

City of Detroit

OFFICE OF THE AUDITOR GENERAL



Audit of the Airport Department

July 2007 – September 2009



City of Detroit
OFFICE OF THE AUDITOR GENERAL
COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 208
DETROIT, MICHIGAN 48226
PHONE: (313) 224-3101
FAX: (313) 224-4091
WWW.CI.DETROIT.MI.US

LOREN E. MONROE, CPA
AUDITOR GENERAL

MEMORANDUM

DATE: July 28, 2010
TO: Honorable City Council
FROM: Loren E. Monroe, CPA *Loren E Monroe*
Auditor General
RE: Audit of the Airport Department
CC: Mayor Dave Bing
Delbert Brown, Director, Airport Department
Norman L. White, Chief Financial Officer

Attached for your review is our report on the audit of the Airport Department. This report contains our audit purpose, scope, objectives, methodology and conclusions; background; our audit findings and recommendations; and the response from the Airport Department.

Responsibility for the installation and maintenance of a system of internal control that minimizes errors and provides reasonable safeguards rests entirely with the Airport Department. Responsibility for monitoring the implementation of recommendations is set forth in Section 4-205 of the City Charter which states in part:

Recommendations that are not put into effect by the department shall be reviewed by the Finance Director who shall advise the Auditor General and the City Council of the action being taken with respect to the recommendations.

We would like to thank the employees of the Airport Department for their cooperation and assistance extended to us during this audit.

Copies of all of the Office of the Auditor General reports can be found on our website at www.ci.detroit.mi.us/legislative/CharterAppointments/AuditorGeneral.

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AGENCY RESPONSE

Airport Department

ATTACHMENT A

AUDIT PURPOSE, SCOPE, OBJECTIVES, METHODOLOGY AND CONCLUSIONS

AUDIT PURPOSE

The audit of the Airport Department was performed in accordance with the Office of the Auditor General's (OAG) Charter mandate to audit the financial transactions of all city agencies at least once every two years and report findings and recommendations to the City Council and the Mayor.

AUDIT SCOPE

Our audit focused on the Airport Department's internal control procedures for transactions of cash receipts, payroll, disbursements, revenue, capital assets, imprest cash; and year-end closing procedures for the period from July 1, 2007 through September 30, 2009; and the status of prior audit findings.

Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external peer review of the Office of the Auditor General within the last three years.

AUDIT OBJECTIVES

The objectives of the audit were:

- To assess the Airport Department's internal controls related to financial transactions;
- To determine if the Airport Department is in compliance with Finance Directives, policies, plans, procedures, laws and regulations; and
- To determine the status of prior audit findings and issues of noncompliance in the prior audit report.

AUDIT METHODOLOGY

To accomplish the audit objectives, our audit work included:

- Review of prior audit reports, Finance Directives, City ordinances, City policies and procedures;
- Interviews with appropriate Airport Department management and personnel to gain an understanding of the department's internal control structure;
- An evaluation of the Airport Department's internal controls over its major financial transactions; and
- An examination of sample transactions that we considered satisfactory to achieve our objectives.

CONCLUSIONS

The Airport Department's internal controls over its payroll and capital assets are adequate. However, internal controls over cash receipts, revenue, disbursements, and imprest cash are inadequate.

The Airport Department did not fully comply with the City's Finance Directives, policies, and procedures. The Airport Department did not resolve four of the six prior audit findings.

BACKGROUND

The Detroit City Airport was renamed the Coleman A. Young International Airport (Airport) in honor of the late Mayor of Detroit, Coleman A. Young, in 2003.

The Airport is managed by the Airport Department and is supported by a nine-member Advisory Commission. The Airport Department in conjunction with the Advisory Commission has the responsibility for holding land for the Coleman A. Young International Airport.

In January 2006, City Council approved a \$962,625 five-year contract with Signature Flight Support Corporation (Signature) to sell aviation fuel and aircraft oils. The contract period is from October 1, 2005 to September 30, 2010. As part of the contract, the vendor also collects landing and aircraft parking fees on behalf of the Airport Department. According to the agreement, the Airport Department is to receive the following percentages of fees generated or collected by Signature:

<u>Revenue Types</u>	<u>Airport Department's Percentage of Fees</u>
Landing Fees	85% of landing fees collected
Fuel Flowage Fees	\$0.08 per gallon of aircraft fuel received
Aircraft Oils & Liquids	15% of total sales
Aircraft Field Parking/Tie down Fees	Rate is determined by the weight of the aircraft

