

Report on Compliance

**Antonio B. Won Pat International Airport
Authority, Guam**

(A Component Unit of the Government of Guam)

Year ended September 30, 2022



Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Report on Compliance

Year ended September 30, 2022

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Report of Independent Auditors 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*

Management and the Board of Directors
Antonio B. Won Pat International Airport Authority, Guam

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 (*Government Auditing Standards*), the financial statements of Antonio B. Won Pat International Airport Authority, Guam (the Authority), a component unit of the Government of Guam, which comprise the statement of net position as of September 30, 2022, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated August 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing 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 the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results 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.

Ernst + Young LLP

August 24, 2023

Report of Independent Auditors 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

Management and the Board of Directors
Antonio B. Won Pat International Airport Authority, Guam

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Antonio B. Won Pat International Airport Authority, Guam's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-003 and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the business-type activities of the Authority as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated August 24, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 image shows a handwritten signature in black ink that reads "Ernst + Young LLP". The signature is written in a cursive, flowing style.

August 24, 2023

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>ALN</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE:			
Direct Program:			
U.S. Drug Enforcement Administration Task Force Officer Overtime Program		16.U01	\$ <u>34,359</u>
Total U.S. Department of Justice			\$ <u>34,359</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Direct Program:			
COVID-19 - Airport Improvement Program		20.106	\$ 7,763,258
Airport Improvement Program		20.106	<u>23,498,634</u>
Total U.S. Department of Transportation			\$ <u>31,261,892</u>
U.S. DEPARTMENT OF THE TREASURY:			
Passed through From Government of Guam:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	CFR#200.331	21.027	\$ <u>15,946,898</u>
Total U.S. Department of the Treasury			\$ <u>15,946,898</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Direct Program:			
National Explosives Detection Canine Team Program		97.072	\$ 262,370
Law Enforcement Officer Reimbursement Agreement Program		97.090	<u>175,200</u>
Total U.S. Department of Homeland Security			\$ <u>437,570</u>
Total Federal Awards Expended			
			\$ <u>47,680,719</u>
Reconciliation to the financial statements:			
Non-operating revenues: Grants from the United States Government			24,182,086
Capital grants from the United States Government			23,498,637
Rounding variance			(4)
			\$ <u>47,680,719</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

1. General

The Antonio B. Won Pat International Airport Authority, Guam (the Authority), was created by Public Law 13-57 (as amended) as a component unit of the Government of Guam. The Authority receives federal awards directly from federal agencies.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2022. The information in this 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* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Allocation

The Authority has elected not to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414 of the Uniform Guidance. The Authority does not receive any indirect cost allocation and no indirect costs were recorded against any federal program for the year ended September 30, 2022.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs

Year ended September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ **Yes** X **No**

Significant deficiency(ies) identified?

 X **Yes** _____ **None reported**

Noncompliance material to financial statements noted?

_____ **Yes** X **No**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ **Yes** X **No**

Significant deficiency(ies) identified?

 X **Yes** _____ **None reported**

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X **Yes** _____ **No**

Identification of major federal programs:

<u>Assistance Listing Numbers</u> (ALNs)	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Section I - Summary of Auditor's Results, continued

Dollar threshold used to distinguish between
Type A and Type B programs:

\$1,430,421

Auditee qualified as low risk auditee?

 X Yes No

Section II - Financial Statement Findings

<u>Finding Numbers</u>	<u>Requirement</u>
2022-001	Implementation of GASB Statement No. 87, <i>Leases</i>
2022-002	General Ledger and Financial Statement Close Process

Section III - Federal Award Findings and Questioned Costs

<u>ALN</u>	<u>Finding Numbers</u>	<u>Requirement</u>	<u>Questioned Cost</u>
20.106	2022-003	Matching, Level of Effort, Earmarking	\$ ---
20.106	2022-004	Period of Performance	\$ ---

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-001

Area: Implementation of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*

Criteria:

Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation.

Condition:

We identified misstatements in the opening balance of lease receivables and deferred inflow of resources due to the incorrect (1) determination of lease term and (2) misapplication of discount rate to certain leases. Revised lease amortization worksheet and trial balance were provided to correct these errors.

Cause:

There appears to have been a lack of thorough communication among the Accounting team and other departments who are more familiar with the lease agreements and history of lease renewals by the tenants.

Effect or potential effect:

Lease assets and liabilities may be misstated in the financial statements.

Recommendation:

Management should establish a review process over the lease calculation/remeasurement as required by GASB 87 and ensure that there is regular communication among the Accounting team other departments handling lease agreements and other contracts.

Views of responsible officials:

Due to this being the initial year of implementing GASB Statement No. 87, and given the Authority's numerous leases that fall into several different categories that require specific treatment that may or may not require the application of the new GASB, the Authority engaged in a long and tedious process of such implementation and was further challenged by changes in key personnel. With the completion of the initial analysis during the audit, the Authority will ensure it continues to update its lease information for any changes. Additionally, the Authority has established a working group between the Accounting and Property Management Office divisions for improved coordination and expects to complete the 2023 entry along with the fiscal year-end close process.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002

Area: General Ledger and Financial Statement Close Process

Criteria:

Accounting principles generally accepted in the United States of America (US GAAP) require that transactions and events are recorded in the correct accounting period.

