

# Auditor's Summary

## Single Audit of Federal Financial Assistance Programs of the State of Hawai'i

Financial Statements, Fiscal Year Ended June 30, 2019



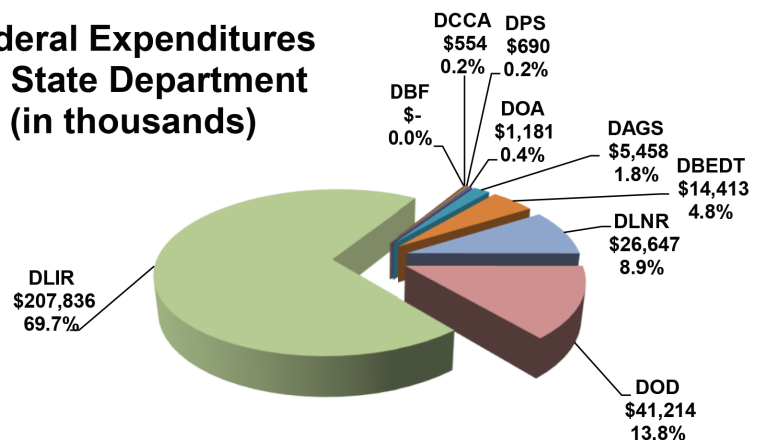
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**THE PRIMARY PURPOSE** of the State Single Audit for the fiscal year ended June 30, 2019, was to comply with the Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Title 2, Part 200 (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The State Single Audit was conducted by Accuity LLP.

### About the Report

Single audits provide assurance to the federal government that state agencies and programs receiving federal funds are expending those funds properly. This report includes the total federal expenditures and findings related to only those departments that are included in the State of Hawai'i Single Audit of Federal Financial Assistance Programs for the fiscal year ended June 30, 2019. For the departments included in the report that receive federal monies, federal expenditures totaled approximately \$298 million. Federal expenditures and findings for other departments including the Department of Health and the Department of Transportation are reported by those departments in individual audit reports.

### Federal Expenditures by State Department (in thousands)



- DLIR** Department of Labor and Industrial Relations
- DBF** Department of Budget and Finance
- DCCA** Department of Commerce and Consumer Affairs
- DPS** Department of Public Safety
- DOA** Department of Agriculture
- DAGS** Department of Accounting and General Services
- DBEDT** Department of Business, Economic Development and Tourism
- DLNR** Department of Land and Natural Resources
- DOD** Department of Defense

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## Auditors' Report on Internal Controls over Financial Reporting

**THE AUDITORS IDENTIFIED** one material weakness and two significant deficiencies in internal controls over financial reporting that are required to be reported in accordance with *Government Auditing Standards*. The material weakness is described on pages 22-25 of the report, and the significant deficiencies are described on pages 18-21 of the report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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.

## Auditors' Report on Compliance with Major Federal Programs

**THE AUDITORS EXPRESSED A QUALIFIED OPINION** on certain major programs and identified five material weaknesses and six significant deficiencies over compliance with major federal programs that are required to be reported in accordance with the *Uniform Guidance*. These findings are described in a Schedule of Findings and Questioned Costs that can be found on pages 26-38 of the report. A table with the number and type of findings by department can be found below.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### Classification of Findings

DEPARTMENTS	FINANCIAL REPORTING		FEDERAL PROGRAM COMPLIANCE		TOTALS
	Material Weakness	Significant Deficiency	Material Weakness	Significant Deficiency	
Defense	-	-	4	1	5
Accounting and General Services	1	2	-	1	4
Land and Natural Resources	-	-	1	3	4
Labor and Industrial Relations	-	-	-	1	1
<b>TOTALS</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>14</b>

For the complete report and financial statements visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2019\\_Audit/SOH\\_SA\\_FY2019.pdf](http://files.hawaii.gov/auditor/Reports/2019_Audit/SOH_SA_FY2019.pdf)

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