



COMMONWEALTH PORTS AUTHORITY

REPORT ON COMPLIANCE AND INTERNAL  
CONTROL OVER COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO THE  
PASSENGER FACILITY CHARGE PROGRAM

YEAR ENDED SEPTEMBER 30, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE  
PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE  
OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

Board of Directors  
Commonwealth Ports Authority:

### **Report on Compliance for the Passenger Facility Charge Program**

We have audited Commonwealth Ports Authority's (CPA) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on CPA's passenger facility charge (PFC) program for the year ended September 30, 2021.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its PFC program.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for CPA's PFC 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 Guide. Those standards and the Guide 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 the PFC 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 qualified opinion on compliance for the PFC program. However, our audit does not provide a legal determination of CPA's compliance.

#### ***Basis for Qualified Opinion on the PFC Program***

As described in items 2021-001 through 2021-004 in the accompanying Schedule of Findings and Questioned Costs (pages 6 through 10), CPA did not comply with requirements regarding project cost allowability, special notification and reporting and additional program requirements. Compliance with such requirements is necessary, in our opinion, for CPA to comply with the requirements applicable to that program.

## ***Qualified Opinion on the PFC 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 its PFC program for the year ended September 30, 2021.

## **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 the PFC program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the PFC program and to test and report on internal control over compliance in accordance with the Guide, 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 material weaknesses.

*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 the PFC 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 the PFC program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 through 2021-004 to be material weaknesses.

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 Guide. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of CPA as of and for the year ended September 30, 2021, and have issued our report thereon dated July 22, 2022, 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 Passenger Facility Charges Collected and Expended (page 4) is presented for purposes of additional analysis as required by the Guide 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 Passenger Facility Charges Collected and Expended is fairly stated in all material respects in relation to the financial statements as a whole.

*Deloitte & Touche LLC*

July 27, 2022

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Schedule of Passenger Facility Charges Collected and Expended  
Each Quarter and Year Ended September 30, 2021

