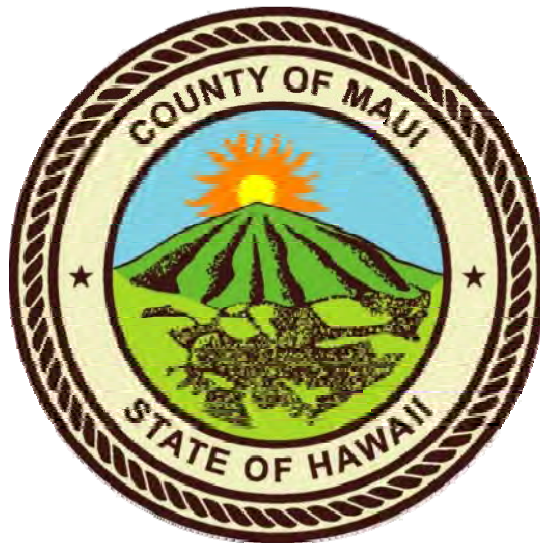


COUNTY OF MAUI

STATE OF HAWAII



SINGLE AUDIT REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

May 21, 2021

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, 2020. Our report containing our opinions on those basic financial statements is included in the County's *Comprehensive Annual Financial Report*. We submit herein our reports on the County's internal control over financial reporting and on compliance and other matters, compliance for each major federal program and internal control over compliance, and the schedule of expenditures of federal awards required by the Uniform Guidance.

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, 2020, 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 major federal programs and an opinion on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major federal program in accordance with the Single Audit Act Amendments of 1996 and 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.

ORGANIZATION OF THE REPORT

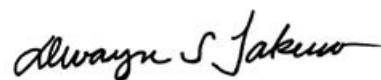
This report is presented in five parts as follows:

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

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

Sincerely,

N&K CPAs, INC.



Dwayne S. Takeno
Principal

COUNTY OF MAUI, STATE OF HAWAII

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PART I

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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
May 21, 2021

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, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter. The County's response to the noncompliance 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.

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 2020-002 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 23, 2020, 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

N&K CPAs, Inc.

ACCOUNTANTS | CONSULTANTS

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

May 21, 2021

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA 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 | | \$ 70,181 | \$ -- |
| TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS | | | <u>70,181</u> | <u>--</u> |
| DEPARTMENT OF AGRICULTURE PROGRAMS | | | | |
| Pass-through State - Summer Food Service Program for Children: Play and Learn Sessions (PALS) | 10.559 | 17177HIHIN1099 | 28,353 | -- |
| TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS | | | <u>28,353</u> | <u>--</u> |
| DEPARTMENT OF COMMERCE PROGRAMS | | | | |
| Pass-through State - Coastal Zone Management Administration Awards: Coastal Zone Management FY19 | | B17-02CZM | 74,827 | -- |
| Coastal Zone Management FY20 | | B19-01CZMS1 | 202,007 | -- |
| Total Coastal Zone Management Administration Awards | 11.419 | | 276,834 | -- |
| TOTAL DEPARTMENT OF COMMERCE PROGRAMS | | | <u>276,834</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 IIID | | MA2016N03 | 32 | -- |
| Aging Title IIID | | MA2016N03 | 13,244 | -- |
| Total Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | | 13,276 | -- |
| 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 | 101,304 | -- |
| Aging Title III Programs | | MA2016N03 | 6,440 | -- |
| Aging Title III Programs | | MA2016N03 | 282,649 | -- |
| Total Special Programs for the Aging Title III, Part B, Grants for Supportive Services Senior Centers | 93.044 | | 390,393 | -- |
| Pass-through State - Special Programs for the Aging Title III, Part C, Nutrition Services: | | | | |
| Aging Title IIIC-1 | | MA2016N03 | 30,287 | -- |
| Aging Title IIIC-1 | | MA2016N03 | 230 | -- |
| Aging Title IIIC-1 | | MA2016N03 | 26,088 | -- |
| Aging Title IIIC-2 | | MA2016N03 | 45,651 | -- |
| Total Special Programs for the Aging Title III, Part C, Nutrition Services | 93.045 | | 102,256 | -- |
| Pass-through State - Nutrition Services Incentive Program: | | | | |
| Nutrition Services Incentive | | PL 109-365 | 34,681 | -- |
| Nutrition Services Incentive | | PL 109-365 | 34,929 | -- |
| Total Nutrition Services Incentive Program | 93.053 | | 69,610 | -- |
| Total Aging Cluster | | | 562,259 | -- |
| Pass-through State - National Family Caregiver Support, Title III, Part E: | | | | |
| Aging Title IIIE | | MA2016N03 | 45,296 | -- |
| Aging Title IIIE | | MA2016N03 | 5,348 | -- |
| Aging Title IIIE | | MA2016N03 | 35,904 | -- |
| Total National Family Caregiver Support, Title III, Part E | 93.052 | | 86,548 | -- |
| Pass-through State - Substance Abuse and Mental Health Services Projects of Regional and National Significance: | | | | |
| Strategic Prevention Framework | | 2016D-PFSHTH | 83,839 | -- |
| Total Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | | 83,839 | -- |
| Pass-through State - State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF): | | | | |
| SOH Department of Health | | 6 NU58DP005502-02-02 | 5,522 | -- |
| Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) | 93.757 | | 5,522 | -- |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS | | | <u>\$ 751,444</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, 2020

