



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
12

Meeting Date: **MARCH 7, 2013**

Subject:

Quarterly Audit Activities Report – Fiscal Year 2013 Second Quarter, and Audit Recommendations Issued by the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

The Charter of the Office of the Chief Auditor (OCA), as approved by the Board, established the roles, responsibilities, and working relationship of the Chief Auditor with the Audit Committee and Authority management. The Charter directs the Office of the Chief Auditor to provide periodic communications and presentations to the Audit Committee with respect to management's systems of control, audit findings, management's responses, and including any steps adopted to resolve a noted issue.

The FY13 Second Quarter Report (Attachment A), hereby filed by the Chief Auditor, summarizes the activities and accomplishments of his office from October 1, 2012, through December 31, 2012.

During the Second Quarter, the Office of the Chief Auditor completed six (6) audits of the Fiscal Year 2013 Audit Plan and issued four (4) recommendations.

On February 4, 2013, during a regularly scheduled meeting of the Audit Committee, the Office of the Chief Auditor presented the FY13 Second Quarter Report, which includes the implementation status of all outstanding audit recommendations (Appendix C). During the Audit Committee Meeting, the Committee reviewed and unanimously approved the report.

Fiscal Impact:

None

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Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

1. This Board action, as an administrative action, is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA, Cal. Pub. Res. Code §21065.
2. This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not applicable

Prepared by:

MARK A. BURCHYETT
CHIEF AUDITOR

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
OFFICE OF THE CHIEF AUDITOR

FY13 SECOND QUARTER REPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

January 23, 2013

FY13 Second Quarter Report

Tom Smisek, Chair
Audit Committee
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, California 92138-2776

Dear Mr. Smisek:

As requested by the Audit Committee, we present our Fiscal Year 2013 Second Quarter Report. The report details the audit and the administrative activities of the Office of the Chief Auditor (OCA) during the second quarter of FY13, and includes the resolutions of past audit findings and information regarding the future plans of the OCA.

The Second Quarter Report will be presented at the next Audit Committee meeting, scheduled for February 4, 2013.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark A. Burchyett", is written over a horizontal line.

Mark A. Burchyett
Chief Auditor

Audit Results

During the second quarter, the OCA continued to work on audits contained within the FY13 audit plan as authorized by the Audit Committee. In total, during the second quarter, the OCA completed six (6) audits. For the month of December, we issued two (2) audit reports, for which audit snapshots are located in Appendix A. From those audit reports we issued three (3) recommendations, bringing the total recommendations issued during the second quarter to four (4). The recommendations issued in December all related to the reconciliation audit performed on the contract between the Authority and the City of San Diego for Aircraft Rescue & Fire Fighting services in 2010. The completed audits are listed in Figure 1 below and the status of recommendations is presented on Page 3.

Figure 1: Audits Completed During the Second Quarter of Fiscal Year 2013

Audit	Report No.	Date	Type of Audit
Bruel and Kjaer EMS	13012	10/8/2012	Expense Contract
Enterprise Holdings, Inc.	13018	11/14/2012	Revenue Contract
Accurate Engineering ICS	13011	11/29/2012	Expense Contract
David Brush Consulting	13006	11/30/2012	Expense Contract
Aircraft Rescue & Fire Fighting (ARFF) 2010 Expense Billings	11024	12/5/2012	Expense Contract
Budget Management and Analysis	13004	12/17/2012	Internal Process

In addition to the completed audits, the Office of the Chief Auditor had 13 audits in progress as of December 31, 2012, as shown in Figure 2 below:

Figure 2: Audits In-Progress as of December 31, 2012

Audit	Type of Audit
Aircraft Rescue & Fire Fighting (ARFF) Billings	Expense Contract
Avis Rent A Car Systems LLC	Revenue Contract
Budget Rent A Car – Close-out	Revenue Contract
Business and Travel Expenses	Internal Process
Emergency Medical Technician-Paramedic Services	Expense Contract
Fox Rent A Car	Revenue Contract
Host International Inc. – Close-out	Revenue Contract
JC Decaux, Inc.	Revenue Contract
JRM Consultants & Investigations Company	Expense Contract
LPI - Closeout	Revenue Contract
Merriwether Williams Insurance Services	Expense Contract
The Hertz Corporation	Revenue Contract
Triad International Maintenance Co. (TIMCO)	Revenue Contract

Recommendation Follow-Up

To ensure that audit issues are addressed in a timely manner, the OCA tracks the status of its recommendations on an on-going basis. For the last month in the quarter, the OCA tracked the implementation status of twelve (12) recommendations that were issued during FY13, or were outstanding as of June 30, 2012. As shown by Figure 3 below, five (5) of the recommendations have been completed or implemented, while seven (7) remain outstanding.

See Appendix C for a complete listing of all outstanding recommendations and their status.

