

Compliance and Internal Control

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

Year ended September 30, 2008

Antonio B. Won Pat International Airport Authority, Guam

Reports on Compliance and Internal Control

Year ended September 30, 2008

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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*

The Board of Directors
Antonio B. Won Pat International Airport Authority, Guam

We have audited the financial statements of the Antonio B. Won Pat International Airport Authority, Guam (the Authority), as of and for the year ended September 30, 2008, and have issued our report thereon dated January 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors and Management of the Authority, the Office of the Public Auditor, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

January 20, 2009



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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

The Board of Directors
Antonio B. Won Pat International Airport Authority, Guam

Compliance

We have audited the compliance of the Antonio B. Won Pat International Airport Authority, Guam (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2008. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Authority'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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Authority as of and for the year ended September 30, 2008, and have issued our report thereon dated January 20, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Directors and Management of the Authority, others within the entity, the Office of the Public Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

January 20, 2009

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2008

Federal Program/ Project Title	CFDA No.	Project No.	Program or Award Amount	Receivable from Grantor at 10/01/07	Cash Receipts FY 2008	Allowable Expenditures FY 2008	Receivable from Grantor at 9/30/08
U.S. Department of Transportation							
Direct Programs:							
Airport Improvement Program:							
(Water System) - Phase 2	20.106	3-66-0001-43	1,400,000	226,890	1,266,590	1,039,700	-
Conduct Airport Security/Perimeter Road	20.106	3-66-0001-44	7,703,767	167,209	3,978,930	3,823,790	12,069
Acquire Passenger Lift Device	20.106	3-66-0001-45	100,000	1	1	-	-
Conduct General Aviation Site Selection Study	20.106	3-66-0001-46	250,000	-	-	-	-
Improve TB (Seismic Zone 4 Upgrades, Outbound Baggage System Impr., Design of a Sterile Arrival Corridor)	20.106	3-66-0001-47	3,867,500	102,708	350,727	248,019	-
Noise Mitigation Measures for Residences w/in 65-69 DNL - Phase 1	20.106	3-66-0001-48	1,900,000	75,489	75,489	-	-
Acquire Runway Sweeper, Rubber Removal Eqpt, Friction Measuring Eqpt.	20.106	3-66-0001-49	375,120	274	195,398	210,951	15,827
Improve Airport Utility Infrastructure (Water System) - Phase 4	20.106	3-66-0001-50	1,757,000	-	826,142	1,757,000	930,858
Misc. Airport Improvements (Demolish Former Naval Housing Units)	20.106	3-66-0001-51	2,282,589	278,974	1,419,213	1,257,350	117,111
Noise Mitigation Measures for Residences w/in 65-69 DNL - Phase 2	20.106	3-66-0001-52	5,000,000	357,036	2,904,005	4,541,885	1,994,916
Improve Terminal Building (Seismic Zone 4 Upgrades) - Phase 2	20.106	3-66-0001-54	1,400,000	-	1,400,000	1,400,000	-
Extend Runway 6L/24R - Phase 2	20.106	3-66-0001-55	3,557,107	743,420	3,043,343	2,763,893	463,970
Noise Mitigation Measures for Residences w/in 65-69 DNL - Phase 3	20.106	3-66-0001-56	3,500,000	-	167,769	167,769	-
Extend Runway 6L/24R - Phase 3	20.106	3-66-0001-57	4,536,213	-	3,115,950	3,277,920	161,970
Improve Airport Utility Infrastructure (Water System) - Phase 5	20.106	3-66-0001-58	6,800,000	-	64,159	1,399,484	1,335,325
Noise Mitigation Measures for Residences w/in 65-69 DNL - Phase 4	20.106	3-66-0001-59	2,000,000	-	-	-	-
Complete construction of Parallel Taxiway (approx. 10,000' x 75')	20.106	3-66-0001-60	5,797,441	-	-	1,048,752	1,048,752
Extend Runway 6L/24R Phase 4	20.106	3-66-0001-61	14,000,000	-	-	-	-
Misc. Airport Improvements - Phase 2 (Demolish Former Naval Housing Units)	20.106	3-66-0001-62	2,000,000	-	-	347,063	347,063
Improve Terminal Building (Seismic Zone 4 Upgrades) - Phase 2	20.106	3-66-0001-64	1,148,913	-	-	1,004,211	1,004,211
Airport Improvement Program Total	20.106		69,375,650	1,952,001	18,807,716	24,287,787	7,432,072
Economic Development Administration							
Demolish Former Navy Housing Units to Develop North Tiyan Industrial Park	11.300	07-01-05790	1,250,000	-	-	-	-
Site grading and utility infrastructure hookups to develop a portion of the North Tiyan Aviation Industrial Park	11.300	07-01-06272	1,200,000	-	-	-	-
Federal Emergency Management Agency							
Pass-Through Government of Guam:							
Hazard Mitigation Grant Program:							
Utility Power Hardening for Critical Airport Facilities	97.039	FEMA-1446-DR-GU21	5,850,000	404,883	3,089,215	3,035,887	351,555
Sub-total Federal Awards, carried forward			77,675,650	2,356,884	21,896,931	27,323,674	7,783,627