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA 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 | | \$ 316,990 | \$ -- |
| TOTAL EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS | | | <u>316,990</u> | <u>--</u> |
| DEPARTMENT OF JUSTICE PROGRAMS | | | | |
| Drug Enforcement Administration (DEA): | | | | |
| Federal Justice Police Forfeitures | | | 34,801 | -- |
| Total Drug Enforcement Administration | 16.922 | | <u>34,801</u> | <u>--</u> |
| Pass-through State - Crime Victim Assistance: | | | | |
| Special Needs Advocacy Program | | 15-VA-01 | (10,818) | -- |
| Special Needs Advocacy Program Supplemental | | 16-VA-01 | 55,609 | 52,282 |
| Special Needs Advocacy Program | | 17-VA-01 | 539,852 | 65,628 |
| Total Crime Victim Assistance | 16.575 | | <u>584,643</u> | <u>117,910</u> |
| Pass-through State - Violence Against Women Formula Grants: | | | | |
| Violence Against Women Grant | | 16-WF-06 | 10,701 | -- |
| Domestic Violence Investigation | | 17-WF-02 | 41,663 | -- |
| Domestic Violence Strangulation | | 17-WF-06 | 35,760 | -- |
| Total Violence Against Women Formula Grants | 16.588 | | <u>88,124</u> | <u>--</u> |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | <u>178,388</u> | <u>--</u> |
| Pass-through State - Paul Coverdell Forensic Sciences Improvement Grant Program | | | | |
| PC Forensic Sciences Improvement Act | | 18-CD-01 | 19,229 | -- |
| Total Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | | <u>19,229</u> | <u>--</u> |
| TOTAL DEPARTMENT OF JUSTICE PROGRAMS | | | <u>905,185</u> | <u>117,910</u> |
| DEPARTMENT OF TRANSPORTATION PROGRAMS | | | | |
| Pass-through State - Highway Planning and Construction: | | | | |
| FHWA Projects State Reviews | | FHWA CENG | 8,034 | -- |
| FHWA Various Projects County | | FHWA CENG | 16,659 | -- |
| FHWA Maui MPO FY18 UPWP | | PL-0053(018) | 73,829 | -- |
| FHWA Maui MPO FY19 UPWP | | PL-0053(019) | 128,992 | -- |
| FHWA Maui MPO FY20 UPWP | | PL-0053(020) | 84,230 | -- |
| Kamehameha Ave Pavement Rehab | | STP-0900(079) | 207,324 | -- |
| Kamalii Elem School Safe Routes | | SRS-1500(60) | 4,167 | -- |
| Wakea Ave Pavement Rehab | | STP-3920(006) | 363,865 | -- |
| Wakea Ave/Wells St Pavement Re | | STP-0900(082) | 600 | -- |
| SO Maui Traffic Master Plan | | SPR-0010(036) | 67,444 | -- |
| Kokomo RD/Mak Ave Pavement PH2 | | STP-900(086) | 1,007,361 | -- |
| Kaupakalua RD Pavement Recon | | STP-0365(010) | 3,103,719 | -- |
| Kaupakalua RD Pavement Recon PH-2 | | STP-0365(011) | 346 | -- |
| N Shore Greenway Phase 4 | | STP-0900(089) | 1,026,453 | -- |
| Pavement Rehab Maui Roads | | STP-0900(090) | 939,278 | -- |
| Paia School Safe Routes to SCH | | SRS-0900(091) | 87,811 | -- |
| Kea St Pavement Reconstruction | | STP-0900(093) | 1,337,049 | -- |
| Total Highway Planning and Construction | 20.205 | | <u>\$ 8,457,161</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, 2020

