

FEDERAL MARITIME COMMISSION

FISCAL YEAR 2026

PERFORMANCE AND ACCOUNTABILITY REPORT

November 2026

Contents

A Message from the Chairman 3
Management's Discussion and Analysis 4
Commission Background 5
Increased Investigations and Enforcement 6
Compliance 7
Increased Consumer Assistance – Helping Exporters and Importers 7
FY 2026 Performance Highlights 7
Ensuring a Competitive Ocean Transportation System 7
FMC Vessel-Operating Common Carrier (VOCC) Audit Program 8
Informal Dispute Resolution Assistance 8
Ocean Shipping Reform Act of 2022 9
Tariffs and Service Contracts 10
Maritime Supply Chain Analytics 10
FY 2026 Trends 10
Compliance Pilots 11
Ensuring Industry Compliance 11
Ocean Transportation Intermediary Licensing 11
Ocean Transportation Intermediary Financial Responsibility 11
Passenger Vessel Operators 11
International Collaboration 12
Litigation Before the Commission 12
Organizational Management 13
IT Advancement and Enterprise Transformation 13
Cybersecurity, Compliance, and Operational Resilience 13
Data Governance, Analytics, and Responsible SI 14
Enterprise Governance and Workforce Readiness 14
Program Performance Overview 14
Achieving Strategic Goal Results 14
Strategic Management of Human Capital 14
Competitive Sourcing 15
Source of Funds 16

Financial Statement Highlights 17
Analysis of FMC's Systems, Controls, and Legal Compliance 20
Management Assurances 20
DATA Act – USA Spending Reconciliation 22
Limitations of the Financial Statements 22
Federal Managers' Financial Integrity Act Statement of Assurance 23
Annual Performance Report 24
Financial Information 33
Message from the Chief Financial Officer 34
Principal Financial Statements 35
Financial Statements & Independent Auditor Report 36
Other Required Information 59
Inspector General's Statement on Management and Performance Challenges 60
Comments on Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenge 63
Financial Statement Audit Summary 64
Management Assurances Summary 64
Fraud Reduction Report 65
Civil Monetary Penalty Adjustment for Inflation 65
Biennial Review of User Fees 66

A Message from the Chairman



The Federal Maritime Commission's (FMC or Commission) Fiscal Year 2026 (FY 2026) Performance and Accountability Report (PAR) provides a comprehensive representation of the Commission's efforts to ensure a competitive and reliable system for the carriage of cargo and passengers by water in the foreign commerce of the United States over the past fiscal year. The performance and financial data in this report are complete and reliable under the Office of Management and Budget guidelines.

The Commission evaluated its management controls and financial management system pursuant to the Federal Managers' Financial Integrity Act of 1982 prior to preparing this report. No material weaknesses were identified, and the financial management system conforms to all federal requirements. In accordance with OMB Circular A-123, Appendix C, reporting requirements, the Commission identified no improper payments made in FY 2025 (the most recent data available).

This report contains the results of an independent audit of the Commission's financial statements, internal controls, and management systems indicating that they conform to Generally Accepted Accounting Principles, laws, regulations, and other requirements. Our statement of assurance appears on page 23, and the independent auditor's report appears on page 37. For the 23rd consecutive year, the Commission's financial statements have earned an unmodified opinion.

This report provides highlights of the Commission's activities in FY 2026, guided by its Strategic Plan. The FMC is committed to maintaining a competitive and reliable international ocean transportation supply system, facilitating the Nation's commerce, and protecting U.S. shippers while ensuring proper operational oversight, transparency, and accountability to the American public in achieving its mission. This report is available online at: https://www.fmc.gov/about-the-fmc/performance-and-accountability-reports/.

Sincerely,

/s/
Laura DiBella
Chairman
November 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Commission Background

The Federal Maritime Commission (FMC or Commission) is the Executive Branch agency responsible for regulating U.S. international ocean transportation for the benefit of U.S. exporters, importers, and consumers. The FMC has jurisdiction over competition, practices, and service in the ocean shipping industry, and protects U.S. maritime commerce and the U.S.-flagged merchant marine from unreasonable laws or practices by foreign governments and carriers through civil enforcement, economic monitoring, and rigorous licensing requirements. The Commission's essential functions include oversight of antitrust-exempt agreements by ocean common carriers and marine terminal operators, enforcement of the Shipping Act and related laws, licensing of ocean transportation intermediaries, administration of financial responsibility requirements for cruise lines, and dispute resolution services. These vital efforts help maintain a level playing field for U.S. businesses and consumers.

Mission Statement

Ensure a competitive and reliable international ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices.

Statutory Authority

The Commission administers Subtitle IV (Parts A through D) of Title 46, United States Code, including the various amendments to Title 46 implemented by the Ocean Shipping Reform Act of 2022 (OSRA 2022) and section 834 of the Frank LoBiondo Coast Guard Authorization Act of 2018 (LoBiondo Act).

Parts A and B of Subtitle IV govern the regulation of ocean shipping and were formerly known as the Shipping Act of 1984 (the Shipping Act), as amended, the Foreign Shipping Practices Act of 1988 (FSPA), and Section 19 of the Merchant Marine Act, 1920. The Commission also administers Part C of Subtitle IV, formerly sections 2 and 3 of P.L. 89-777, and section 3503(b)(1)(C) of Title 46, United States Code. Part C and section 3503 mandate financial responsibility requirements of cruise line operators towards passengers of such vessels. Part D of Subtitle IV addresses the Commission generally, including its organization and authority to prescribe regulations. Part D also contains various provisions or amendments that were in the Shipping Act, FSPA, and the LoBiondo Act.

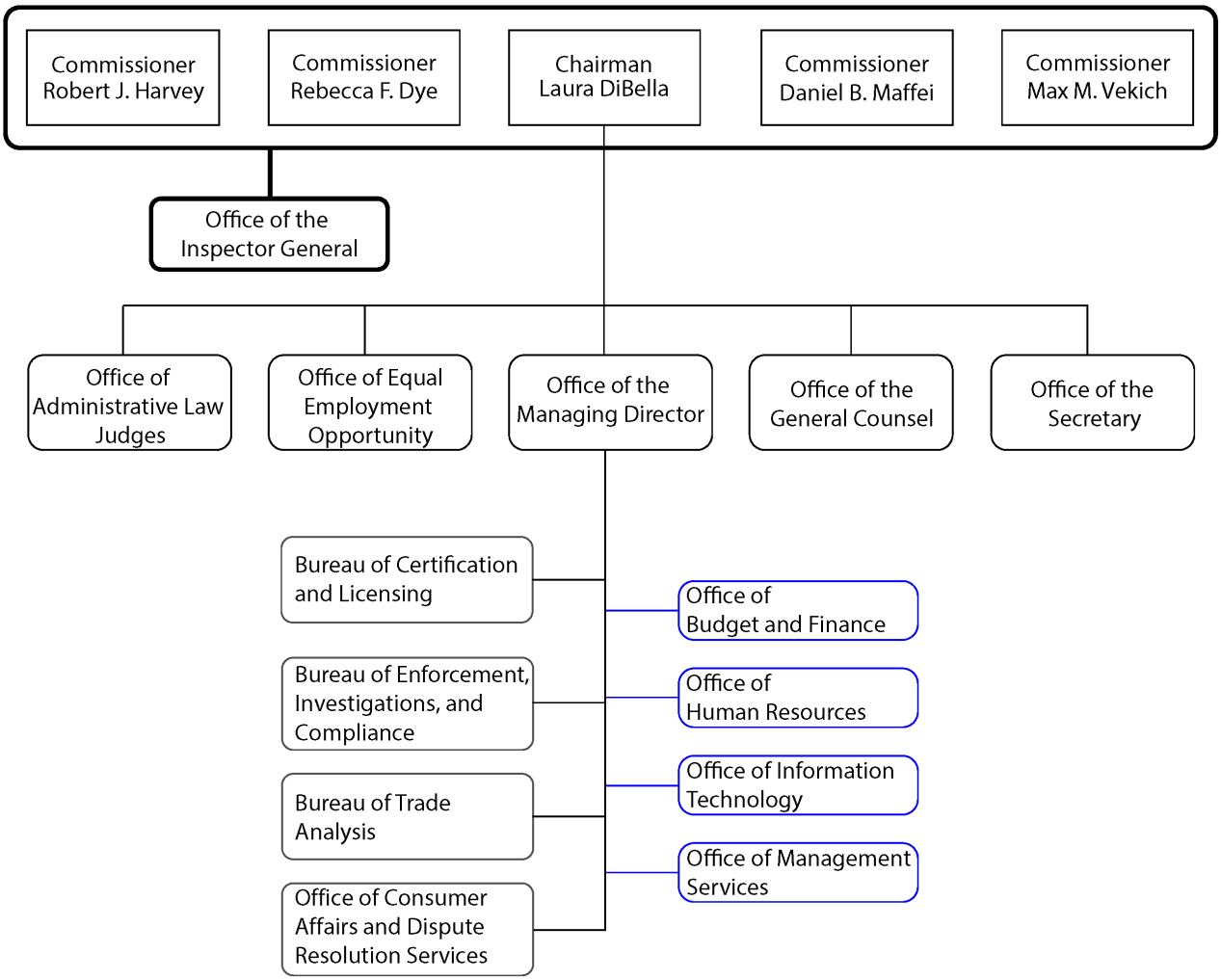
Organizational Structure

The Commission is a bipartisan body composed of five Commissioners nominated by the President and confirmed by the United States Senate, each serving a staggered five-year term. No more than three members of the Commission may be of the same political party. One Commissioner is designated by the President to serve as the Chairman. The Chairman is the chief executive and administrative officer of the Commission.

The Commission staff is comprised mainly of economists, attorneys, investigators, and other experts in ocean transportation, located at the Commission's headquarters in Washington, D.C.

Organization Chart

June 2026



Priorities Reflecting Ocean Shipping Industry Conditions

During this performance year, the Commission continued to focus on maintaining the integrity and competitiveness of the ocean shipping industry in three areas: increased investigations and enforcement, continued compliance, and enhanced consumer assistance.

Increased Investigations and Enforcement

The FMC protected the public through investigation and enforcement programs aimed at deterring violations of the law by the entities it regulates. OSRA 2022 identified additional areas of attention for the Commission's enforcement and compliance activities. Enforcement priorities focus on unlawful common carrier and marine terminal operator (MTO) practices that negatively impact

significant portions of the maritime industry or appear to cause market distortion. The enforcement program has been successful in legal actions, collecting approximately $24,575,787 in civil penalties for violations of the law in FY 2026.

Continued Compliance

The Commission's statutory and regulatory authorities apply to international waterborne commerce as well as passenger vessel operations calling at U.S. ports. Strong oversight of industry activity includes verifying compliance with the Commission's rules and regulations, in addition to investigations and enforcement. By ensuring that regulated entities understand their legal obligations and focusing the FMC's resources to address noncompliance in the areas with highest impact, the Commission proactively protects the public from unfair and deceptive practices.

Increased Consumer Assistance – Helping Exporters and Importers

The FMC provides essential consumer assistance and industry support services that promote a fair, efficient, and reliable international ocean transportation system. Through educational resources, informal dispute resolution services, and the adjudication of formal complaints, the Commission helps U.S. importers, exporters, consumers, and other stakeholders understand their rights and responsibilities under the Shipping Act and facilitates the resolution of shipping disputes, when appropriate. The Commission also consults with the National Shipper Advisory Committee, whose advice and recommendations help inform the Commission of emerging industry issues and the needs of U.S. importers, exporters, and other shipping stakeholders.

FY 2026 Performance Highlights

Ensuring a Competitive Ocean Transportation System

The Commission's competition program is vital to safeguarding fair treatment of U.S. shippers and preserving competitive conditions in international shipping. The FMC provides real-time oversight of antitrust-exempt agreements filed by ocean common carriers and/or marine terminal operators. These agreements help maintain stability and reliability in the ocean shipping supply chain, benefitting American importers and exporters. They are closely monitored by the Commission to ensure that they do not cause unreasonable increases in transportation costs or unreasonable reductions in transportation services. For agreements subject to enhanced monitoring obligations, monitoring activities include reviewing meeting minutes filed by the parties, holding semi-annual meetings at FMC headquarters, and tracking global trade data to detect and address effects on the supply and price of shipping services. The Commission also monitors the level of concentration within the shipping industry, and the impacts of ocean common carrier as well as maritime terminal operator collaboration on concentration levels. There were 375 antitrust-exempt agreements on file with the Commission at the end of FY 2026.

The Commission's controlled carrier program monitors the rates of ocean common carriers that are owned or controlled by foreign governments to ensure that they do not abuse their subsidized position and distort the shipping market by engaging in unreasonable below-cost pricing. The Commission also monitors "otherwise concerning practices" of certain categories of controlled carriers pursuant to 46 U.S.C. § 46106(b)(7)(A) to determine whether these practices distort the

market. There are currently seven controlled carriers operating in U.S. foreign commerce; six are from the People's Republic of China, and one is from the Republic of Korea. On an ongoing basis, the Commission identifies potential new controlled carriers and conducts research to identify their connections to foreign governments.

FMC Vessel-Operating Common Carrier (VOCC) Audit Program

The FMC's VOCC Audit Program provides a forum for focused conversations between senior Commission officials and representatives from ocean common carriers to discuss global supply chain developments and emerging industry trends, which serve to enhance the Commission's understanding of evolving industry conditions and impacts on supply chain resilience. The Office of the General Counsel (OGC) collects information and data from carriers, or VOCCs, on their practices and policies regarding detention and demurrage, as well as information concerning individual carriers' cost structures relative to rates, voyages, and vessels. Some of the information regarding carriers' collection of detention and demurrage is available on the Commission's website. These discussions and data pieces complement the Commission's qualitative and quantitative analyses that service ongoing agreement monitoring, strengthen competition oversight, and enhance the Commission's understanding of supply chain issues.