Condition:

The Accounting team posted numerous journal entries after the September 30, 2022 trial balance was provided to the audit team.

Cause:

Grants receivables balance per Schedule of Expenditures of Federal Awards did not reconcile with the balance per books.

Effect or potential effect:

Errors may exist and not be identified and corrected in a timely manner resulting in the preparation of misstated financial statements.

Recommendation:

Management should improve controls over the financial statement close process to ensure all transactions are recorded in the proper accounting period

Views of responsible officials:

Due to the Authority having been challenged with the sudden retirement of key accounting personnel, it is not expected that such a challenge will exist moving forward. The Authority notes that the difference between its Schedule of Expenditures of Federal Awards (SEFA) and the books was corrected.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-003

Federal Agency: U.S. Department of Transportation
Assistance Listings Program: 20.106 Airport Improvement Program
Federal Award No.: 3-66-0001-101-2017 (AIP 101)
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$0

Criteria:

In accordance with applicable matching, level of effort, earmarking requirements and with grant terms and conditions, the grantor agrees to pay ninety (90) percent of the allowable costs incurred.

Condition:

For 1 (or 4%) of 25 transactions, aggregating \$18M of a total of \$31.3M in total program expenditures, costs incurred between December 2021 and January 2022 were charged to AIP 101, which expired in September 2021. Therefore, the 90% Federal match of \$525,000 should be charged to non-Federal funds.

<u>Invoice Date</u>	<u>Check Date</u>	<u>Service Period</u>	<u>Invoice Total</u>	<u>Federal Expenditures</u>
01/31/22	02/09/22	12/2021-01/2022	\$583,333	\$ 525,000

Cause:

The Authority did not enforce controls over compliance with applicable matching, level of effort, earmarking requirements.

Effect:

The Authority is in noncompliance with applicable matching, level of effort, earmarking requirements. No questioned cost is presented because the Authority effected corrective action, as described below.

Subsequently, during April 2023 through June 2023, the Authority corresponded with, and received guidance from, U.S. Department of Transportation, Federal Aviation Administration (FAA), relative to corrective action. The Assistant Manager, FAA Honolulu Airports District Office, stated in an email dated 05/24/2023, "Grant-105 hasn't been closed out yet," and in an email dated 06/03/2023, "Can...invoice on project costs incurred after Grant-101's POP End Date be paid under Grant 105? Both grants are for the same project." On June 23, 2023, the Authority provided sufficient documentation to demonstrate that the invoice total and Federal expenditures above now represent allowable costs incurred prior to the grant's expiration date.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-003, continued

Federal Agency: U.S. Department of Transportation
Assistance Listings Program: 20.106 Airport Improvement Program
Federal Award No.: 3-66-0001-101-2017 (AIP 101)
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$0

Recommendation:

Responsible personnel should enforce controls over compliance with applicable matching, level of effort, earmarking requirements and with grant terms and conditions. Prior to identifying the grantor's match for Federal draws, the responsible personnel should verify that underlying expenditures are allowable costs that were incurred prior to the expiration of the Federal award.

Views of Responsible Officials:

This finding is a result of a grant amendment having only covered a change in the grant amount and not the period of performance. The Authority had requested for an amendment to AIP 101 on December 15, 2020—nine months prior to the period of performance (POP) expiration. The amendment was issued by the Federal Aviation Administration (FAA) on January 4, 2022—over three months after the POP expiration.

Upon clarification with the FAA, the Authority took corrective measures to address the miscommunication on the agreement extension and has settled the issue. The Authority will ensure it reviews the terms of grant amendments for critical information, such as changes to POP dates, to reinforce its current controls over compliance with applicable matching, level of effort, and earmarking requirements to prevent similar findings in the future.

Antonio B. Won Pat International Airport Authority, Guam
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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-004

Federal Agency: U.S. Department of Transportation
Assistance Listings Program: 20.106 Airport Improvement Program
Federal Award No.: 3-66-0001-101-2017 (AIP 101)
Area: Period of Performance
Questioned Costs: \$0

Criteria:

In accordance with applicable period of performance (POP) requirements and with grant terms and conditions, the Sponsor may only charge allowable costs for obligations incurred prior to the end date of the POP. Unless explicitly stated otherwise in an amendment from the FAA, the end date of the period of performance is four years. Unless the FAA authorizes a written extension, the sponsor must liquidate (pay off) all obligations incurred under the award no later than 90 calendar days after the end date,

Condition:

For 1 (or 4%) of 25 transactions, aggregating \$18M of a total of \$31.3M in total program expenditures, costs charged to AIP 101 were incurred between December 2021 and January 2022. Such period is after the POP end date of 09/10/2021. Furthermore, such costs were liquidated in February 2022, which is after the liquidation end date of 12/09/2021.