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA 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 FY18 UPWP | | FAIN 1623-2017-2 | \$ 24,936 | \$ -- |
| FTA Maui MPO FY19 UPWP | | FTA-5303 | <u>84,181</u> | <u>--</u> |
| Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | | <u>109,117</u> | <u>--</u> |
| Pass-through State - COVID-19 - Federal Transit Formula Grants: | | | | |
| SEC 5307 Urbanized Area Formula | | 5307 CARESACT | <u>518,847</u> | <u>--</u> |
| Total Federal Transit Formula Grants | 20.507 | | <u>518,847</u> | <u>--</u> |
| Pass-through State - Formula Grants for Rural Areas | | | | |
| FTA SEC 5311 Non-Urbanized | | HI-2016-004-00 | <u>83,491</u> | <u>--</u> |
| Total Formula Grants for Rural Areas | 20.509 | | <u>83,491</u> | <u>--</u> |
| Highway Safety Cluster | | | | |
| Pass-through State - State and Community Highway Safety: | | | | |
| MPD Traffic Services | | PT19-01(03-M-01) | 39,846 | -- |
| MPD Traffic Services | | PT20-01(03-M-01) | 26,225 | -- |
| MPD Speed Enforcement | | SC19-06(01-M-03) | 53,352 | -- |
| MPD Speed Enforcement | | SC20-06(01-M-03) | 124,715 | -- |
| Distracted Driving Enforcement | | DD18-10(03-M-01) | 20,978 | -- |
| Distracted Driving Enforcement | | DD19-09(03-M-01) | <u>882</u> | <u>--</u> |
| Total State and Community Highway Safety | 20.600 | | <u>265,998</u> | <u>--</u> |
| Pass-through State - National Priority Safety Programs: | | | | |
| MPD Roadblock Program | | AL17-02(01-M-03) | (300) | -- |
| MPD Roadblock Program | | AL19-02(01-M-03) | 107,294 | -- |
| MPD Roadblock Program | | AL20-02(01-M-03) | 183,846 | -- |
| DPA 2018 Traffic Records | | TR18-03(10-M-01) | (333) | -- |
| DPA 2019 Traffic Records | | TR19-03(10-M-01) | 3,579 | -- |
| DPA 2020 Traffic Records | | TR20-03(10-M-01) | 5,138 | -- |
| MPD Traffic Data Records | | TR18-03(04-M-01) | 143,602 | -- |
| MPD Traffic Data Records | | TR19-03(04-M-01) | 4,407 | -- |
| MPD Seatbelt Enforcement | | OP19-05(01-M-03) | 3,458 | -- |
| MPD Seatbelt Enforcement | | OP20-05(01-M-03) | 17,470 | -- |
| Maui Child Restraint Prg | | OP19-05(02-M-01) | 4,427 | -- |
| Maui Child Restraint Prg | | OP20-05(02-M-01) | <u>3,380</u> | <u>--</u> |
| Total National Priority Safety Programs | 20.616 | | <u>475,968</u> | <u>--</u> |
| Total Highway Safety Cluster | | | <u>741,966</u> | <u>--</u> |
| Pass-through State - Alcohol Open Container Requirements: | | | | |
| Prosecutor's Impaired Driving | | AL19-02(05-M-01) | 9,005 | -- |
| Prosecutor's Impaired Driving | | AL20-02(05-M-01) | <u>6,227</u> | <u>--</u> |
| Total Alcohol Open Container Requirements | 20.607 | | <u>15,232</u> | <u>--</u> |
| TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS | | | \$ <u>9,925,814</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, 2020

