



**Virgin Islands Port Authority**  
(A Component Unit of the Government of  
the U.S. Virgin Islands)

Schedule of Expenditures of Federal Awards  
and Reports Required by *Government Auditing  
Standards* and the Uniform Guidance  
Year Ended September 30, 2016

**Virgin Islands Port Authority**  
(A Component Unit of the Government of  
the U.S. Virgin Islands)

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Schedule of Expenditures of Federal Awards  
and Reports Required by *Government Auditing*  
*Standards* and the Uniform Guidance  
Year Ended September 30, 2016

**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

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## Independent Auditor’s 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*

To the Governing Board  
Virgin Islands Port Authority

We have audited, in accordance with 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, the financial statements of the Virgin Islands Port Authority (the Authority), a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated June 23, 2017.

### 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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in greater detail in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies identified below and described in greater detail in the accompanying schedule of findings and questioned costs to be material weaknesses.

Finding #	Nature of Finding
2016-001	Lease Agreement(s) Administration
2016-002	Cash Based Revenue

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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. We consider the deficiency identified below and described in greater detail in accompanying schedule of findings and questioned costs to be a significant deficiency.

Finding #	Nature of Finding
2016-003	User Access and Program Change Management

### 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 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*.

### The Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are included in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

### 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

June 23, 2017



## **Independent Auditor's Report on Compliance For Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Governing Board  
Virgin Islands Port Authority

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

We have audited the Virgin Islands Port Authority's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2016. 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. The Authority is a component unit of the Government of the U.S. Virgin Islands.

#### ***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.

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

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

#### ***Basis for Qualified Opinion on CFDA 20.106, Airport Improvement Program***

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 20.106, Airport Improvement Program, as described in finding number 2016-004, for Procurement, Suspension, and Debarment.



Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

***Qualified Opinion on CFDA 20.106, Airport Improvement Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 20.106, Airport Improvement Program for the year ended September 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs, and as listed below. Our opinion on the major federal program is not modified with respect to this matter.

Finding #	CFDA #	Program Name	Compliance Requirement
2016-005	20.106	Airport Improvement Program	Reporting

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.

**Report on Internal Control Over Compliance**

Management of the Authority 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 Authority'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 Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, and as listed below, to be a material weakness.

Finding #	CFDA #	Program Name	Compliance Requirement
2016-004	20.106	Airport Improvement Program	Procurement, Suspension, and Debarment

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, and as listed below, to be a significant deficiency.

Finding #	CFDA #	Program Name	Compliance Requirement
2016-005	20.106	Airport Improvement Program	Reporting

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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 Virgin Islands Port Authority, a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 23, 2017, 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 financial statements as a whole.

*BDO USA, LLP*

June 30, 2017

## Schedule of Expenditures of Federal Awards

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**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

**Schedule of Expenditures of Federal Awards**

<i>Year ended September 30,</i>					2016
<i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>	
<b>U.S. Department of Transportation: Federal Aviation Administration Direct Programs</b>					
Airport Improvement Program Cyril E. King Airport	20.106	-	-	\$ 667,096	
Airport Improvement Program Henry E. Rohlsen Airport	20.106	-	-	3,826,539	
Payments for Small Community Air Service Development	20.930	-	-	6,296	
<b>Total U.S. Department of Transportation Direct Programs</b>				<b>4,499,931</b>	
<b>U.S. Department of Homeland Security: Transportation Security Administration Direct Programs</b>					
National Explosive Detection Canine Team Program Cyril E. King Airport	97.072	-	-	151,500	
Law Enforcement Officer Reimbursement Agreement Program Cyril E. King Airport	97.090	-	-	196,745	
Law Enforcement Officer Reimbursement Agreement Program Henry E. Rohlsen Airport	97.090	-	-	101,640	
<b>Total U.S. Department of Homeland Security Direct Programs</b>				<b>449,885</b>	
<b>Total Expenditures of Federal Awards</b>				<b>\$ 4,949,816</b>	

*See accompanying note to the Schedule.*

**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

**Note to the Schedule of Expenditures of Federal Awards**

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**1. Summary of Significant Accounting Policies**

***Reporting Entity***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Virgin Islands Port Authority (the Authority) under programs of the Federal government for the year ended September 30, 2016. 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). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Further, 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.

