
Auditor's Summary

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of the Attorney General

Twenty-one special funds, revolving funds, trust funds, and trust accounts were reviewed.

Report No. 19-16

Six funds and accounts did not meet criteria.

WE REVIEWED 21 FUNDS AND ACCOUNTS administered by the Department of the Attorney General (AG) and reported on 19 of them. We found two revolving funds, two trust funds, and two trust accounts did not meet criteria. We recommended two revolving funds and one trust fund be reclassified as special funds; one trust fund be reclassified as a trust account; one trust account be reclassified as a trust fund; and one trust account be closed.

Section 23-12, Hawai'i Revised Statutes (HRS), 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 include trust accounts as part of our reviews. This is our sixth review of AG's revolving funds, trust funds, and trust accounts, and our second review of AG's special funds.

We use criteria developed by the Legislature, the Department of Accounting and General Services, 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. Financial data is provided for informational purposes and has not been audited. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

WE NOTED THAT AG did not file statutorily required reports for non-general funds with balances totaling \$84,000 and for administratively created funds with balances totaling more than \$1 million. Accurate and complete reporting provides important information to legislators about an agency's financial position.



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.

Agency response

THE DEPARTMENT DISAGREED with our assessment that four funds and one account did not meet their respective criteria; however, we maintain that our analyses and conclusions are appropriate. A detailed response to AG's position is included with the report.

As to our other observations, AG stated that the department will take steps to ensure compliance with reporting requirements and provide internal training to ensure transfers are correctly classified.