OahuMPO

Memorandum

To: Policy Board Members

From: Alvin Au, Executive Director

Date: February 23, 2018

Executive Director's Report

Accomplishments and Progress

1. A series of meetings were held with the N & K CPA, Inc. auditors who are conducting the 2017 Single Audit, to discuss and provide information. Attached is a letter from the single audit firm, N & K, CPA, Inc. to the Policy Board outlining the professional standards being applied that relate to the audit contract which commenced on January 11, 2018. A report will be issued on March 30, 2018.

2. Attended the State Sub-Statewide Transportation Advisory Committee meeting on February 15, 2018 which covered Performance Measures, the Asset Management Plan, and state and county reports and updates.

3. 2018 Federal Certification Review is tentatively scheduled on May 15-18, 2018.

4. 2019 Overall Work Program is in progress, and we will provide an initial draft to the TAC for discussion at their scheduled March 9, 2018 meeting. There were eight new work element projects submitted by DTS. Also, HART has notified us that they will be submitting two new work element projects.

5. Attended the State Senate Transportation and Energy Committee hearing on February 8, 2018 relating to SB 2296 which would require that membership of each MPO Policy Board include at least one member of the Senate, and one member of the House from that MPO's area.

Technical Advisory Committee (TAC)

The TAC met on February 9, 2018 and elected Marian Yasuda as Chair and Robert Miyasaki as Vice Chair for a term of 2 years.

Citizens Advisory Committee (CAC)

The CAC did not meet on February 21, 2018.

N&K CPAs, Inc.
ACCOUNTANTS | CONSULTANTS

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To the Policy Board
Oahu Metropolitan Planning Organization
State of Hawaii

We are engaged to audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Oahu Metropolitan Planning Organization (OahuMPO) as of and for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under Auditing Standards Generally Accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance

As stated in our contract effective as of December 20, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the OahuMPO's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider 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 and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

As part of obtaining reasonable assurance about whether the OahuMPO's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the OahuMPO's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the OahuMPO's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the OahuMPO's compliance with those requirements.

Accounting principles generally accepted in the United States of America provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect the Management Discussion & Analysis, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the Schedule of Expenditures by Agency and Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We began our audit on January 11, 2018 and expect to issue our report on approximately March 30, 2018. Chad K. Funasaki is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Policy Board, management of the OahuMPO and the Auditor, State of Hawaii and is not intended to be and should not be used by anyone other than these specified parties.

N & K CPAs, Inc.

Honolulu, Hawaii
February 6, 2018

c: Alvin Au, Executive Director, Oahu Metropolitan Planning Organization
Leslie H. Kondo, State Auditor