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Provided Through to Subrecipients |
|---|---------------------------|--|----------------------------------|---|
| DEPARTMENT OF HOMELAND SECURITY PROGRAMS | | | | |
| Pass-through State - Disaster Grants - Public Assistance (Presidentially Declared Disasters): | | | | |
| 2016 Hawaii Severe Storms | | FEMA-4282-DR-HI | \$ 126,066 | \$ -- |
| 2019 Hurricane Lane | | FEMA-4395-DR-HI | 837,601 | -- |
| FEMA Fire Mgt Assistance Grant | | FEMA-5294-DR-HI | 62,532 | -- |
| Total Public Assistance (Presidentially Declared Disasters) | 97.036 | | <u>1,026,199</u> | <u>--</u> |
| Pass-through State - Pre-Disaster Mitigation | | | | |
| Pre-Disaster Mitigation | 97.047 | DHS-18-MT-047-000-99 | 112,889 | -- |
| Total Pre-Disaster Mitigation | | | <u>112,889</u> | <u>--</u> |
| Homeland Security Grant Program | 97.067 | | 243,161 | -- |
| TOTAL DEPARTMENT OF HOMELAND SECURITY PROGRAMS | | | <u>1,382,249</u> | <u>--</u> |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS | | | | |
| Community Development Block Grants / State's Program and | | | | |
| Non-Entitlement Grants in Hawaii: | 14.228 | | 2,671,675 | 1,434,675 |
| Pass-through State - Home Investment Partnerships Program: | | | | |
| Home FFY14 Administration | | M-2014-MAUI ADMIN | 4,802 | -- |
| Home FFY17 Administration | | M17-SG150100 | 7,592 | -- |
| Home FFY17 Kaiwahine Village | | M17-SG150100 | 112,885 | 112,885 |
| Home FFY17 Kahoma Residential | | M17-SG150100 | 123,719 | 123,719 |
| Total Home Investment Partnership Program | 14.239 | | <u>248,998</u> | <u>236,604</u> |
| Pass-through NATL HTF - Housing Trust Fund: | | | | |
| NATL HTF Kaiwahine Phase II | | F17-SG150100 | 123,879 | 123,879 |
| NATL HTF Administration | | F17-SG150100 | 1,435 | -- |
| Total Housing Trust Fund | 14.275 | | <u>125,314</u> | <u>123,879</u> |
| COVID-19 - Section 8 Housing Choice Vouchers | | | | |
| Section 8 Housing Choice Vouchers | | | 5,448 | -- |
| Total Section 8 Housing Choice Vouchers | 14.871 | | <u>22,691,274</u> | <u>--</u> |
| Family Self-Sufficiency Program | 14.896 | | 25,971 | -- |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS | | | <u>25,768,680</u> | <u>1,795,158</u> |
| DEPARTMENT OF LABOR PROGRAMS | | | | |
| Pass-through State - Workforce Investment Act: | | | | |
| WIOA Admin PY2016 | | WIOA-16-LAC-M6/30/2018 | 132 | -- |
| WIOA Admin PY2017 | | WIOA-17-LAC-M6/30/2019 | 6,706 | -- |
| WIOA Admin PY2018 | | WIOA-18-LAC-M6/30/2020 | 44,663 | -- |
| WIOA Admin PY2019 | | WIOA-19-LAC-M6/30/2021 | 21,928 | -- |
| Total Workforce Investment Act | 17.U01 | | <u>73,429</u> | <u>--</u> |
| WIOA Cluster | | | | |
| Pass-through State - WIA/WIOA Adult Program: | | | | |
| WIOA Adult Program | | WIOA-16-AP-M6/30/2018 | 9,264 | -- |
| WIOA Adult Program | | WIOA-17-AP-M6/30/2019 | 13,436 | -- |
| WIOA Adult Program | | WIOA-19-AP-M6/30/2021 | (21) | -- |
| WIOA Adult Program | | WIOA-18-A&DWP-M6/30/2020 | 93,026 | -- |
| Total WIOA Adult Program | 17.258 | | <u>115,705</u> | <u>--</u> |
| Pass-through State - WIA/WIOA Youth Activities: | | | | |
| WIA Youth Activities | | WIOA-16-YPM | 9,636 | -- |
| WIA Youth Activities | | WIOA-17-YPM6/30/2019 | 5,456 | -- |
| WIA Youth Activities | | WIOA-18-YPM6/30/2020 | 148,455 | -- |
| WIA Youth Activities | | WIOA-19-AP6/30/2021 | (22) | -- |
| Total WIOA Youth Activities | 17.259 | | <u>\$ 163,525</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, 2020

