

COMMONWEALTH PORTS AUTHORITY
(A COMPONENT UNIT OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS)

INDEPENDENT AUDITORS' REPORTS ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2016

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Commonwealth Ports Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Commonwealth Ports Authority (CPA), a component unit of the Commonwealth of the Northern Mariana Islands, which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2017. Our report was qualified due to our inability to determine the effects of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* on CPA's financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CPA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CPA's internal control. Accordingly, we do not express an opinion on the effectiveness of CPA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

CPA's Response to Findings

CPA's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. CPA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLC

June 22, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Commonwealth Ports Authority:

Report on Compliance for Each Major Federal Program

We have audited the Commonwealth Ports Authority's (CPA's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CPA's one major federal program for the year ended September 30, 2016. CPA's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for CPA's one major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CPA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for CPA's one major federal program. However, our audit does not provide a legal determination of CPA's compliance.

Basis for Qualified Opinion on CFDA 20.106 Airport Improvement Program

As described in the accompanying Schedule of Findings and Questioned Costs, CPA did not comply with requirements regarding CFDA 20.106 Airport Improvement Program as described in item 2016-001 for Equipment and Real Property Management. Compliance with such requirements is necessary, in our opinion, for CPA to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 20.106 Airport Improvement Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, CPA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 20.106 Airport Improvement Program for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003. Our opinion on CPA's one major federal program is not modified with respect to these matters.

CPA's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. CPA's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of CPA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CPA's internal control over compliance with the types of requirements that could have a direct and material effect on its one major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its one major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CPA's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003 to be significant deficiencies.

CPA's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. CPA's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of CPA as of and for the year ended September 30, 2016, and have issued our report thereon dated June 22, 2017, which was qualified due to our inability to determine the effects of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* on CPA's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLC

June 22, 2017

COMMONWEALTH PORTS AUTHORITY

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Other Identification Number	Federal Expenditures
U.S. Department of the Interior Pass-Through Program From:			
CNMI Government - Economic, Social, and Political Development of the Territories	15.875		\$ <u>337,310</u>
U.S. Department of Transportation Direct Programs			
Airport Improvement Program	20.106		<u>6,516,878</u>
U.S. Department of Homeland Security Direct Programs			
National Explosives Detection Canine Team Program (NEDCTP)	97.072		172,797
Saipan International Airport - Reimbursement Agreement	97.Unknown	HSTS0208HSLR157	<u>73,456</u>
Subtotal U.S. Department of Homeland Security Direct Programs			246,253
U.S. Department of Homeland Security Pass-Through From:			
CNMI Government - FEMA - Typhoon Soudelor	97.Unknown	FEMA-4235-DR-MP	<u>413,936</u>
<i>Total U.S. Department of Homeland Security</i>			<u>660,189</u>
Total Expenditures of Federal Awards			<u>\$ 7,514,377</u>
Reconciliation:			
Expenditures per Statement of Revenues, Expenses and Changes in Net Position:			
Capital contributions			\$ 7,271,279
Other grant revenues and contributions			<u>243,098</u>
			<u>\$ 7,514,377</u>

See accompanying notes to the schedule of expenditures of federal awards.

COMMONWEALTH PORTS AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards Year Ended September 30, 2016

(1) Scope of Audit

CPA was established as a public corporation by the CNMI by Public Law 2-48, effective November 8, 1981. All significant operations of CPA are included in the scope of the Uniform Guidance audit (the "Single Audit"). The U.S. Department of the Interior's Office of the Inspector General has been designated as CPA's cognizant agency for the Single Audit.

All of the programs presented in the Schedule of Expenditures of Federal Awards are subject to the Single Audit.

(2) Summary of Significant Accounting Policies

a. Basis of Accounting

For purposes of this report, certain accounting procedures were followed which help illustrate the authorizations and expenditures of the individual programs. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. All authorizations represent the total allotments or grant awards received. All expenses and capital outlays are reported as expenditures.

Any federal funds expended in excess of federal funds received are recorded as a receivable from the grantor agency and any federal funds received in excess of federal funds expended are recorded as unearned revenue.

b. Matching Requirements

In allocating project expenditures between the federal share and the local share, a percentage is used based upon local matching requirements, unless funds are specifically identified to a certain phase of the project.

COMMONWEALTH PORTS AUTHORITY
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--------------------------------------------------------------|-----------|
| 1. Type of auditors' report issued: | Qualified |
| Internal control over financial reporting: | |
| 2. Material weakness(es) identified? | No |
| 3. Significant deficiency(ies) identified? | Yes |
| 4. Noncompliance material to the financial statements noted? | Yes |

Federal Awards

- | | |
|-------------------------------------------------------------------------------------------------------|--------------------------------|
| Internal control over major federal programs: | |
| 5. Material weakness(es) identified? | Yes |
| 6. Significant deficiency(ies) identified? | Yes |
| 7. Type of auditors' report issued on compliance for major federal programs: | |
| CFDA Number 20.106 | Qualified |
| 8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 9. Identification of major federal program: | |
| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
| 20.106 | Airport Improvement Program |
| 10. Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 11. Auditee qualified as low-risk auditee? | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>Reference Number</u>	<u>CFDA Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2016-001	20.106	Equipment and Real Property Management	\$ -
2016-002	20.106	Grant Assurance No. 22	\$ -
2016-003	20.106	Reporting	\$ -

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2016

Finding No.: 2016-001
 Federal Agency: U.S. Department of Transportation
 CFDA Program: 20.106 Airport Improvement Program
 Federal Award Nos.: All AIP Grants
 Area: Equipment and Real Property Management
 Questioned Costs: \$-0-

Criteria: In accordance with applicable equipment and real property management requirements, a State must use, manage and dispose of equipment acquired under a Federal award by the State in accordance with State laws and procedures.

