

**SINGLE AUDITS REPORTS UNDER  
UNIFORM GUIDANCE**

**MARIANAS VISITORS AUTHORITY  
(A Component Unit of the CNMI Government)**

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YEAR ENDED SEPTEMBER 30, 2021

**BCA & ASSOCIATES**  
Suite 203 MH II Building  
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Saipan MP, 96950



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

To the Board of Directors  
of Marianas Visitors Authority

**Report on Compliance for Each Major Federal Program**

We have audited the Marianas Visitors Authority’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Marianas Visitors Authority’s major federal programs for the year ended September 30, 2021. The Marianas Visitors Authority’s major federal programs are 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.

***Auditors’ Responsibility***

Our responsibility is to express an opinion on compliance for each of the MVA’s major federal programs 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 the MVA’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 each major federal program. However, our audit does not provide a legal determination of the MVA’s compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, the MVA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

### **Report on Internal Control over Compliance**

Management of the MVA 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 the MVA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 the MVA's internal control over compliance.

*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 a combination of deficiencies, in internal control over compliance, such that there is a 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of the governmental activities and the governmental fund of the MVA, a component unit of the Commonwealth of the Northern Mariana Islands, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise MVA's basic financial statements. We issued our report thereon dated October 10, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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 basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

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.

*Burger Comer & Associates*

BURGER COMER & ASSOCIATES  
Saipan, MP  
October 10, 2022

**MARIANAS VISITORS AUTHORITY**  
(A Component Unit of the CNMI Government)

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021

Federal Grantor's Program Title	CFDA Number	Expenditures FY 2021	Receivable from Federal Grantors October 31, 2021
<u>U.S. Department of the Treasury:</u>			
Pass-Through CNMI Government - Department of Administration			
COV19 Coronavirus Relief Fund/Coronavirus State Fiscal Recovery Fund and			
the Coronavirus Local Fiscal Recovery Fund established under the			
American Rescue Plan Act (ARPA)			
(Speeding the recovery of tourism, travel and hospitality sectors)	21.019	2,547,918	-
Total (CFDA 21.019)		\$ 2,547,918	-

See accompanying notes to schedule of expenditures of federal awards.

**MARIANAS VISITORS AUTHORITY**  
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Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Marianas Visitors Authority (A Component Unit of the government) under programs of the federal government for the year ended September 30, 2021. The information in the Schedule is presented in accordance 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* (the “Uniform Guidance”).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the MVA and is presented on the accrual basis of accounting, consistent with the manner in which the organization maintains its accounting records. The information in this schedule is presented in accordance with 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).

(3) INDIRECT COST ALLOCATION

For fiscal year 2021, the MVA did not utilize an indirect cost rate.

(4) ASSISTANCE LISTING NUMBER 21.019

Expenditures for Assistance Listing Number (AL#) 21.019 in the amount of \$2,547,918 was reported in MVA’s expenditures and have been included in the Schedule for the purpose of reporting such expenditures that were funded by the COVID-19, Coronavirus Relief Fund – State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act (ARPA) (Speeding the Recovery of Tourism, travel and hospitality sectors).

**MARIANAS VISITORS AUTHORITY**  
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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2021

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  No
- Noncompliance material to financial statements?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  No

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (a)?  Yes  No

**MARIANAS VISITORS AUTHORITY**  
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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2021

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
21.019	U.S. Department of the Treasury/ COV19 Coronavirus Relief Fund/Coronavirus State Fiscal Recovery Fund Established under the American Rescue Plan Act (ARPA) (Speeding the recovery of tourism, travel and hospitality sectors)	\$ <u>2,547,918</u>
Total expenditures Major Programs		\$ <u>2,547,918</u>
	Percentage of total federal awards tested	<u>100%</u>
	Dollar threshold used to distinguish Type A and Type B programs:	\$ 750,000
	MVA Auditee qualified as low-risk auditee?	No

**SECTION II – FINDINGS ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

**CURRENT YEAR FINDINGS:**

There were no financial statement audit findings reported during the fiscal year ending September 30, 2021.

**PRIOR YEAR FINDINGS:**

<u>Reference Number</u>	<u>Finding</u>
2020-01	Procurement Policies and Procedures

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no federal awards findings and questioned costs reported during the fiscal year ending September 30, 2021.



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

**Finding No. : 2020-01**

**Area : Procurement Policies and Procedures**

**Finding type: Significant Deficiency in Internal Control**

Criteria:

MVA Procurement Regulations contain procedures to be followed for processing purchase orders and identify the required documents.

