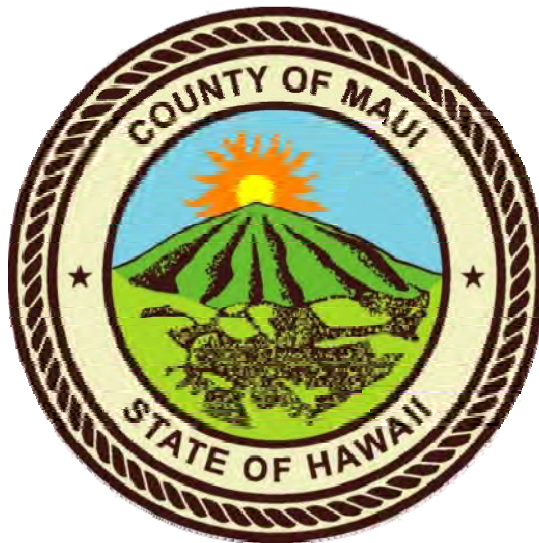
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Enclosure

COUNTY COMMUNICATION NO. 22-232

COUNTY OF MAUI

STATE OF HAWAI'I



SINGLE AUDIT REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

August 13, 2022

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, 2021. 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, 2021, 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, 2021.

ORGANIZATION OF THE REPORT

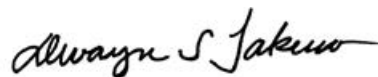
This report is presented in five parts as follows:

- 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.

A handwritten signature in black ink, reading "Dwayne S. Takeno". The signature is written in a cursive, flowing style.

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, 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, 2021, 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, 2022.

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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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

The County's response to the findings identified in our audit is 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 it.

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, 2022

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

We have audited the County of Maui, State of Hawai'i's (the County) compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal

control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is 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 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 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, 2021, 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, 2022, 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
August 12, 2022