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Expenditures of Federal Awards, continued
Year Ended September 30, 2008

<u>Federal Program/ Project Title</u>	<u>CFDA No.</u>	<u>Project No.</u>	<u>Program or Award Amount</u>	<u>Receivable from Grantor at 10/01/07</u>	<u>Cash Receipts FY 2008</u>	<u>Allowable Expenditures FY 2008</u>	<u>Receivable from Grantor at 9/30/08</u>
Sub-total Federal Awards, carried forward			77,675,650	2,356,884	21,896,931	27,323,674	7,783,627
U.S. Environmental Protection Agency							
Brownfields Cleanup Cooperative Agreement	66.818	BF-96984801-0	<u>600,000</u>	<u>16,476</u>	<u>-</u>	<u>-</u>	<u>16,476</u>
Transportation Security Administration							
National Explosive Detection Canine Team (NEDCT) Program	97.072	HSTS04-05-H-CAN103	421,500	48,001	153,895	300,500	194,606
Law Enforcement Officer (LEO) Reimbursement Agreement Program	97.090	HSTS02-08-H-SLR160	<u>858,188</u>	<u>-</u>	<u>-</u>	<u>89,889</u>	<u>89,889</u>
Total Federal Awards Expended			<u>79,555,338</u>	<u>2,421,361</u>	<u>22,050,826</u>	<u>27,714,063</u>	<u>8,084,598</u>
Other Transaction Agreement (OTA)							
Transportation Security Administration:							
International Transfer Facility	---	HSTS04-06-A-APO060	2,329,000	204,467	1,222,112	1,503,410	485,765
CCTV System Upgrade	---	HSTS04-07-ACTO209	<u>613,838</u>	<u>-</u>	<u>281,872</u>	<u>613,838</u>	<u>331,966</u>
Other Transaction Agreement Total			2,942,838	204,467	1,503,984	2,117,248	817,731
Guam Homeland Security							
Responders Equipment - Acquire High Security Portable Plate Barriers	---	2004-GE-T4-0032	<u>97,228</u>	<u>-</u>	<u>-</u>	<u>97,228</u>	<u>97,228</u>
Total Awards from the United States Government			\$ 82,595,404	\$ 2,625,828	\$ 23,554,810	\$ 29,928,539	\$ 8,999,557

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Antonio B. Won Pat International Airport Authority, Guam

Notes to the Schedule of Expenditures of Federal Awards

September 30, 2008

1. Source of Funding

The Authority's Airport Improvement Program is funded primarily through grants from the U.S. Department of Transportation under Catalog of Federal Domestic Assistance (CFDA) number 20.106.

