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The department and HPHA inconsistently adhered to statutory reporting requirements for non-general funds and administratively created funds and accounts.

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Human Services

Report No. 15-19, December 2015

Forty-seven special funds, revolving funds, trust funds, and trust accounts were reviewed

Fourteen special funds, one revolving fund, three trust funds, and two trust accounts did not meet criteria

Our review of special funds, revolving funds, trust funds, and trust accounts of the Department of Human Services and its administratively attached agency, the Hawai'i Public Housing Authority (HPHA), found 14 special funds, 1 revolving fund, 3 trust funds, and 2 trust accounts did not meet criteria.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. This is our fifth review of the department's and HPHA's revolving funds, trust funds and trust accounts, and our first of their special funds since Act 130, Session Laws of Hawai'i 2013, amended Section 23-12, HRS, to include reviews of all special funds statewide.

Special funds are used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes. Revolving funds, such as loan funds, are often established with an appropriation of seed money from the general fund, and must demonstrate the capacity to be self-sustaining. Trust funds, such as a pension fund, invoke the State's fiduciary responsibility to care for and use the assets held for benefit for those with a vested interest in the assets. Trust accounts are typically separate holding or clearing accounts and are often used as accounting devices for crediting or charging state agencies or projects for payroll and other costs.

For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes only. We do not present conclusions about the effectiveness of programs or their management, or whether programs should be continued.

Reporting shortfall

The department and HPHA inconsistently adhered to statutory reporting requirements for non-general funds and administratively created funds and accounts. Accurate and complete reporting, as well as timely closing of funds, would greatly improve the Legislature's oversight and control of these funds and provide increased budgetary flexibility.

Agency response

The department said it concurred with a majority of our recommendations and will implement them as soon as is practical. HPHA did not respond to us directly, but wrote in an email to the department that it concurs with our findings. The department disagreed with our analysis of the Spouse and Child Abuse Special Account; however, we stand by our conclusion.