

Auditor's Summary

Financial and Compliance Audit of the O'ahu Metropolitan Planning Organization

Financial Statements, Fiscal Year Ended June 30, 2018



PHOTO: O'AHU METROPOLITAN PLANNING ORGANIZATION

***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the O'ahu Metropolitan Planning Organization (OahuMPO) as of and for the fiscal year ended June 30, 2018, and to comply 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), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by N&K CPAs, Inc.*

About the Organization

OahuMPO WAS ESTABLISHED by agreement between the Governor of the State of Hawai'i and the Chairperson of the City Council of the City and County of Honolulu to serve as the decision making body responsible to carry out the continuing comprehensive and cooperative transportation planning and programming for the island of O'ahu as required by federal law.

Financial Highlights

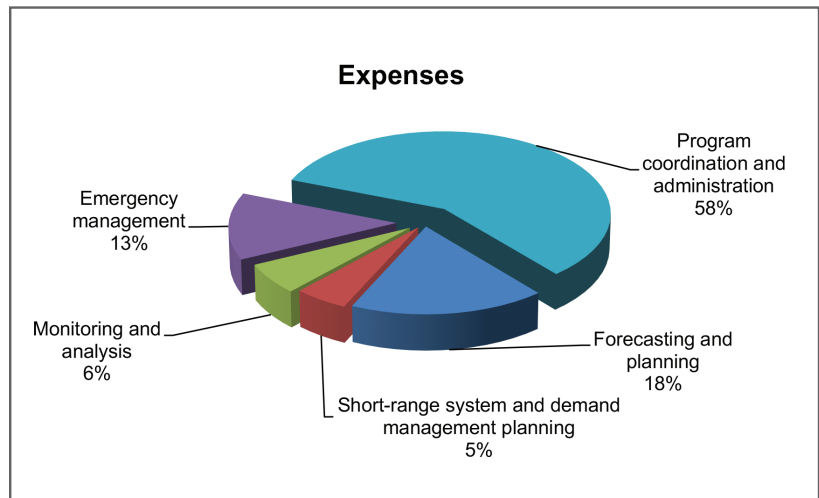
FOR THE FISCAL YEAR ended June 30, 2018, OahuMPO reported total revenues of \$2.1 million and total expenses of \$2.1 million, resulting in no change in net position. Revenues consisted of \$1.7 million from federal grants and \$424,000 from State and City contributions.

Total expenses consisted of \$376,000 for transportation forecasting and long-range planning, \$103,000 for short-range transportation system and demand management planning, \$131,000 for transportation monitoring and analysis, \$283,000 for emergency management, and \$1.2 million for program coordination and administration.

As of June 30, 2018, total assets exceeded total liabilities by \$556,000. Total assets of \$1.78 million included cash of \$998,000, receivables and other assets of \$781,000, and net capital assets of \$1,000. Total liabilities totaled \$1.22 million.

Auditors' Opinions

OahuMPO RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. OahuMPO received a qualified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.



Findings

THERE WAS ONE MATERIAL WEAKNESS and four significant deficiencies in internal control over financial reporting that were required to be reported under *Government Auditing Standards*.

Material Weakness

- Inadequate review of the financial statements resulted in a misclassification of funding received.

Significant Deficiencies

- Lack of formal procedures to assess risk associated with the accounting, grants management, and financial reporting areas;
- Lack of formal procedures over its financial reporting process;
- Appropriate documentation over a key spreadsheet used to summarize the allocation of costs to the appropriate grants was not maintained; and
- Accounting, grants management, and financial reporting policies and procedures were not specific or not documented.

THE AUDITORS IDENTIFIED ONE MATERIAL WEAKNESS and one significant deficiency in internal control over compliance that are required to be reported in accordance with the *Uniform Guidance*.

Material Weakness

- Failure to perform and document subrecipient monitoring.

Significant Deficiency

- Lack of written policies and procedures over cost principles and terms of federal awards.

For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports/2018_Audit/DOT_OMPO2018.pdf
