

# Auditor's Summary

## Financial Audit of the Department of the Attorney General

Financial Statements, Fiscal Year Ended June 30, 2016



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 (ATG), as of and for the fiscal year ended June 30, 2016, 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 Akamine, Oyadomari & Kosaki, CPAs, Inc.

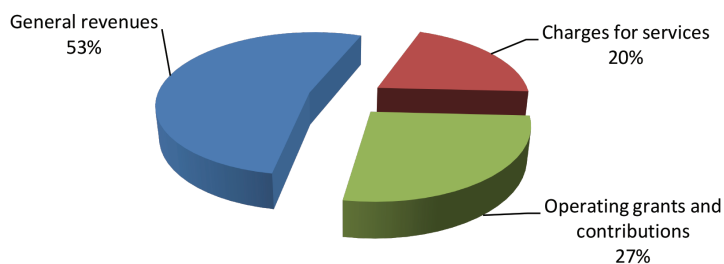
### About the Department

**ATG ADMINISTERS** and renders legal services, including furnishing written legal opinions to the governor, State Legislature, and the heads of state departments and offices as the governor may direct; represents the State in all civil actions in which the State is a party; approves as to legality and form all documents relating to the acquisition of any land or interest in the State. ATG also maintains criminal justice information and conducts investigations, crime prevention programs, and a number of other programs. ATG's Child Support Enforcement Agency (CSEA) provides assistance to children by locating parents, establishing paternity and support obligations, and enforcing those obligations.

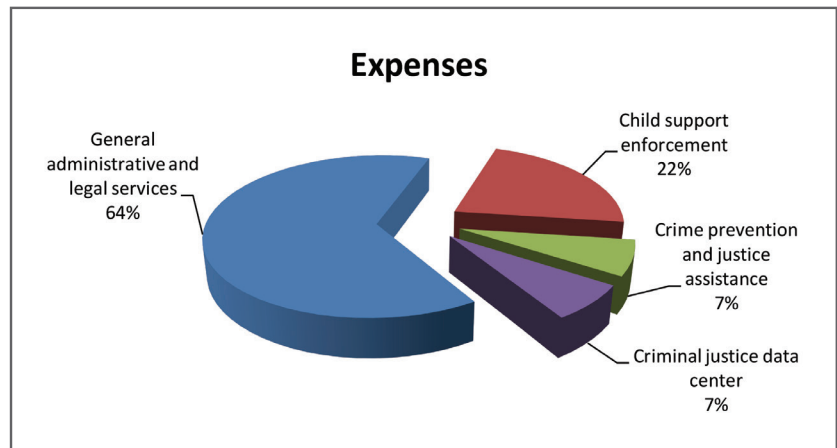
### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2016, ATG reported total revenues of \$88.3 million. Revenues include general revenues of \$47.6 million, consisting primarily of state general fund appropriations; program revenues consisting \$17.2 million in charges for services; and \$23.5 million in operating grants and contributions.

#### Sources of Revenues



ATG reported \$86.9 million in total expenses. Expenses include \$55.6 million for general administrative and legal services, \$18.7 million for child support enforcement, \$6.1 million for crime prevention and justice assistance, and \$6.5 million for criminal justice data center activities.



### Fiduciary Fund Deficit

Inflows and outflows of funds related to the 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, ATG continues to maintain a deficit balance of approximately \$1.6 million at June 30, 2016. According to ATG, 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

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

## Findings

**THERE WERE NO REPORTED DEFICIENCIES** in internal control over financial reporting that were considered to be material weaknesses that are required to be reported under *Government Auditing Standards*. 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 ATG funds were properly encumbered. As a result, ATG over-expended its FY2016 budget by at least \$62,000 and was forced to use its FY2017 appropriation to cover the over-expenditure.

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

### Other Matters

- Deficit in the CSEA agency fund balance of approximately \$1.6 million needs to be resolved.

For the complete report and financial statements visit our website at:  
[http://files.gov/auditor/Reports/2016\\_Audit/AG2016.pdf](http://files.gov/auditor/Reports/2016_Audit/AG2016.pdf)