	Date Originally Approved	Amount Approved	Beginning Cumulative Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Ending Cumulative Total
Receipts		\$ -	\$ 33,795,540	\$ 62,828	\$ 65,058	\$ 81,329	\$ 55,028	\$ 264,243	\$ 34,059,783
Project expenditures:									
Electrical upgrade/generator	10/15/04	5,002,451	4,983,235	-	-	-	-	-	4,983,235
Conversion of restaurant to holding room	10/15/04	639,388	569,422	-	-	-	-	-	569,422
Sewerline connection	10/15/04	5,888,874	2,538,774	-	-	-	-	-	2,538,774
Enclosure and air cond of corridor	10/15/04	1,778,650	664,510	-	-	-	-	-	664,510
Environmental assessment/hardstand	10/15/04	18,676	4,360	-	-	-	-	-	4,360
Storm drainage master plan study	10/15/04	68,142	28,092	-	-	-	-	-	28,092
Parallel taxiway	10/15/04	598,093	388,940	-	-	-	-	-	388,940
Aircraft waste disposal	10/15/04	816,637	305,099	-	-	-	-	-	305,099
Perimeter fencing	10/15/04	408,580	152,647	-	-	-	-	-	152,647
Environmental assessment	10/15/04	96,287	34,811	-	-	-	-	-	34,811
Runway 7/25 rehabilitation phase I & II	10/15/04	1,731,800	3,988,815	-	-	-	-	-	3,988,815
ARFF training facility (burn pit)	10/15/04	497,417	497,417	-	-	-	-	-	497,417
Airport security enhancement	10/15/04	921,864	1,141,434	-	-	-	-	-	1,141,434
ARFF training facility (classroom)	10/15/04	197,788	197,788	-	-	-	-	-	197,788
Airport terminal roof replacement	10/15/04	300,500	300,500	-	-	-	-	-	300,500
Airport runway safety area improvement	10/15/04	352,926	352,926	-	-	-	-	-	352,926
PFC implementation and administration	10/15/04	110,473	81,200	-	-	-	-	-	81,200
Apron expansion	10/15/04	1,346,901	503,207	-	-	-	-	-	503,207
Air conditioning arrival area	10/15/04	3,712,466	1,063,670	-	-	-	-	-	1,063,670
Runway/taxiway/apron	10/15/04	1,092,059	6,193,163	-	-	-	-	-	6,193,163
Rota airport visual guidance system	10/15/04	9,347	9,447	-	-	-	-	-	9,447
Rota runway environmental	10/15/04	25,000	46,938	-	-	-	-	-	46,938
Tinian runway improv. project	10/15/04	1,107,684	2,214,933	-	-	-	-	-	2,214,933
Tinian ARFF truck	10/15/04	65,917	65,917	-	-	-	-	-	65,917
Total PFC Application #1		26,787,920	26,327,245	-	-	-	-	-	26,327,245
Design & Construct Terminal Building Improvements-GSN	06/22/18	257,099	485,984	-	-	-	-	-	485,984
Design and Construct ARFF Training Facility Improvements- GSN	06/22/18	1,405,319	1,358,587	-	-	-	-	-	1,358,587
Design Taxiways B & H Rehabilitation -GSN	06/22/18	19,444	19,444	-	-	-	-	-	19,444
Rehabilitate Taxiways B & H- GSN	06/22/18	455,002	375,298	-	-	-	-	-	375,298
Rehabilitate Apron/Taxilane-GSN	06/22/18	300,650	510,789	-	-	-	-	-	510,789
Design ARFF Building Expansion-GSN	06/22/18	22,550	-	-	-	-	-	-	-
Acquire Replacement Passenger Loading Bridges-GSN	06/22/18	9,568	119,825	-	-	-	-	-	119,825
Acquire ARFF Vehicle (C-9)-GSN	06/22/18	50,752	49,789	-	-	-	-	-	49,789
Acquire Rapid Intervention Vehicle (RIV)-GSN	06/22/18	22,498	22,498	-	-	-	-	-	22,498
Acquire Replacement ARFF Vehicle (C-7) - GSN	06/22/18	78,935	80,456	-	-	-	-	-	80,456
Acquire Replacement ARFF Vehicle (C-5)- GSN	06/22/18	68,778	68,780	-	-	-	-	-	68,780
Acquire Emergency Generator - GSN	06/22/18	10,726	87,003	-	-	-	-	-	87,003
Acquire Runway Sweeper - GSN	06/22/18	37,871	37,871	-	-	-	-	-	37,871
Acquire Replacement Rotating Beacon -GSN	06/22/18	222,423	222,423	-	-	-	-	-	222,423
PFC Administration	06/22/18	115,094	115,094	-	-	-	-	-	115,094
Design ARFF Building Reconstruction - GRO	06/22/18	11,111	11,111	-	-	-	-	-	11,111
Construct ARFF Building Reconstruction - GRO	06/22/18	269,341	389,534	-	-	-	-	-	389,534
Update GRO Master Plan Study	06/22/18	36,290	-	-	-	-	-	-	-
Removal & Replacement of Runway 09 Markings - GRO	06/22/18	272,178	74,572	8,759	-	1,521	9,770	20,050	94,622
Acquire Runway Sweeper - GRO	06/22/18	44,659	45,471	-	-	-	-	-	45,471
Acquire Replacement ARFF Vehicle (C-11) - GRO	06/22/18	69,694	69,693	-	-	-	-	-	69,693
Design ARFF Building Reconstruction	06/22/18	43,372	-	-	-	-	-	-	-
Construct ARFF Building-Rapid Refill Station	06/22/18	216,884	252,455	-	77	-	961	1,038	253,493
Update TNI Master Plan Study	06/22/18	39,775	40,335	-	-	-	-	-	40,335
Acquire Runway Sweeper	06/22/18	44,659	45,471	-	-	-	-	-	45,471
Acquire Replacement ARFF Vehicle (C-10)	06/22/18	69,422	69,422	-	-	-	-	-	69,422
Total PFC Application #2		4,194,094	4,551,905	8,759	77	1,521	10,731	21,088	4,572,993
Total expenditures		30,982,014	30,879,150	8,759	77	1,521	10,731	21,088	30,900,238
Interest and investment income		-	109,298	983	928	918	906	3,735	113,033
Balance at September 30, 2021									\$ 3,272,578

See accompanying notes to schedule of passenger facility charges collected and expended.