The following table includes budgetary data pertaining to the Airport Department:

	Fiscal Year Ending June 30	
	2008	2009
Total Appropriation	<u>\$ 3,379,247</u>	<u>\$ 5,554,765</u>
Enterprise Revenue (Less Subsidy)	1,547,110	1,125,900
Capital Revenue	1,250,000	3,500,000
General Fund Subsidy	<u>582,137</u>	<u>928,865</u>
Total Revenue	<u>\$ 3,379,247</u>	<u>\$ 5,554,765</u>
Net Tax Cost	<u>\$ 0</u>	<u>\$ 0</u>
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The Airport Department is an enterprise agency, and receives a general fund subsidy. The general fund subsidy for the Airport Department for fiscal year 2009-2010 is \$680,015. Mr. Delbert Brown was appointed director of the Airport Department in September 2003.

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report of the Airport Department dated August 2003 contained six findings and one noncompliance issue. The date indicates the audit report in which the finding was first reported. The status of each finding is noted.

1. Assign Cash Receipts Function to Someone Other Than the Employee Assigned to Record Receipt Transactions (June 1991)
This finding has not been resolved and is discussed in Finding 3 on page 7 of this report.
2. Deposit All Cash Receipts Within 48 Hours of Collection (June 1994)
This finding has not been resolved and is discussed in Finding 3 on page 7 of this report.
3. Reconcile Checks Listed in the Mail Register to Daily Bank Deposit Records (June 1985)
This finding has not been resolved and is discussed in Finding 3 on page 7 of this report.
4. Develop a Formal Procedures Manual (June 1985)
This finding has been resolved.
5. Negotiate Contracts With All Tenants and Concessionaires (June 1994)
This finding has not been resolved and is discussed in Finding 6 on page 11 of this report.
6. Assure Evidence of Receipt of Goods Is Obtained Before Approving Payments for Purchases (August 2003)
This finding has been resolved.

The prior noncompliance issue relating to the Airport Department's reimbursement of parking fees to its employees through the imprest cash fund, rather than through the mileage reimbursement process has been resolved.

AUDIT FINDINGS AND RECOMMENDATIONS

1. Airport Did Not Verify the Accuracy of Concession Revenue

The contract between the Airport and Signature Flight Support Corporation (Signature) stipulates that Signature pay a specified percentage of fees collected from landing fees, parking fees, sales of liquids and oil, and fuel flowage fees to Airport. Our review found that the Airport does not verify that the revenues collected from Signature accurately reflect the Airport's percentage of revenues for which it is entitled in accordance with the terms of the contract.

Sound business practices include verifying the accuracy of revenue payments received. According to the terms of the contract with Signature, the Airport has access to Signature's financial records pertaining to Signature's operation at the Airport for the purpose of inspection, auditing, and copying to verify Signature's compliance with the covenants contained in the agreement.

The Airport's failure to verify whether the revenues it receives from Signature are correct increases the risk that underpayments will not be detected, and the City may not receive all monies that are owed.

A representative of the Airport indicated that time constraints and staff shortages have prevented them from verifying the correctness of its share of concession revenue.

Recommendations

We recommend the Airport periodically review Signature's financial records pertaining to Airport operations, along with the Airport's aircraft landing reports to verify whether concession revenue payments received by Signature accurately reflect the total revenue from the Airport operation and to verify its proportionate share.

2. Controls Over Refundable Deposits Are Inadequate

Airport collects refundable security deposits for hangar and bay rentals, badges and keys. The following conditions exist:

- Refundable deposits are commingled with the Airport's operation and maintenance bank account.
- As of December 30, 2009, the Airport's refundable deposit balance reported in the Detroit Resource Management System (DRMS) was \$100,519; however, the cash balance in the Airport Department's operation and maintenance bank account was only \$1,005. The Airport does not maintain sufficient funds to cover its refundable deposit liability.
- The refundable deposit balance has not been adjusted to reflect reductions due to nonpayment and abandonment of leased premises.

A tenant is entitled to a refund of his/her initial deposit once the Airport receives a thirty-day written notice indicating the tenant is vacating their rental space, and there is no outstanding balance due on the tenant's account. Refundable deposits should be held separately from all other funds and should be available once the aforementioned conditions are met.

Refundable deposits are not assets. Maintaining the refundable deposits in the operating bank account could lead to the deposits inadvertently being used for Airport's operating expenditures. Failure to properly adjust the refundable deposit balance has resulted in an incorrect balance for refundable deposits being carried in the Airport financial records.

