



U.S. DEPARTMENT OF TRANSPORTATION  

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**OFFICE OF INSPECTOR GENERAL**

**Report on a Single Audit of the  
Highways Division, Department of  
Transportation, State of Hawaii  
Honolulu, HI**

Report No. SA2019059

July 31, 2019



## Report on a Single Audit of the Highways Division, Department of Transportation, State of Hawaii, Honolulu, HI

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*Self-Initiated*

Federal Highway Administration and National Highway Traffic Safety Administration | SA2019059 | July 31, 2019

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### What We Looked At

We reviewed the Highways Division, Department of Transportation, State of Hawaii's single audit report for the fiscal year ending June 30, 2018, in order to identify findings that affect directly awarded Department of Transportation programs. An independent auditor prepared the single audit report, dated March 4, 2019.

### What We Found

We found that the report contained a cash management finding that needs prompt action from the Federal Highway Administration (FHWA) and the National Highway Traffic Safety Administration (NHTSA) management.

### Recommendations

We recommend that FHWA and NHTSA ensure that the State complies with the cash management requirements.



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## Memorandum

Date: July 31, 2019

Subject: ACTION: Report on a Single Audit of the Highways Division, Department of Transportation, State of Hawaii, Honolulu, HI | Report No. SA2019059



From: George E. Banks, IV  
Program Director

To: Division Administrator, Federal Highway Administration (FHWA), Hawaii Division Office  
Regional Administrator, National Highway Traffic Safety Administration (NHTSA), Region 9

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The Office of the Inspector General performs oversight of non-Federal auditors' single audit<sup>1</sup> reports and issues memoranda listing significant findings and recommendations requiring action by the Department of Transportation (DOT). When warranted, we also recommend that agencies recover funds that were inappropriately expended by non-Federal entities. Between 300 and 400 single audits reports are issued annually that include findings related to major programs directly funded by DOT.

We obtained the Highways Division, Department of Transportation, State of Hawaii's single audit report for the fiscal year ended June 30, 2018, from the Federal Audit Clearinghouse's Image Management System.<sup>2</sup> An independent auditor performed the audit in accordance with generally accepted Government auditing standards and the Office of Management and Budget's Uniform

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<sup>1</sup> A single audit, as required by the Single Audit Act of 1984, as amended, helps Government agencies and auditors oversee the expenditure of Federal funds by non-Federal entities.

<sup>2</sup> The Federal Audit Clearinghouse Image Management System is a public database of completed single audits—<http://harvester.census.gov/facweb/>—maintained by the U.S. Census Bureau on behalf of OMB.

Guidance<sup>3</sup> and issued a report<sup>4</sup> dated March 4, 2019. See the table for the independent auditor's finding and our recommendations.

Within 30 days of this report, your Agency should identify specific actions planned or taken to resolve<sup>5</sup> the independent auditor's finding, and provide a target action date for implementation of our recommendations. We will track the recommendations until your Agency provides documentation of final action. We will consider the recommendations closed upon our review and concurrence. All actions should be coordinated through your Agency's Single Audit Liaison. If you have any questions, please email them to [singleauditrequest@oig.dot.gov](mailto:singleauditrequest@oig.dot.gov).

cc: The Secretary  
DOT Appointee for Single Audits  
DOT Single Audit Liaison  
Audit Liaison, FHWA, HCFB-32  
Audit Liaison, NHTSA, NFO-200

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<sup>3</sup> Under Title 2 of the Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the auditor is required to render an opinion on the entity's financial statements, identify inappropriate use of Federal funds, and report internal control and compliance deficiencies that affect Federal grant programs.

<sup>4</sup> Copies of single audit reports are available at the Clearinghouse's website, <https://harvester.census.gov/facweb/>.

<sup>5</sup> Pursuant to DOT Memorandum, *Policy and Procedures for Expediting Action on Single Audit Report Recommendations* (2009).

Table. Independent Auditor’s Findings and OIG Recommendations

Independent Auditor’s Finding Number	Summary of Independent Auditor’s Finding	OIG Recommendation Codes <sup>a</sup>	OIG Recommendations
2018-003	Non-compliance with the cash management requirements.	A1	We recommend that FHWA ensures that the State complies with the cash management requirements.
2018-003	Non-compliance with the cash management requirements.	B2	We recommend that NHTSA ensures that the State complies with the cash management requirements.

<sup>a</sup> We internally assign these codes and use them to track recommendations. We have included them as a convenience to the Department when responding to this report.

Source: Independent auditor’s report

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OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective national transportation system.

**OFFICE OF INSPECTOR GENERAL**  
U.S. Department of Transportation  
1200 New Jersey Ave SE  
Washington, DC 20590



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