MVA's procurement policies and procedures are as follows;

Purchases:

- a) Small purchases of \$5,000 or less. The Chair of the MVA Board delegates the expenditure and authority for purchases of \$5,000 or less to the Managing Director. MVA must obtain at least one price quotation.
- b) Purchases between \$5,000.01 and \$25,000. The Chair of the MVA Board is the expenditure authority for purchases between \$5,000.01 and \$25,000. MVA must obtain at least (3) quotations from vendors. If MVA is unable to obtain (3) quotations, must attach all corresponding emails and written justification documenting the circumstances, and for sole source contracts must submit justification letter approved by Managing Director.
- c) Purchase orders exceeding \$25,000.01 shall comply with Procurement Regulations by issuing Invitation to Bid, Request for Proposal, or justification for sole source contracts.

In addition, if the purchase is for Destination Enhancement, the Chair of the MVA Board can delegate expenditure authority for destination enhancement purchases of \$15,000.01 to \$25,000 to the Managing Director. MVA must obtain at least (3) quotations from vendors. If MVA is unable to obtain (3) quotations, must attach all corresponding emails and written justification documenting the circumstances, and for sole source contracts must submit justification letter approved by Managing Director.

Condition:

We found one purchase order where MVA did not document that they obtained at least 3 quotations, or provide a sole source contract justification related to this purchase order. The vendor invoice showed a date prior to the date of the purchase order. The contract was executed prior to obtaining approval from the proper expenditure authority. The expenditure is for booth rental and advertising at the 2020 Travel & Adventure Show.

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

The purchase order is detailed as follows:

Purchase Order						
Number	Reference	Date	Event	Check No.	Date Paid	Amount
1	PO 22828	10/09/19	2020 Travel & Adventure Show (Booth & Advertisement)	G-8530	12/05/19	<u>\$ 12,950</u>

Cause:

There is a lack of monitoring to ensure compliance with established procurement policies and procedures.

Effect:

MVA did not follow its procurement policies and procedures, and runs the risk of not obtaining the best combination of price and quality when expending public funds.

Recommendation:

MVA should document its compliance with its procurement policies to ensure that MVA can demonstrate that it adhered to the established requirements. Disbursements should be properly supported with an approved purchase order as evidence that the purchase of goods or performance of services is authorized. MVA can accomplish this by having a staff member maintain a log sheet for purchases. A person at a higher level than the preparer of the log sheet should review the log sheet periodically to ensure that procurement policies were properly followed and documented.

Auditee Response and Corrective Action Plan:

MVA partially agrees with this finding. Thereafter, MVA will do its due diligence to inform its personnel periodically of the MVA's procurement procedure for its small purchase order request to ensure its compliance. Documentation will be provided using a step-by-step process to be taken in addition to identifying the required documents needed to adhere to its established policies and procedures. In addition, the MVA will continue to work diligently to strengthen internal control over its procurement activities.

Prior Year Status:

Corrective action has been taken. Beginning October 1, 2020 MVA adheres to its established policies and procedures, and works diligently to strengthen internal control over its procurement activities by monitoring the log sheet for small purchases to inhibit and distinguish potential circumvention of such policies and procedures. This procedure will continue to be observed.



**MARIANAS**  
**VISITORS AUTHORITY**

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February 22, 2022

Burger & Comer, P.C.  
Certified Public Accountants  
P.O. Box 504053  
Saipan, MP 96950

Subject: Schedule of Findings and Questioned Costs for the year ended September 30, 2020

Hafa Adai and Tirow Mr. Burger:

Please see below MVA's response to the finding regarding the FY 2020 Audit:

**Finding 2020-01 Procurement Policies and Procedures**

MVA partially agrees with this finding.

Three price quotations were not obtained for the largest series of Travel Shows in the United States, the 2020 Travel & Adventure Show (Booth & Adventure) purchase order request as services were found to be unique and provided the MVA an opportunity to promote the Commonwealth of the Northern Mariana Islands (CNMI) as part of the United States and for travelers looking for leisure and experiential travel destinations such as the CNMI.

Attending this show served as the best interest to the CNMI as the MVA cannot heavily rely on few source markets and there is a need to expand the CNMI's tourism industry to other traveling markets.

Unicommn LLC organizes and manages Travel & Adventure shows across the United States attracting destinations, tour operators, and hoteliers from around the world and connecting them to travel agents, media and travelers. There were no other vendors that could provide the same services, except for Unicommn LLC. Therefore, MVA had no other sources to obtain various vendors' quotations to participate in the Travel Adventure Show. This is a standard procedure for all Travel and Adventure Show.

The MVA will do its due diligence to inform its personnel periodically of the MVA's procurement procedure for its small purchase order requests to ensure compliance. Documentation will be provided using a step-by-step process to be taken in addition to identifying the required documents needed to adhere to its established policies and procedures. In addition, the MVA will continue to work diligently in strengthening internal control over its procurement activities.

Should you have any questions or need additional information, please do not hesitate to contact our office at 664-3200/3201 or you may email me at [piakopo@mymarianas.com](mailto:piakopo@mymarianas.com).

Sincerely,

PRISCILLA M. IAKOPO  
Managing Director