Informal Dispute Resolution Assistance

The Office of Consumer Affairs and Dispute Resolution Services (CADRS) employs experienced analysts and attorneys who assist members of the public in resolving commercial shipping disputes without the need for formal legal proceedings. Upon request, CADRS works collaboratively with the parties to identify practical solutions that facilitate cargo movement and, whenever possible, avoid unnecessary delays and costs. CADRS also offers mediation services through trained mediators with extensive maritime industry experience. All CADRS services are provided at no cost and dispute resolution discussions are confidential, subject to applicable law and policy.

Demand for CADRS services grew in FY 2026 by approximately 20% from FY 2025. With consistent year-over-year increases in the demand for CADRS services, this trend is expected to rise through FY 2027 and FY 2028. As of September 22, 2026, CADRS had facilitated the resolution of 443 informal disputes in FY 2026, compared with 368 during the same period in FY 2025. These efforts helped shippers and other supply chain participants recover approximately $548,766 while avoiding the time and expense associated with formal litigation. Through the fourth quarter of FY 2026, CADRS staff also conducted 12 preliminary mediation conferences and 1 formal mediation.

Prosecuting Violations of Shipping Laws

The Commission's enforcement program investigates and prosecutes violations of U.S. shipping laws and Commission regulations to ensure compliance with the Shipping Act, deter unlawful conduct, and promote fair and competitive practices within the international ocean transportation system. Through timely investigations and appropriate enforcement actions, the program protects the shipping public, reinforces industry accountability, and supports a competitive and reliable ocean transportation marketplace. During FY 2026, the enforcement program successfully

resolved multiple cases, resulting in the collection of $24.57 million in civil penalties (equivalent to more than half of the FMC's FY 2026 operating budget), all of which was returned to the U.S. Treasury General Fund.

Ocean Shipping Reform Act of 2022

By the end of FY 2026, the majority of the OSRA 2022 enhanced authority and provisions for revised regulations were implemented and fully integrated in support of our mission. Key rulemakings completed in FY 2023 and FY 2024 included: (1) the Final Rule on Demurrage and Detention Billing Requirements; (2) the Final Rule on the Definition of Unreasonable Refusal to Deal or Negotiate with Respect to Vessel Space Accommodations Provided by an Ocean Common Carrier; and (3) the Final Rule on Civil Penalty Amendments to Rules of Practice and Procedure. Work to complete additional rulemakings required under OSRA 2022 will continue in FY 2027 and FY 2028.

Section 10 of OSRA 2022 established the Charge Complaint process, which is a new way for shippers to submit complaints to the Commission regarding charges assessed by common carriers and to receive a refund or waiver for non-compliant charges, 46 U.S.C. § 41310. The FMC quickly developed an interim procedure and posted guidance to its website. In the four years since the enactment of OSRA 2022, more than $7 million in fees were voluntarily waived or refunded under the new Charge Complaint process. During FY 2026, the FMC received a total of 422 charge complaints. Of those, 145 met the criteria for the Charge Complaint process and were assigned for investigation. During this period, the Commission secured a total of $957,141 in refunded or cancelled charges for complaints. While most charge complaints were voluntarily resolved during the investigation phase, the FMC's process also provides for fast resolution of disputed charges through a proceeding before the Commission where the carrier is ordered to demonstrate the lawfulness of a charge. In FY 2026, the Commission issued a final rule clarifying that as an alternative to following the Commission's interim procedure on charge complaints, charge complaints may be filed with the Commission following traditional complaint processes involving either an Administrative Law Judge or a Small Claims officer. A more comprehensive rulemaking regarding the charge complaint process will continue through FY 2028, reflecting the Commission's commitment to transparency, due process, and regulatory certainty for industry stakeholders.

The Commission has also made significant progress in meeting legislative requirements to conduct specific data collections and studies. The requirement to collect and publish information from vessel-operating common carriers (VOCCs) on import tonnage and volumes, as well as empty container metrics, is ongoing. Quarterly and full year data reports have been published for FY 2024 and FY 2025, with Q1 and Q2 of 2026 to be published by the end of the calendar year. The data, which can be found on the Commission's website, is meant to provide valuable insights into shipping trends, support policy decisions, and enhance transparency in the industry. This initiative underscores our commitment to fulfilling legislative mandates while contributing to a more informed and efficient maritime industry.

Ensuring Fair Competition Through Rigorous Review and Extensive Monitoring of Shipping Act Agreements

The FMC enforces competition in the marketplace for ocean transportation services in the United States with the goal of ensuring efficiency and reliability in the supply chain for American exporters and importers. The FMC's competition program consists of careful analysis of agreements when they are filed and ongoing monitoring of actions that are taken under these agreements.

The FMC's statutory authority and regulations require that agreements, which allow coordination among ocean common carriers or marine terminal operators (MTOs), be filed with the Commission. Commission staff analyze these agreements upon filing for potential anticompetitive effects and then monitor all activity on an ongoing basis. Conduct or activities among agreement parties inconsistent with the terms of an agreement are illegal.

Tariffs and Service Contracts

The Commission oversees compliance with its regulations at 46 C.F.R. Parts 520 (Carrier Automated Tariffs), 525 (Marine Terminal Operator Schedules), 530 (Service Contracts), 531 (Non-Vessel-Operating Common Carrier (NVOCC) Service Arrangements), and 532 (NVOCC Negotiated Rate Arrangements). As the volume, complexity, and pace of international ocean transportation continue to evolve, legacy systems no longer provide the level of integration necessary to efficiently monitor compliance activities and identify emerging regulatory risks. In support of the Administration's Maritime Action Plan, the Commission will continue advancing its information technology initiatives by implementing modern, integrated tools that consolidate carrier filings, complaint trends, tariff information, and other regulatory data in real time, transforming disparate information into actionable intelligence that supports timely, risk-informed compliance decisions.

Maritime Supply Chain Analytics

In FY 2026, the FMC's competition program implemented the processing, tracking, and analyzing of publicly available maritime industry data sets, in conjunction with data collected by the Commission. The competition program creates, maintains, and monitors various uses of analytic tools that improve visibility into maritime supply chain conditions, including port congestion and throughput; cargo transits through key geographic transit chokepoints; empty container trends; and industry capacity allocation shifts by trade lane. These tools allow the competition team to provide the Commission with timely insights into areas of potential supply chain stress, alliance and non-alliance cargo movement behaviors, and key port efficiency indicators.

FY 2026 Trends

In FY 2026, 651,849 original service contracts and 977,228 contract amendments were filed into the Commission's SERVCON system.

At the same time, NVOCC activity continued to increase, with approximately 575 additional NVOCCs operating in FY 2026. The number of NVOCCs offering service in the United States has grown substantially since 2020. BCL is responsible for reviewing and accepting tariff locations published on the Commission's website (FMC.gov).

Compliance Pilots

To strengthen tariff compliance, the Commission implemented various pilot initiatives that introduced automated compliance checks for major carriers, significantly reducing manual transactional reviews and saving hundreds of analyst hours while improving overall efficiency. In collaboration with the Office of Information Technology, an assistant bot was developed which uses Super Intelligence ("SI") and machine learning to support analysts by providing consistent, regulation-specific responses to common compliance questions. In FY 2026, the Commission continued to identify entities that were out of compliance with tariff or financial requirements, with a publicly available list of noncompliant NVOCCs maintained and updated weekly on its website.

Ensuring Industry Compliance

The Commission's statutory and regulatory authorities apply to international waterborne commerce as well as passenger vessel operations calling at U.S. ports. Strong oversight of industry activity ensures compliance with U.S. shipping laws.

Ocean Transportation Intermediary Licensing

The Commission administers 46 C.F.R. Parts 515 (Licensing, Registration, Financial Responsibility Requirements, and General Duties for Ocean Transportation Intermediaries) and 540 (Passenger Vessel Responsibility). There are over 9,800 ocean transportation intermediaries (OTIs) regulated by the Commission, including approximately 5,170 licensed entities based in the United States. More than 4,600 foreign-based NVOCCs are registered with the Commission. More than 600 new and amended OTI applications were received during the fiscal year, and approximately 1,500 OTI licenses were renewed, with most renewals being reviewed and processed within 48 hours of submission. The Commission is responsible for ensuring that applicants for OTI licenses employ a Qualifying Individual with the necessary character and a minimum of three years of shipping experience in the U.S. Additionally, OTI applicants must demonstrate financial responsibility by means of a bond, insurance, or other Commission-approved financial instrument. The Commission maintains a triennial renewal program to ensure that OTIs are regularly required to review and update their information on file with the Commission.

Ocean Transportation Intermediary Financial Responsibility

The Commission provides oversight for approximately $1.3 billion in surety bonds, ensuring that OTIs have sufficient financial resources to operate responsibly. In FY 2026, this included processing over 1,550 bond termination notices, 1,400 OTI bond riders, and 1,500 new or replacement bonds.

Passenger Vessel Operators

The Commission also oversees a program to ensure financial responsibility for passenger vessel operators (PVOs), commonly referred to as cruise lines, that have berth or stateroom accommodations for 50 or more passengers and embark passengers at U.S. ports and territories. The FMC ensures PVOs demonstrate adequate financial responsibility in case of nonperformance of voyages, death, or injury occurring to passengers and prevents unscrupulous or financially unstable operators from serving U.S. ports. There are 48 PVOs and 315 cruise vessels currently enrolled in the program.

Current rules and regulations of the PVO program mandate that passengers be compensated for damages of all fees within 180 days, including ancillary fees, paid to the PVO. The rules and regulations have increased the scope and complexity of cases involving PVO nonperformance. The Commission has expanded technology systems resources for this program to conduct ongoing monitoring and compliance work, and to perform outreach. Additionally, the Commission has dedicated resources to facilitate communication between PVOs that are facing possible bankruptcy proceedings or have filed for bankruptcy, their financial providers, and passengers to ensure that adequate refund processes are established for timely distribution to passengers.

International Collaboration

The Commission's international affairs program identifies and recommends action to address laws or regulations by foreign governments, or practices by foreign-flag carriers, that create unfavorable conditions in U.S. shipping or discriminate against U.S.-flag carriers. This oversight ensures that U.S. carriers and shippers benefit from full and fair access to the global shipping market. In FY 2026, the Commission continued to investigate allegations that the Government of Spain has discriminated against U.S.-flag carriers by denying entry to its ports, including denying entry to U.S.-flag vessels in the Maritime Administration's Maritime Security Program. The agency also continued its investigations into unfavorable shipping conditions caused by transit constraints at certain key maritime chokepoints, including the Panama Canal, Suez Canal, Strait of Gibraltar, and the Straits of Malacca and Singapore, and possible unfavorable shipping conditions created by low-quality open flag registries in global shipping.

The Commission works collaboratively with other federal agencies on maritime transportation issues that affect, or have the potential to affect, U.S. ocean commerce. The Commission also engages with foreign governments and international counterparts to discuss the Shipping Act, compare regulatory approaches, and address issues of mutual concern affecting international shipping markets.

Litigation Before the Commission

The Commission's Office of Administrative Law Judges (OALJ) operates independently under the Administrative Procedure Act, 5 U.S.C. Subchapter II, to resolve cases involving alleged violations of the statutes administered by the Commission.

Adjudicatory proceedings at the FMC have increased dramatically in recent years, both in number and complexity. In FY 2026, OALJ received 55 new cases, issued hundreds of orders, and closed a record 53 cases. This year saw an influx of small claims proceedings, most filed without an attorney or representative.

Formal: In FY 2026, OALJ received 19 new formal cases. In addition, OALJ had 26 cases pending from the prior year. Many of these formal cases were particularly large and complex.

OALJ continued to prioritize older cases on a first in, first out approach designed to avoid a backlog. OALJ issued dispositive orders closing 18 formal proceedings, including in some of our largest and most complex cases to date. For example, one decision was almost 200 pages long, addressed thousands of containers, and awarded over $45,000,000 in reparations.

Informal: In FY 2026, new small claims were the highest on record, at 9 times the pre-2022 average.

Fiscal Year 2026 began with 14 pending small claims cases and a record 36 new cases. In FY 2026, a record 35 informal cases were closed, double the prior year's record number.

Cases continue to be more complex and involve a larger number of filings than cases in prior years.

The Office of the Secretary processes all document filings submitted in Commission proceedings and received 2,651 document filings in FY 2026, representing a 51 percent increase from the previous fiscal year. By comparison, the Office received 1,754 filings in FY 2025 and 1,265 filings in FY 2024. In addition, the Office of the Secretary processed the 36 new small claims proceedings, reflecting a 44 percent increase from the previous fiscal year. By comparison, the Office received 25 new small claims proceedings in FY 2025, and 18 new small claims proceedings in FY 2024.

The continued growth in document filings and new small claims proceedings underscores the increasing workload associated with cases adjudicated by the OALJ.

Information on specific proceedings can be searched in the FMC Reading Room on the FMC's website.

Organizational Management

To be successful, the Commission's efforts require appropriate alignment and assistance from its administrative support programs, including information technology services, human resources, budget and financial planning, and procurement of goods and services. Effective, performance-oriented management and prudent employment of all allocated resources are required to accomplish the Commission's mission. As detailed below, the Commission has taken concerted steps to accomplish these goals.

IT Advancement and Enterprise Transformation

During FY 2026, the Commission continued advancing enterprise modernization efforts focused on improving service delivery, operational efficiency, and long-term mission support. The Office of Information Technology (OIT) progressed application modernization initiatives, supported implementation activities for new enterprise platforms, completed key testing and readiness milestones, and expanded cloud and digital service capabilities. The Commission also continued planning for future public-facing services, including e-Filing and related modernization efforts, while enhancing device management, infrastructure reliability, and workforce productivity. These initiatives strengthened the Commission's technology foundation and positioned the agency for future growth and innovation.

Cybersecurity, Compliance, and Operational Resilience

Cybersecurity remained a top priority throughout FY 2026. The Commission strengthened its security posture through enhanced identity management, least-privilege access controls, phishing awareness activities, and expanded security governance practices. OIT successfully supported FISMA reporting and audit activities, completed security documentation and

authorization efforts, and advanced initiatives to improve enterprise monitoring and incident response capabilities. Collaboration with federal partners and continued participation in government-wide cybersecurity programs further enhanced the Commission's operational resilience and compliance readiness.