## COMMONWEALTH PORTS AUTHORITY

### Notes to Schedule of Passenger Facility Charges Collected and Expended Year Ended September 30, 2021

#### (1) Schedule of Passenger Facility Charges Collected and Expended

On October 15, 2004, the Federal Aviation Administration (FAA) approved the Commonwealth Ports Authority's (CPA) application to impose and collect passenger facility charges (PFC) of \$4.50 per passenger at the Francisco C. Ada Saipan International Airport (GSN), Rota International Airport (GRO) and Tinian International Airport (TNI) for use either immediately or in the future for specifically approved airport improvement projects. The FAA approved total PFC collections of \$33,442,548 representing thirty-one projects and the use of PFC collections totaling \$33,012,548 on thirty projects consisting of twenty-three, five and two at GSN, GRO and TNI, respectively. The FAA authorized the imposition of PFC totaling \$430,000 for one project at GRO and required CPA to submit an application to use these collections no later than three years after the charge effective date. Effective January 1, 2005, the PFC was implemented. On June 4, 2015, the FAA approved to change the PFC collection expiration date from August 1, 2016 to June 1, 2021 for all airports.

On January 13, 2010, the FAA approved CPA's first amendment application to delete the impose only project totaling \$387,000, \$21,500 and \$21,500 at the GSN, GRO and TNI airports, respectively. On December 16, 2010, the FAA approved a second amendment increasing the impose and use authority for one project by \$39,600, \$2,200 and \$2,200 at the GSN, GRO and TNI airports, respectively.

On June 22, 2018, the FAA approved the imposition and use of PFC on twenty-six projects at all three airports (fifteen at GSN, six at GRO and five at TNI), which comprise of capital assets completed in prior years and future planned projects. The total approved PFC revenue for impose and use is \$4,194,094. The earliest charge effective date is June 1, 2021.

On June 5, 2019, the FAA approved an amendment increasing the impose and use authority for three projects totaling \$417,572 and \$60,695 at the GSN and GRO airports, respectively, and decreasing the impose and use authority of thirteen projects totaling \$6,488,583 and \$53,256 at the GSN and TNI airports, respectively. Further, the charge expiration date is revised from June 1, 2021 to December 1, 2018. As a result, PFC application #2's earliest charge effective date is revised from June 1, 2021 to December 1, 2018.

On June 12, 2021, the FAA approved an amendment increasing the impose and use authority for ten projects totaling \$1,366,184 and \$1,184,735 at the GSN and GRO airports, respectively and decreasing the impose and use authority of two projects totaling \$2,755,975 at the GRO airport. At September 30, 2021, the total approved PFC collections amount to \$30,982,014.

#### (2) Basis of Presentation

The Schedule of Passenger Facility Charges Collected and Expended includes the PFC program activity of CPA and is prepared using the cash basis of accounting. Receipts and income are recorded when cash is received and expenditures are recorded when cash is disbursed.

#### (3) Runway 7/25 Rehabilitation Phase I and II

Total expenditures recorded for Runway 7/25 Rehabilitation Phase I and II include costs recorded for Phases I through VII. Project costs for Phases I and II could not be determined.