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Provided Through to Subrecipients |
|---|---------------------------|--|----------------------------------|---|
| Pass-through State - WIA/WIOA Dislocated Worker Formula Grants: | | | | |
| WIOA Dislocated Worker | | WIOA-16-DWP-M6/30/2018 | \$ 9,384 | \$ -- |
| WIOA Dislocated Worker | | WIOA-17-DWP-M6/30/2019 | 14,180 | -- |
| WIOA Dislocated Worker | | WIOA-18-DWP-M6/30/2020 | 124,190 | -- |
| WIOA Rapid Response PY18 | | WIOA-18-RRP-M6/30/2020 | 63,232 | -- |
| WIOA Rapid Response PY19 | | WIOA-19-RRP-M6/30/2021 | <u>513</u> | <u>--</u> |
| Total WIA/WIOA Dislocated Worker Formula Grants | 17.278 | | <u>211,499</u> | <u>--</u> |
| Total WIOA Cluster | | | <u>490,729</u> | <u>--</u> |
| TOTAL DEPARTMENT OF LABOR PROGRAMS | | | <u>564,158</u> | <u>--</u> |
| DEPARTMENT OF THE TREASURY PROGRAMS | | | | |
| Pass-through State - COVID-19 - Coronavirus Relief Fund: | | | | |
| CARES Act | | 001-County of Maui | <u>8,798,400</u> | <u>3,559,813</u> |
| Total Coronavirus Relief Fund | 21.019 | | <u>8,798,400</u> | <u>3,559,813</u> |
| TOTAL DEPARTMENT OF THE TREASURY PROGRAMS | | | <u>8,798,400</u> | <u>3,559,813</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 48,788,288</u> | <u>\$ 5,472,881</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, 2020

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, 2020. 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, 2020, the County incurred \$248,670 of eligible expenditures for the fiscal year ended 2020, and incurred \$777,529 of eligible expenditures in previous fiscal years. FEMA approved the related PWs in fiscal year 2020.

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, 2020

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:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 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 |
| 21.019 | Coronavirus Relief Fund |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) |

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

\$1,463,649

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, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.
No. **Internal Control Findings**

2020-001 **Improve Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA) - Significant Deficiency**

Criteria: 2 CFR 200.302(b)(1) of the Uniform Guidance states that a nonfederal entity must identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. The Uniform Guidance also requires federal expenditures to be recorded properly and timely to ensure accuracy and completeness of the expenditure amounts reported on the schedule of expenditures of federal awards (SEFA).

Condition: During the audit, multiple revisions were made to the SEFA to capture misclassified federal expenditures, and to correct expenditures that were not accurately reported. These revisions impacted the total federal expenditures reported on the SEFA.

Cause: Program managers, Department of Finance or other County personnel are responsible to ensure accurate information is reported as federal expenditures on the SEFA. Due to the decentralized nature of grant management within the County's departments and divisions that receive federal assistance, amounts may not be accurately or completely reported until investigated by Finance.

Effect: The lack of effective internal controls over the preparation of the SEFA could result in the inaccurate reporting of the County's expenditures as presented on the SEFA. Inaccurate reporting of the County's expenditures could result in improper identification of major programs to be audited.

Identification as a Repeat Finding, if applicable

See finding 2019-002 included in the Summary Schedule of Prior Audit Findings.

Recommendation

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.

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, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

2020-002 Subrecipient Monitoring - Significant Deficiency

Federal agency: Department of the Treasury
Pass-Through Entity: State of Hawaii Executive Office of the Governor
Program: CFDA No. 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:

- Ensure that every subaward includes at the time of the subaward (or subsequent award modification) certain key information which includes, but is not limited to, the Catalog of Federal Assistance Listing (CFDA) number and title;
- Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring; and
- Verify that every subrecipient is audited as required by the Uniform Guidance when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded \$750,000.

Condition: During our testing of the subrecipient monitoring compliance requirement, we noted two (2) out of 2 samples tested where the County did not:

- Identify to the subrecipient at the time of the subaward (or subsequent award modification), the CFDA number of the Federal awarding agency;
- Evaluate the subrecipient to determine which subrecipient monitoring procedures would be appropriate to ensure compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and
- Have a system in place to track and monitor its subrecipients to ensure that audits were completed and submitted in accordance with the Uniform Guidance as required.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2020

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

Ref.

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

2020-002 Subrecipient Monitoring - Significant Deficiency (Continued)

**Questioned
Cost**

Cause: The County did not have formal policies and procedures in place prior to executing the subaward to ensure that all pass-through entity requirements were met.

Effect: Without formal policies and procedures in place to monitor subrecipients, the County cannot ensure that: it meets its own responsibility for the federal award; monitoring procedures are appropriately planned and designed to prevent or detect and correct subrecipient noncompliance; and its subrecipients are having the necessary audits completed as required under the Uniform Guidance.

\$ --

Identification as a Repeat Finding, if applicable

See finding 2019-003 included in the Summary Schedule of Prior Audit Findings.

Recommendation

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.

