
Auditor's Summary

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Office of Hawaiian Affairs

Report No. 16-10

One special fund no longer serves its original purpose

OUR REVIEW OF THREE SPECIAL FUNDS, one revolving fund, and one trust fund of the Office of Hawaiian Affairs found one special fund no longer serves its original purpose and should be closed.

Section 23-12, Hawai'i Revised Statutes, requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department's funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review; however, the Office of Hawaiian Affairs did not have any trust accounts during our review period. This is our fifth review of the revolving funds, trust funds and trust accounts of the Office of Hawaiian Affairs. It is our first review of the special funds of the Office of Hawaiian Affairs.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. 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. We do not present conclusions about the effectiveness of the program or their management, or whether the program should be continued.

Reporting shortfall

WE ALSO NOTED that the Office of Hawaiian Affairs did not file statutorily required reports for non-general funds and for administratively created funds. Accurate and complete reporting, as well as timely closing of funds, will greatly improve the Legislature's oversight of these funds.

Agency response

WE TRANSMITTED A DRAFT of this review to the Office of Hawaiian Affairs. The Office of Hawaiian Affairs generally agreed with our review and will take appropriate action to ensure compliance with reporting requirements.



FUND TYPES

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 to benefit 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.