

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

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Program ID/Title: AGS-104/Internal Post-Audit

Contact Person/Phone: Keith S. Kogachi/586-0360

I. Goal

To achieve compliance with State laws by the State's Executive departments, agencies and other entities on accounting procedures and internal control systems and other audit requirements of State laws through financial and compliance audits performed by external auditors and the Audit Division.

II. Objectives and Policies

- A. #1 – To ensure that the State's Executive departments and agencies maintain the accounting and internal control systems and that the systems function effectively as designed and; as applicable to certain State departments and other entities based on State laws, to ensure that such State departments and other entities comply with the accounting and internal control policies and procedures and related State laws applicable to such State departments and other entities.
- B. #2 –To schedule an adequate audit cycle to ensure that every department in the executive branch will be audited at least once every six years.
- C. #3 - To establish verification procedures to comply with the verification section of Act 001 SLH 2017 relating to government (Act). As deemed necessary, assist the Comptroller in developing rules exempt from the requirements of HRS 91 for the purpose of complying with the verification section of the Act. Develop the certification statement and related supporting documents to comply with the certification requirements of the Act.

III. Action Plan and Timetable

- A. Objective/Policy #1 – To ensure that the State's Executive departments and agencies maintain the accounting and internal control systems and that the systems function effectively as designed and; as applicable to certain State departments and other entities based on State laws, to ensure that such State departments and other entities comply with the accounting and internal control

policies and procedures and related State laws applicable to such State departments and other entities.

1. Required Actions.
 - a. Define the target group.
 - b. Establish for the fiscal year a plan for the review of audits of financial statements conducted by external auditors and for the financial and compliance audits to be performed by the Audit Division.
 - c. Report the results of the review of the audited financial statements of departments and agencies conducted by external auditors and the audits conducted by the Audit Division.
2. Past Year Accomplishments.
 - a. The target group was defined.
 - b. Reviews of 12 audits of departments performed by external auditors were completed during the fiscal year. The Audit Division completed reviews of the audited financial statements and related reports of such audits. Additional information is provided in c. and d. below.
 - c. 11 of 18 departments and covered by the 12 audits identified noncompliance with the accounting system or internal controls including noncompliance with Federal award program compliance requirements. The departments and agencies have responded to these findings and have or are in the process of implementing corrective actions.
 - d. 54 total audit findings were reported for the fiscal year. The average number of findings of 5 for each department was a decrease of 28% from the previous year.
 - e. 29 audits were completed by the Audit Division during the fiscal year. Additional information is provided in f. and g. below.
 - f. 29 of the 29 departments and entities covered by the 29 audits identified noncompliance with the departments' and other entities' accounting system or internal control policies and procedures.

- d. Report the results of the monitoring and audits.
 2. Past Year Accomplishments.
 - a. The target group to be audited was defined.
 - b. Planned for the review of 21 financial and compliance audits to be performed by external auditors and 19 financial and compliance audits to be performed by the Audit Division were established.
 - c. 12 audit reports of audits of departments conducted by external auditors were reviewed by the Audit Division and 29 audits were completed by the Audit Division during the fiscal year.
 - d. Conducted follow-up inquiries, as necessary, on the audit findings identified by external auditors and the Audit Division.
 3. One Year
 - a. Define the target group to be audited.
 - b. Establish a plan for the review of audits conducted by external auditors and audits to be conducted by the Audit Division.
 - c. Review audit reports of planned audits performed by external auditors and perform audits by the Audit Division.
 - d. Determine if the average number of years between audits for the target group is 6 years or less.
 - e. Conduct follow-up inquiries as to scheduled audits not completed on time.
 4. Two Years – Continue the implementation timetable of the first year.
 5. Five Years – Continue the implementation timetable of the prior years.
- C. Objective/Policy #3 – To establish verification procedures to comply with the verification section of Act 001, SLH 2017 relating to government. As deemed necessary, assist the Comptroller in developing rules exempt from the requirements of HRS 91 for the purpose of complying with the verification

- D. section of the Act. Develop the certification statement and related supporting documents to comply with the certification requirements of the Act.
 - 1. Required Actions
 - a. Define the target group.
 - b. Develop an understanding of the accounting and expenditure processes and procedures of the rapid transportation authority.
 - c. Develop a general and detailed verification plan and related procedures for complying with the verification section of the Act.
 - d. Develop the certification statement and related supporting documents to comply with the certification requirements of the Act.
 - e. Perform the verification procedures and report the results in the certification statement.
 - 2. Past Year Accomplishments
 - a. The target group has been identified.
 - 3. One Year
 - a. Define the target group.
 - b. Develop an understanding of the accounting and expenditure processes and procedures of the rapid transportation authority.
 - c. Develop a general and detailed verification plan and related procedures for complying with the verification section of the Act.
 - d. Develop the certification statement and related supporting documents to comply with the certification requirements of the Act.
 - e. Perform the verification procedures and report the results in the certification statement.
 - 4. Two Years – Continue the implementation timetable of the first year.

5. Five Years – Continue the implementation timetable of the prior years.

IV. Performance Measures

- A. Act 001, SLH 2017 - Program will establish standard measures of performance based on the number of verifications and related certification statements issued for each fiscal year.
- B. Program Standard Measure – Program standard will be the completion of reviews of audited financial statements performed by external auditors of departments and agencies with follow-up, if necessary, by the Audit Division and the completion of planned audits performed by the Audit Divisions.
- C. Cost Effective Measure – Cost to conduct the audits by the program will be monitored to ensure that they are reasonable and fair and do not exceed budgeted costs and comparable audit fees.