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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2021

Finding No.: 2021-001  
Area: Project Cost Allowability  
Questioned Costs: \$-0-

**Criteria:** The use of PFC revenue is limited to the allowable cost of approved projects. As stated in Section 158.13 of 14 CFR Part 158, PFC revenue, including any interest earned after such revenue has been remitted to a public agency, may be used only to finance the allowable costs of approved projects at any airport the public agency controls.

Further, in accordance with Section 158.33 of 14 CFR Part 158:

- (a) A public agency shall not impose a PFC beyond the lesser of the following:
- (1) 2 years after approval to use PFC revenue on an approved project if the project has not been implemented, or
  - (2) 5 years after the charge effective date; or
  - (3) 5 years after the FAA's decision on the application (if the charge effective date is more than 60 days after the decision date) if an approved project is not implemented.
- (b) If, in the Administrator's judgment, the public agency has not made sufficient progress toward implementation of an approved project within the times specified in paragraph (a) of this section, the Administrator begins termination proceedings under subpart E of this part.

**Condition:** Tests of PFC project expenditures noted that CPA does not monitor the amount of PFC authority applied for each capital asset and we are not able to determine the amount of funding from PFCs and locally generated revenues for each affected project.

Actual costs for the following projects are less than the total PFC authority:

<u>Project</u>	<u>Acquisition Date</u>	<u>Fixed Asset No.</u>	<u>PFC Authority</u>	<u>Project Cost CPA Share</u>	<u>Difference</u>
<b>PFC APPLICATION #1</b>					
Electrical Upgrade/Generator	10/01/97	495	\$ 5,002,451	\$ 4,983,235	\$ 19,216
Conversion of Restaurant to Holding Room	10/01/99	499	\$ 639,388	\$ 569,422	\$ 69,966
Sewerline Connection	09/01/07	807	\$ 5,888,874	\$ 2,538,774	\$ 3,350,100
Enclosure and Air Cond of Corridor	09/30/02	588	\$ 1,778,650	\$ 664,510	\$ 1,114,140
Storm Drainage Master Plan Study	10/01/00	538	\$ 68,142	\$ 28,092	\$ 40,050
Parallel Taxiway	10/01/98	519	\$ 598,093	\$ 388,940	\$ 209,153
Aircraft Waste Disposal	10/01/04	659	\$ 816,637	\$ 305,099	\$ 511,538
Perimeter Fencing	10/01/05	686	\$ 408,580	\$ 152,647	\$ 255,933
Environmental Assessment	10/01/03	633	\$ 96,287	\$ 34,811	\$ 61,476
PFC Implementation and Administration	n/a	n/a	\$ 110,473	\$ 81,200	\$ 29,273
Apron Expansion	10/01/99	500, 513	\$ 1,346,901	\$ 503,207	\$ 843,694
Air conditioning Arrival Area	09/30/02	590, 625	\$ 3,712,466	\$ 1,063,670	\$ 2,648,796
<b>PFC APPLICATION #2</b>					
Design and Construct ARFF Training Facility Improvements - GSN	12/01/18	1378	\$ 1,405,319	\$ 1,358,587	\$ 46,732
Design Taxiways B & H Rehabilitation -GSN			\$ 19,444		
Rehabilitate Taxiways B & H- GSN			<u>455,002</u>		
Total	01/01/19	1380	\$ 474,446	\$ 394,742	\$ 79,704
Acquire ARFF Vehicle (C-9) - GSN	10/01/17	843, 844	\$ 50,752	\$ 49,789	\$ 963
Design ARFF Building Reconstruction			\$ 43,372		
Construct ARFF Building-Rapid Refill Station			<u>216,884</u>		
Total	04/01/20	1419	\$ 260,256	\$ 252,455	\$ 7,801

In addition, total PFC receipts of \$34,172,816 as of year-end, of which \$113,033 pertains to interest income, exceeded total approved project costs of \$30,982,014 by \$3,190,802.

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Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2021

Finding No.: 2021-001, Continued  
Area: Project Cost Allowability  
Questioned Costs: \$-0-

Cause: The cause of the above condition is the lack of monitoring project costs.