***Basis of Accounting***

Expenditures included in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

***Matching Costs***

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

***Relationship to Federal Financial Reports***

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the basis described above.

## Schedule of Findings and Questioned Costs

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**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

**Schedule of Findings and Questioned Costs**

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**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 generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        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?   X   Yes        No
- Significant deficiency(ies) identified?   X   Yes        None reported

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

Qualified

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:

CFDA Number  
20.106

Name of Federal Program or Cluster  
Airport Improvement Program

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

\$750,000

Auditee qualified as low-risk auditee?

       Yes   X   No

**Virgin Islands Port Authority**  
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**Schedule of Findings and Questioned Costs**

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**Section II - Financial Statement Findings**

**Finding 2016-001: Lease Agreement(s) Administration**

The Authority leases properties to outside users which are governed under the terms of a significant number of lease agreements. Leased facilities can include warehouse space, terminal counter space, terminal retail space, commercial space, and office space. We selected a sample of leases for our test work and noted the following:

- Various lease agreements required rental increases every three (3) years, based on the higher of the change in the Consumer Price Index (CPI) or 5%, which had not been implemented by the Authority.
- Several lease agreements noted that the lease should not be renewed after the expiration period; however, the lease had not been terminated or revised accordingly.
- Several occurrences where lease agreements, supporting rental collections recorded in the general ledger, were not available. We understand that the Authority has several leases that have lapsed and are on month-to-month terms; however, in these instances, there were no previous lease agreements available to evidence that the leases had in fact, lapsed and were now operating on a month-to-month basis.
- Instances where lease agreements required a set amount to be deposited with the Authority and the actual amount deposited did not agree to the lease terms.

Given the significant number of leases entered into by the Authority, these issues can result in a loss of control and efficiency. We recommend that the Authority develop a lease rental database application package that would integrate with the general ledger package. This should also serve as the central database of all business documents. A system-generated lease revenue summary should be analyzed and reconciled with the general ledger on a periodic basis. This procedure will help ensure that proper billing and related information is posted to the general ledger and that lease revenues are accurate.

Furthermore, a workable mechanism should be maintained to alert management to important dates that require timely attention, such as renewal clauses, rate changes, option dates, addendum values, and expiration dates.

***Views of Responsible Officials and Planned Corrective Actions:***

The Authority concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Authority's Corrective Action Plan attached as an Appendix to the Single Audit Report.

**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

**Schedule of Findings and Questioned Costs**

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**Finding 2016-002: Cash Based Revenue**

A well-designed system for the revenue cycle is very important for the success of any business enterprise. There must be a process that appropriately bills and collects. Further, a strong revenue cycle contains adequate segregation of duties and overall organization and timing are critically important to its effectiveness.

At present, marine docking, marine pilotage, private yachts/small boat dues, ferry passenger fees, and various marine and aviation parking lot fees are collected by various dock masters and/or other operators in the form of cash. We noted the following:

- The dock masters who are in-charge of billing are also collecting the corresponding fees.
- Information, such as a vessel's specifications (e.g. length, draft, gross tonnage) in the eCollect marine database which is used for billing calculations, is not reviewed on a periodic basis.

Subsequent to year end, we did note that management had worked on and implemented various steps for separating closely related functions in the cash receipts cycle in order to reduce the risk that receipts could be improperly deposited, lost, or misappropriated. We recommend that management continue with and accelerate its effort(s).

***Views of Responsible Officials and Planned Corrective Actions:***

The Authority concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Authority's Corrective Action Plan attached as an Appendix to the Single Audit Report.

