

**Western Pacific Regional Fishery Management Council
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Identification of major program:

CFDA Number

11.441

Name of Federal Program or Cluster

Regional Fishery Management Councils

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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**Western Pacific Regional Fishery Management Council
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No. Internal Control Findings

2014-001 Properly Record All Accrual Entries

Criteria: The use of accrual basis of accounting throughout the year results in financial statements reflecting the complete effects of an entity's financial transactions for a period.

Condition: At the end of the year, audit adjusting entries are needed to properly report expenditures and expenses incurred for the year. For the year ended December 31, 2014, an adjustment of approximately \$487,000 in additional expenses had to be recorded to properly state expenditures.

Cause: Throughout the year, the accounting records are kept on a cash basis of accounting. At the end of the year accrual entries are recorded to be able to report expenditures on an accrual basis. The amount recorded does not always encompass all liabilities at year end.

Effect: Liabilities and expenses at year end are not properly recorded. In addition, although the Council has a multi-year grant which allows for some flexibility in its annual spending, they are at risk of spending in excess of the amount budgeted for the year. This could lead to funding shortfalls in the year that the multi-year grant ends.

Recommendation

The Council should maintain its accounting records on a full accrual basis throughout the year. If the Council cannot maintain its accounting records on a full accrual basis throughout the year, it should develop procedures to be able to properly record all accrual entries.

**Western Pacific Regional Fishery Management Council
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
 Year Ended December 31, 2014**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>Ref. No.</u>	Compliance and Internal Control Findings	<u>Questioned Costs</u>
2014-002	<p>Timely submission of the reporting package</p> <p>Criteria: OMB Circular A-133 Section 320(a) states that the reporting package should be submitted to the Federal clearinghouse by the earlier of 30 days after the audit report is received or 9 months after the fiscal year end.</p> <p>Condition: The fiscal year December 31, 2013 audit reporting package was submitted in December 2014, after the September 30, 2014 deadline.</p> <p>Cause: Delay in final draft of the audit report due to discovery of subsequent information that required proper disclosure in the report.</p> <p>Effect: Late submission of the reporting package.</p>	<p>\$ <u> --</u></p>

Recommendation

The Council should make a concerted effort to make all information available for audit in a timely manner. If all potential issues are addressed at an earlier part in the process this will lead to timely report completion and timely package submittal.

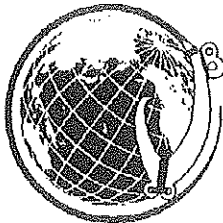
PART V

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Western Pacific Regional Fishery Management Council
STATUS REPORT
Year Ended December 31, 2014**

No prior audit findings which apply under the current criteria of OMB Circular A-133 were noted.

PART VI
CORRECTIVE ACTION PLAN



**Western
Pacific
Regional
Fishery
Management
Council**

September 14, 2105

N&K CPAs, Inc.
American Savings Bank Tower, Suite 1700
1001 Bishop Street
Honolulu, Hawaii 96813

We are providing this letter as a required response to the compliance finding for the 2013 audit.

The Western Pacific Regional Fishery Management Council (Council) did not delay the required filing of the audit. The audit had been completed, but had not been filed. N&K CPAs, Inc. read an article and on or about September 24, 2015, 6 days before the required audit filing, your representative contacted our office and asked for correspondence from NOAA's Grant Management Division (GMD) regarding the article. On September 29, 2014, Mr. Randy Holmen contacted N&K CPAs, Inc and requested the auditor to note the matter in the audit and file the report on time. This request was in response from GMD that the matter in the article and the audit were not related. Mr. Holmen was told that N&K would not issue the audit until the Council provided access to correspondence from GMD to the Council. On October 2, 2014, I emailed N&K CPAs, Inc. stating the following "Jeff Joyner, senior counsel, Office of the General Counsel, U. S. Department of Commerce, has advised me to ask you to complete the audit with a note of this outstanding issue that is currently being addressed." Again, N&K chose not to file the audit.

On November 2, 2014, the Council staff and your representatives met at the Council office. We explained the above and that we believed we were being held hostage based on the non filing by N&K. Although the matter was not completed, the Council provided the requested correspondence.

Rose B. Simonds
Executive Director