Effect: The effect of the above condition is an overstatement of PFC collections that CPA is able to collect. Further, there is a possibility of funding loss and noncompliance with Section 158.33 of 14 CFR Part 158.

Recommendation: We recommend CPA review the approved PFC project costs and comply with the requirements of Sections 158.13 and 158.33 of 14 CFR Part 158. Further, we recommend that CPA submit another application to make use of the excess PFCs.

Prior Year Status: The lack of monitoring project costs was reported as a finding in the PFC audits for fiscal years 2005 through 2020.

Auditee Response and Corrective Action Plan:

**Name of Contact Person:** Skye L. Aldan Hofschneider

**Corrective Action:** The PFC authority approval for approved projects in Application 1 include financing costs of the 1998 airport revenue bond., As such, the PFC collection authority may exceed the fixed asset amounts.

On May 23, 2022, CPA hired a technical consultant to prepare an amendment to PFC Application 2. The proposed amendment is to reduce / increase the approved PFC project costs to reflect actual costs. The proposed projects to be amended were completed after the submission of the PFC application.

CPA hired a technical consultant to prepare PFC Application 3 for the overcollection of PFC funds. PFC Application 3 is currently in draft form and will be submitted in FY 2022.

**Proposed Completion Date:** Fiscal Year 2022



COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2021

Finding No.: 2021-002  
Area: Special Notification and Reporting  
Questioned Costs: \$-0-

Criteria: In accordance with Section 158.63 of 14 CFR Part 158, the public agency shall provide quarterly reports to carriers collecting PFCs for the public agency with a copy to the appropriate FAA Airports office. The quarterly report shall include PFCs received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFCs received, interest earned, expenditures, and the amount committed for use on currently approved projects, including the quarter; the PFC level for each project; and the current project schedule. The report must be provided on or before the last day of the calendar month following the calendar quarter or other period agreed by the public agency and collecting carrier.

Condition: During the year ended September 30, 2021, CPA reported quarterly PFC collections and disbursements online via the System of Airport Reporting (SOAR) and the following were noted:

- 1) Total expenditures for fiscal year 2021 reported on SOAR amounted to \$672,953. Actual PFC expenditures applied to an approved project amounted to \$21,088. Cumulative expenditures of \$17,067,655 reported on SOAR are \$13,832,583 less than actual cumulative expenditures of \$30,900,238. An explanation of the difference was not provided.
- 2) Total cumulative revenues and interest reported on SOAR for fiscal year 2021 amounted to \$34,158,651. Actual cumulative revenues and interest amounted to \$34,172,816 resulting in a difference of \$14,165. An explanation of the variance was not provided.

Cause: The cause of the above condition is lack of awareness of program requirements.

Effect: The effect of the above condition is noncompliance with Section 158.63 of 14 CFR Part 158.

Recommendation: We recommend CPA comply with requirements of Section 158.63 of 14 CFR Part 158.

Prior Year Status: Noncompliance with Section 158.63 of 14 CFR Part 158 was reported as a finding in the PFC audits for fiscal years 2005 through 2020.

Auditee Response and Corrective Action Plan:

**Name of Contact Person:** Skye L. Aldan Hofschneider

**Corrective Action:** On May 23, 2022, CPA hired a technical consultant to assist with the reconciliation of the data entered into SOAR. The technical consultant's scope is to prepare disbursement reconciliations for PFC approved projects. Once the disbursement reconciliation is finalized, CPA will enter the reconciled amounts into SOAR.

**Proposed Completion Date:** Fiscal Year 2022

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2021

Finding No.: 2021-003  
Area: Special Notification and Reporting  
Questioned Costs: \$-0-

Criteria: In accordance with Section 158.51 of 14 CFR Part 158, PFC collected by the carrier shall be remitted to the public agency no later than the last day of the calendar month following the month in which the PFC was collected.