According to an Airport representative, a request to open a separate account for refundable deposits was made to the Finance Department Treasury Division. The Treasury Division refused to open a new bank account and requested that the Airport justify their three existing accounts.

Recommendations

We recommend the Airport:

- Open a separate bank account for the tenant refundable deposits.
- Adjust the refundable deposit account to the correct balance.

3. Controls Over Cash Receipts Are Inadequate

Airport receives tenant lease payments and other miscellaneous cash receipts through the mail and over the counter in their administrative offices. The following conditions exist:

- An Airport employee who receives cash in the absence of the employee assigned the duty also is responsible for maintaining the records used to document receipts.
- Cash receipts received in the mail are not reconciled to daily bank deposits.
- Cash receipts are not deposited or recorded in DRMS within 48 hours of receipt.

An effective system of internal control over cash receipts requires proper segregation of duties. Employees who have access to cash receipts should not maintain the records that account for cash and receivables. Good business practices require comparing cash receipts records to deposit records and bank statements. Finance Directive 20 states "all city departments should immediately institute procedures to insure that all cash and checks are deposited in the bank and recorded in DRMS within 48 hours after receipt."

The risk of undetected theft of funds is increased when duties are not adequately segregated, mail receipts are not compared to deposits, and cash is not deposited timely. In addition, not depositing cash receipts within 48 hours after collection is in violation of Finance Directive 20.

According to an Airport employee, there are only two individuals in the office to perform administrative duties and the Budget Department has not allowed any additional staff. Employees have not compared incoming mail receipts to daily bank deposits because of time constraints. Our staffing level does not allow bank deposits to be consistently made within 48 hours.

Recommendations

We recommend:

- Airport management, to mitigate the risk of misappropriation and fraud of duties, periodically review and compare receipts book, cash receipts log, and deposit records noting any discrepancies.
- Airport, if possible, use an additional staff person to help segregate duties and to help with the Airport's workload.
- Airport deposit cash receipts and record them in the Detroit Resource Management System (DRMS) within 48 hours of receipt.

4. Controls Over Imprest Cash Are Inadequate

Airport has an imprest cash account with an authorized amount of \$2,500. The following conditions were noted:

- One of the two individuals who signs checks also prepares imprest cash checks.
- One of the two individuals who signs checks also approves imprest cash vouchers and reimbursement requests.
- Imprest cash bank statements were received and opened by someone who prepares and signs imprest cash checks.
- Imprest cash bank reconciliations were not reviewed and approved by a responsible official.
- The custodian of the imprest cash fund did not reconcile the fund monthly as required by the Finance Department Imprest Cash Fund Manual.
- Imprest cash reimbursement requests were not made within 30 days from the end of the month.
- A supervisor did not periodically audit imprest cash.
- As of January 14, 2010, the imprest cash fund was over by \$19.47.

The Finance Department Imprest Cash Fund Manual requires:

- The custodian of the imprest cash fund to reconcile it monthly.
- Unannounced audits of the imprest cash fund.
- Imprest cash fund overages be remitted to the Treasurer.

Adequate internal control mandates that imprest cash duties be segregated, properly reviewed and approved of by an appropriate official, and expenses be reimbursed and recorded in the period occurred.

Inadequate segregation of imprest cash fund duties, a lack of unannounced audits of the imprest cash fund, and a lack of reviews and approvals of the imprest cash fund reconciliations increases the risk of undetected thefts of the funds. By not reimbursing the imprest cash fund monthly, expenses are not recorded in the correct month. Failure of the fund custodian to perform monthly reconciliations of the fund and failure to remit overages to the Treasurer is in noncompliance with the Finance Department Imprest Cash Manual.

According to an Airport representative, the conditions exist for the following reasons:

- Lack of staff and time constraints have increased the workload of the remaining employees. Work duties will overlap at some point.
- Imprest Cash reconciliations are not reviewed and approved because the Airport Department Director approves individual purchases, which are small amounts.
- Imprest Cash reimbursements are not submitted to the Finance Department Accounts Payable Section each month because purchases are small and infrequent.
- Periodic audits of imprest cash could not be completed because of lack of staff and time constraints.
- The custodian of the imprest cash fund may not know the fund is to be reconciled monthly.
- Airport did not remit the \$19.47 overage to the Treasurer because it was unaware that the imprest cash fund was over its amount of \$2,500.