The Authority is also a sub-recipient of a Hazard Mitigation Grant Program administered by the Guam Homeland Security Office of Civil Defense and funded by the U.S. Federal Emergency Management Agency under CFDA number 97.039.

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 *Catalog of Federal Domestic Assistance*.

2. Summary of Significant Accounting Policies

Basis of Accounting

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

For the purpose of this report, certain accounting procedures were followed which facilitate the presentation of the federal cumulative amount of the grant award and federal funds received and disbursed. Cash receipts relate to all cash received from the cognizant federal agency within the CFDA. Cash receipts do not include matching funds from the Authority. All expenses and capital outlays which represent the federal share of each project are reported as expenditures.

The Authority recognizes contributions from the federal government when qualifying expenditures are incurred and expenditures are recognized on the accrual basis of accounting.

Qualifying funds expended in excess of federal funds received are recorded as receivables from the grantor agency.

Matching Requirements

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

Indirect Cost Allocation

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, 2008. The Federal Aviation Administration programs do allow, upon prior grantor approval, certain administrative expenses to be charged against the grants.

Antonio B. Won Pat International Airport Authority, Guam

Notes to the Schedule of Expenditures of Federal Awards, continued

3. Cost Allocation

Grant numbers 3-66-0001-43, 50 and 58 are commingled to fund improvements to the water system. Qualifying expenditures are allocated among these three grants.

Grant numbers 3-66-0001-47, 54, and 64 are commingled to fund improvements to the terminal building (seismic zone, outbound baggage, and design arrival corridor). Qualifying expenditures are allocated among these three grants.

Grant numbers 3-66-0001-48, 52 and 56 are commingled to fund noise mitigations measures for residences within the approved range of the airport. Qualifying expenditures are allocated among these three grants.

Grant numbers 3-66-0001-51 and 62 are commingled to fund the cost to demolish former navy housing units in Tiyan. Qualifying expenditures are allocated among these two grants.

Grant numbers 3-66-0001-55, 57, and 61 are commingled to fund improvements to extend and rehabilitate the runway. Qualifying expenditures are allocated among these three grants.

4. Economic Development Administration

The Authority's Economic Development Administration programs are funded through grants from the Department of Commerce under CFDA number 11.300. The programs are for various projects that will develop the North Tiyan Aviation Industrial Park.

5. U.S. Environmental Protection Agency (U.S. EPA)

The U.S. EPA grants for the Brownsfields Cleanup Cooperative Agreement were received to reimburse related operating expenses. These grants are funded under CFDA number 66.818.

6. Transportation Security Administration (TSA)

The TSA grants were received to reimburse operating expenses related to the National Explosives Detection Canine Team Program and the Law Enforcement Officer (LEO), under CFDA number 97.072 and 97.090, respectively.

7. Other Transaction Agreement

TSA

TSA entered into an Other Transaction Agreement (OTA) with the Authority where TSA reimburses the Authority for certain administrative, design, management and construction costs relating to the relocation of the International Transfer Facility and CCTV System Upgrade. As this is an OTA, no CFDA number is associated.

Antonio B. Won Pat International Airport Authority, Guam

Notes to the Schedule of Expenditures of Federal Awards, continued

7. Other Transaction Agreement, continued

Guam Homeland Security

The Authority is a sub-recipient of a Guam Homeland Security Grant executed as a Memorandum of Understanding. The grant is to be used to purchase high security portable plate barricades for enhanced security upgrades for the perimeter gates. As this is an OTA, no CFDA number is associated.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs

Year Ended September 30, 2008

Part I-Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse, or disclaimer):

The independent auditor's report expressed an unqualified opinion.

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X **No**

Significant deficiencies identified that are not considered to be material weaknesses?

 Yes X **None reported**

Noncompliance material to financial statements noted?

 Yes X **No**

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified?