Condition: During the year ended September 30, 2021, two air carriers remitted collections to CPA one or more months following the month in which PFC collections were collected. A summary is as follows:

<u>Airport</u>	<u>No. of Carriers</u>	<u>Time Lag in Collections</u>	<u>Incomplete</u>
Saipan	7	1	1
Rota	1	-	-
Tinian	<u>1</u>	<u>-</u>	<u>-</u>
	<u>9</u>	<u>1</u>	<u>1</u>

Cause: The cause of the above condition is the lack of follow-up by CPA.

Effect: The effect of the above condition is noncompliance with Section 158.51 of 14 CFR Part 158.

Recommendation: We recommend CPA establish follow-up procedures with air carriers to ensure PFC collections are remitted on a timely basis and to comply with Section 158.51 of 14 CFR Part 158.

Prior Year Status: The lack of follow-up of PFC remittances and lack of compliance with Section 158.51 of 14 CFR Part 158 was reported as a finding in the PFC audits for fiscal years 2013 through 2020.

Auditee Response and Corrective Action Plan:

**Name of Contact Person:** Skye L. Aldan Hofschneider

**Corrective Action:** In July 2022, CPA established a standard letter to air carriers to follow up on PFC remittances due. CPA will review monthly reports to determine which air carriers are late in PFC remittances. CPA will provide follow up letters to air carriers that are determined to be late in submission.

**Proposed Completion Date:** Fiscal Year 2022

COMMONWEALTH PORTS AUTHORITY

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2021

Finding No.: 2021-004  
Area: Additional Program Requirements  
Questioned Costs: \$-0-

Criteria: In accordance with Section 158.67 (b) of 14 CFR Part 158, each public agency shall establish and maintain for each approved application a separate accounting record. The accounting record shall identify the PFC received from the collecting carriers, interest earned, the amounts used on each project, and the amount reserved for currently approved projects.

Condition: During the year ended September 30, 2021, CPA disbursed PFC funds totaling \$1,056,144. Of the total amount, \$21,088 was disbursed to eligible PFC projects. Although CPA maintains a separate accounting record of PFC revenue received from collecting carriers and interest earned on collections, a separate record of PFC funds used on each approved project, a schedule of amounts reserved for currently approved projects and PFC reimbursements on historical projects are not maintained. We were unable to determine which historical projects were reimbursed during the fiscal year.

Cause: The cause of the above conditions is the lack of maintaining a separate accounting record for PFC projects that are reviewed and approved by management.

Effect: The effect of the above condition is noncompliance with Section 158.67 (b) of 14 CFR Part 158.

Recommendation: We recommend CPA comply with the requirements of Section 158.67 (b) of 14 CFR Part 158.

Prior Year Status: The lack of maintaining a separate accounting record was reported as a finding in the PFC audits for fiscal years 2009 through 2020.

Auditee Response and Corrective Action Plan:

**Name of Contact Person:** Skye L. Aldan Hofschneider

**Corrective Action:** On May 23, 2022, CPA hired a technical consultant to assist with the reconciliation of the data entered into SOAR. The technical consultant's scope is to prepare disbursement reconciliations for PFC approved projects. Once the disbursement reconciliation is finalized, CPA will enter the reconciled amounts into SOAR. CPA Accounting will monitor disbursements and keep an accounting record by fiscal year.

**Proposed Completion Date:** Fiscal Year 2022

COMMONWEALTH PORTS AUTHORITY

Unresolved Prior Year Comments  
Year Ended September 30, 2021

Questioned Costs

The prior year PFC audit report on compliance with laws and regulations noted the following questioned costs and comments that were unresolved at September 30, 2021:

Questioned costs as previously reported	\$ 879,477
Questioned costs of fiscal year 2021 PFC audit	_____ -
Unresolved questioned costs at September 30, 2021	\$ <u>879,477</u>

Unresolved Findings

The status of unresolved findings is discussed in the Schedule of Findings and Questioned Costs section of this report (pages 6 through 10).