Recommendations

We recommend:

- Airport management receive the imprest cash fund bank statements unopened and review and approve bank reconciliations of the fund; and perform unannounced audits of the fund at least once every three months.
- Airport obtain an additional staff person to segregate imprest cash fund duties and to help with other duties.
- Airport require the imprest cash fund custodian to reconcile the fund monthly.
- Airport submit imprest cash fund reimbursement requests to the Finance Department Accounts Payable Section within 30 days from the end of the month.
- Airport remit the \$19.47 imprest cash fund overage to the Treasurer.

5. Airport Did Not Fully Comply with the City's Purchasing Directive

Airport purchases goods and services before a requisition and purchase order are approved. We selected 20 vendor invoices for review. Of the 20 invoices selected, 17 or 85% showed that the Airport received goods and services before a requisition and purchase order were created and approved in DRMS.

Finance Directive 104 states that ordering products or services before the issuance of a purchase order is in violation of the City's purchasing procedures. Budgetary control mandates that funds are available to pay for goods and services prior to obtaining them from vendors. A purchase order is a budgetary control designed to reserve funds for a particular purchase.

Obtaining goods and services before preparation of a purchase requisition and a purchase order is against the City's policies governing purchasing, and could lead to the City incurring liabilities without funds to pay for them, thereby, increasing the City's deficit.

According to an Airport employee, it is the normal process of Airport to place orders to vendors and create purchase orders later.

Recommendation

We recommend Airport comply with Finance Directive 104 and prepare purchase requisitions and purchase orders prior to ordering and receiving goods and services from vendors.

6. Lease Agreements Are Not Obtained

Airport does not have a lease agreement with the car rental company, US Auto Rental, which is currently conducting business at the Airport, and did not have an approved contract with the previous car rental company, Enterprise Car Rental. In addition, Airport failed to submit revenue agreements from the car rental companies to City Council for approval as required by City Code.

Airport could not provide the lease agreements for three other tenants included in our test sample.

Effective managerial controls include securing lease agreements. A lease agreement specifies the terms and conditions of the lease and the responsibilities and liabilities of the lessee and the lessor. Contractual relationships should be put in writing and maintained on a current basis. This minimizes the risk of misunderstandings between the parties regarding the terms and conditions of the contract. Section 18-5-5 of the Detroit Code mandates City Council approval of all revenue contracts.

Failure to secure lease agreements with the tenants who occupy space at Airport increases the risk that misinterpretations regarding provisions and conditions of the tenants' occupancy and Airport's liability may occur. Furthermore, City Council's oversight of City contracts is undermined when revenue agreements are not submitted to City Council for approval.

According to an Airport representative, Enterprise Car Rental had a lease agreement, but it expired and a formal letter existed. The letter was not approved by City Council. Enterprise voluntarily vacated Airport premise in August 2009. US Auto Rental is a new start-up car rental company. It has been allowed to operate without an agreement because of the length of time needed to obtain approval by the City. The company began operating at the Airport in September 2009. Some of the tenant lease agreements maybe missing because of the water damage that occurred when a water main erupted in the fall of 2005 in the Executive Terminal offices. Leases have not been reviewed or updated because of lack of staff and time constraints.

Recommendation

We recommend Airport secure lease agreements with all tenants, and obtain City Council's approval on all revenue contracts.

7. Airport Did Not Fully Comply with Year-end Closing Procedures

Airport failed to comply with the Finance Department's year-end closing procedures. The following conditions exist:

- For year ending June 2008, 20 of the 23 required year-end exhibits, were not on file or submitted to the Finance Department.
- Of the 3 exhibits submitted, 2 were not submitted on time to the Finance Department.
- For the year ending June 2009, 18 of the 23 required year-end exhibits, were not on file or submitted to the Finance Department.
- Of the 5 exhibits submitted, 3 were not submitted on time to the Finance Department.

According to the Finance Department, "It is the Agency's responsibility to submit all required information accurately, completely, and timely". The Finance Department's year-end closing procedures require each city department to complete all of the required year-end exhibits and submit them to the Finance Department by the scheduled due dates.

Noncompliance with year-end closing procedures delays the Finance Department in compiling year-end information and data for use in preparing the City of Detroit Comprehensive Annual Financial Report (CAFR). Also, not submitting documents timely prevents the external auditors from completing the financial audit on time in order to meet the State mandated annual due date for submission of the City's audited financial statements.

According to an Airport Department employee, all required year-end forms were not submitted or were submitted late to the Finance Department because of time constraints.