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

April 30, 2021

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

Dear Mr. Takeno:

**SUBJECT: SINGLE AUDIT REPORT FINDINGS - CORRECTIVE ACTION
PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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,


SCOTT K. TERUYA
Director of Finance

County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2020

Ref.
No. Internal Control Findings

2020-001 Improve Controls over the Preparation of the Schedule of Expenditures of Federal Awards - Significant Deficiency

Recommendation

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.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. Management further recognizes that there were several circumstances that occurred in this fiscal year which contributed to the repeat audit finding. Prior to the enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the County of Maui appropriated \$4.0 million from its Emergency Fund in response to the COVID-19 pandemic. Subsequently, on June 3, 2020, the County of Maui received a federal sub-award letter from the State awarding the County of Maui \$67.0 million for eligible expenditures incurred during the period beginning March 1, 2020 and ending on December 30, 2020. Expenditures incurred using the Emergency Fund and other County funds were reclassified as some of the CARES Act funding became available. In addition, there were minor inconsistencies with the Federal Emergency Management Agency (FEMA) expenditures reported as approved by the Hawaii Emergency Management Agency (HI-EMA). Subsequent inquiry by the external auditors determined that communications from FEMA were sent directly to the affected department but were not forwarded to the Department of Finance for review and reconciliation. This resulted in a reduction of total estimated project costs which caused an adjustment to the originally approved amount. The Department of Finance relies on the County's departments to provide timely, accurate and reliable information and is working in conjunction with the Budget Office to develop and implement written policies and procedures regarding FEMA reimbursements to all County departments.

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, 2020**

Ref.
No. Compliance and Internal Control over Compliance Findings

2020-002 Subrecipient Monitoring

Recommendation

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.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. Prior to the enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the County of Maui's subrecipients were typically limited to the following departments and/or agencies: 1) Department of Housing and Human Concerns; 2) Department of the Prosecuting Attorney; and 3) Office of the Mayor's Community Development Block Grant Program.

The COVID-19 pandemic required emergency responses and expedited processing of subawards to provide immediate COVID-19 related medical, public health, economic support, and other emergency response support. The County of Maui received the initial disbursement of funds from the State of Hawaii for the CARES Act on June 19, 2020 and the remaining funds on August 31, 2020. Due to the emergency nature and timing of this unprecedented event, Management's focus at the time that the funds became available (less than one month prior to the close of the fiscal year) has been primarily on the implementation of COVID-related assistance through activities and programs. The Management's overall strategic goal was to respond as quickly and responsibly as possible as the pandemic unfolded. Management ensured the County's compliance with the guidance provided by the State of Hawaii on June 3, 2020, particularly on the eligibility of the expenses.

In March 2021, the Department of Finance developed a subrecipient monitoring form that requires subrecipients of Federal subawards to complete and submit with any grant agreement prior to its execution. In addition, a written federal awards grant policy and procedures manual is currently being drafted by the Department of Finance for countywide implementation.

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, 2020

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, 2019, dated March 13, 2020.

SECTION II - FINANCIAL STATEMENT FINDINGS

| <u>Recommendations</u> | <u>Status</u> |
|--|---|
| <p>2019-001 Reconcile Accounts and Post-Closing Adjustments - Material Weakness (Page 20)</p> <p>We recommend that County personnel exercise greater care in reviewing journal entries.</p> | Accomplished. |
| <p>2019-002 Improve Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA) - Significant Deficiency (Page 21)</p> <p>Properly designed internal controls over financial reporting allow the County to initiate, authorize, record, process, and report financial data reliably in accordance with the requirements of the Uniform Guidance and governmental accounting standards. We recommend that the County management develop procedures to insure that all information coming from other Departments included in the SEFA is correctly reported.</p> | Not accomplished. Refer to finding 2020-001. |

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

| <u>Recommendations</u> | <u>Status</u> |
|---|---|
| <p>2019-003 Subrecipient Monitoring - Significant Deficiency (Pages 22-23)</p> <p>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 §200.331 are satisfied.</p> | Not accomplished. Refer to finding 2020-002. |
| <p>2019-004 Allowable Costs - Significant Deficiency (Pages 24-25)</p> <p>We recommend Program personnel to revisit the County's Payroll Policies and Procedures Manual to establish an effective internal control system to help minimize errors over salaries, wages, and fringe benefit calculations to ensure that amounts expended are allowable.</p> | Accomplished. |
| <p>2019-005 Reporting - Significant Deficiency (Page 26)</p> <p>We recommend the County develop policies and procedures over the preparation and documentation of key line items of the Financial Data Schedule as required by HUD. This will help to ensure that the contents of the Financial Data Schedule are accurate, and properly supported.</p> | Accomplished. |