**Virgin Islands Port Authority**  
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**Schedule of Findings and Questioned Costs**

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**Finding 2016-003: User Access and Program Change Management**

Inappropriate or excessive access may result in unauthorized data changes or transactions. As such, user access and administration (user addition, modification, removal) controls should be adhered to in order to ensure that appropriate access is granted and terminated employees are removed in a timely manner.

- A periodic review of user access was not performed to support continuing appropriate rights or to manage the risk of terminated employees retaining access. For terminated employees, among other procedures, there should be a process for immediate deletion of passwords on the network and various applications, as well as passwords for hardware and software. In addition, management may consider a periodic reconciliation of application accounts as compared to active Authority employees.
- We also noted that administrative access rights had been provided to several business users.

At the present time, there are varying degrees of formality of controls over program changes.

- Once changes are developed and tested by the Authority's outside consultant, they are moved to a test environment at the Authority where the enhancements are piloted. Subsequent to a successful pilot effort, the Information Technology (IT) Manager and outside IT consultant collaborate to identify when and how to move the changes to a production environment. All documentation of development and testing is exchanged via email and no ongoing evidence is maintained.

It is further noted that support for authorizing the move to production is limited to a successful pilot process; it does not consider an analysis of other potential risks.

Inappropriate system modifications to applications can cause incorrect calculations and compromise functionality. The Authority may consider centralizing its documentation process to mitigate the risk of any potential change being implemented without the appropriate approval(s).

During the fiscal year under audit, management began to address these items and we recommend that management continue with and accelerate its effort(s).

***Views of Responsible Officials and Planned Corrective Actions:***

The Authority concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Authority's Corrective Action Plan attached as an Appendix to the Single Audit Report.

**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

**Schedule of Findings and Questioned Costs**

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**Section III - Federal Award Findings and Questioned Costs**

**Finding 2016-004: Procurement, Suspension, and Debarment**

Information on Federal Program(s) - U.S. Department of Transportation:  
Federal Aviation Administration

Airport Improvement Program  
CFDA Number: 20.106

Criteria or Specific Requirement - Certain prescribed requirements dictate that recipients of Federal awards have adequate procedures and controls in place to ensure that practices are properly documented in the entity's files, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation corroborate compliance with these requirements.

Condition - In our review of two (2) procurement transactions meeting the test threshold, the Authority was unable to provide evidence that the suspension and debarment analysis for one (1) of the transactions had been performed before contract activity began. It was noted that the required analysis was performed several months after the contract had been executed.

Questioned Costs - Not applicable.

Context - This is a condition identified per review of the Authority's compliance with specified requirements. We reviewed two (2) procurement files with expenditures totaling \$2,223,411, for fiscal year 2016.

Effect - The Authority could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government.

Cause - The Authority did not strictly adhere to its policies and procedures.

Identification as a Repeat Finding - Not Applicable.

Recommendation - We recommend that the Authority follow its internal controls to ensure adherence to Federal regulations relating to the procurement of goods and services. There should be timely coordination and communication amongst all departments that are responsible for handling and managing procurement tasks.

Views of Responsible Officials and Planned Corrective Actions - The Authority concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Authority's Corrective Action Plan attached as an Appendix to the Single Audit Report.

**Virgin Islands Port Authority**  
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**Schedule of Findings and Questioned Costs**

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**Finding 2016-005: Reporting**

Information on Federal Program(s) - U.S. Department of Transportation:  
Federal Aviation Administration

Airport Improvement Program  
CFDA Number: 20.106

Criteria or Specific Requirement - In accordance with the OMB Compliance Supplement for this program, each State or Territory must file various financial, programmatic, and special reports. Additionally, the requirements necessitate that all submitted reports should be supported by the underlying performance records and presented in accordance with program requirements.

Condition: For one (1) out of the five (5) sampled reports reviewed, the amounts included did not agree with the underlying accounting records.

Questioned Costs - Not applicable.

Context - This is a condition identified per review of the Authority's compliance with specified requirements. The report was understated by \$618,546.

Effect - Inaccurate information may have been reported to the Federal government.

Cause - It appears that policies and procedures, including review over reporting procedures were not functioning as intended.