Data Governance, Analytics, and Responsible SI

The Commission continued strengthening data governance and analytics capabilities during FY 2026. Through the Data Governance Committee, OIT advanced agency-wide data stewardship, supported federal open data requirements, and expanded the Commission's analytics infrastructure. The Commission also continued evaluating emerging SI technologies and refining SI governance policies to support responsible, secure, and effective adoption of SI capabilities across the agency.

Enterprise Governance and Workforce Readiness

The Commission strengthened IT governance through continued collaboration with internal stakeholders, federal partners, and oversight organizations. OIT improved operational maturity through enhanced onboarding and support processes, development of governance and training resources, and ongoing engagement with agency leadership on technology priorities. These efforts improved organizational readiness, strengthened accountability, and ensured that technology investments remained aligned with mission objectives and federal requirements.

During FY 2026, the Commission strengthened workforce performance management by aligning employee performance plans with measurable, mission-focused objectives and applicable Office of Personnel Management (OPM) guidance, while incorporating relevant training and development requirements to enhance employee competencies, support accountability, and ensure the workforce is equipped to meet the demands of an evolving technology environment.

Program Performance Overview

The Commission provides a performance plan to Congress, pursuant to the Government Performance and Results Act (GPRA). The FMC's Strategic Plans - Federal Maritime Commission are posted on FMC.gov. The FY 2026 Annual Performance Report is presented in section two of this Report.

Achieving Strategic Goal Results

The Commission's Strategic Plan provides the foundation for planning and budgeting activities. The plan sets goals and objectives for each fiscal year and contains targets and measures linked to objectives via strategies. These objectives, strategies, targets, and measures drive the agency's budgetary process, and are discussed in detail in section two of this Report. During FY 2026, the Commission met or exceeded its nine measured performance targets and four of its five measured stewardship goals.

Strategic Management of Human Capital

In FY 2026, the agency experienced a 29% decrease in turnovers, with 20 separations, including seven retirements, six resignations, two removals, and five transfers to other federal agencies.

These workforce changes underscore the importance of strengthening strategic hiring, succession planning, and workforce development. To support these goals, the FMC's Office of Human Resources was authorized to fill six full-time positions. The agency continued to leverage USA Hire to support structured, competency-based candidate assessments and applied Direct Hire authorities, as appropriate, to expedite recruitment for critical positions.

The Commission will continue to leverage available hiring authorities, including the use of the Pathways Program and STEM focused initiatives, to attract early-career talent. The Commission is planning to strengthen supervisory effectiveness through future implementation of a "Roadmap to Success," incorporating required supervisory training and an enhanced coaching and mentorship program. These initiatives will support leadership development, reinforce accountability, and equip supervisors to manage employee performance, develop staff capabilities, and advance mission objectives. The FMC will continue to use OPM's USA Hire assessment capabilities, as appropriate, to evaluate candidates against job-related skills and competencies and strengthen its multi-hurdle assessment approach. These efforts will support merit-based hiring decisions and help ensure that selected candidates possess the qualifications necessary to perform mission-critical duties effectively.

Additionally, the Commission will continue succession planning by identifying current and projected workforce gaps, assessing risks associated with retirements and other separations, and addressing critical knowledge, skills, and abilities through recruitment or workforce development, ensuring that resources are properly allocated throughout the organization. These efforts include assessment of staffing needs with hiring managers, participating in government-wide strategic initiatives, creation of career path resources for mission critical occupations, evaluation of leadership development programs, performance management training, supervisory training, and career and leadership development job rotational opportunities.

Competitive Sourcing

The FMC submitted its FY 2026 Federal Activities Inventory Reform Act (FAIR Act) inventory to OMB in August 2026. The inventory identified 55 of the agency's 112 positions as commercial activity positions. No challenges to the Commission's commercial inventories were received.

Financial Performance Overview

The FMC received an unmodified opinion on its FY 2026 financial statements and will continue efforts to improve operations and achieve unmodified audit opinions in the future. As of September 30, 2026, the Commission's financial condition is sound. Internal controls are in place to ensure that funds are used efficiently and effectively, and that the budget authority is not exceeded. The FMC's accounting services provider, the Department of Treasury's Bureau of the Fiscal Service (BFS), prepared the financial statements as required by the Accountability of Tax Dollars Act of 2002. The statements have been prepared from, and are fully supported by, the books and records of the FMC in accordance with Federal Generally Accepted Accounting Principles (GAAP), standards approved by the Federal Accounting Standards Advisory Board (FASAB), and OMB Circular A-136, *Financial Reporting Requirements*.

The principal financial statements provided in this document are prepared to report the financial position and results of the operations of the FMC, pursuant to the requirements of 31 U.S.C.

§ 3515(b). Reports used to monitor and control budgetary resources are prepared from the same books and records.

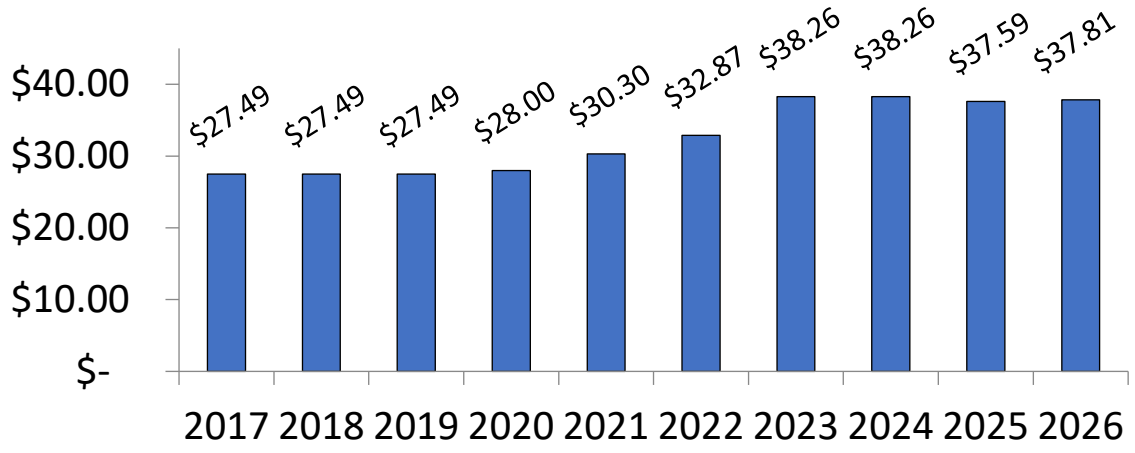
Source of Funds

The FMC has a single source of funding for salaries and expenses, provided by annual appropriation available for commitments and obligations incurred during the fiscal year in which the authority was granted. Congress approved FY 2026 appropriations for the FMC in the amount of $40,000,000, of which $2,000,000 is multi-year funding, through P.L. 119-37. There was no increase over the FY 2025 appropriation level. Additionally, the Commission received reimbursements of $137,240.90 for work performed by FMC's employees supporting other government agencies.

The FMC collects remittances for user fees and penalties; however, it is not authorized to offset any of its budget authority by using these funds. Collections are deposited directly into the U.S. Treasury General Fund. This information is captured in the Statement of Custodial Activity found in the *Financial Information* section of this report.

Budget Execution History

Budget Execution History
Fiscal Years 2017-2026 (Dollar amount in Millions)

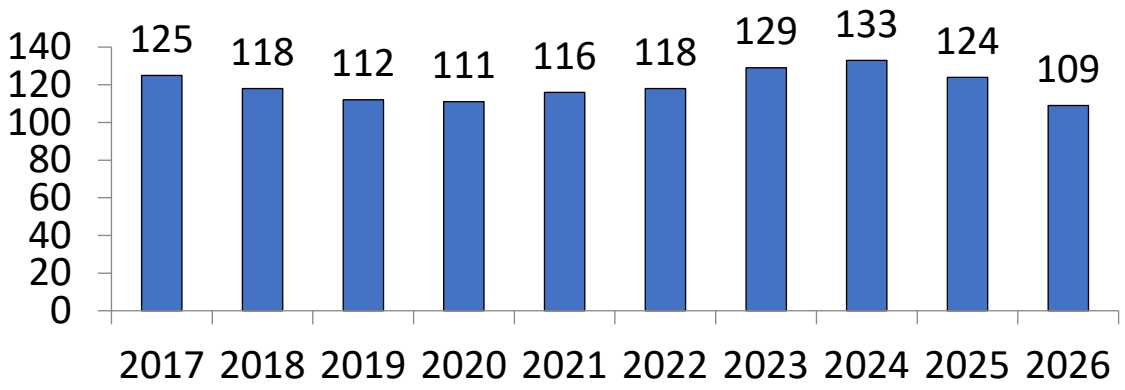


Full-time Equivalent History

The FMC's Full-time Equivalent (FTE) level is largely driven by its annual appropriation level. The FMC currently has five statutorily authorized Commissioners on board.

The continued fast pace of retirements and separations in FY 2026 resulted in a lower than anticipated FTE level, at 109 FTEs, with 110 employees on board at the fiscal year's end. The Commission endeavors to balance appropriate staffing levels with other available resources to ensure effective accomplishment of its mission.

Number of Employees in Fiscal Years 2017-2026



Uses of Funds

During FY 2026, obligations against the FMC's $40,000,000 appropriation totaled $39,711,018.46, representing 99.28 percent of the appropriation. Salaries and benefits are the single largest expense category at $24.63 million, making up 61.51 percent of the total budget. The second largest category is other contractual services at $8,116,440.15 which is 20.29 percent of the total budget. Other administrative expenses comprise the remaining 18.13 percent of the budget.

Audit Results

The FMC again received an unmodified opinion on its FY 2026 financial statements from the auditing firm of Harper, Rains, Knight & Company, under contract through the FMC's Office of Inspector General. The financial statements may be found in the *Financial Information* section of this report.

Financial Statement Highlights

The financial statements were prepared to report the financial position and results of operations of the Commission pursuant to the requirements of 31 U.S.C. § 3515(b). The statements were prepared from the books and records of the Commission in accordance with the formats prescribed by OMB.

The FMC's financial statements summarize the financial position and financial activity of the agency. The financial statements, footnotes, and the remainder of the required supplementary information appear in their entirety in the *Financial Information* section of this report. A brief analysis of the principal statements follows.

Summary of Assets

The FMC's assets were $21,312,332 as of September 30, 2026. This represents an increase of $3,245,292 from FY 2025. The FMC's assets reported on the balance sheet are summarized in the table to the right.

	FY 2026	FY 2025
Fund Balance with Treasury	$18,354,656	$17,899,553
Advances	$192,464	$95,141
Accounts Receivable	$66,110	$72,346
Capital Assets	$2,699,102	$0
Other	$0	$0
Total Assets	**$21,312,332**	**$18,067,040**

The Fund Balance with Treasury of $18,354,656 represents the FMC's largest asset and comprises 86.12 percent of the agency's total assets. The Fund Balance with Treasury is comprised of annual and multi-year appropriations maintained by the U.S. Department of the Treasury to address current liabilities.

Accounts Receivable, as of September 30, 2026, totaled $66,110 for outstanding receivables billed to non-Federal entities. This accounts for 0.3 percent of the FMC's assets.

Capital Assets, also known as Property, Equipment, and Software as of September 30, 2026, totaled $2,699,102. Capital Assets account for 12.66 percent of FMC's total assets as of September 30, 2026.

Summary of Liabilities

The FMC's liabilities totaled $4,635,072 as of September 30, 2026, an increase of $800,719 from FY 2025. The FMC's liabilities reported on the balance sheet are summarized in the table to the right.

	FY 2026	FY 2025
Accounts Payable	$465,268	$825,198
Employer Contributions and Payroll Taxes Payable	$299,633	$197,035
Federal Employee Salary, Leave and Benefits	$3,802,655	$2,740,230
Custodial Liabilities	$66,110	$70,568
Pension, Post-Employment and Veterans Benefit Payable	$0	$1,215
Other Liabilities	$1,406	$107
Total Liabilities	**$4,635,072**	**$3,834,353**

The FMC's Accounts Payable, as of September 30, 2026, was $465,268. This represents the funds owed for goods and services received from vendors. The Federal Employee Salary Leave and Benefits is comprised of accrued funded payroll and leave, employer contributions on payroll taxes payable, and unfunded leave totaling $3,802,655.

Analysis of Changes in Net Position Summary

The Changes in Net Position Summary is a summary of two factors, Unexpended Appropriations and Cumulative Results of Operations. The total net position for FY 2026 is the result of a $2,444,573 increase from FY 2025.

	FY 2026	FY 2025
Unexpended Appropriations	$15,495,670	$15,932,791
Cumulative Results of Operations	$1,181,590	($1,700,104)
Total Net Position	**$16,677,260**	**$14,232,687**

Unexpended Appropriations represent the amount of unobligated and unexpended budget authority for the 5-year period ending on September 30, 2026. Unobligated budget authority is the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation for the same period. The Cumulative Results of Operations (the cumulative excess of financing resources over expenses) is the net result of FMC's operations for all active fiscal years.

Analysis of Net Cost Summary

The Net Cost Summary represents the net cost of FMC's Programs as identified in the Annual Report.

	FY 2026	FY 2025
Operational and Administrative	$36,426,446	$40,663,215
Office of the Inspector General	$547,260	$560,943
Multi-Year	$1,745,645	$1,361,220
Total Net Cost	**$38,719,351**	**$42,585,378**

The agency's three programs are Operational and Administrative, Office of the Inspector General, and Multi-year. Multi-year consists of additional Operational and Administrative. The Statement of Net Costs shows the net cost of operations for the agency as a whole and its sub-organizations. Net Costs compared to Budgetary Resources can be found in the *Financial Information* section of this report. The table above reflects costs attributable to all active fiscal years (2022-2026).