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS				
Retired Senior Volunteer Program	94.002		\$ 72,135	\$ --
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS			<u>72,135</u>	<u>--</u>
DEPARTMENT OF COMMERCE PROGRAMS				
Pass-through State - Coastal Zone Management Administration Awards:				
Coastal Zone Management FY20		B19-01CZMS1	192,881	--
Coastal Zone Management FY21		B19-01CZM	73,771	--
Total Coastal Zone Management Administration Awards	11.419		<u>266,652</u>	<u>--</u>
TOTAL DEPARTMENT OF COMMERCE PROGRAMS			<u>266,652</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	6,343	--
Total Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services	93.043		<u>6,343</u>	<u>--</u>
Aging Cluster				
Pass-through State - Special Programs for the Aging Title III, Part B, Grants for Supportive Services Senior Centers:				
State Health Insurance Assistant Program		MA2017N11	14,163	--
Aging Title III Programs		MA2016N03	373,004	--
Aging Title III Programs		MA2016N03	11,425	--
Total Special Programs for the Aging Title III, Part B, Grants for Supportive Services Senior Centers	93.044		<u>398,592</u>	<u>--</u>
Pass-through State - Special Programs for the Aging Title III, Part C, Nutrition Services:				
Aging Title III C-1		MA2016N03	100,021	--
Aging Title III C-2		MA2016N03	337,715	--
Total Special Programs for the Aging Title III, Part C, Nutrition Services	93.045		<u>437,736</u>	<u>--</u>
Pass-through State - Nutrition Services Incentive Program:				
Total Aging Cluster			<u>836,328</u>	<u>--</u>
Pass-through State - National Family Caregiver Support, Title III, Part E:				
Aging Title III E		MA2016N03	102,076	--
Total National Family Caregiver Support, Title III, Part E	93.052		<u>102,076</u>	<u>--</u>
Pass-through State - Substance Abuse and Mental Health Services Projects of Regional and National Significance:				
Strategic Prevention Framework		2016D-PFSHTH	25,823	--
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		<u>25,823</u>	<u>--</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS			<u>\$ 970,570</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, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS				
High Intensity Drug Trafficking Areas Program:				
High Intensity Drug Trafficking Areas	95.001		\$ 224,060	\$ --
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS			<u>224,060</u>	<u>--</u>
DEPARTMENT OF JUSTICE PROGRAMS				
Pass-through State - COVID-19 - Coronavirus Emergency Supplemental Funding Program:				
DPA Covid-19 Coordinated Response		2020-VD-BX-0312	97,436	--
MPD Covid-19 Coordinated Response		2020-VD-BX-0312	104,484	--
Total COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		<u>201,920</u>	<u>--</u>
Pass-through State - Crime Victim Assistance:				
Special Needs Advocacy Program		17-VA-01	19,068	--
Special Needs Advocacy Program		2018-V2-GX0015	549,581	66,883
Total Crime Victim Assistance	16.575		<u>568,649</u>	<u>66,883</u>
Pass-through State - Violence Against Women Formula Grants:				
Domestic Violence Strangulation		17-WF-06	13,911	--
Combating Domestic Violence		18-WF-06	19,751	--
Domestic Violence Investigation		2018-WF-AX-0024	82,399	--
Total Violence Against Women Formula Grants	16.588		<u>116,061</u>	<u>--</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>209,310</u>	<u>--</u>
Pass-through State - Paul Coverdell Forensic Sciences Improvement Grant Program				
PC Forensic Sciences Improvement Act		18-CD-01	18,243	--
Total Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		<u>18,243</u>	<u>--</u>
TOTAL DEPARTMENT OF JUSTICE PROGRAMS			<u>1,114,183</u>	<u>66,883</u>
DEPARTMENT OF TRANSPORTATION PROGRAMS				
Pass-through State - Highway Planning and Construction:				
FHWA Various Projects County		FHWA CENG	432	--
FHWA Maui MPO FY19 UPWP		PL-0053(019)	155,937	--
FHWA Maui MPO FY20 UPWP		PL-0053(020)	244,490	--
FHWA Maui MPO FY21 UPWP		PL-0053(021)	83,975	--
C Maui Sub-Area Transport Stud		SPR-0010(046)	7,336	--
Iolani/Loha/Makani Rd PvmI		STP-0900(099)	1,181,578	--
SO Maui Traffic Master Plan		SPR-0010(036)	62,975	--
Kaupakalua RD Pavement Recon		STP-0365(010)	509,973	--
Kaupakalua RD Pavement Recon PH-2		STP-0365(011)	3,413,404	--
N Shore Greenway Phase 4		STP-0900(089)	7,926	--
Guardrail /Shldr Hamliimale Rd		STP-A371(003)	241,137	--
Kea St Pavement Reconstruction		STP-0900(093)	225,186	--
Total Highway Planning and Construction	20.205		<u>\$ 6,134,349</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, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF TRANSPORTATION PROGRAMS (Continued)				
Pass-through UMTA Technical Studies: - Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research: FTA Maui MPO FY19 UPWP		HI-2018-01-00	\$ 1,158	\$ --
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		1,158	--
Pass-through State - COVID-19 - Federal Transit Formula Grants: COVID CARES Act FTA SEC 5307		5307 CARESACT	3,326,016	--
CRRSAA SEC5307 Urbanized Area		HI-2021-004-01-00	2,170,860	--
SEC 5307 Urbanized Area Formula		1623-2019-1	1,930,765	--
Total COVID-19 - Federal Transit Formula Grants	20.507		7,427,641	--
Pass-through State - Formula Grants for Rural Areas FTA SEC 5311 Non-Urbanized		HI-2016-004-00	101,958	--
FTA SEC 5311 Non-Urbanized		HI-2019-012	14,430	--
FFY17 FTA SEC5311 Non-Urbanized		HI-2017-004-00	492,600	--
FFY18 FTA SEC5311 Non-Urbanized		HI-2018-011-00	534,000	--
Total Formula Grants for Rural Areas	20.509		1,142,988	--
Pass-through State - Bus and Bus Facilities Formula & Discretionary Program FTA SEC 5339 Bus/Bus Fac Form		HI-2019-007	662,789	--
Total Bus and Bus Facilities Formula & Discretionary Program	20.526		662,789	--
Highway Safety Cluster				
Pass-through State - State and Community Highway Safety:				
MPD Traffic Services		PT20-01(03-M-01)	29,714	--
MPD Traffic Services		PT21-01(03-M-01)	124,586	--
MPD Speed Enforcement		SC20-06(01-M-03)	29,498	--
MPD Speed Enforcement		SC21-M-03	90,338	--
Distracted Driving Enforcement		DD20-09 (03-M-01)	4,219	--
Auto Extrication Equipment		EM20-04(03-M-01)	21,444	--
Total State and Community Highway Safety	20.600		299,799	--
Pass-through State - National Priority Safety Programs:				
MPD Roadblock Program		AL20-02(01-M-03)	91,678	--
MPD Roadblock Program		AL21-M-06	251,721	--
Distracted Driving Enforcement		DD21-M-03	25,729	--
MPD Traffic Data Records		TR21-M-04	155,033	--
MPD DPA Traffic Data Records		TR21-M-07	3,171	--
MPD Seatbelt Enforcement		OP20-05(01-M-03)	4,417	--
MPD Seatbelt Enforcement		OP21-05(01-M-03)	27,351	--
Total National Priority Safety Programs	20.616		559,100	--
Total Highway Safety Cluster			858,899	--
Pass-through State - Alcohol Open Container Requirements:				
Prosecutor's Impaired Driving		AL21-M-12	4,234	--
Prosecutor's Impaired Driving		AL20-02(05-M-01)	720	--
Total Alcohol Open Container Requirements	20.607		4,954	--
TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS			\$ 16,232,778	\$ --