 Yes X **No**

Significant deficiency(ies) identified that are not considered to be material weaknesses?

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

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse, or disclaimer):

The independent auditor's report on compliance for major programs expressed a unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

 X **Yes** **No**

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Part I-Summary of Auditor's Results (continued)

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
97.039	Hazard Mitigation Grant Program
OTA – Transportation Security Administration (TSA) ¹	International Transfer Facility

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

\$ 897,000

Auditee qualified as low-risk auditee?

 Yes X **No**

¹ This represents a contract between the Authority and TSA for reimbursement of costs related to the relocation of the International Transfer Facility. Refer to Note 7 of the Notes to the Schedule of Expenditures of Federal Awards.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Part II-Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

There are no material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse related to the September 30, 2008 financial statements.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Part III-Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity.

Finding No.: 2008 – 1

Federal program information:

CFDA No:	20.106
Program Name:	Airport Improvement Program
Grantor Agency:	U.S. Department of Transportation
Area:	Davis-Bacon Act

Criteria or specific requirement (including statutory, regulatory, or other citation):

The Davis-Bacon Act requires that construction projects over \$2,000 include a provision for compliance with prevailing wage requirements.

It states that a Contractor shall place a copy of the current prevailing wage determination in each solicitation, and award of the contract shall be conditioned upon the acceptance of the wage determination.

Under this Act, contractors and sub-contractors are required to pay wages to laborers and mechanics at a rate not less than minimum wages specified in the wage determination established by the Department of Labor.

Condition:

We noted five contractors with differences between the actual hourly wage rates paid versus the prevailing wage rate.

In addition, the Authority did not obtain approval of wage rates used for positions not listed in the wage determination.

Questioned costs:

No questioned costs were noted.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Finding No.: 2008-01, continued

Context:

Of the eight projects tested, two projects were not in compliance with the Davis-Bacon Act. We summarized the difference as follows:

Vendor No./ Project No.	Pay Period	Position	Actual Wage Rate	Prevailing Wage Rate	Actual Rate Under Prevailing Rate
4187 GIAA-FY05-12-1	08/01/08	AcMech	13.32	14.85	1.53
	05/04/08	Landscaper	11.70	Position not listed	
		Refmec	13.32	14.85	1.53
	12/16/08	AcMech	11.50	14.85	3.35
4009 GIAA-FY03-0605	07/01/08	Driver	13.32	13.80	0.48
	07/04/08	Truck Driver	13.00	13.80	0.80

Effect:

The specific contractors/subcontractors selected for testing are not in compliance with the Davis-Bacon Act.

Cause:

Although the Authority performs random investigations of its contractors for compliance with the Davis-Bacon Act, the certified payrolls selected may not have been investigated by the Authority.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Finding No.: 2008-01, continued

Recommendation:

The Authority should specifically select the contractors/subcontractors identified for further investigation. In addition, the Authority should be more diligent in reviewing the submitted certified payrolls.

For classes of workers not identified in the wage determinations, the Authority should submit a SF-308 request for a project wage determination for application to that particular project to ensure that the Department of Labor approves the wage rates used.

Views of Responsible Officials and

Planned Corrective Actions:

Conclusion

The Authority remains diligent for contractors and subcontractors to be in full compliance with the requirements of the Davis-Bacon Act. The Authority continues to utilize pre-bid and pre-construction conferences and reviews by external construction managers to reinforce the requirements and ensure compliance. If a position is not listed in the labor classification schedule, the construction manager will facilitate the contractor securing a clarification or project wage determination from the Department of Labor. For those positions listed in the finding, the construction managers and contractors have already been notified to effect resolution and to provide supporting documentation if payment of back wages is warranted. The Authority will explore other initiatives to streamline the compliance reviews to include involvement by the contractor's office managers and payroll personnel.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Finding No.: 2008 – 2

Federal program information:

CFDA No:	Other Transaction Agreement
Program Name:	International Transfer Facility
Grantor Agency:	Transportation Security Administration
Area:	Reporting/Matching Requirements

Criteria or specific requirement (including statutory, regulatory, or other citation):

The Authority entered into an OTA with the U.S. Department of Homeland Security, through TSA, for the costs related to the relocation of the International Transfer Facility (ITF). The agreement originally stated a matching of 75% of costs with TSA. In August 2007, the agreement was amended to increase the project costs, but lower the matching from 75% to 47% and added a new requirement to withhold a retainage of 17.5%.