Identification as a Repeat Finding - Not Applicable.

Recommendation - We recommend that the Authority reevaluate its policies and procedures to ensure proper monitoring and review of the required reports by an appropriate official who would ensure the information submitted is complete, accurate, consistent, and submitted within the required timeframe.

Views of Responsible Officials and Planned Corrective Actions - The Authority concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Authority's Corrective Action Plan attached as an Appendix to the Single Audit Report.

## Management's Appendices

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June 30, 2017

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In connection with the Single Audit of the Virgin Islands Port Authority (the Authority) for the year ended September 30, 2016, transmitted herewith is the Fiscal Year 2016 Status of Prior Audit Findings and a Corrective Action Plan in accordance with 2 CFR §200.511, *Audit Findings Follow-Up*. These schedules provide the status of the *Government Auditing Standards* and the Single Audit findings for fiscal years 2016 and 2015.

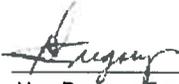
The Authority is focused on improving its procedures to ensure that these findings are resolved.

If you have any questions, please contact us.



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Mr. David Mapp  
Executive Director



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Ms. Donna Frett-Gregory  
Chief Financial Officer



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Ms. Anna Mauricia Penn  
Controller

**Virgin Islands Port Authority**  
(A Component Unit of the Government of the U.S. Virgin Islands)

**Status of Prior Audit Findings**

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**Finding 2015-001: Reconciliation and Review Processes**

Current Status: Corrective action plan was implemented. Finding not repeated in current year.

**Finding 2015-002, 2014-002, and 2013-02: Lease Agreement(s) Administration**

Current Status: Partially corrected; repeated as finding 2016-001.

Reason for Recurrence: The Authority is focused on improving its procedures. Due to the timing of issuance of prior year reports, there are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Property Management Division subsequently completed the input of tenant information for the leases under its management into the Lease Management Module (LMM) on December 31, 2016. Property managers are now able to:

- Account for all active, non-active, or month to month arrangements in LMM.
- Reconstitute the data elements underlying each active, non-active, or month to month tenancies in LMM to improve the accuracy of billing and reconciliation to the general ledger.
- Note all dates in each active, non-active, or month-to-month tenancy in LMM and integrate with Microsoft Outlook to automate and ensure timely attention to required lease provisions (i.e. rent changes, option exercise, term expirations, etc.). The Property management division intends to complete implementing the Microsoft Outlook Notice Feature by September 30, 2017.

For the remaining leases, which are managed under the Crown Bay facility, the LMM is currently in the implementation phase with a targeted completion date of December 31, 2017.

**Finding 2015-003: Reversionary Property Leases**

Current Status: Corrective action plan was implemented. Finding not repeated in current year.

**Finding 2015-004, 2014-004, and 2013-04: Cash Based Revenue**

Current Status: Partially corrected; repeated as finding 2016-002.

Reason for Recurrence: The Authority is focused on improving its procedures. Due to the timing of issuance of prior year reports, there are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

**Virgin Islands Port Authority**  
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**Status of Prior Audit Findings**

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Corrective Action Plan: While we recognize that all our corrective actions were not implemented as of October 1, 2016, the following are mitigating measures which have been executed by the Authority to address this subject:

- As of September 26, 2016, the Authority's Marine Division instituted a policy of periodic audits to ensure the accuracy of vessel specifications in the eCollect system. The Marine Division will continue to perform bi-annual reviews of the marine database to ensure that information utilized is updated and in line with certificates of inspection and/or certificates of registry for billing purposes.
- As of November 1, 2016, the Authority has implemented a no cash policy at all its seaports. Customers are now on account and billed monthly, or they pay at the seaports using a debit card with a VISA logo, a credit card (VISA or MasterCard only) or pay via check. In instances where customers only have cash, they are required to visit the respective Marine Division office to make payment or make payment to the Chief Wharfinger. Repeat customers are required to secure the necessary debit or credit card to make payment or secure customer accounts.
- By October 1, 2017, the Authority's Information Technology (IT) Division will ensure that dock masters cannot make changes to programmed vessel information in the system. Further, the Authority will conduct an external field audit of the revenue collections operations and the eCollect system functionality.