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, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF HOMELAND SECURITY PROGRAMS				
Pass-through State - Emergency Management Institute Training Assistance:				
FEMA Fire Training Funds		11-106-036	\$ (1,331)	\$ --
Total Emergency Management Institute Training Assistance	97.026		(1,331)	--
Pass-through State - Disaster Grants - Public Assistance (Presidentially Declared Disasters):				
2019 Hurricane Lane		FEMA-4395-DR-HI	9,031	--
Total Public Assistance (Presidentially Declared Disasters)	97.036		9,031	--
Pass-through State - Hazard Mitigation Grant				
Hardening of Maui Co Hwy Div			112,500	--
Total Hazard Mitigation Grant	97.039	FEMA-4282-DR-HI	112,500	--
Emergency Management Performance Grant	97.042		124,627	--
Pass-through State - BRIC: Building Resilient Infrastructure and Communities				
Pre-Disaster Mitigation	97.047	DHS-18-MT-047-000-99	8,112	--
Total BRIC: Building Resilient Infrastructure and Communities			8,112	--
Homeland Security Grant Program	97.067		442,812	--
TOTAL DEPARTMENT OF HOMELAND SECURITY PROGRAMS			695,751	--
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				
Community Development Block Grants / State's Program and				
Non-Entitlement Grants in Hawaii:	14.228		1,565,155	1,182,013
Pass-through State - Home Investment Partnerships Program:				
Home FFY14 Administration		M-2014-MAUI ADMIN	9,368	--
Home FFY17 Administration		M17-SG150100	3,770	--
Home COVID19 Tenant Bra		M20-SG150100	450,000	450,000
Total Home Investment Partnership Program	14.239		463,138	450,000
Pass-through NATL HTF - Housing Trust Fund:				
NATL HTF Administration		F17-SG150100	1,799	--
Total Housing Trust Fund	14.275		1,799	--
COVID-19 - Section 8 Housing Choice Vouchers			1,135,555	--
Section 8 Housing Choice Vouchers			22,542,825	--
Total Section 8 Housing Choice Vouchers	14.871		23,678,380	--
Family Self-Sufficiency Program	14.896		50,325	--
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS			25,758,797	1,632,013
DEPARTMENT OF LABOR PROGRAMS				
Pass-through State - Workforce Investment Act:				
WIOA Admin PY2019		WIOA-19-LAC-M6/30/2021	33,808	--
WIOA Admin PY2020		WIOA-20-LAC-M6/30/2022	25,848	--
Total Workforce Investment Act	17.U01		59,656	--
WIOA Cluster				
Pass-through State - WIOA Adult Program:				
WIOA Adult Program		WIOA-19-AP-M6/30/2021	137,491	--
WIOA Adult Program PY20		WIOA-20-A&DWP-M6/30/2	343	--
WIOA Adult Program		WIOA-18-A&DWP-M6/30/2020	22	--
Total WIOA Adult Program	17.258		137,856	--
Pass-through State - WIOA Youth Activities:				
WIOA Youth Activities		WIOA-18-YPM6/30/2020	22	--
WIOA Youth Activities		WIOA-19-YP6/30/2021	161,387	--
WIOA Youth Activities		WIOA-20-YP-M6/30/2022	8,759	--
Total WIOA Youth Activities	17.259		\$ 170,168	\$ --