# Commonwealth Ports Authority

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding No. 2020-001	See corrective action plan to Finding No. 2021-001
Finding No. 2020-002	See corrective action plan to Finding No. 2021-002
Finding No. 2020-003	See corrective action plan to Finding No. 2021-003
Finding No. 2020-004	See corrective action plan to Finding No. 2021-004
Finding No. 2019-001	See corrective action plan to Finding No. 2021-001
Finding No. 2019-002	See corrective action plan to Finding No. 2021-002
Finding No. 2019-003	See corrective action plan to Finding No. 2021-003
Finding No. 2019-004	See corrective action plan to Finding No. 2021-004
Finding No. 2018-001	See corrective action plan to Finding No. 2021-001
Finding No. 2018-002	See corrective action plan to Finding No. 2021-002
Finding No. 2018-003	See corrective action plan to Finding No. 2021-003
Finding No. 2018-004	See corrective action plan to Finding No. 2021-004
Finding No. 2017-001	See corrective action plan to Finding No. 2021-001
Finding No. 2017-003	See corrective action plan to Finding No. 2021-002
Finding No. 2017-004	See corrective action plan to Finding No. 2021-003
Finding No. 2017-005	See corrective action plan to Finding No. 2021-004
Finding No. 2016-001	See corrective action plan to Finding No. 2021-001
Finding No. 2016-003	See corrective action plan to Finding No. 2021-002
Finding No. 2016-004	See corrective action plan to Finding No. 2021-003
Finding No. 2016-005	See corrective action plan to Finding No. 2021-004
Finding No. 2015-001	See corrective action plan to Finding No. 2021-001
Finding No. 2015-003	See corrective action plan to Finding No. 2021-002
Finding No. 2015-004	See corrective action plan to Finding No. 2021-003
Finding No. 2014-001	See corrective action plan to Finding No. 2021-001
Finding No. 2014-003	See corrective action plan to Finding No. 2021-002
Finding No. 2014-004	See corrective action plan to Finding No. 2021-003
Finding No. 2014-005	See corrective action plan to Finding No. 2021-004
Finding No. 2013-001	See corrective action plan to Finding No. 2021-001
Finding No. 2013-003	See corrective action plan to Finding No. 2021-002
Finding No. 2013-005	See corrective action plan to Finding No. 2021-003
Finding No. 2013-006	See corrective action plan to Finding No. 2021-004
Finding No. 2012-001	See corrective action plan to Finding No. 2021-001
Finding No. 2012-003	See corrective action plan to Finding No. 2021-002
Finding No. 2012-004	See corrective action plan to Finding No. 2021-004
Finding No. 2011-001	See corrective action plan to Finding No. 2021-001
Finding No. 2011-003	See corrective action plan to Finding No. 2021-002
Finding No. 2011-006	See corrective action plan to Finding No. 2021-004
Finding No. 2010-001	See corrective action plan to Finding No. 2021-001
Finding No. 2010-003	See corrective action plan to Finding No. 2021-002
Finding No. 2010-007	See corrective action plan to Finding No. 2021-004
Finding No. 2009-001	See corrective action plan to Finding No. 2021-001
Finding No. 2009-003	See corrective action plan to Finding No. 2021-002
Finding No. 2009-006	See corrective action plan to Finding No. 2021-004
Finding No. 2008-001	See corrective action plan to Finding No. 2021-001
Finding No. 2008-004	See corrective action plan to Finding No. 2021-002
Finding No. 2007-001	See corrective action plan to Finding No. 2021-001
Finding No. 2007-004	See corrective action plan to Finding No. 2021-002
Finding No. 2006-1	See corrective action plan to Finding No. 2021-001
Finding No. 2006-4	See corrective action plan to Finding No. 2021-002
Finding No. 2005-1	See corrective action plan to Finding No. 2021-001
Finding No. 2005-3	See corrective action plan to Finding No. 2021-002