**Finding 2015-005, 2014-005, and 2013-05: User Access and Program Change Management**

Current Status: Partially corrected; repeated as finding 2016-003.

Reason for Recurrence: The Authority is focused on improving its procedures. Due to the timing of issuance of prior year reports, there are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Authority has implemented or is in the process of implementing measures to address this subject as follows:

- As of June 2016, the IT Division has implemented the change management process document, which requires formal processes to implement program change. Application program changes will be documented with specifics related to change impact and benefits to the Authority. Additionally, the document requires a sign-off from end user departments who are required to participate in pilot testing. Once sign-offs are obtained, the program change can be moved to production.
- In October 2016, the IT Division implemented a software change audit form which captures the details of any software change. This includes the impact of change, budget, and management approval, in addition to the establishment of a project team and team leaders, the responsible person(s), and acceptance of change. This is in addition to a project plan that details the associated tasks of the project. To further enhance the software change process, we will immediately require sign-offs of responsible persons that are associated with the software change audit form.

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**Status of Prior Audit Findings**

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- In December 2016, the Authority issued a Management of Access and Permissions to Network Domain and a Financial Automated Systems policy. The provisions of Section II (Policies and Procedures) and Section VII (Review and Validation) of this policy addresses this subject. In addition, the Authority's IT Division will conduct periodic reviews of the user access listing and maintain a detailed log of the review(s) performed.
- In addition to the policy mentioned above, any consultants that require administrative accesses will be isolated to local rights to that specific device and for those consultants that provide direct day to day support to users on specific applications that may require administrative access, a spreadsheet will be set up to keep a log of such support. The Information Technology (IT) Division has removed super user access from all users who are not associated with this division.

**Finding 2015-006: Data Collection Form and Single Audit Reporting Package**

Federal Program: CFDA Number 20.106, Airport Improvement Program

Current Status: Corrective action plan was implemented. Finding not repeated in current year.

**Finding 2015-007: Allowable Costs/Cost Principles - Payroll Activities**

Federal Program: CFDA Number 20.106, Airport Improvement Program

Current Status: Corrective action plan was implemented. Finding not repeated in current year.

**Finding 2015-008: Special Tests and Provisions - Wage Rate Requirements**

Federal Program: CFDA Number 20.106, Airport Improvement Program

Current Status: Corrective action plan was implemented. Finding not repeated in current year.

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**Corrective Action Plan**

Page Number	Finding	Responsible Officials	Estimated Completion Date	Corrective Action
12	2016-001	Executive Director, Legal Counsel, Director of Property Management, and the General Manager - Crown Bay Center.	December 31, 2017	<p>The Property Management Division subsequently completed the input of tenant information for the leases under its management into the Lease Management Module (LMM) on December 31, 2016. Property managers are now able to:</p> <ul style="list-style-type: none"> <li>• Account for all active, non-active, or month to month arrangements in LMM.</li> <li>• Reconstitute the data elements underlying each active, non-active, or month to month tenancies in LMM to improve the accuracy of billing and reconciliation to the general ledger.</li> <li>• Note all dates in each active, non-active, or month-to-month tenancy in LMM and integrate with Microsoft Outlook to automate and ensure timely attention to required lease provisions (i.e. rent changes, option exercise, term expirations, etc.). The Property management division intends to complete implementing the Microsoft Outlook Notice Feature by September 30, 2017.</li> </ul> <p>For the remaining leases, which are managed under the Crown Bay facility, the LMM is currently in the implementation phase with a targeted completion date of December 31, 2017.</p>
13	2016-002	Chief Financial Officer, Controller, Marine Managers, and Internal Audit.	Ongoing through October 1, 2017.	<p>While we recognize that all our corrective actions were not implemented as of October 1, 2016, the following are mitigating measures which have been executed by the Authority to address this subject:</p> <ul style="list-style-type: none"> <li>• As of September 26, 2016, the Authority's Marine Division instituted a policy of periodic audits to ensure the accuracy of vessel specifications in the eCollect system.</li> </ul>