Recommendation

We recommend Airport adhere to the Finance Department's year-end closing procedures.




CITY OF DETROIT
AIRPORT DEPARTMENT
ADMINISTRATION

ATTACHMENT A

11499 CONNER AVENUE
DETROIT, MICHIGAN 48213
PHONE 313•628•2146 TTY: 311
FAX 313•372•2448
WWW.DETROITMI.GOV

DATE: June 4, 2010

TO: Loren E. Monroe, CPA
Auditor General

FROM: Delbert Brown 
Airport Director

RE: Audit of the Airport Department

We reviewed your draft audit report for the period stated and while we did not agree with the document in full we found no issue with the process of development. We found your staff and their approach to the completion of the subject task to be professional and helpful in not only identifying risks but also helpful when considering mitigation of the associated challenges.

The following are our responses to the findings as represented to the Airport Department in your draft report.

1. Airport Did Not Verify the Accuracy of Concession Revenue

Recommendation

We recommend the Airport periodically review Signature's financial records pertaining to Airport operations, along with the Airport's aircraft landing reports to verify whether concession revenue payments received by Signature accurately reflect the total revenue from the Airport operation.

Response

The current contract requires submission of an annual Report from the Signature officials responsible for its financial records or a Certified Public Accountant verifying its gross revenue.

We also receive a duly certified monthly operating statement showing all gross revenues derived from their operations. Airport Department will however work with Signature Flight Support to develop a more localized review of their revenue receipts on a quarterly basis. Currently the required level of local record retention is in dispute, as Signature, an international company, utilizes a centralized accounting system and claims difficulty in developing reports specific to a location.

The Signature contract expires September 30, 2010 and we do not anticipate extending the terms of this agreement nor resolution to this matter. We will work



with any future vendor to ensure more localized recordkeeping that is not burdensome to both parties and allows for spot audits.

We believe the reporting by the Signature Chief Financial Officer is accurate and reliable. Since we have direct and indirect contact with the operation on a daily basis we are to assess the level of activity. We have to be cognizant of the limited staff resources we have to allocate to an audit task.

2. Controls Over Refundable Deposit Are Inadequate

Airport collects refundable security deposits for hangar and bay rentals, badges and keys. The following conditions exist:

- Refundable deposits are commingled with the Airport's operation and maintenance bank account.
- As of December 30, 2009, the Airport's refundable deposit balance reported in the Detroit Resource Management System (DRMS) was \$100,519; however, the cash balance in the Airport Department's operation and maintenance bank account was only \$1,005. The Airport does not maintain sufficient funds to cover its refundable deposit liability.
- The refundable deposit balance has not been adjusted to reflex reductions due to nonpayment and abandonment of leased premises.

Recommendations

We recommend the Airport

- Open a separate bank account for the tenant refundable deposits.
- Adjust the refundable deposit account to the correct balance.

Response

The refundable security deposit is grossly overstated and has been so for decades due to additions being made to the balance when they are received but no adjustments made when a tenant departs. Turnover of tenants is so infrequent and requests for refunds are the same. A "run on the Airport" as may happen with a bank is a minor risk considering turnover (well below 1 tenant a month - \$300) and that any refunds are not disbursed from the Department but the Treasurer.

For the record we emphatically state that the liability shown in the DRMS is grossly overstated and not representative of the current liability.

Opening an additional account when the City of Detroit is in the process of reducing the number of the open bank accounts and our new account request



has not been embraced as a quick solution. There also may be additional costs associated with another liquid account to hold said funds.

We will reconcile the refundable deposits back to the inception of DRMS and adjust the account balance so it is consistent with current levels of tenancy and maintain the liability going forward in an appropriate account.

3. Controls Over Cash Receipts Are Inadequate

Airport receives tenant lease payments and other miscellaneous cash receipts through the mail and over the counter in their administrative offices.

The following conditions exist:

- An Airport employee who receives cash in the absence of the employee assigned the duty also is responsible for maintaining the records used to document receipts.
- Cash receipts received in the mail are not reconciled to daily bank deposits.
- Cash receipts are not deposited or recorded in DRMS within 48 hours of receipt.

Recommendations

We recommend:

- Airport management, to mitigate the risk of inadequate segregation of duties, periodically review and compare receipts book, cash receipts log, and deposit records noting any discrepancies.
- Airport, if possible, use an additional staff person to help segregate duties and to help with the Airport's workload.
- Airport deposit cash receipts and record them in the Detroit Resource Management System (DRMS) within 48 hours of receipt.