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal of the property;
- (2) A physical inventory of the property must be taken and the results reconciled with the property records annually; and
- (3) A control system must be developed to confirm adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

Condition: Tests of equipment and real property noted the following:

1. CPA performed a partial capital assets inventory during fiscal year 2016. Total fixed asset additions capitalized and related to CPA's major program amounted to \$3,560,235, \$-0-, \$167,272 and \$7,198,206 during fiscal years 2016, 2015, 2014 and 2013, respectively.
2. Of forty-five items tested, we were unable to determine whether four (or 8%) were FAA-funded as the capital asset subledger lacks sufficient description to identify the location and condition:

FAA Grant No.	General Ledger Asset Account No.	System No.	Description	In Service Date	Acquisition Cost	Net Book Value
Not available	1510-211	000015	TERMINAL BLDG (EDA) - ROP	11/01/79	\$ 539,869	\$ -
Not available	1510-311	000019	TERMINAL BLDG (EDA) - TIQ	03/01/82	\$ 696,000	\$ -
Not available	1510-311	000874	Tinian Terminal Building - C	10/01/08	\$ 3,845,462	\$ 2,307,277
Not available	1520-311	000870	West Tinian Airport Phase 1 - C	10/01/08	\$ 8,828,870	\$ 6,056,396

3. We were unable to determine the existence of two (or 4%) as the capital asset subledger lacks sufficient description to identify the assets including the location and condition:

FAA Grant No.	General Ledger Asset Account No.	System No.	Description	In Service Date	Acquisition Cost	Net Book Value
3-69-0003-12	1570-211	000634	ROTA MSATER PLAN	10/01/03	\$ 350,000	\$ -
Not available	1530-111	000518	CONTROL TOWER EQUIPMENT	10/01/98	\$ 1,462,180	\$ -

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2016

Finding No.: 2016-001, Continued
Federal Agency: U.S. Department of Transportation
CFDA Program: 20.106 Airport Improvement Program
Federal Award Nos.: All AIP Grants
Area: Equipment and Real Property Management
Questioned Costs: \$-0-

Condition, Continued:

4. The verification of regular maintenance and upkeep could not occur for one item (or 2%).

<u>FAA Grant No.</u>	<u>General Ledger Asset Account No.</u>	<u>System No.</u>	<u>Description</u>	<u>In Service Date</u>	<u>Acquisition Cost</u>	<u>Net Book Value</u>
3-69-0002-57/59/61	1510-111	001031	STANBY GENERATOR & POWER UPGRADE	03/01/13	\$ 7,198,206	\$ 4,618,849

5. One item (or 2%) included a total quantity of six assets; however, this information was not included in the fixed asset detailed report.

<u>FAA Grant No.</u>	<u>General Ledger Asset Account No.</u>	<u>System No.</u>	<u>Description</u>	<u>In Service Date</u>	<u>Acquisition Cost</u>	<u>Net Book Value</u>
Not available	1510-111	000038	LOADING BRIDGE - SPN	04/01/94	\$ 1,133,438	\$ -

6. Two items (or 4%) were not properly identified as the vehicle identification number (VIN) was not documented in the entity's records and one item's VIN did not match the entity records.

<u>FAA Grant No.</u>	<u>General Ledger Asset Account No.</u>	<u>System No.</u>	<u>Description</u>	<u>In Service Date</u>	<u>Acquisition Cost</u>	<u>Net Book Value</u>
3-69-0002-34	1590-111	000594	3000 GALLON ARFF TRUCK	09/30/02	\$ 629,591	\$ -
3-69-0002-76	1590-111	001168	1,500 GALLON ARFF TRUCK	05/01/16	\$ 619,010	\$ 593,218

7. Except for items that cannot be physically tagged, several of the fixed assets sighted, including the additions, were not tagged to indicate it is federally funded.

8. Federally funded FAA assets could not be easily identified from other federally funded non-FAA assets in the entity's schedule.

9. We were not provided with disposition instructions from the Federal Contracting Officer, evidencing that FAA approved one disposal.

<u>General Ledger Asset Account No.</u>	<u>System No.</u>	<u>Description</u>	<u>In Service Date</u>	<u>Acquisition Cost</u>	<u>Net Book Value</u>
1590-211	000074	ARFF TRUCK	06/01/94	\$ 347,587	\$ -

Cause: The cause of the above condition is the lack of controls such as oversight responsibility and monitoring to comply with equipment management requirements.