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**Corrective Action Plan**

Page Number	Finding	Responsible Officials	Estimated Completion Date	Corrective Action
				<p>The Marine Division will continue to perform bi-annual reviews of the marine database to ensure that information utilized is updated and in line with certificates of inspection and/or certificates of registry for billing purposes.</p> <ul style="list-style-type: none"> <li>• As of November 1, 2016, the Authority has implemented a no cash policy at all its seaports. Customers are now on account and billed monthly, or they pay at the seaports using a debit card with a VISA logo, a credit card (VISA or MasterCard only) or pay via check. In instances where customers only have cash, they are required to visit the respective Marine Division office to make payment or make payment to the Chief Wharfinger. Repeat customers are required to secure the necessary debit or credit card to make payment or secure customer accounts.</li> <li>• By October 1, 2017, the Authority's Information Technology (IT) Division will ensure that dock masters cannot make changes to programmed vessel information in the system. Further, the Authority will conduct an external field audit of the revenue collections operations and the eCollect system functionality.</li> </ul>
14	2016-003	Information Technology Manager.	Immediately	<p>The Authority has implemented or is in the process of implementing measures to address this subject as follows:</p> <ul style="list-style-type: none"> <li>• As of June 2016, the IT Division has implemented the change management process document, which requires formal processes to implement program change. Application program changes will be documented with specifics related to change impact and benefits to the Authority.</li> </ul>

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**Corrective Action Plan**

Page Number	Finding	Responsible Officials	Estimated Completion Date	Corrective Action
				<p>Additionally, the document requires a sign-off from end user departments who are required to participate in pilot testing.</p> <p>Once sign-offs are obtained, the program change can be moved to production.</p> <ul style="list-style-type: none"> <li>• In October 2016, the IT Division implemented a software change audit form which captures the details of any software change. This includes the impact of change, budget, and management approval, in addition to the establishment of a project team and team leaders, the responsible person(s), and acceptance of change. This is in addition to a project plan that details the associated tasks of the project. To further enhance the software change process, we will immediately require sign-offs of responsible persons that are associated with the software change audit form.</li> <li>• In December 2016, the Authority issued a Management of Access and Permissions to Network Domain and a Financial Automated Systems policy. The provisions of Section II (Policies and Procedures) and Section VII (Review and Validation) of this policy addresses this subject. In addition, the Authority's IT Division will conduct periodic reviews of the user access listing and maintain a detailed log of the review(s) performed.</li> <li>• In addition to the policy mentioned above, any consultants that require administrative accesses will be isolated to local rights to that specific device and for those consultants that provide direct day to day support to users on specific applications that may require administrative access, a spreadsheet will be set up to keep a log of such support. The Information Technology (IT) Division has removed super user access from all users who are not associated with this division.</li> </ul>

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**Corrective Action Plan**

Page Number	Finding	Responsible Officials	Estimated Completion Date	Corrective Action
15	2016-004	Engineering, Procurement, and Legal Department Managers, including Internal Audit.	Immediately	<p>The Procurement Policy and Procedures (Version 4.0, Revised January 2017) includes a checklist procedure to ensure compliance and timely review of the debarment, suspension, ineligibility, and voluntary exclusion documentation.</p> <p>Additionally, the Authority's Internal Auditor, will conduct periodic reviews to ensure that existing procedures are adhered to. The Contracting and Legal Division will continue to utilize the existing Contract Form Checklist (CFC) to ensure that suspension and disbarment documents are included during the contractual and legal review process. This will allow the Authority to immediately institute corrective action where deficiencies are noted before contract execution.</p>
16	2016-005	Senior Accountant, Controller, and Chief Financial Officer.	Immediately	To prevent such future occurrences, the Controller will ensure the accuracy of reports by reviewing, verifying, and signing off on them prior to submittal.