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources (SBR) shows the source of the agency's budgetary resources, the status of those resources at the end of the reporting period, and the relationship between the two.

	FY 2026	FY 2025
Incurred	$40,355,136	$39,295,602
Unobligated Balance Unavailable	$4,025,405	$2,317,801
Unobligated Balance Available	$2,288,981	$2,442,028
Total Status of Budgetary Resources	**$ 46,669,522**	**$44,055,431**

Total budgetary resources should equal the status of budgetary resources at all times. A more detailed SBR can be found in the *Financial Information* section of this report. During FY 2026, the FMC had a total of $46,669,522 available, representing an increase in budgetary resources of $2,614,091 from FY 2025. The budgetary resources represent financial activity during the accounting period for the five currently active fiscal years (2022-2026).

Analysis of FMC's Systems, Controls, and Legal Compliance

The Commission's internal controls are fundamental to the systems and processes used to manage its operations and achieve its strategic goals. The Chairman's *Statement of Assurance* in the following section notes that there are no material weaknesses or instances of nonconformance to report for FY 2026.

Additionally, in accordance with the requirements of OMB Circular A-123, *Management's Responsibility for Internal Control*, the Commission's Risk Management Committee meets regularly and identifies, measures, and assesses risk points across the agency. The Committee's risk profile is used in conjunction with existing internal controls to improve the Commission's accountability and effectiveness.

Management Assurances

The Federal Managers' Financial Integrity Act (FMFIA or Act) mandates that agencies establish controls that reasonably ensure that:

- obligations and costs comply with applicable laws;
- assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- revenues and expenditures are properly accounted for and recorded.

This Act encompasses program, operational, and administrative areas, as well as accounting and financial management. FMFIA requires that the Chairman provide a statement assuring the adequacy of management controls and conformance of financial systems with Government-wide standards; that the Commission's managers are held accountable for efficient and effective performance of their duties in compliance with applicable laws and regulations; and that maintenance of the integrity of management activities is achieved through the use of internal controls.

Chairman DiBella has provided an annual assurance statement in this report based on various sources, including her knowledge of the daily operation of Commission programs and activities; regular discussions with the Deputy Managing Director, the Directors of the Offices of Budget and Finance and Management Services; audits of the financial statements; and implementation of the Commission's Strategic Plan. The Chairman receives recommendations from the Senior Executive Service Leadership Team and regularly receives reports from the Inspector General and the Equal Employment Opportunity Director. Deficiencies identified in management control would be addressed at the Commission's highest management levels.

The Office of the Inspector General (OIG) identified no significant deficiencies in FY 2026. Management concurred with all audit recommendations, demonstrating a shared commitment to effective oversight, accountability, and continuous improvement.

Debt Collection Improvement Act of 1996

The Debt Collection Improvement Act of 1996 (DCI) enhanced the ability of the government to service and collect debts, as it centralized the collection of non-tax delinquent debt owed to the

government. Federal agencies are required to refer delinquent accounts in excess of 180 days to the U.S. Department of the Treasury for collection. Collection of the Commission's delinquent debts is conducted by the Bureau of the Fiscal Service through the Cross-Servicing Program and Treasury Offset Program, where the names and taxpayer identification numbers (TIN) of the delinquent entities are matched against the TINs of recipients of government payments. The balance owed to the government is deducted or offset from the payment to the entity to satisfy the debt. The goal is to minimize the amount of delinquent debt owed to the government. During FY 2026, the FMC effectively managed debt collection in accordance with the DCI and delinquent accounts were timely submitted to the U.S. Treasury.

Prompt Payment Act of 1982

The Prompt Payment Act requires agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. In FY 2026, the FMC maintained a 94.5 percent on-time payment rate and paid $1,472 in interest payments.

Performance Measure Summary

The FMC does not have an in-house financial accounting system and, therefore, does not receive a Performance Measure Summary from the U.S. Department of the Treasury. Travel, procurement, accounting, and financial services are acquired from the Bureau of the Fiscal Service and the FMC verifies and reconciles all financial statements and reports prior to submission.

Payment Integrity Information Act

The Federal Maritime Commission maintained a low-risk payment environment and continued to implement effective internal controls to support compliance with the Payment Integrity Information Act of 2019 (PIIA), Office of Management and Budget (OMB) guidance, and applicable federal financial management requirements. The FMC remains committed to preventing, identifying, and mitigating improper payments through established financial management practices, continuous monitoring, and management oversight. Throughout the reporting period, the Commission maintained preventive and detective controls, including pre-payment reviews, obligation validation, vendor verification, and monthly and quarterly financial reconciliations. The FMC also leveraged the Department of the Treasury's Bureau of the Fiscal Service (BFS) to conduct Do Not Pay (DNP) screenings for Treasury-processed payments. These screenings support the identification of potentially ineligible recipients, suspended or debarred entities, and other payment-related risks before disbursement. Additionally, the FMC conducted routine oversight of payroll, travel, contract payments, and interagency agreements to ensure transactions were properly authorized, adequately documented, and consistent with applicable fiscal laws and federal financial management requirements. Financial reconciliations, Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting, and management reviews further supported the accuracy, completeness, and reliability of the Commission's financial transactions. No improper payments or improper awards were identified during the FY 2026 reporting period through the Commission's established review and monitoring activities. These results reflect the effectiveness of the FMC's internal control framework and its coordination with

BFS in mitigating payment-related risks. Overall, the FMC's payment integrity activities demonstrate the Commission's continued commitment to sound financial stewardship, accountability, and responsible management of federal resources. The agency will continue to assess payment risks, strengthen internal controls as necessary, and maintain compliance with applicable federal payment integrity requirements.

Inspector General Act and Inspector General Reform Act

Section 5(b) of the Inspector General Act of 1978 requires agencies to report on final actions taken on OIG audit recommendations. Action was taken to close all audit recommendations during the year. No significant deficiencies or material weaknesses were identified.

Inspector General-Issued Audits – FY 2026		
A26-01: Independent Auditor's Report of the FMC's FY 2025 Financial Statements		
Date Issued	Recommendations	Remediated in FY 2026
December 2025	0	n/a

DATA Act – USA Spending Reconciliation

The FMC has implemented its plan to ensure data completeness and accuracy on www.USASpending.gov by using control totals with financial statement data and comparing samples of financial data to actual award documents. The prime Federal award financial data reported on www.USASpending.gov is correct at the reported percentage of accuracy, and the FMC has adequate internal controls over the underlying spending.

Limitations of the Financial Statements

The financial statements report the financial position, financial condition, and results of operations of the Commission, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Federal Managers' Financial Integrity Act Statement of Assurance

The Federal Maritime Commission's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act (Act). The Commission conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, Management's Responsibility for Internal Control. Based on the results of the assessment, the Commission can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2026. The accounting system of the Commission conforms to applicable principles, standards, and requirements consistent with the Act.

/s/

Laura DiBella
Chairman

November 16, 2026

ANNUAL PERFORMANCE REPORT

Introduction

The FMC's performance management system includes specific strategic goals, performance measures, and targets. The goals outlined in the Commission's Strategic Plan covering FY 2022-2026 represent the FMC's mission and reflect the outcomes and objectives the agency strives to achieve. This report describes progress achieved in FY 2026 towards meeting performance targets in furtherance of the Commission's mission to ensure a competitive and reliable international ocean transportation supply system that supports the U.S. economy and protects the public from unfair and deceptive practices.

Current strategic goals and objectives are as follows.

Strategic Goal 1: Maintain a Competitive and Reliable International Ocean Transportation Supply System.

- Ensure no unreasonable increases in transportation costs or decreases in transportation service are attributed to anticompetitive practices under FMC-filed agreements.
- Ensure competition is preserved in the purchase of certain covered services (46 U.S.C. §40102(5)) through 46 U.S.C. § 40307 authorities.

Strategic Goal 2: Protect the Public from Unlawful, Unfair, and Deceptive Ocean Transportation Practices.

- Identify and take action to end unlawful, unfair, and deceptive practices.
- Prevent public harm through licensing and financial responsibility requirements.
- Enhance public awareness of agency resources, remedies, and regulatory requirements through education and outreach.
- Impartially and timely resolve international shipping disputes through alternative dispute resolution and adjudication.

Stewardship Objective: Advance the FMC's Performance Through Excellence in Organizational Management.

- Strengthen infrastructure and effective resource management.
- Foster a high performing, engaged, and diverse workforce where staff understand how their efforts contribute to the goals of the Commission.

Each measure, target, and actual result is reported in Table 1 and includes a description of the data used to measure performance and an explanation of the procedures in place to validate and ensure integrity of the reported result. Ten performance measures in support of the strategic goals and seven stewardship objectives were quantitatively measured during the fiscal year.

The Commission met or exceeded all nine of its measured strategic goal targets in FY 2026.

Of the seven stewardship goals, two are no longer applicable (the Employee Engagement Index (EEI) benchmarking and Federal Employee Viewpoint Survey (FEVS) results goals) as OPM is no longer administering the FEVS. Of the remaining five goals, four were met or exceeded. The cybersecurity goal was unmet as modernizing legacy applications has not yet been completed, and the Commission has not yet fully complied with OMB M-26-14 protocols. Table 2 presents the

Commission's five-year performance trend data. The Commission's commitment to continuously improve and streamline processes is evidenced in its year-over-year positive performance results.

Table 3 presents the fifth year of performance data for the Commission's stewardship objectives. The Commission's commitment to organizational excellence will guide its efforts and ensure that its mission is efficiently and effectively carried out, and that it serves the public.

This Performance and Accountability Report (inclusive of this Annual Performance Report) has been forwarded to the President, OMB Director, appropriate Congressional committees, and others as dictated by OMB Circular A-136, Revised. Additionally, this report has been placed on the FMC's public website to ensure that it is accessible to interested parties. All Commission employees have been advised to review this report.

Table 1: Summary of Performance Measure Results – FY 2026

Strategic Goal No. 1: Maintain a competitive and reliable international ocean transportation supply system.		
Objectives, Performance Measures, and Validations	**FY 2026 Target**	**FY 2026 Actual**
Objective 1.1: Ensure no unreasonable increases in transportation costs or decreases in transportation services are attributed to anticompetitive practices under FMC-filed agreements.		
Measure: Percentage of newly filed vessel sharing agreements and amendments to agreements analyzed and presented to the Commission within 32 days. **Validation**: This outcome goal is measured using data from the eAgreements electronic filing system and tracking the time elapsed between the agreement submission and review. **Explanation:** This goal must be adjusted due to the increasing number of agreements and amendments to agreements that are being received by the Office of the General Counsel for review within 32 days.	86%	93%
Measure: Percentage of agreement monitoring reports reviewed within 30 days of receipt to detect actionable information, including market-distorting behavior. **Validation**: This outcome goal is measured using data contained in the eMonitoring system used for the electronic filing of agreement monitoring submissions. Performance is measured by comparing the file receipt date to the date that the filing was reviewed by staff analyst.	80%	84%
Objective 1.2: Ensure competition is preserved in the purchase of certain covered services (46 U.S.C. §40102(5)) through 46 U.S.C. § 40307 authorities.		
Measure: Percentage of alternative agreement reports indicating joint contracting/ procurement of covered services analyzed and escalated to regular monitoring status within 30 days of receipt to ensure systematic analysis of data for actionable information. **Validation:** This outcome goal is measured using regulated entities' data. Performance is measured by reviewing information received and identifying whether reports indicating covered services are moved from this system to the eMonitoring system within 30 days.	>98%	100%
Strategic Goal No. 2: Protect the public from unlawful, unfair, and deceptive ocean transportation practices.		
Objectives, Performance Measures, and Validations	**FY 2026 Target**	**FY 2026 Actual**
Objective 2.1: Identify and take action to end unlawful, unfair, and deceptive practices.		
Measure: Percentage of enforcement actions taken under the Shipping Act successfully resolved through compliance audits, judgments, settlements, compromise agreements, or issuance of default judgments, that are favorable to the FMC's enforcement program. **Validation:** This outcome goal is measured by examining enforcement case inventory and counting the number of cases resolved. **Explanation:** This objective was established under a previous organizational structure and aligned with a work unit's former Shipping Act enforcement responsibilities. Following an organizational realignment, the unit was transferred to another part of the agency with revised mission priorities and responsibilities. Consequently, the objective was no longer applicable and was not pursued during the reporting period.	77.5%	N/A

Table 1: Summary of Performance Measure Results – FY 2026 (continued)

Objectives, Performance Measures, and Validations	FY 2026 Target	FY 2026 Actual
Measure: Percentage of contacted unlicensed OTIs that submit license applications within one year after pre-enforcement contact and education from an area representative. **Validation:** This outcome goal is measured by correlating prior fiscal year area representatives' approved pre-enforcement case inventories with the current fiscal year data and notices on the status of OTI licenses. This data is collected and maintained by the Bureau of Certification and Licensing on the Regulated Persons Index and the list of FMC Licensed & Bonded OTIs. **Explanation:** This performance measure will be reviewed during the FMC's FY 2026-2030 strategic planning effort to reflect investigative program changes. The FMC no longer has area representatives, so this measure was not applicable for FY 2026.	25%	N/A
Objective 2.2: Prevent public harm through licensing and financial responsibility requirements.		
Measure: Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with appropriate character and experience requirements. **Validation:** This outcome goal is measured by comparing the total number of OTI applications assigned to an analyst (X) and the number of applications completed by an analyst on or before the 60th calendar day following assignment (Y) during a specific time period. The outcome goal is calculated as (Y / X) x 100 = %.	75%	75%
Measure: Percentage of license renewals completed on or prior to the 3-year renewal deadlines to timely verify regulatory compliance. **Validation:** The Completion Status Report, generated in the license renewal system, provides the total number of renewals completed (X) and the number of renewals completed on or before the renewal deadline (Y) during a specific time period. The outcome goal is calculated as (Y / X) x 100 = %.	75%	90.5%
Measure: Percentage of PVOs examined during the year that have the full financial coverage required by regulation to protect against loss from nonperformance or casualty. **Validation:** This outcome goal is measured by comparing reported financial coverage amounts against required coverage amounts. Operators covered by this program file semi-annual, monthly, and weekly unearned passenger revenue reports. This information is used to compare reported coverage against required coverage amounts.	95%	97%
Objective 2.3: Enhance public awareness of agency resources, remedies, and regulatory requirements through education and outreach.		
Measure: Percentage of Commission issuances, orders, and reports available through the Commission's website within 5 working days of receipt. **Validation:** This outcome goal is measured by reviewing the workflow processes for posting documents to the Commission's website docket activity logs. The date that each docket activity log is updated with new filings or issuances is compared to the date the document is filed with or issued by the Commission in a particular proceeding.	92%	98%