Effect: The effect of the above condition is noncompliance with equipment and real property management requirements. No questioned costs exist as we are aware that the assets exist for some and that the net book value is zero for others.

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2016

Finding No.: 2016-001, Continued
Federal Agency: U.S. Department of Transportation
CFDA Program: 20.106 Airport Improvement Program
Federal Award Nos.: All AIP Grants
Area: Equipment and Real Property Management
Questioned Costs: \$-0-

Recommendation: We recommend that CPA adhere to property management requirements such as conducting a physical inventory of all capital assets on a bi-annual basis and performing monitoring activities to ascertain that the results reconcile to the property records and include sufficient details in the capital assets subledger to specifically identify individual assets.

Identification as a Repeat Finding: Finding 2015-001.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Skye Lynn L. Aldan, Comptroller

Corrective Action: CPA has implemented additional requirements for entering capital assets into its fixed asset system. For each asset entered, CPA includes the serial number, VIN number, or other identification number and the specific location within the CPA premises. Although this will resolve the identification issue moving forward, CPA notes that the assets entered into the system previously still lack sufficient detail to be properly identified. As assets in the system are identified to the matching physical asset, CPA Accounting goes into the system to modify the existing information to include detailed identifying features.

CPA is continuing physical inventory efforts into FY 2017 and anticipates proposed adjustments to update/reconcile results to the property records. Some adjustments to reconcile the fixed asset subledger to the general ledger were completed in FY 2016 for both the Airports and the Seaports. CPA recognizes that these adjustments only partially address this finding in that not all inventory items were reconciled to the general ledger.

Proposed Completion Date: Ongoing.

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2016

Finding No.: 2016-002
Federal Agency: U.S. Department of Transportation
CFDA Program: 20.106 Airport Improvement Program
Federal Award Nos.: All AIP Grants
Area: Grant Assurance No. 22
Questioned Costs: \$-0-

Criteria: Grant Assurance No. 22 requires the Sponsor to make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.

Condition: On November 23, 2016, CPA was determined to be in violation of Grant Assurance No. 22 by the FAA Acting Director of Office of Airport Compliance and Management Analysis for requiring airport operators to obtain insurance amounts that are unreasonable and unjustly discriminatory.

Cause: The cause of the above condition is the lack of appropriate review of fair and reasonable aircraft liability insurance requirements and in distinguishing between general aviation operators and commercial operators for such amounts.

Effect: The effect of the above condition is noncompliance with Grant Assurance No. 22 requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation: We recommend that CPA review and revise its aircraft liability insurance requirements and distinguish between general aviation operators and commercial operators.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Skye Lynn L. Aldan, Comptroller

Corrective Action: CPA revised its minimum liability insurance requirements to distinguish between general and commercial aviation operators. The revision was published in the Commonwealth Register and has been made part of the Commonwealth Ports Authority's rules and regulations. On April 4, 2017, the FAA issued a letter to CPA stating that the issue has been satisfactorily resolved.

Proposed Completion Date: Resolved.

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2016

Finding No.: 2016-003
 Federal Agency: U.S. Department of Transportation
 CFDA Program: 20.106 Airport Improvement Program
 Federal Award Nos.: 3-69-0003-28
 Area: Reporting
 Questioned Costs: \$-0-

Criteria: In accordance with applicable reporting requirements, SF-425, Federal Financial Report for cash status, should be supported by applicable accounting records.

Condition: Tests of reporting requirements noted variances between the SF-425 and the accounting system for the reporting period ended 09/30/16. A recipient share was not reported even though a recipient share was required, and a deficient match of \$269,178 was noted, as follows:

		Per SF-425	Per Accounting Records	Variance
Recipients Share	10i. Total Recipient Share Required	\$ -	\$ 269,341	\$ 269,341
	10j. Recipient Share of Expenditures	\$ -	\$ 164	\$ 164
	10k. Remaining Recipient Share to be provided	\$ -	\$ 269,178	\$ 269,178

Cause: The cause of the above condition is the lack of supervisory review over conformance with applicable reporting requirements.

Effect: The effect of the above condition is noncompliance with grant reporting requirements. No questioned costs are reported for the deficient match as the grant is a new grant with the unobligated balance yet to be expended.

Recommendation: We recommend that CPA perform supervisory review on reporting so that reports accurately reflect the required recipient share in accordance with related grant agreements.

Identification as a Repeat Finding: Finding No. 2015-002.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Skye Lynn L. Aldan, Comptroller

Corrective Action: CPA corrected the recipient share portion in its SF-425 for the quarter ended December 2016, submitted on January 19, 2017. CPA will monitor and review program reporting to confirm information reported is in accordance with related grant agreements.

Proposed Completion Date: Corrected.

COMMONWEALTH PORTS AUTHORITY

Unresolved Prior Year Comments
Year Ended September 30, 2016

Questioned Costs

There are no prior year unresolved questioned costs of CPA.

Unresolved Findings

The status of unresolved findings is discussed in the Schedule of Findings and Questioned Costs section of this report.