
Auditor's Summary

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Education and the Hawai'i State Public Library System

Report No. 22-01

Two Department of Education trust funds should be closed

OUR REVIEW OF 16 SPECIAL FUNDS, 9 revolving funds, 12 trust funds, and 1 trust account of the Department of Education (DOE) found 2 trust funds did not meet criteria and should be closed. Our review of 2 special funds, 2 trust funds, and 2 trust accounts of the Hawai'i State Public Library System (HSPLS) found that all funds and accounts met criteria.

Section 23-12, Hawai'i Revised Statutes, 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 included trust accounts as part of our review. This is our sixth review of the revolving funds, trust funds, and trust accounts of DOE, and our fifth review of the funds and accounts of HSPLS. HSPLS did not have any revolving funds during our review period. It is our second review of the special funds of DOE and HSPLS.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund and account, we present a five-year financial summary, the purpose of the fund and account, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes. We do not present conclusions about the effectiveness of the program or their management, or whether the program should be continued.

Reporting shortfall

WE NOTED noncompliance by both DOE and HSPLS with statutory requirements required by section 37-52.5, Hawai'i Revised Statutes. Accurate and complete reporting, as well as timely closing of funds, will greatly improve the Legislature's oversight of these funds.

Agencies' responses

DOE AGREED with our findings and will take appropriate action to close the two trust funds that did not meet criteria and ensure compliance with reporting requirements. HSPLS agreed with our findings and will also work to ensure compliance with reporting requirements.



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.