

Office of the Auditor  
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Jan K. Yamane  
Acting State Auditor  
State of Hawai'i

## Constitutional Mandate

The Office of the Auditor, pursuant to Article VII, Section 10 of the Hawai'i State Constitution, is required to conduct post-audits of the transactions, accounts, program and performance of departments, offices and agencies of the State and its political subdivisions, and to certify to the accuracy of all financial statements issued by the respective accounting officers.

# Financial Audit of the Department of the Attorney General

## Financial Statements, Fiscal Year Ended June 30, 2012

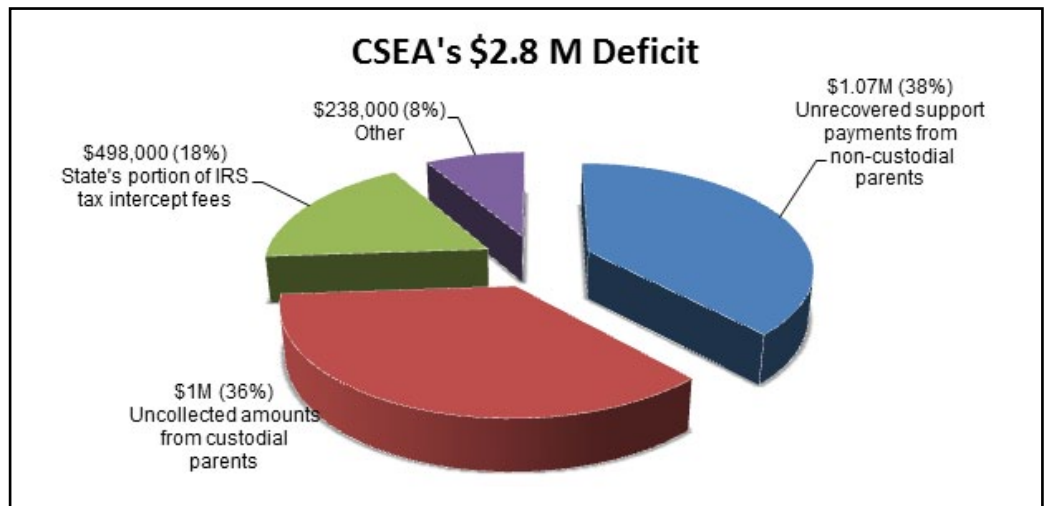
*The primary purpose of our audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of the Attorney General for the year ended June 30, 2012, and to comply with the requirements of federal OMB Circular A-133, which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Akamine, Oyadomari & Kosaki, CPAs.*

## About the Department

The Department of the Attorney General renders legal services, including furnishing written legal opinions, to the governor, the State Legislature, and the heads of state departments. The department also maintains criminal justice information and conducts investigations, crime prevention programs, and a number of other programs. The department's Child Support Enforcement Agency (CSEA) provides assistance to children by locating parents, establishing paternity and support obligations, and enforcing those obligations.

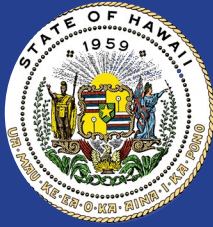
## Financial Highlights

For the fiscal year ended June 30, 2012, the department reported total revenues of \$75 million and total expenses of \$74 million. For FY2012, the department reported more than \$20 million in expenditures of federal grant awards. Inflows and outflows of funds related to the CSEA program are accounted for in an agency fund. Normally, agency fund assets should be equal to agency fund liabilities, as the funds are held on behalf of others. However, as reported in the Statement of Fiduciary Net Assets (liabilities), the department reported a deficit balance of more than \$2.8 million, as depicted below.



## CSEA FY2012 Fund Balance Sheet

Cash, net of outstanding checks of \$2,924,000, of which \$2,248,000 were over one year old	\$8,505,000
Liability to agency recipients	\$11,322,000
<b>Deficit</b>	<b>\$2,817,000</b>



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## Auditors' Opinions

Financial Statements: +  
Unmodified opinion

Federal Compliance: -  
Qualified opinion

## Issues of Concern

Material Weaknesses  
0

Significant Deficiencies  
3

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<http://auditor.hawaii.gov/>

## Auditors' Opinions

The department received an unmodified opinion that the basic financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. There were no reported deficiencies in internal control over financial reporting. However, the department received a qualified opinion on its compliance with major federal programs.

## Findings

Akamine, Oyadomari & Kosaki, CPAs reported one noncompliance finding that was deemed material to the financial statements and two findings that were considered significant deficiencies in controls over major federal programs:

- There is not enough cash in the CSEA fund to pay all of the agency fund obligations.
- The department's Crime Prevention Justice Assistance program did not have controls in place to ensure compliance with federal sub-recipient monitoring requirements.
- Proper supporting documentation for two expenditures of federal grant funds could not be located.

For the complete report visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2012\\_Audit/AG2012.pdf](http://files.hawaii.gov/auditor/Reports/2012_Audit/AG2012.pdf)