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, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
Pass-through State - WIOA Dislocated Worker Formula Grants:				
COVID-19 Disaster Recovery Grant		DW-34826-20-60-A-15	\$ 9,832	\$ --
COVID-19 Employment Recovery		DW-34829-20-60-A-15	7,852	--
WIOA Dislocated Worker		WIOA-19-DWP6/30/2021	195,013	--
WIOA Dislocated Worker		WIOA-20-A&DWP-M6/30/2	7,994	--
WIOA Rapid Response PY19		WIOA-19-RRP-M6/30/2021	63,659	--
WIOA Rapid Response PY20		WIOA-20-RRP-M	29,265	--
Total WIOA Dislocated Worker Formula Grants	17.278		<u>313,615</u>	<u>--</u>
Total WIOA Cluster			<u>621,639</u>	<u>--</u>
TOTAL DEPARTMENT OF LABOR PROGRAMS			<u>681,295</u>	<u>--</u>
DEPARTMENT OF THE TREASURY PROGRAMS				
Pass-through State - COVID-19 - Coronavirus Relief Fund:				
CARES Act		P.L. 116-136	<u>55,737,071</u>	<u>38,011,630</u>
Total COVID-19 - Coronavirus Relief Fund	21.019		<u>55,737,071</u>	<u>38,011,630</u>
Pass-through State - COVID-19 Emergency Rental Assistance				
COVID-19 Emergency Rental Assistance Program		ERA0173	<u>10,000,000</u>	<u>10,000,000</u>
Total COVID-19 Emergency Rental Assistance	21.023		<u>10,000,000</u>	<u>10,000,000</u>
TOTAL DEPARTMENT OF THE TREASURY PROGRAMS			<u>65,737,071</u>	<u>48,011,630</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>111,753,292</u>	\$ <u>49,710,526</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, 2021

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, 2021. 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.

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, 2021, the County incurred \$9,031 of eligible expenditures for the fiscal year ended 2021, and incurred \$1,026,199 of eligible expenditures in previous fiscal years. FEMA approved the related PWs in fiscal year 2021.

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, 2021

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

20.205

Highway Planning and Construction

20.507/20.526

Federal Transit Cluster

20.509

Formula Grants for Rural Areas

21.019

COVID-19 - Coronavirus Relief Fund

21.023

COVID-19 - Emergency Rental Assistance Program

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

\$3,000,000

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, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.

No.

Internal Control Findings

2021-001 Improve Controls over Recording of Non-routine Transactions - Material Weakness

Criteria: Internal controls are the policies and procedures put in place to assist in achieving an entity's objectives. Effective internal controls prevent or detect and correct misstatements on a timely basis. Preventive controls are designed to discourage errors or irregularities from occurring. Detective controls are designed to find errors or irregularities after they have occurred. The lack of sufficient internal controls over non-routine transactions could result in inaccurate reporting in the County's financial statements.

Condition: During the audit we proposed an adjustment to properly record the contribution of a building to the Housing, Interim Financing, and Buy-Back Revolving Fund as capital contribution revenue. Management recorded the adjustment to the financial statements. The lack of sufficient internal controls over non-routine transactions could result in inaccurate reporting in the County's financial statements.

Cause: Internal controls over non-routine transactions have not been formalized.

Effect: Capital contribution revenues of approximately \$4.7 million were reclassified from net position, which increased change in net position by approximately \$4.7 million.