Table 1: Summary of Performance Measure Results – FY 2026 (continued)

Objectives, Performance Measures, and Validations	FY 2026 Target	FY 2026 Actual
Objective 2.4: Impartially and timely resolve international shipping disputes through alternative dispute resolution and adjudication.		
Measure: Percentage of dispute resolution matters closed within 6 months of request for assistance. **Validation:** This outcome goal is measured using data maintained by the Commission on each dispute resolution matter opened. Cases are opened upon the request of the public for assistance and are subject to the normal fluctuations in businesses and consumers seeking help from the Commission. Cases are closed upon resolution, voluntary termination by the parties, refusal to participate or failure to respond by a party, or when the CADRS mediator determines that particular issues prevent the possibility for successful resolution.	80%	100%
Measure: Percentage of formal complaints or Commission-initiated orders of investigation completed within 2 years of filing or Commission initiation. **Validation:** This outcome goal is measured by using docket activity logs maintained by the Commission and used for docket management, and monthly and annual reporting purposes.	72%	79%
Stewardship Objective – Advance the FMC's performance through excellence in organizational management.		
Objectives, Performance Measures, and Validations	**FY 2026 Target**	**FY 2026 Actual**
Stewardship Sub-objective 1: Strengthen infrastructure and effective resource management.		
S.1.1 Manage risks and continue mission essential operations.		
Measure: COOP activities, including annual training, notification exercises, and an annual COOP exercise are conducted throughout the year consistent with the FMC COOP Plan. **Validation:** Complete and document all activities between July 1 and June 30. Sources include annual training materials, sign-in sheets/confirmation emails, and after-action reports.	100%	100%
S.1.2 FMC's financial management systems and practices demonstrate fiscal responsibility and proper accounting.		
Measure: Achieve an unmodified (clean) opinion from the independent auditor on the Commission's fiscal year end financial statements. (Data: Office of the Inspector General Independent Auditor's Report.) **Validation:** This outcome goal is an unmodified (clean) opinion by the Office of the Inspector General based on the findings from the independent auditor's review of the FMC's annual financial statements and internal controls over financial reporting. Each year, the independent auditor reviews approximately 75 processes, documents, procedures, checklists, transaction types, and reports that are all considered in the overall assessment.	100%	100%

Table 1: Summary of Performance Measure Results – FY 2026 (continued)

S.1.3 Information Technology is optimized and IT systems are protected.		
Measure: Percentage of overall cybersecurity compliance with mandates that are issued. **Validation:** This objective is measured through the report card from the Cybersecurity and Infrastructure Security Agency (CISA). **Explanation:** Target not reached due to legacy applications currently being modernized and failure to fully comply with OMB M-26-14.	100%	99.4%
S.1.4 Maintain the Commission's cloud-based website to allow industry access to FMC resources and applications.		
Measure: FMC website uptime percentage. **Validation:** This objective is measured through the Commission's Azure server uptime report.	99.5%	99.9%
Stewardship Sub-objective 2: Foster a high performing and engaged workforce where staff understand how their efforts contribute to the goals of the Commission.		
S.2.1 Management promotes a culture that is open, diverse, inclusive, and engaged.		
Measure: Benchmarking EEI index is above the average for small agencies; no more than 10% drop from the prior year. **Validation:** Annual employee responses from the Federal Employee Viewpoint Survey (FEVS). Explanation: OPM cancelled the FEVS Westat support contract. The FEVS online reporting tool and analysis on demand website was discontinued. In accordance with the current Executive Order, reports from 2022-2024 are not available. The FEVS was cancelled by OPM for 2025 and 2026.	>-10%	N/A
S.2.2 Management promotes a results-oriented performance culture.		
Measure: Benchmarking FEVS results tied to results-oriented performance culture. **Validation:** Annual employee responses from the FEVS. Explanation: OPM cancelled the FEVS Westat support contract. The FEVS online reporting tool and analysis on demand website was discontinued. In accordance with the current Executive Order, reports from 2022-2024 are not available. The FEVS was cancelled by OPM for 2025 and 2026.	>75%	N/A
Measure: Percent of staff with the majority of (3 or more expectations per performance element) performance goals rated as meeting the characteristics of a specific, measurable, achievable, realistic, and timely (SMART) goal. Targets are for non-SES/ non-supervisory staff. SES and supervisor targets will exceed listed staff targets. **Validation:** Review of performance plans each performance year.	>98%	98%

Table 2: Performance Measure Trends, FY 2022-2026

Strategic Goal No. 1: Maintain a competitive and reliable international ocean transportation supply system.					
Performance Measure	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Measure: Percentage of newly filed vessel sharing agreements and amendments to agreements analyzed and presented to the Commission within 32 days.					
TARGET	85%	85%	85%	85%	86%
ACTUAL	100%	100%	94.5%	64%	93%
TARGET MET/UNMET	MET	MET	MET	UNMET	MET
Measure: Percentage of agreement monitoring reports reviewed within 30 days of receipt to detect actionable information, including market-distorting behavior.					
TARGET	80%	80%	80%	80%	80%
ACTUAL	100%	97%	97.3%	80.24%	84%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of alternative agreement reports indicating joint contracting/procurement of covered services analyzed and escalated to regular monitoring status within 30 days of receipt to ensure systematic analysis of data for actionable information.					
TARGET	>95%	>98%	>98%	>98%	>98%
ACTUAL	100%	100%	100%	100%	100%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Strategic Goal No. 2: Protect the public from unlawful, unfair and deceptive ocean transportation practices.					
Measure: Percentage of enforcement actions taken under the Shipping Act successfully resolved through compliance audits, judgments, settlements, compromise agreements, or issuance of default judgments, that are favorable to the FMC's enforcement program.*					
Performance Measure	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
TARGET	77.5%	77.5%	77.5%	77.5%	77.5%
ACTUAL	77.8%	100%	75%	45.90%	N/A
TARGET MET/UNMET	MET	MET	UNMET	UNMET	N/A
Measure: Percentage of contacted unlicensed OTIs that submit license applications within one year after pre-enforcement contact and education from an area representative.					
TARGET	10%	N/A	N/A	N/A	N/A
ACTUAL	0%	N/A	N/A	N/A	N/A
TARGET MET/UNMET	UNMET	N/A	N/A	N/A	N/A
Measure: Percentage of decisions on completed OTI license applications rendered within 60 calendar days of receipt, facilitating lawful operation of OTIs with appropriate character and experience requirements.					
TARGET	75%	75%	75%	75%	75%
ACTUAL	96%	78%	92.8%	88.20%	75%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of license renewals completed on or prior to the 3-year renewal deadlines to timely verify regulatory compliance.					
TARGET	75%	75%	75%	75%	75%
ACTUAL	87%	92%	94.3%	93.60%	90.5
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of PVOs examined during the year that have the full financial coverage required by regulation to protect against loss from nonperformance or casualty.					
TARGET	95%	95%	95%	95%	95%
ACTUAL	96%	96%	96.5%	96.00%	97%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of Commission issuances, orders, and reports available through the Commission's website within 5 working days of receipt.					
TARGET	90%	90%	90%	92%	92%
ACTUAL	91%	96%	100%	99.84%	98%
TARGET MET/UNMET	MET	MET	MET	MET	MET

Table 2: Performance Measure Trends, FY 2022-2026 (continued)

Measure: Percentage of dispute resolution matters closed within 6 months of request for assistance.					
TARGET	67%	70%	70%	75%	80%
ACTUAL	100%	100%	100%	100%	100%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of formal complaints or Commission-initiated orders of investigation completed within 2 years of filing or Commission initiation.					
TARGET	72%	72%	72%	72%	72%
ACTUAL	86%	88%	79.8%	55.00%	79%
TARGET MET/UNMET	MET	MET	MET	UNMET	MET

* This objective was established under a previous organizational structure and aligned with a work unit's former Shipping Act enforcement responsibilities. Following an organizational realignment, the unit was transferred to another part of the agency with revised mission priorities and responsibilities. Consequently, the objective was no longer applicable and was not pursued during the reporting period.

Table 3: Stewardship Objective Trends, 2022-2026

Stewardship Objective: Advance the FMC's performance through excellence in organizational management.					
Performance Measure	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Measure: COOP activities, including annual training, notification exercises, and an annual COOP exercise are conducted throughout the year consistent with the FMC COOP Plan.					
TARGET	100%	100%	100%	100%	100%
ACTUAL	100%	100%	100%	100%	100%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Achieve an unmodified (clean) opinion from the independent auditor on the Commission's fiscal year's end financial statements. (Data: Office of the Inspector General Independent Auditor's Report.)					
TARGET	100%	100%	100%	100%	100%
ACTUAL	100%	100%	100%	100%	100%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Percentage of overall cybersecurity compliance with mandates that are issued.*					
TARGET	100%	100%	100%	100%	100%
ACTUAL	100%	100%	99.8%	99.90%	99.4%
TARGET MET/UNMET	MET	MET	UNMET	UNMET	UNMET
Measure: FMC website uptime percentage.					
TARGET	99.5%	99.5%	99.5%	99.5%	99.5%
ACTUAL	99.5%	99.5%	99.9%	99.70%	99.9%
TARGET MET/UNMET	MET	MET	MET	MET	MET
Measure: Benchmarking EEI index is above the average for small agencies; no more than 10% drop from the prior year.**					
TARGET	>-10%	>-10%	>-10%	>-10%	>-10%
ACTUAL	2%	5%	-5%	N/A	N/A
TARGET MET/UNMET	MET	MET	MET	N/A	N/A
Measure: Benchmarking FEVS results tied to a results-oriented performance culture.**					
TARGET	>75%	>75%	>75%	>75%	>75%
ACTUAL	93%	88%	89%	N/A	N/A
TARGET MET/UNMET	MET	MET	MET	N/A	N/A
Measure: Percent of staff with the majority of (3 or more expectations per performance element) performance goals rated as meeting the characteristics of a specific, measurable, achievable, realistic, and timely (SMART) goal. Targets are for non-SES/non-supervisory staff. SES and supervisor targets will exceed listed staff targets.					
TARGET	25%	>50%	>98%	>99%	>98%
ACTUAL	30%	62%	60.5%	73.9%	98%
TARGET MET/UNMET	MET	MET	UNMET	UNMET	MET

* Target not reached due to legacy applications being modernized, failure to fully comply with M-26-14.

** The EEI index and FEVS results goals are no longer applicable as OPM cancelled the FEVS for FY 2026.

FINANCIAL INFORMATION

Message from the Chief Financial Officer

This report presents the Federal Maritime Commission's Financial Information for FY 2026, the twenty-third consecutive year that an independent auditor has rendered an unmodified opinion on the Commission's financial statements. The auditor's tests for compliance with selected provisions of applicable laws, regulations and contracts identified no deficiencies in internal control over financial reporting considered to be material weaknesses nor disclosed any instances of noncompliance for FY 2026 reportable under U.S. generally accepted government auditing standards. This demonstrates the Commission's long held and consistent record as a diligent steward of taxpayer dollars, maintaining high standards for the financial management of the resources entrusted to it.

The financial statements and related notes were prepared in conformity with accounting principles generally accepted in the U.S., and requirements of OMB Circular A-136, *Financial Reporting Requirements,* revised May 29, 2026, and fairly present the Commission's financial position.

The FMC's financial condition remains strong, supported by robust internal controls that ensure budget authority is not exceeded and that appropriated funds are managed efficiently and effectively. Key accomplishments during FY 2026 continue to affirm the effectiveness and integrity of the Commission's acquisition, financial management, and internal control functions.

The FMC sustained its longstanding record of no material weaknesses, significant deficiencies, or nonconformances under the Federal Managers' Financial Integrity Act (FMFIA) and all other applicable statutes and regulations. Civil enforcement actions and user-fee collections generated $25,403,981 in recoveries, reinforcing the Commission's commitment to safeguarding public resources. The agency further advanced its risk management posture in alignment with OMB Circular A-123, providing decision makers with concise, reliable, and transparent budget information.

The FMC also maintained its record of accurate and timely issuance of financial statements pursuant to the Accountability of Tax Dollars Act of 2002. These statements were fully supported by the agency's official accounting records and prepared in accordance with Generally Accepted Accounting Principles, Federal Accounting Standards Advisory Board guidance, and OMB Circular A-136. Additionally, the successful implementation of the Digital Accountability and Transparency Act (DATA Act) continues to ensure public visibility into the agency's financial stewardship through comprehensive reporting on USAspending.gov.

I am confident that this high standard of financial management will continue. The FMC remains committed to strengthening internal controls, improving operational efficiency, and upholding its responsibility to protect the interests of the American shipping public.

/s/
Earl Taylor
Chief Financial Officer
November 16, 2026

Principal Financial Statements

The principal financial statements presented include:

- Balance Sheet – Presents the combined amounts the agency had to use or distribute (assets) versus the amounts the agency owed (liabilities), and the difference between the two (net position);
- Statement of Net Cost – Presents the annual cost of agency operations determined by reducing gross cost by any offsetting revenue;
- Statement of Changes in Net Position – Presents the accounting activities that caused the change in net position during the reporting period;
- Statement of Budgetary Resources – Presents how budgetary resources were made available and the status of those resources at fiscal year-end; and
- Statement of Custodial Activity – Presents collections and their disposition by the agency on behalf of the Treasury General Fund. The FMC acts as custodian and does not have use of these funds.

