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Jan K. Yamane  
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## 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, 2015**

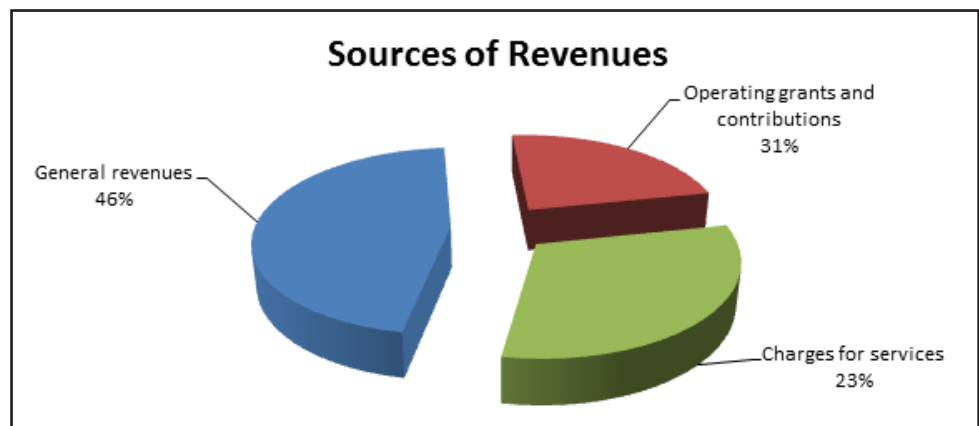
*The primary purpose of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of the Attorney General, as of and for the fiscal year ended June 30, 2015, and to comply with the requirements of federal OMB Circular A-133, which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Akamine, Oyadomari & Kosaki, CPAs, Inc.*

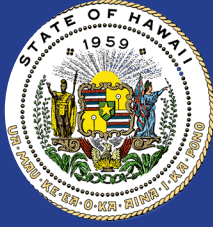
## About the Department

The Department of the Attorney General administers and 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, 2015, the department reported total revenues of \$76 million. Revenues include general revenues of \$36 million, consisting primarily of state general fund appropriations; program revenues consisting \$17 million in charges for services; and \$23 million in operating grants and contributions.





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## Auditors' Opinions

Financial Statements: **Unmodified opinion** +

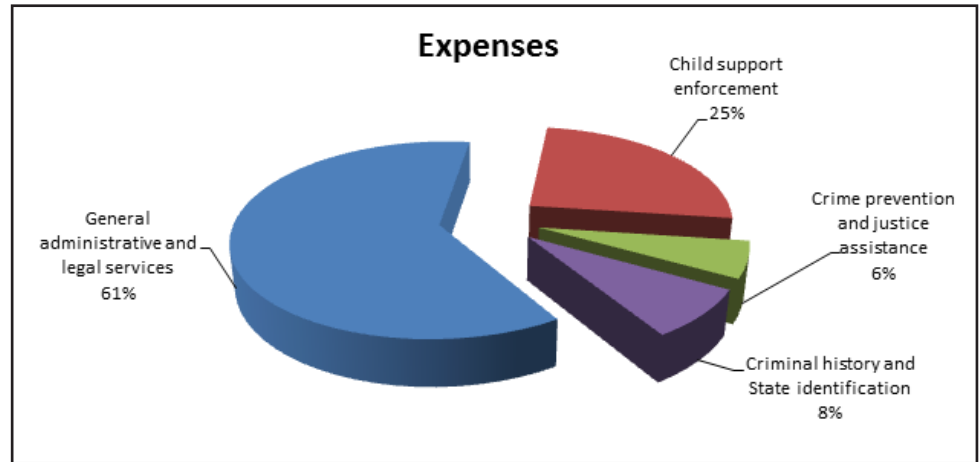
Federal Compliance: **Unmodified opinion** +

## Issues of Concern

Material Weaknesses  
**0**

Significant Deficiencies  
**1**

The department reported \$78 million in total expenses. Expenses include \$47 million for general administrative and legal services, \$20 million for child support enforcement, \$5 million for crime prevention and justice assistance, and \$6 million for criminal history and State identification activities.



## Fiduciary Fund Deficit

Inflows and outflows of funds related to the department's CSEA program are accounted for separately 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, the department continues to maintain a deficit balance of approximately \$2.5 million at June 30, 2015. According to the department, the deficit balance is caused by a combination of Internal Revenue Service intercept fees on collections of child support payments from delinquent non-custodial parents, uncollected recoupment due from custodial parents resulting from overpayments, and uncollected nonsufficient fund payments due from non-custodial parents.

## Auditors' Opinions

The department received an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. The department also received an unmodified opinion on its compliance with major federal programs in accordance with OMB Circular A-133.

## Findings

There were no reported deficiencies in internal control over financial reporting that were considered to be material weaknesses. However, the auditors identified one deficiency in internal control over financial reporting that is considered to be a significant deficiency.

- Lack of adequate procedures to ensure that department funds were properly encumbered. As a result, the department over-expended its FY2015 budget by at least \$154,000 and was forced to use its FY2016 appropriation to cover the over-expenditure.

There were no findings that were considered material weaknesses in internal control over compliance.

## Other Matters

- Deficit in the CSEA agency fund balance of approximately \$2.5 million needs to be resolved.

For the complete report and financial statements visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2015\\_Audit/AG2015.pdf](http://files.hawaii.gov/auditor/Reports/2015_Audit/AG2015.pdf)