Recommendation: A properly designed internal control system allows the County to initiate, authorize, record, process, and report reliable financial data. As part of an effective system, we recommend that management develop a formalized procedures specifically over non-routine transactions or seek additional guidance for appropriate accounting treatment. An appropriate level of management should review the transaction in order to prevent material errors from occurring.

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, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Ref.

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

2021-002 Subrecipient Monitoring - Significant Deficiency

Federal agency: Department of the Treasury

Pass-Through Entity: State of Hawaii Executive Office of the Governor

Program: CFDA No. COVID-19 - 21.019 - Coronavirus Relief Fund

**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.

Condition: During our testing of the subrecipient monitoring compliance requirement, we noted nine (9) out of 9 samples tested where the County did not review quarterly and final project reports for the subrecipients.

Cause: The County did not follow its procedures to review quarterly and final project reports for its subrecipients, as agreed upon in subaward agreements.

Effect: Failure to review quarterly and final project reports from subrecipients could result in noncompliance with the authorized purpose and terms and conditions of the subaward.

\$ --

Identification as a Repeat Finding, if applicable

See finding 2020-002 included in the Summary Schedule of Prior Audit Findings.

Recommendation

We recommend that the County implement procedures to ensure that quarterly and final project reports are reviewed when monitoring subrecipients.

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

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
WWW.MAUICOUNTY.GOV



August 12, 2022

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, 2021**

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, 2021. 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 blue ink, appearing to read "Scott K. Teruya".

A small, stylized handwritten signature in blue ink.

SCOTT K. TERUYA
Director of Finance

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2021**

Ref.

No. **Internal Control Findings**

2021-001 Improve Controls over Recording of Non-routine Transactions - Material Weakness

Recommendation

A properly designed internal control system allows the County to initiate, authorize, record, process, and report reliable financial data. As part of an effective system, we recommend that management develop a formalized procedures specifically over non-routine transactions or seek additional guidance for appropriate accounting treatment. An appropriate level of management should review the transaction in order to prevent material errors from occurring.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The Accounts Division has formal procedures on year-end journal entries, which includes a review by the Accounting System Administrator and/or Accounting System Assistant Administrator. The division maintains a listing of all journal entries required for the financial audit. The year-end journal entries listing has been updated to include a review of these types of non-routine transactions to prevent this material error from occurring.

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
Fiscal Year Ended June 30, 2021**

Ref.

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

2021-002 Subrecipient Monitoring - Significant Deficiency

Recommendation

We recommend that the County implement procedures to ensure that quarterly and final project reports are reviewed when monitoring subrecipients.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The Department of Finance will include specific procedures to ensure quarterly and final project reports are being reviewed as part of subrecipient monitoring in the federal awards grant policy and procedures manual. The federal awards grant policy and procedures manual is currently being updated and reviewed. Additionally, the Department of Finance implemented a grants management system in October 2021 for the American Rescue Plan Act, Coronavirus State & Local Fiscal Recovery Fund grant. This system was implemented in part of and as a pilot project to assess if the system's capability and functionality would be beneficial if applied on a countywide level for all grant awards received by the County.

End Date: **Ongoing**

Responding Person(s): May-Anne Alibin, Deputy Director
Department of Finance
Phone No. (808) 270-7475

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, 2021

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, 2020, dated May 21, 2021.

SECTION II - FINANCIAL STATEMENT FINDINGS

Recommendations		Status
2020-001	Improve Controls over the Preparation of the Schedule of Expenditures of Federal Awards - Significant Deficiency (Page 20) A properly designed internal control system over financial reporting allows the County to initiate, authorize, record, process, and report financial data reliably in accordance with the requirements of the Uniform Guidance. As part of an effective system, we recommend that the County management develop procedures to ensure that all information included in the SEFA is correctly reported.	Accomplished.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Recommendations		Status
2020-002	Subrecipient Monitoring - Significant Deficiency (Pages 21-22) We recommend the County create formal, written policies and procedures over subrecipient monitoring. This may help to ensure all pass-through entity requirements as outlined in 2 CFR §200.332 are satisfied	Partially accomplished. See finding 2021-002.