Limitations of the Financial Statements

As stated in the previous section, the principal financial statements have been prepared to report the financial position and results of operations of the FMC, pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements have been prepared from the books and records of the agency in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity. Therefore, liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and the payment of all liabilities other than for contracts can be abrogated by the sovereign entity. Other limitations are included in the footnotes to the principal statements. The accompanying notes are an integral part of these statements.

The Federal Maritime Commission's financial statements were audited by Harper, Rains, Knight & Company, under contract to the FMC's Office of the Inspector General.

Financial Statements & Independent Auditor Report

FEDERAL MARITIME COMMISSION
Washington, DC 20573

November 16, 2026

Office of Inspector General

Dear Chairman DiBella and Commissioners Dye, Maffei, Vekich, and Harvey:

I am pleased to provide the attached audit report required by the Accountability for Tax Dollars Act of 2002 (ATDA), which presents an unmodified opinion on the Federal Maritime Commission's (FMC) fiscal year (FY) 2026 and 2025 financial statements. The Office of Inspector General (OIG) commends the FMC for attaining an unmodified opinion.

The OIG contracted with the independent certified public accounting firm Harper, Rains, Knight & Company (HRK) to perform the audit of the FMC's financial statements for the fiscal years ended September 30, 2026 and 2025; consider internal control over financial reporting; and test the agency's compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on the financial statements. The OIG contract required that the audit be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget (OMB) audit guidance.

In connection with the OIG's contract, the OIG reviewed HRK's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable the OIG to express, and we do not express, opinions on the FMC's financial statements or internal control, or conclusions on compliance with laws and regulations. HRK is responsible for the attached auditors' report dated November 16, 2026, and the conclusions expressed in the report. However, our review disclosed no instances where HRK did not comply, in all material respects, with GAGAS.

The OIG would like to thank FMC staff, especially the Office of Budget and Finance, for their assistance in helping HRK and the OIG meet the audit objectives.

Respectfully submitted,

/s/
Jon Hatfield
Inspector General

Enclosure

cc: Office of the Managing Director
Office of the General Counsel
Office of Budget and Finance

Independent Auditor's Report



Independent Auditors' Report

To Chairman Laura DiBella
Federal Maritime Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Federal Maritime Commission (FMC). FMC's financial statements comprise the balance sheets as of September 30, 2026, and 2025, and the related statements of net cost, changes in net position, budgetary resources, and custodial activities for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, FMC's financial statements present fairly, in all material respects, FMC's financial position as of September 30, 2026, and 2025, and its net cost of operations, changes in net position, budgetary resources, and custodial activities for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FMC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

FMC's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other

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Chairman
Federal Maritime Commission (continued)

information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FMC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Chairman
Federal Maritime Commission (continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB which considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on FMC's financial statements. The information in the FMC's 2026 Performance and Accountability Report, to include *A Message from Chairman DiBella, Annual Performance Report, Message from the Chief Financial Officer, and Other Required Information* sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the Other Required Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of FMC's financial statements as of and for the year ended September 30, 2026, in accordance with GAS, we considered FMC's internal control relevant to the financial statement audit as a basis for designing 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 FMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of FMC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or

Chairman
Federal Maritime Commission (continued)

material weaknesses. We did not consider all internal control relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of FMC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, and contracts, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, and Contracts

As part of obtaining reasonable assurance about whether FMC's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, and contracts that have a direct effect on the determination of material amounts and disclosures in FMC's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on FMC's compliance with applicable laws, regulations, and contracts. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, and contracts applicable to FMC. FMC management is responsible for complying with laws, regulations, and contracts applicable to the entity.

Chairman
Federal Maritime Commission (continued)

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts disclosed no instances of noncompliance for the year ended September 30, 2026, that would be reportable under *Government Auditing Standards* or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, and contracts, and the results of that testing, and not to provide an opinion on the effectiveness of FMC's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

November 16, 2026
Washington, D.C.

Comments on Audit Report

Federal Maritime Commission
Washington, DC 20573

Office of the
Managing Director

November 16, 2026

Matthew N. Farage, CPA, CISA, CITP, CGFM
Harper, Rains, Knight & Company
1425 K Street, NW, Suite 1120
Washington, DC 20005

Dear Mr. Farage:

I have reviewed the financial statements audit report for the Federal Maritime Commission for FY 2026. I concur with the audit report's findings that the financial statements fairly present the Commission's financial position during the fiscal year ending September 30, 2026, and that the financial statements are in conformity with U.S. Generally Accepted Accounting Principles; that the FMC has maintained, in all material respects, effective internal control over financial reporting; and that there were no instances of reportable noncompliance with laws and regulations tested by the auditors.

The Commission appreciates HRK's work over the past fiscal year.

Sincerely,

/s/
Earl Taylor
Chief Financial Officer

Financial Statements

FEDERAL MARITIME COMMISSION FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025

TABLE OF CONTENTS

BALANCE SHEETS.....44

STATEMENTS OF NET COST.....45

STATEMENTS OF CHANGES IN NET POSITION 45

STATEMENTS OF BUDGETARY RESOURCES..... 46

STATEMENTS OF CUSTODIAL ACTIVITY... 46

NOTES TO THE FINANCIAL STATEMENTS.....47-58

FEDERAL MARITIME COMMISSION
BALANCE SHEETS
AS OF SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Assets		
Intragovernmental Assets		
Fund Balance with Treasury (Note 2)	$ 18,354,656	$ 17,899,553
Advances and Prepayments	192,464	95,141
Total Intragovernmental Assets	18,547,120	17,994,694
Other than Intragovernmental Assets		
Accounts Receivable, Net (Note 3)	66,110	72,346
Property, Plant, and Equipment, Net (Note 4)	2,699,102	-
Total Other than Intragovernmental Assets	2,765,212	72,346
Total Assets	**$ 21,312,332**	**$ 18,067,040**
Liabilities (Note 5)		
Intragovernmental Liabilities		
Accounts Payable	$ 91,715	$ 513,610
Other Liabilities (Note 6)	365,743	267,603
Other Liabilities (Without Reciprocals)	171,259	74,550
Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets	66,110	70,568
Other Current Liabilities - Benefit Contributions Payable	128,374	122,485
Total Intragovernmental Liabilities	457,458	781,213
Other than Intragovernmental Liabilities		
Accounts Payable	373,553	311,588
Federal Employee Salary, Leave, and Benefits Payable	3,802,655	2,740,230
Pension, Post-Employment, and Veterans Benefits Payable	-	1,215
Other Liabilities (Note 6)	1,406	107
Total Other than Intragovernmental Liabilities	4,177,614	3,053,140
Total Liabilities	**$ 4,635,072**	**$ 3,834,353**
Net Position		
Unexpended Appropriations		
Funds from Other than Dedicated Collections	$ 15,495,670	$ 15,932,791
Cumulative Results of Operations		
Funds from Other than Dedicated Collections	1,181,590	(1,700,104)
Total Net Position	**$ 16,677,260**	**$ 14,232,687**
Total Liabilities and Net Position	**$ 21,312,332**	**$ 18,067,040**

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENTS OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Gross Program Costs		
Operational and Administrative:		
Gross Costs	$ 36,564,120	$ 40,800,726
Less: Earned Revenue	(137,674)	(137,511)
Net Program Costs	**$ 36,426,446**	**$ 40,663,215**
Office of Inspector General		
Gross Costs	$ 547,260	$ 560,943
Net Program Costs	**$ 547,260**	**$ 560,943**
Multi Year Operational & Administrative		
Gross Costs	$ 1,745,645	$ 1,361,220
Net Program Costs	**$ 1,745,645**	**$ 1,361,220**
Net Cost of Operations	**$ 38,719,351**	**$ 42,585,378**

FEDERAL MARITIME COMMISSION
STATEMENTS OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

Unexpended Appropriations	**2026**	**2025**
Beginning Balance	$ 15,932,791	$ 17,207,967
Appropriations Received	40,000,000	40,000,000
Other Adjustments	(804,480)	(1,283,048)
Appropriations Used	(39,632,641)	(39,992,128)
Net Change in Unexpended Appropriations	(437,121)	(1,275,176)
Total Unexpended Appropriations	**$ 15,495,670**	**$ 15,932,791**
Cumulative Results of Operations		
Beginning Balance	$ (1,700,104)	$ (1,684,832)
Appropriations Used	39,632,641	39,992,128
Imputed Financing (Note 9)	1,968,404	2,577,978
Net Cost of Operations	(38,719,351)	(42,585,378)
Net Change in Cumulative Results of Operations	2,881,694	(15,272)
Total Cumulative Results of Operations	**$ 1,181,590**	**$ (1,700,104)**
Net Position	**$ 16,677,260**	**$ 14,232,687**

The accompanying notes are an integral part of these financial statements.

FEDERAL MARITIME COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Budgetary Resources		
Unobligated Balance From Prior Year Budget Authority, Net (Note 10)	$ 6,531,848	$ 3,917,920
Appropriations	40,000,000	40,000,000
Spending Authority From Offsetting Collections	137,674	137,511
Total Budgetary Resources	**$ 46,669,522**	**$ 44,055,431**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 40,355,136	$ 39,295,602
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	2,288,282	2,442,028
Unapportioned, Unexpired Accounts	699	-
Unexpired, Unobligated Balance, End of Year	2,288,981	2,442,028
Expired, Unobligated Balance, End of Year	4,025,405	2,317,801
Unobligated Balance, End of Year (Total)	6,314,386	4,759,829
Total Budgetary Resources	**$ 46,669,522**	**$ 44,055,431**
Outlays, Net and Disbursements, Net		
Outlays, Net (Total)	$ 38,740,417	$ 39,048,029
Distributed Offsetting Receipts	(831,269)	(2,733,714)
Agency Outlays, Net	**$ 37,909,148**	**$ 36,314,315**

FEDERAL MARITIME COMMISSION
STATEMENTS OF CUSTODIAL ACTIVITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

Total Custodial Revenue	2026	2025
Sources of Cash Collections		
Miscellaneous	$ 25,403,981	$ 2,257,812
Total Cash Collections (Note 13)	25,403,981	2,257,812
Accrual Adjustments (+/-)	(4,457)	(3,802)
Total Custodial Revenue	**25,399,524**	**2,254,010**
Disposition of Collections		
Transferred to Others (by Recipient)	$ 25,403,981	$ 2,257,812
(Increase)/Decrease in Amounts Yet to be Transferred (+/-)	(4,457)	(3,802)
Total Disposition of Collections	**25,399,524**	**2,254,010**
Custodial Revenue Less Disposition of Collections	**$ -**	**$ -**

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Federal Maritime Commission (FMC or Commission) was established on August 12, 1961. The FMC is responsible for the regulation of ocean borne transportation in the foreign commerce of the United States. The principal statutes or statutory provisions administered by the Commission Subtitle IV (Parts A through D) of Title 46, United States Code, including the various amendments to Title 46 implemented by the Ocean Shipping Reform Act of 2022 and section 834 of the Frank LoBiondo Coast Guard Authorization Act of 2018.

Parts A and B of Subtitle IV govern the regulation of ocean shipping and were formerly known as the Shipping Act of 1984, as amended, the Foreign Shipping Practices Act of 1988 and Section 19 of the Merchant Marine Act, 1920. The Commission also administers Part C of Subtitle IV, formerly sections 2 and 3 of P.L. 89-777, and section 3503(b)(1)(C) of Title 46, United States Code. Part C and section 3503 mandate financial responsibility requirements of cruise line operators towards passengers of such vessels. Part D of Subtitle IV addresses the Commission generally, including its organization and authority to prescribe regulations. Part D also contains various provisions or amendments that were in the Shipping Act, the Foreign Shipping Practices Act, and the LoBiondo Act.

The Commission monitors the activities of ocean common carriers, marine terminal operators (MTOs), agreements among ocean common carriers and/or MTOs, ports and ocean transportation intermediaries (non-vessel-operating common carriers and ocean freight forwarders) operating in the U.S. foreign commerce to ensure they maintain just and reasonable practices; maintains trade monitoring, enforcement and dispute resolution programs designed to assist regulated entities in achieving compliance and to detect and remedy malpractices and violations of laws administered by the FMC; monitors the laws and practices of foreign governments which could have a discriminatory or otherwise adverse impact on shipping conditions in U.S. trades, and imposes remedial action, as appropriate, pursuant to section 19 of the 1920 Act or FSPA; enforces special regulatory requirements applicable to carriers owned or controlled by foreign governments; processes and reviews agreements, service contracts, and service arrangements pursuant to 46 U.S.C. chapters 403 and 405 for compliance with statutory requirements; and reviews common carriers' privately published tariff systems for accessibility and accuracy, as required by OSRA 2022.

The FMC also issues licenses to qualified ocean transportation intermediaries (OTIs) in the U.S., ensures that all OTIs are bonded or maintain other evidence of financial responsibility, and ensures that passenger vessel operators (PVOs) demonstrate adequate financial responsibility in case of nonperformance of voyages or death or injury occurring to passengers.

The FMC is composed of five Commissioners appointed for five-year terms by the President with the advice and consent of the Senate. The President designates one of the Commissioners to serve as Chairman, who is the chief executive and administrative officer of the FMC.

The FMC reporting entity is comprised of General Funds and General Miscellaneous Receipts. General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

The FMC makes custodial collections and holds custodial receivables that are non-entity assets and are transferred to Treasury at fiscal year-end. The FMC has rights and ownership of all assets reported in these financial statements. FMC does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the FMC. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results. The Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the FMC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the FMC's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the FMC's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of those funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the FMC's funds with Treasury in expenditure, receipt, revolving, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The FMC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use Fund Balance with Treasury or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the FMC by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees and collections from fines penalties and administrative fees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

F. Property, Equipment, and Software

Property, equipment, and software represent furniture, fixtures, equipment, and information

technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The FMC's capitalization threshold is $25,000 for individual purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

Description	Useful Life (years)
Building	5
Leasehold Improvements	5
Office Furniture	5
Computer Equipment	5
Office Equipment	5
Software	5

G. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

H. Liabilities

Liabilities represent the amount of funds likely to be paid by the FMC as a result of transactions or events that have already occurred.

