

Auditor's Summary

Financial and Compliance Audit of the Department of the Attorney General

Financial Statements, Fiscal Year Ended June 30, 2019



PHOTO: OFFICE OF THE AUDITOR

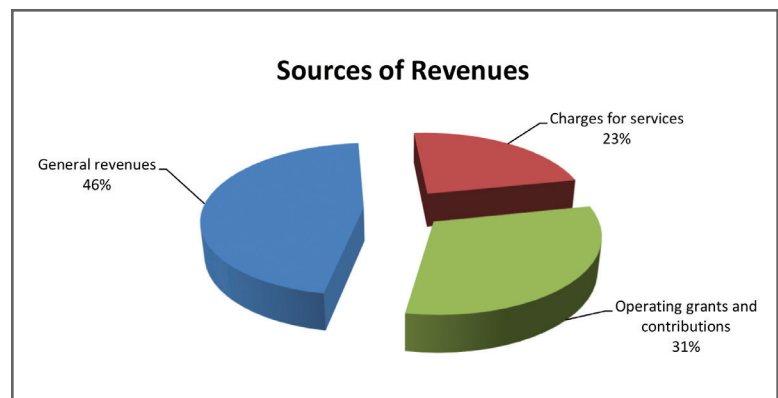
***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of the Attorney General, as of and for the fiscal year ended June 30, 2019, and to comply with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Egami & Ichikawa CPAs, Inc.*

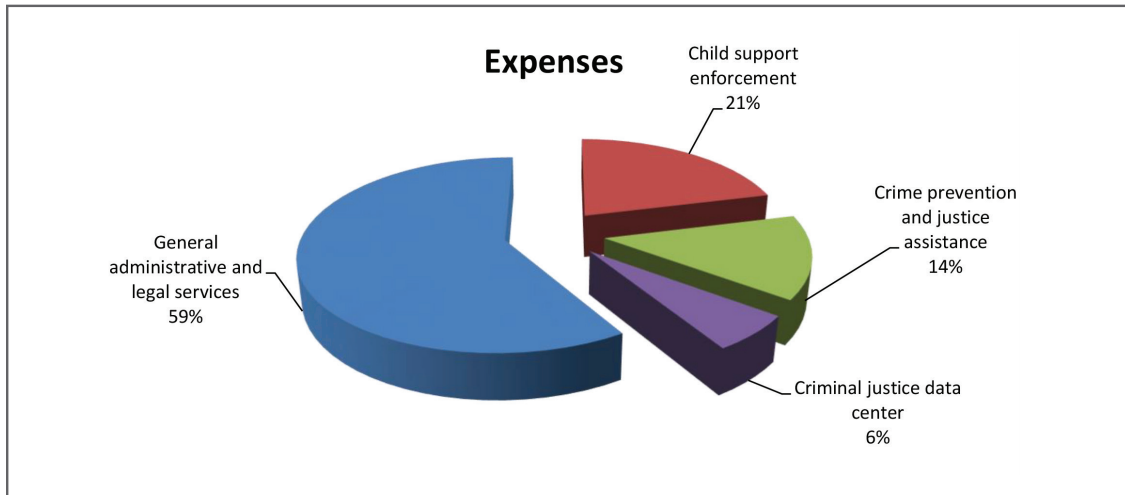
About the Department

The Department of the Attorney General (AG) provides legal services to the executive, legislative, and judicial branches of Hawai'i State government, including furnishing formal and informal legal opinions to the Governor, Legislature, and heads of Hawai'i State departments and offices and approving documents relating to the acquisition of lands and interests by the State. AG also maintains criminal justice information, conducts investigations, operates crime prevention programs, and represents the State of Hawai'i in legal proceedings. AG's Child Support Enforcement Agency 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, 2019, AG reported total revenues of \$109.6 million and total expenses of \$109.2 million, resulting in an increase in net position of \$400,000. Revenues include general revenues of \$50.3 million, primarily state appropriations; and program revenues consisting of charges for services of \$25.2 million and operating grants and contributions of \$34.2 million.





Expenses of \$109.2 million consist of (1) \$65 million for general administrative and legal services; (2) \$22.5 million for child support enforcement; (3) \$14.8 million for crime prevention and justice assistance; and (4) \$6.9 million for criminal justice data center activities.

Fiduciary Fund Deficit

Inflows and outflows of funds related to the Child Support Enforcement Agency program are accounted for separately in an agency fund. The report notes under usual conditions, agency fund assets should be equal to agency fund liabilities, as the funds are held on behalf of others; however, AG continues to maintain a deficit balance of approximately \$551,000 at June 30, 2019. According to AG, the deficit balance is caused by a combination of uncollected recoupments due from custodial parents resulting from overpayments and uncollected non-sufficient fund payments due from non-custodial parents.

Auditors' Opinions

AG RECEIVED AN UNMODIFIED OPINION that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. AG also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

Findings

THERE WERE NO MATERIAL WEAKNESSES and one significant deficiency in internal control over financial reporting that are required to be reported under *Government Auditing Standards*. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency related to the fiduciary fund deficit noted above is described on pages 71-73 of the report.

There were no findings that are considered to be material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.

For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports/2019_Audit/AG2019.pdf