The Authority did receive a written amendment from FAA dated 12/15/2020, to increase the maximum obligation of AIP 101 by \$525,000; however, such amendment did not explicitly state an amended period of performance.

<u>Invoice Date</u>	<u>Check Date</u>	<u>Service Period</u>	<u>Invoice Total</u>	<u>Federal Expenditures</u>
01/31/22	02/09/22	12/2021-01/2022	\$583,333	\$ 525,000

Cause:

The Authority believed the FAA amendment was also an extension of the POP dates.

Effect:

The Authority is in noncompliance with applicable period of performance requirements. No questioned cost is presented because the Authority effected corrective action, as described below.

Subsequently, during April 2023 through June 2023, the Authority corresponded with, and received guidance from, U.S. Department of Transportation, Federal Aviation Administration (FAA), relative to corrective action. The Assistant Manager, FAA Honolulu Airports District Office, stated in an email dated 05/24/2023, “Grant-105 hasn’t been closed out yet,” and in an email dated 06/03/2023, “Can...invoice on project costs incurred after Grant-101’s POP End Date be paid under Grant 105? Both grants are for the same project.” On June 23, 2023, the Authority provided sufficient documentation to demonstrate that the invoice total and Federal expenditures above now represent allowable costs incurred prior to the grant’s expiration date.

Antonio B. Won Pat International Airport Authority, Guam
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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-004, continued

Federal Agency: U.S. Department of Transportation
Assistance Listings Program: 20.106 Airport Improvement Program
Federal Award No.: 3-66-0001-101-2017 (AIP 101)
Area: Period of Performance
Questioned Costs: \$0

Recommendation:

Responsible personnel should enforce controls over compliance with applicable period of performance requirements and with grant terms and conditions. Prior to charging costs to a grant, the responsible personnel should verify that the obligations were incurred prior to the grant's POP end date, as specified in the grant terms and conditions or subsequent written amendments.

Views of Responsible Officials:

This finding is a result of a grant amendment having only covered a change in the grant amount and not the period of performance. The Authority had requested for an amendment to AIP 101 on December 15, 2020—nine months prior to the period of performance (POP) expiration. The amendment was issued by the Federal Aviation Administration (FAA) on January 4, 2022—over three months after the POP expiration.

Upon clarification with the FAA, the Authority took corrective measures to address the miscommunication on the agreement extension and has settled the issue. The Authority will ensure it reviews the terms of grant amendments for critical information, such as changes to POP dates, to reinforce its current controls over compliance with applicable matching, level of effort, and earmarking requirements to prevent similar findings in the future.



August 24, 2023

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Included below is the Authority's Corrective Action Plan for findings included in the compliance and internal control report for the year ending September 30, 2022.

**Finding No. 2022-001 Implementation of Governmental Accounting Standards Board (GASB)
Statement No. 87, Leases**

Responsible Personnel: Danielle E. Camacho, Acting Comptroller

Due to this being the initial year of implementing GASB Statement No. 87, and given the Authority's numerous leases that fall into several different categories that require specific treatment that may or may not require the application of the new GASB, the Authority engaged in a long and tedious process of such implementation and was further challenged by changes in key personnel. With the completion of the initial analysis during the audit, the Authority will ensure it continues to update its lease information for any changes. Additionally, the Authority has established a working group between the Accounting and Property Management Office divisions for improved coordination and expects to complete the 2023 entry along with the fiscal year-end close process.

Finding No. 2022-002 General Ledger and Financial Statement Close Process

Responsible Personnel: Danielle E. Camacho, Acting Comptroller

Due to the Authority having been challenged with the sudden retirement of key accounting personnel, it is not expected that such a challenge will exist moving forward. The Authority notes that the difference between its Schedule of Expenditures of Federal Awards (SEFA) and the books was corrected.

Finding No. 2022-003 Matching, Level of Effort, Earmarking

Responsible Personnel: Danielle E. Camacho, Acting Comptroller

This finding is a result of a grant amendment having only covered a change in the grant amount and not the period of performance. The Authority had requested for an amendment to AIP 101 on December 15, 2020—nine months prior to the period of performance (POP) expiration. The amendment was issued by the Federal Aviation Administration (FAA) on January 4, 2022—over three months after the POP expiration.

Finding No. 2022-003 Matching, Level of Effort, Earmarking, continued

Upon clarification with the FAA, the Authority took corrective measures to address the miscommunication on the agreement extension and has settled the issue. The Authority will ensure it reviews the terms of grant amendments for critical information, such as changes to POP dates, to reinforce its current controls over compliance with applicable matching, level of effort, and earmarking requirements to prevent similar findings in the future.

Finding No. 2022-004 Period of Performance
Responsible Personnel: Danielle E. Camacho, Acting Comptroller

Refer to the response noted in Finding No. 2022-003, which relates to this finding.