The FMC reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial Federal Employees' Compensation Act (FECA), and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees.

I. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

J. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the FMC's employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process.

Similarly, employees that the FMC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

K. Retirement Plans

The FMC's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the FMC's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the FMC matches any employee contribution up to an additional four percent of pay. For FERS participants, the FMC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the FMC remits the employer's share of the required contribution.

The FMC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the FMC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The FMC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The FMC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

L. Other Post-Employment Benefits

The FMC's employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the FMC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The FMC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the FMC through the recognition of an imputed financing source.

M. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

N. Contingencies

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. The FMC recognizes contingent liabilities in the accompanying balance sheet and statement of net cost, when it is both probable and can be reasonably estimated. The FMC discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by the U.S. Treasury rather than from the amounts appropriated to FMC for agency operations. Payments from the Judgment Fund are recorded as an "Other Financing Source" when made.

O. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

P. Reclassification

Certain fiscal year 2025 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2026 and 2025, were as follows:

	2026	2025
Status of Fund Balance With Treasury		
Unobligated Balance	$ 6,314,386	$ 4,759,829
Obligated Balance Not Yet Disbursed	12,040,270	13,139,724
Total Fund Balance With Treasury	**$ 18,354,656**	**$ 17,899,553**

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

Unobligated balances may include amounts that are not available for current use and are restricted to future use. Restrictions on such amounts should be disclosed pursuant to SFFAS 1, paragraph 38.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2026 and 2025, were as follows:

	2026	2025
With the Public		
Miscellaneous Accounts Receivable	$ 5,100	$ 72,331
Interest Receivable	-	15
Penalties and Fines Receivable	61,010	-
Total Accounts Receivable	**$ 66,110**	**$ 72,346**

The accounts receivable is primarily made up of reimbursements from employees and fines, penalties, and administrative fees. Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2026.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT, NET

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2026, and 2025:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
2026			
Major Class:			
Leasehold Improvements	$ 3,400,414	$ 701,312	$ 2,699,102
Furniture and Equipment	316,289	316,289	-
Total	$ 3,716,703	$ 1,017,601	$ 2,699,102
2025			
Major Class:			
Leasehold Improvements	$ 225,000	$ 225,000	$ -
Furniture and Equipment	316,289	316,289	-
Total	$ 541,289	$ 541,289	$ -

Leasehold improvement significant increase for 2026 is due to completed renovations to hearing room, 9th and 10th floors in March 2026.

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the FMC as of September 30, 2026 and 2025, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2026	2025
Unfunded Leave	$ 1,517,512	$ 1,727,382
Actuarial FECA	-	1,215
Total Liabilities Not Covered by Budgetary Resources	$ 1,517,512	$ 1,728,597
Total Liabilities Covered by Budgetary Resources	3,051,450	2,035,188
Liabilities Not Requiring Budgetary Resources	66,110	70,568
Total Liabilities	**$ 4,635,072**	**$ 3,834,353**

The FMC records actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

Liabilities not requiring budgetary resources represent the custodial liabilities of fines, penalties, and fees to be collected and transferred to Treasury. FMC being a collecting agency recognizes fines, penalties, and fees as a custodial liability and receivable. Once the funds are collected, they are then transferred to Treasury at the end of each fiscal year.

NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2026 and 2025, were as follows:

	Current	Non-Current	Total
2026			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	$ 171,259	$ -	$ 171,259
Custodial Liability (to the general fund)	-	66,110	66,110
Employer Contributions and Payroll Taxes Payable	128,374	-	128,374
Total Intragovernmental Other Liabilities	**$ 299,633**	**$ 66,110**	**$ 365,743**
Other than Intragovernmental Other Liabilities			
Other Liabilities w/Related Budgetary Obligations	$ 1,406	$ -	$ 1,406
Total Other than Intragovernmental Other Liabilities	**$ 1,406**	**$ -**	**$ 1,406**
Total Other Liabilities	**$ 301,039**	**$ 66,110**	**$ 367,149**
2025			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	$ 74,550	$ -	$ 74,550
Custodial Liability (to the general fund)	-	70,568	70,568
Employer Contributions and Payroll Taxes Payable	122,485	-	122,485
Total Intragovernmental Other Liabilities	**$ 197,035**	**$ 70,568**	**$ 267,603**
Other than Intragovernmental Other Liabilities			
Other Liabilities w/Related Budgetary Obligations	$ 107	$ -	$ 107
Total Other than Intragovernmental Other Liabilities	**$ 107**	**$ -**	**$ 107**
Total Other Liabilities	**$ 197,142**	**$ 70,568**	**$ 267,710**

NOTE 7. LEASES

FMC occupies office space in one location, of which the lease agreement is considered an intra-governmental lease per SFFAS 54 lease requirement for FY26. The total lease expense for the period ended September 30, 2026, and 2025, respectively is $2,556,398 and $3,214,906.

The lease locations and terms are listed below:

Location	Term	Lease Expiration Date
Washington, DC	15 Years	10/31/2037

The operating lease amount does not include estimated payments for leases with annual renewal options.

Below is a schedule of future payments for the term of the lease:

	Office Space	Total Federal
Fiscal Year		
2027	$ 3,048,609	$ 3,048,609
2028	3,098,527	3,098,527
2029	3,141,801	3,141,801
2030	3,186,373	3,186,373
2031	3,232,282	3,232,282
2032-2036	17,084,183	17,084,183
2037-2041	3,877,565	3,877,565
Total	**$ 36,669,340**	**$ 36,669,340**

NOTE 8. COMMITMENTS AND CONTINGENCIES

The FMC records commitments and contingent liabilities for legal cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including certain judgments that have been issued against the agency. There were no contingent liabilities as of September 30, 2026.

NOTE 9. INTER-ENTITY COSTS

The FMC recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. The FMC recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2026 and 2025, respectively, inter-entity costs were as follows:

	2026	2025
Office of Personnel Management	$ 1,968,404	$ 2,577,978
Total Inter-Entity Costs	**$ 1,968,404**	**$ 2,577,978**

NOTE 10. UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2026 and 2025, consisted of the following:

	2026	2025
Unobligated Balance Brought Forward from Prior Year, October 1	$ 4,759,829	$ 4,027,789
Recoveries of Prior Year Obligations	2,576,499	1,173,179
Other Changes in Unobligated Balances	(804,480)	(1,283,048)

Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	**$ 6,531,848**	**$ 3,917,920**

NOTE 11. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2026 and 2025 were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2026			
Paid Undelivered Orders	$ 192,464	$ -	$ 192,464
Unpaid Undelivered Orders	2,116,651	6,872,169	8,988,820
Total Undelivered Orders	**$ 2,309,115**	**$ 6,872,169**	**$ 9,181,284**
2025			
Paid Undelivered Orders	$ 95,142	$ -	$ 95,142
Unpaid Undelivered Orders	5,526,477	5,578,059	11,104,536
Total Undelivered Orders	**$ 5,621,619**	**$ 5,578,059**	**$ 11,199,678**

NOTE 12. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include fiscal year 2026 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2027 and can be found at the OMB website: https://www.whitehouse.gov/omb/. The Fiscal Year 2027 Budget of the United States Government, with the "Actual" column completed for 2025, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

(In Millions)

	Total Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 44	$ 39	$ -	$ 39
Spending Authority from Offsetting Collections	-	-	-	(1)
Unobligated Balance Not Available	(2)	-	-	-
Difference Due to Rounding	(1)	-	-	-
Budget of the U.S. Government	**$ 41**	**$ 39**	**$ -**	**$ 38**

NOTE 13. CUSTODIAL REVENUES

The FMC is an administrative agency collecting for another entity or the General Fund. As a collecting entity, the FMC measures and reports cash collections and refunds. These collections are reported as custodial activity on the "Statement of Custodial Activity". The type of cash collected is for fines, penalties and administrative fees. A small portion is for interest on the past due fines. Another component of the custodial revenue is general proprietary receipts (User Fees) for the application of licenses issued to qualified Ocean Transportation Intermediaries (OTI's) in the U.S., FMC reviews petitions, status changes and special permission fees. FMC believes that all fines, penalties, administrative fees and user fees will be collected in full. There are no material uncollectible accounts as of September 30, 2026 and 2025.

Custodial collections are reported on the Statement of Custodial Activity. The miscellaneous receipts are broken out in the general receipt funds as follows:

	2026	2025
Collections of Receivables from Cancelled Accounts	$ 872	$ 89
Fines, Penalties, and Forfeitures	24,575,787	1,405,388
General Fund Proprietary Receipts-User Admin Fees	831,128	852,228
Refund of Proprietary Receipts-User Fees	(3,947)	-
Interest	141	107
Total Custodial Collections	**$ 25,403,981**	**$ 2,257,812**

NOTE 14: RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

The reconciliation of Net Cost to Net Outlays as of September 30, 2026:

	Intragovernmental	Other than Intragovern-mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	**$ 12,567,082**	**$ 26,152,269**	**$ 38,719,351**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(476,312)	(476,312)
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	(1,778)	(1,778)
Advances and Prepayments	97,323	-	97,323
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	421,895	(61,965)	359,930
Federal Employee Salary, Leave, and Benefits Payable	-	(1,062,425)	(1,062,425)
Pension, Other Post-Employment, and Veterans Benefits Payable	-	1,215	1,215
Other Liabilities	(102,598)	(1,299)	(103,897)
Financing Sources:			
Imputed Cost	(1,968,404)	-	(1,968,404)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	**$ (1,551,784)**	**$ (1,602,564)**	**$ (3,154,348)**
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	3,175,414	-	3,175,414
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	**$ 3,175,414**	**$ -**	**$ 3,175,414**
Misc Items			
Distributed Offsetting Receipts (SBR 4200)	-	(831,269)	(831,269)
Custodial/Non-Exchange Revenue	25,399,524	(25,399,524)	-
Total Other Reconciling Items	**$ 25,399,524**	**$ (26,230,793)**	**$ (831,269)**
Total Net Outlays (Calculated Total)	**$ 39,590,236**	**$ (1,681,088)**	**$ 37,909,148**
Budgetary Agency Outlays, Net			**$ 37,909,148**

The reconciliation of Net Cost to Net Outlays as of September 30, 2025:

	Intragovernmental	Other than Intragovern-mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	**$ 14,380,466**	**$ 28,204,912**	**$ 42,585,378**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	1,042	1,042
Advances and Prepayments	48,888	-	48,888
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	(456,581)	(37,127)	(493,708)
Federal Employee Salary, Leave, and Benefits Payable	-	(477,830)	(477,830)
Pension, Other Post-Employment, and Veterans Benefits Payable	-	46	46
Other Liabilities	(37,702)	(107)	(37,809)
Financing Sources:			
Imputed Cost	(2,577,978)	-	(2,577,978)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	**$ (3,023,373)**	**$ (513,976)**	**$ (3,537,349)**
Misc Items			
Distributed Offsetting Receipts (SBR 4200)	-	(2,733,714)	(2,733,714)
Custodial/Non-Exchange Revenue	2,254,010	(2,254,010)	-
Total Other Reconciling Items	**$ 2,254,010**	**$ (4,987,724)**	**$ (2,733,714)**
Total Net Outlays (Calculated Total)	**$ 13,611,103**	**$ 22,703,212**	**$ 36,314,315**
Budgetary Agency Outlays, Net			**$ 36,314,315**

OTHER REQUIRED INFORMATION

Inspector General's Statement on Management and Performance Challenges

FEDERAL MARITIME COMMISSION
Washington, DC 20573

October 15, 2026

Office of Inspector General

TO: Chairman DiBella
Commissioner Dye
Commissioner Maffei
Commissioner Vekich
Commissioner Harvey

FROM: Inspector General

SUBJECT: Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenge

The Reports Consolidation Act of 2000 (Public Law 106-531) requires inspectors general to provide a summary and assessment of the most serious management and performance challenges facing Federal agencies, and their progress in addressing these challenges. The attached document responds to the requirements and provides the annual statement to be included in the Federal Maritime Commission's (FMC) Performance and Accountability Report (PAR) for fiscal year (FY) 2026.

This year, the Office of Inspector General (OIG) has identified one management and performance challenge, ***organizational changes,*** and is providing an update on FMC's progress in addressing this challenge since the prior year. This assessment is based on information derived from a combination of sources, including OIG audit and review work; Commission reports; Federal government reports; and a general knowledge of the Commission's programs.

The Reports Consolidation Act of 2000 permits agency comment on the inspector general's statements. Agency comments, if applicable, are to be included in the final FMC PAR that is due by November 16, 2026.

Jon Hatfield

Attachment
cc: Office of the Managing Director
Office of the General Counsel
Office of Human Resources

Office of Inspector General (OIG)
Fiscal Year 2026 – FMC Management Challenge

Organizational Changes - Management Challenge and Agency Progress

Organizational change continues to be a management challenge identified by the Office of Inspector General (OIG) at the Federal Maritime Commission (FMC). The FMC is a relatively small agency charged with regulating international ocean transportation — a sector tied to trillions of dollars in trade. Since fiscal year (FY) 2021, OIG has cited organizational changes related to high turnover in senior and staff positions beginning with the coronavirus (COVID-19) pandemic then persisting after the official end of the public health emergency in May 2023. In FY 2022, the implementation of the Ocean Shipping Reform Act of 2022 (OSRA) was highlighted as part of the agency's organizational challenges. Challenges in staff recruitment and retention continued throughout FY 2024 and FY 2025. A government-wide hiring freeze was implemented on January 20, 2025, alongside a deferred resignation plan (DRP), which resulted in a notable number of employees separating from the Commission. While FMC benefits from a core of talented and experienced staff who remain committed to the agency's mission, ongoing turnover in senior and staff roles — particularly challenging for a small agency with few management layers — underscores the difficulty of sustaining leadership continuity and operational capacity.