Reimbursement requests are to be made in the form of an invoice and should include the dollar amount of reimbursement being requested.

Condition:

The Authority did not take into consideration the modifications made to agreement.

Questioned costs:

No questioned costs were noted.

Context:

Of the four reimbursement requests tested, two requests were computed using the 75% matching and did not take into consideration the retainage requirement, thus resulting in the following differences:

Invoice request no.:	29345
Invoice request date:	06/04/08
Invoice request amount at 75%:	\$267,929
Reimbursement amount at 47%, net of retainage:	\$138,519
Difference:	\$129,410

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Findings and Questioned Costs, continued

Year Ended September 30, 2008

Finding No.: 2008 – 2, continued

Invoice request no.:	29862
Invoice request date:	07/31/08
Invoice request amount at 75%:	\$78,914
Reimbursement amount 47%, net of retainage:	\$40,799
Difference:	\$38,115

Effect:

The Authority reported incorrect reimbursement amounts on their invoices.

Cause:

The Authority did not consider the changes made to the OTA when preparing the reimbursement requests.

Recommendation:

Although the oversight agency identified the discrepancies and corrections have been made to the accounts based on the correct reimbursement amount, we recommend that the Authority be more diligent in identifying changes made to agreements to ensure modifications are considered in reports filed and in budgeting for the matching portion.

Views of Responsible Officials and
Planned Corrective Actions:
Conclusion

An amendment to the TSA Other Transactions Agreement was not provided at the time the Authority requested for the reimbursement. The amendment had changed the allocation of funding shares and provided for a retention. Internal procedures will be improved so that a timely dissemination of grant or funding information and/or accompanying documents shall be made to all divisions, sections and GIAA personnel involved.

Antonio B. Won Pat International Airport Authority, Guam

Schedule of Prior Audit Findings

Year Ended September 30, 2008

Findings in the prior year Audit Report dated January 12, 2008 are as follows:

Federal Award Findings and Questioned Costs

Finding Number: 2006-4
CFDA No: 20.106 and 20.205
Program Name: Airport Improvement Program and Highway Planning and Construction
Area: Davis-Bacon Act
Questioned Costs: \$-0-

Status

The Authority represented that the construction managers are implementing a 100% test on the initial payroll of contractors to ensure that the prevailing wage rates are being complied with. Random tests will be done on succeeding payroll.

One of the two contractors has made adjustments to compensate the differences to employees and has provided supporting documentation. This contractor is now compliant. The second contractor has submitted job descriptions to support the positions in their payroll that are not listed with the Department of Labor. The Authority will continue to review this matter for full compliance.

Finding Number: 2007-1
CFDA No: 20.106
Program Name: Airport Improvement
Area: Davis-Bacon Act
Questioned Costs: \$-0-

Status

The Authority remains diligent for contractors and subcontractors to be in full compliance with the requirements of the Davis-Bacon Act. The Authority continues to utilize pre-bid and pre-construction conferences and reviews by external construction managers to reinforce the requirements and ensure compliance. If a position is not listed in the labor classification schedule, a project wage determination will be requested from the Department of Labor. For those positions listed in the finding, the contractor, upon inquiry, cited in their written response, compliance with certain positions and clerical errors for specific position titles. The Authority, however, will still conduct a complete review of certified payrolls to ensure or cause contractor compliance.