Response

We do not have staffing to create the duty separation called for by the Auditor General's office and consider the risk-reward of hiring or cross training another individual as negligible. Due to the static and periodic revenue inflow (monthly invoiced rent payments) nature of personnel staffing: absence, vacation, etc. triggers a breakdown in the system and separation cannot be sustained. I refer back to a consideration of the risk reward of changes to our current assignments.

We will implement a system to regularly compare and review various receipts and logs to mitigate the risk level associated with the current duty separation.



4. Controls Over Imprest Cash Are Inadequate

Airport has an imprest cash account with an authorized amount of \$2,500. The following conditions were noted:

- One of the two individuals who signs checks also prepares imprest cash checks.
- One of the two individuals who signs checks also approves imprest cash vouchers and reimbursement requests.
- Imprest cash bank statements were received and opened by someone who prepares and signs imprest cash checks.
- Imprest cash bank reconciliations were not reviewed and approved by a responsible official.
- The custodian of the imprest cash fund did not reconcile the fund monthly as required by the Finance Department Imprest Cash Fund Manual.
- Imprest cash reimbursement requests were not made within 30 days from the end of the month.
- A supervisor did not periodically audit imprest cash.
- As of January 14, 2010, the imprest cash fund was over by \$19.47.

The Finance Department Imprest Cash Fund Manual requires:

- The custodian of the imprest cash fund to reconcile it monthly.
- Unannounced audits of the imprest cash fund.
- Imprest cash fund overages be remitted to the Treasurer.

Recommendations

We recommend:

- Airport management, to mitigate the risk of insufficient segregation of duties over the imprest cash fund, receive the imprest cash fund bank statements unopened and review and approve bank reconciliations of the fund; and perform unannounced audits of the fund at least once every three months.
- Airport obtain an additional staff person to segregate imprest cash fund duties and to help with other duties.
- Airport require the imprest cash fund custodian to reconcile the fund monthly.



- Airport submit imprest cash fund reimbursement requests to the Finance Department Accounts Payable Section within 30 days from the end of the month.
- Airport remit the \$19.47 imprest cash fund overage to the Treasurer.

Response

Remittance of any overages was made to the City Treasurer and elimination of the Airport Department petty cash fund has occurred.

5. Airport Did Not Fully Comply with the City's Purchasing Directive

Recommendation

We recommend Airport comply with Finance Directive 104 and prepare purchase requisitions and purchase orders prior to ordering and receiving goods and services from vendors.

Response

Often the nature and timing of our receipt of services is due to an outage of a critical piece of equipment that is safety, security or customer service related and we may not know the cost and or quantity of service required to make repairs. Many of our larger purchases and services conversely are on a Contract Purchase Order. The Airport is consistently on budget and aware of funding and revenue constraints and created no unfunded liabilities.

This is not standard practice as stated in the Auditor General's report but more a lack of coordination with Airport Operations and Airport Administration.

We analyzed our purchasing and identified those services and or commodities that we purchase more often and created requisitions and purchase orders to more full comply with Finance Directive 104.

6. Lease Agreements Are Not Obtained

Recommendation

We recommend Airport secure lease agreements with all tenants, and obtain City Council's approval on all revenue contracts.



Response

Some of our month-to-month tenant records were reviewed and were found to have leases missing in their files though they have stored their aircraft here for numerous years. These leases may have been lost over time during either office moves or not being filed properly, etc. We are reviewing all of our tenant files for completion and we will send out leases for execution to those tenants that do not have leases on file. This finding is over simplified in its statement.

As for the auto rental company, we are putting together a lease for execution and upon obtaining required clearances it will be submitted to City Council for approval.

7. Airport Did Not Fully Comply with Year-end Closing Procedures

Airport failed to comply with the Finance Department's year-end closing procedures. The following conditions exist:

- For year ending June 2008, 20 of the 23 required year-end exhibits, were not on file or submitted to the Finance Department.
- Of the 3 exhibits submitted, 2 were not submitted on time to the Finance Department.
- For the year ending June 2009, 18 of the 23 required year-end exhibits, were not on file or submitted to the Finance Department.
- Of the 5 exhibits submitted, 3 were not submitted on time to the Finance Department.

Response

Most of our exhibits are prepared by an outside contractor hired by the Finance Dept. and due to internal coordination and coordination with Finance Dept. our exhibits were not completed in a timely fashion. We will complete periodic closing statements to simplify our annual closing and comply with year-end closing requirements.