For FY 2023, the agency was authorized to have 164 employees but ended the year with 129 positions filled — 35 fewer than authorized. The Office of Human Resources (OHR) successfully onboarded 28 new employees, yet 19 employees separated during the same period. In FY 2024, staffing pressures persisted: as of September 2024, the FMC had 132 positions filled. Recruitment challenges were evident in repeated announcements for key leadership positions.

In FY 2025, the OHR, the Office of the Managing Director (OMD), the Bureau of Certification and Licensing (BCL), and the Office of Consumer Affairs and Dispute Resolution Services (CADRS) had vacancies or departures in the most senior positions. In FY 2025, FMC also saw the departure of two of the five Commissioners, including the Chairman. In addition, following the hiring freeze implemented on January 20, 2025, the FMC prioritized filling only the positions most critical to the FMC's mission. At the end of FY 2025, FMC had 115 positions filled and 22 vacancies.

During FY 2026, the government-wide hiring freeze was no longer in effect, and FMC was able to resume hiring under a hiring plan approved by the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM). This hiring plan can be updated quarterly to address FMC's ongoing personnel needs. During FY 2026, the FMC onboarded 15 new employees, including a new Chairman and a new Commissioner. However, during that same time, the FMC also had 20 employees separate from the agency, including the Managing Director and

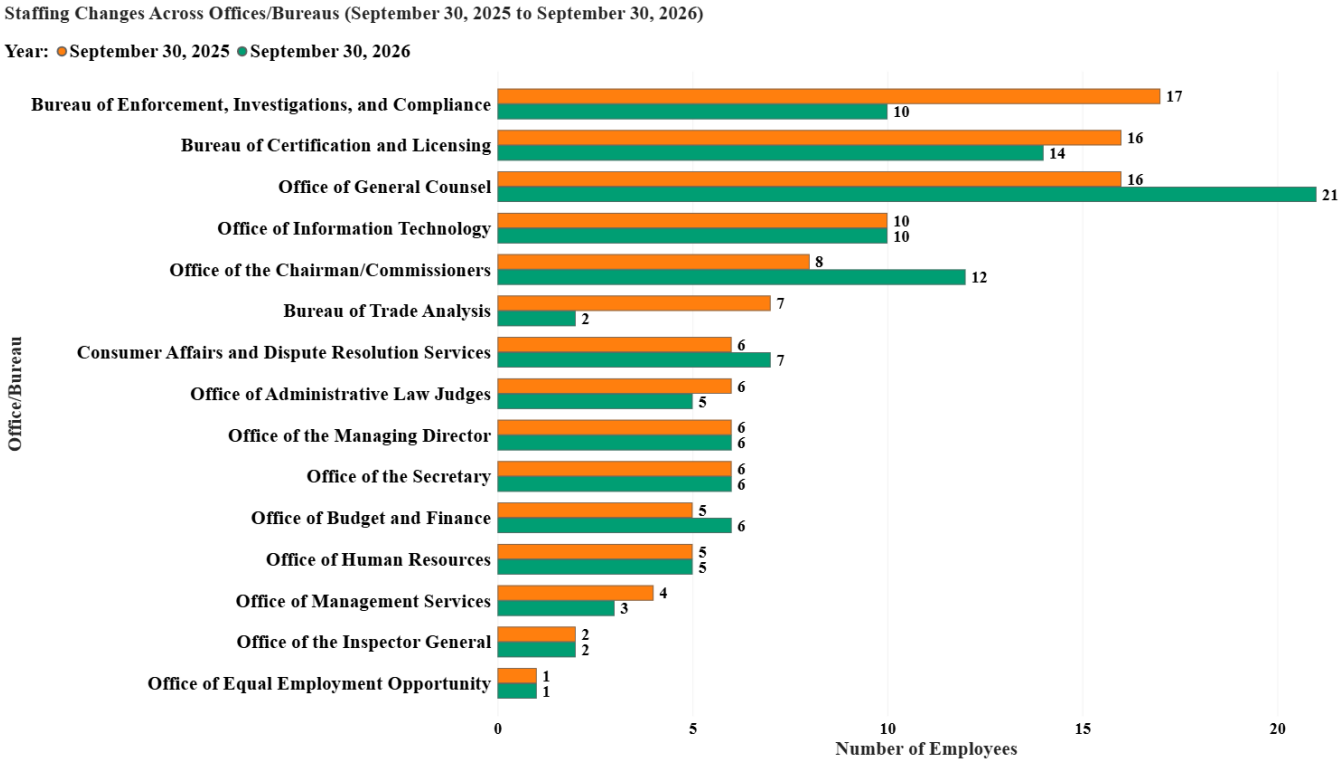
Chief of Staff, key positions at the agency. As a result, the total number of employees at the Commission dropped from 115 positions filled as of September 30, 2025, to only 110 positions filled as of September 30, 2026. OHR expressed confidence that many of these positions will be filled during FY 2027, informing OIG that "OHR does not have any challenges filling a large number of vacancies" at this time. Likewise, OIG notes that the agency has taken several actions that may positively affect employee retention and engagement, including greater scheduling flexibility, retention incentives for key staff, and more frequent all-hands meetings with the Chairman and Commissioners to promote communication between staff and senior leadership.

The Bureau of Enforcement, Investigations, and Compliance (BEIC) experienced the largest decrease in headcount of any office or bureau during this period, decreasing from 17 employees to only 10 by the end of the fiscal year. The Office of the General Counsel (OGC) saw the largest increase in headcount, increasing from 16 employees to 21 by the end of the year. OIG notes that several employees transferred between FMC offices as a result of agency-wide reorganizations during FY 2026 which were intended to alleviate staffing losses in key offices and bureaus across the agency.

OIG had planned to review the Commission's annual Federal Employee Viewpoint Survey (FEVS) in FY 2025 to help identify potential areas of improvement for employee engagement that could impact employee recruitment and retention. FEVS is a tool that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies. For 2025, the FEVS was delayed and later changed to be administered by agencies rather than OPM. In OPM's July 9, 2026 memo titled "Annual Employee Survey Administration Requirements – 2026 and Beyond" it was announced that agencies will administer their own annual employee survey moving forward. In an August 2026 email, the Chief Human Capital Officers (CHCO) Council communicated that OPM will offer optional services to agencies for their annual survey. OIG notes that the annual employee survey is a good opportunity for the FMC to identify root causes of turnover and develop targeted plans to improve employee retention. OIG will consider reviewing FMC's agency-administered survey results once available.

To illustrate the changes in staffing outlined above, the chart on the next page shows office and bureau changes from September 30, 2025, to September 30, 2026.

The OIG obtained the FY 2026 staffing figures from the National Finance Center (NFC) Insight system. Staffing figures may not reflect temporary details or changes in staff assignments during FY 2026.



Source: Insight staffing reports. Staffing figures may not reflect temporary details or changes in staff assignments during FY 2026.

Comments on Inspector General's Statement on the Federal Maritime Commission's Management and Performance Challenge

The Commission acknowledges that organizational change continued to be a challenge during FY 2026. This challenge underscores the increasing importance of strengthening leadership continuity, succession planning, workforce development, and strategic hiring.

The Commission is leveraging available hiring authorities and strengthening supervisory effectiveness through training and an enhanced coaching and mentorship program. These initiatives will support leadership development, reinforce accountability, and equip supervisors to manage employee performance, develop staff capabilities, and advance mission objectives.

Additionally, the Commission will continue succession planning by identifying current and projected workforce gaps, assessing risks associated with retirements and other separations, and addressing critical knowledge, skills, and abilities through recruitment and/or workforce development.

The Commission appreciates the Inspector General's assessment of this challenge, and remains committed to maintaining a capable, resilient workforce.

Financial Statement Audit Summary

Table 1 is a summary of the results of the independent audit of the FMC's financial statements by the agency's auditors in connection with the FY 2026 audit.

Table 1. Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
None	n/a	n/a	n/a	n/a	n/a
Total Material Weaknesses	None	None	n/a	n/a	None

Management Assurances Summary

Table 2 is a summary of the effectiveness of internal control over FMC's financial reporting and operations and its conformance with financial management system requirements under Sections 2 and 4 of the Federal Financial Management Improvement Act (FFMIA). This table summarizes compliance with FFMIA, which is not applicable to the FMC

Table 2. Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	None	n/a	n/a	n/a	n/a	None
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
[name of weakness]	None	n/a	n/a	n/a	n/a	None
Total Material Weaknesses	None	n/a	n/a	n/a	n/a	None
Compliance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
[name of noncompliance]	None	n/a	n/a	n/a	n/a	None
Total noncompliance	None	n/a	n/a	n/a	n/a	None
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
				Agency		**Auditor**
1. Federal Financial Management System Requirements				FFMIA does not apply to the FMC		n/a
2. Applicable Federal Accounting Standards				FFMIA does not apply to the FMC		n/a
3. USSGL at Transaction Level				FFMIA does not apply to the FMC		n/a

Fraud Reduction Report

The FMC has a low appetite for fraud. The FMC complies with the *Fraud Risk and Data Analytics Act of 2015* and follows the Standards for Internal Control in the Government through its enterprise risk management program and financial accounting practices. The FMC's Risk Committee, tasked with managing risk enterprise-wide, considers fraud risks on a regular basis.

Financial stewardship is an important part of the FMC's risk management strategy. Internal controls and financial and accounting data are subject to multiple levels of monthly or annual review performed internally by the FMC and externally by the BFS. The most recent OIG risk assessment of the purchase card program, completed in 2024, considered several factors, including: effectiveness of internal controls; training requirements; policies and procedures; any prior problems with the program; and previous audits and reviews. The OIG concluded the risk of illegal, improper, or erroneous use in the FMC's purchase card program is "low," and as a result, the OIG anticipates performing another risk assessment of the purchase card program in 2026.

In addition, for the OIG's most recent annual review of the FMC's compliance with reporting and performance requirements regarding improper payments, for FY 2025, the OIG concluded that the FMC complied with all the requirements that are applicable to the agency for improper payment reporting. During the OIG's review, one issue was noted where the FMC could improve its improper payment reporting process. The OIG concluded that the issue did not affect compliance nor alter the payment integrity information reported by the FMC.

The Commission's acquisitions policy protects the integrity of the contracting process and includes ethical requirements and standards of conduct in accordance with the *Procurement Integrity Act* and Federal Acquisition Regulations.

The FMC does not oversee or have responsibility for any credit, grant, or loan programs. No new programs were initiated in FY 2026, and no current programs are at high risk for fraud, abuse, or exposure to waste.

Civil Monetary Penalty Adjustment for Inflation

The *Federal Civil Penalties Inflation Adjustment Act of 1990*, Pub. L. 104-410, as amended by the *Debt Collection Improvement Act of 1996*, Pub. L. 104-134, and the *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015*, Pub. L. 114-74, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. However, in accordance with guidance from the Office of Management and Budget (OMB Memo M-26-11), the FMC continued to use the 2025 civil monetary penalty levels due to the absence of a cost-of-living adjustment for 2026.

The following table shows the civil penalties that the FMC may impose, authority for imposing the penalty, dates of inflation adjustments, and current penalty levels. The Federal Register notice (FR Doc. 2026-10996) may be viewed at: Federal Register : Inflation Adjustment of Civil Monetary Penalties.

Penalty	Statutory Authority	Date of Previous Adjustment	Date of Current Adjustment	Maximum Penalty
Adverse impact on U.S. carriers by foreign shipping practices	46 U.S.C. 42304	January 15, 2025	June 2, 2026	$2,626,135
Knowing and Willful violation / Shipping Act of 1984, or Commission regulation or order	46 U.S.C. 41107(a)	January 15, 2025	June 2, 2026	$74,943
Violation of Shipping Act of 1984, Commission regulation or order, not knowing and willful	46 U.S.C. 41107(a)	January 15, 2025	June 2, 2026	$14,988
Operating in foreign commerce after tariff suspension	46 U.S.C. 41108(b)	January 15, 2025	June 2, 2026	$149,887
Failure to provide required reports, etc. / Merchant Marine Act of 1920	46 U.S.C. 42104	January 15, 2025	June 2, 2026	$11,823
Adverse shipping conditions / Merchant Marine Act of 1920	46 U.S.C. 42106	January 15, 2025	June 2, 2026	$2,364,503
Operating after tariff or service contract suspension / Merchant Marine Act of 1920	46 U.S.C. 42108	January 15, 2025	June 2, 2026	$118,225
Failure to establish financial responsibility for non-performance of transportation*	46 U.S.C. 44102	January 15, 2025	June 2, 2026	$29,864 $996
Failure to establish financial responsibility for death or injury*	46 U.S.C. 44103	January 15, 2025	June 2, 2026	$29,864 $996
Program Fraud Civil Remedies Act / makes false claim	31 U.S.C. 3802(a)(1)	January 15, 2025	June 2, 2026	$14,308
Program Fraud Civil Remedies Act / giving false statement	31 U.S.C. 3802(a)(2)	January 15, 2025	June 2, 2026	$14,308

*These amounts are based on the penalties established in § 44104 for violations of §§ 44102 and 44103: $5,000, plus $200 for each passage sold. These penalties were established in 1966 and, applying the statutory inflation adjustment formula, amount to $29,864 plus $996 for each passage sold, in current dollars.

Biennial Review of User Fees

The Federal Maritime Commission is required by Office of Management and Budget (OMB) Circular A-25 (Revised) to conduct biennial reviews of fees and other charges that it imposes and to revise these fees and charges so as to generally cover program and administrative costs incurred, as necessary. In order to remain compliant with OMB Circular A-25, the Federal Maritime Commission is conducting a comprehensive reassessment of its user fee program. This review will help to ensure that the FMC's fees remain aligned with statutory requirements and that they reflect the full cost of providing services.


FEDERAL MARITIME COMMISSION
1961