Figure 3: Status of Recommendations as of December 31, 2012

Recommendations:				
Tracked	Completed	In Progress	Open	Not Accepted
12	5	4	3	0

In tracking recommendations the OCA uses the following designations:

- **Completed:** This designation is used for recommendations that the OCA has determined to be adequately implemented or for recommendations where alternate action was taken that adequately addresses the risk identified.
- **In Progress:** These recommendations have been partially addressed or partial corrective action has been taken. If adequate progress is not being made, it will be noted as such.
- **Open:** This category of recommendations have not yet been addressed. Usually, this designation is used when there has not been adequate time between report issuance and recommendation follow-up.
- **Not Accepted:** This designation is used for recommendations that an auditee does not accept and, therefore, will not implement. This category can represent a failing on the part of the OCA, as all recommendations should be workable and acceptable to the affected departments.

It appears that adequate progress is being made with the majority of recommendations, and the OCA will continue its monthly updates of their status. Specifically, the non-completion of the "In Progress" recommendations should not have a material adverse affect on the Authority.

Non-Audit Activities

Along with the audit activities detailed above, the OCA continues its involvement in several non-audit projects and activities. Specifically, during the first quarter of FY13 the OCA was involved in the following:

Audit Committee:

The Audit Committee met on November 19, 2012. At that meeting the Committee received the annual external audit of the Authority's financials. Additionally, the Committee received an update on the Construction Audit activity and an OCA quarterly activity report. The next meeting is scheduled for February 4, 2013.

Construction Audit Activity:

For the second quarter of Fiscal Year 2013, the OCA continued its Construction Audit activity separate from its Annual Audit Plan. To this end R. W. Block Consulting, Inc. (RWBC) continued to provide assistance and expertise to the OCA. RWBC was issued Task Authorization #4 in November 2011, which is being utilized for a review of Green Build program costs for compliance with Federal requirements over reimbursable costs. Task Authorization #4 is due to be completed in April 2013.

The OCA Construction Auditor is working on a review of AECOM expenses, an audit of Contract 2 (Kiewit-Sundt), and is completing the contingency review. Additionally, the OCA Construction Auditor is reviewing the components of the Rental Car Center (RCC) project to ensure coordination of communications for better overall internal control in the project.

R. W. Block Consulting and the OCA Construction Auditor remain involved with issues identified by Green Build and Authority Management, giving assistance and attending meetings specific to the aspects of the Authority's construction activity, including the presentation of a formal update to the Audit Committee and the Terminal Development Committee during all of their regularly scheduled meetings.

Ethics Compliance Program:

The OCA continues to man the Authority hotline system including e-mail and voicemail. See Appendix B, Ethics Hotline Call Summary, for a listing of calls received during the quarter.

Performance Measures

The OCA establishes performance measures each year to provide a benchmark to gauge its success. The five (5) performance measures for FY13, along with their current status, are detailed below in Figure 4.

Figure 4: Status of Performance Measures as of December 31, 2012

Performance Measure	Goal	Progress as of December 31, 2012
Percentage of the audit plan completed annually	100%	40%
Additional revenue/cost savings identified through audits	n/a	\$127,721
Percentage of staff time spent on audit activities	80% ¹	83%
Percentage of audits completed within budgeted time	80%	89%
Implementation of Recommendations	90%	76%

Percentage of the audit plan completed annually: This measure provides information on what has been accomplished regarding the planned audit projects for the year. To date the OCA has completed 40% of the plan and an additional 31% of the audit plan is currently in-progress. We also have established quarterly goals for the completion of our audit plan. For the second quarter, we had a completion goal of 59% of the audit plan. We fell short of this goal due to increased Construction Audit activity and adding an additional audit to the plan. Regardless we should be able to meet our third quarter goal of completing 74% of the plan by March 31, 2013.

Additional revenue/cost savings identified: While the value of an audit cannot be adequately assessed by this performance measure, it does provide quantifiable values for completed audits. During the first two quarters we identified a net total of \$127,721, as shown in the figure below and the Soft Savings estimate as of December 31, 2012, in Figure 6.

Figure 5: Additional Revenue and Cost Savings Identified through Audit Activity

Audit Number	Title	Amount Identified
#11044	ARFF Billings – FY 2010	\$382,962
#13015	AirProjects Inc.	10,296
#13018	Enterprise Holdings Inc.	22,404
#12032	Port District Billings – FY 2011	<287,941>
Total		\$127,721

¹ This percentage is the percentage of time staff spends on audit projects, construction audit activities, training, and the ethics program, vs. total staff time worked.

Figure 6: Soft Savings Estimate as of December 31, 2012

Audit	Type	Savings	Comments	Status
#12005 Vehicle Fleet Management	Annual	\$126,102	Current practice is to provide vehicle to individual departments. A review of the usage mileage for passenger vehicles compared to what the Authority would reimburse an employee for mileage on a personal vehicle, indicated that reducing and/or consolidating the vehicle fleet would provide significant costs savings. Annual cost for vehicles was estimated at \$140,382 (assuming 3 year depreciation) and cost of reimbursement was \$14,280.	Management rejected this recommendation stating that the operational nature and physical size of the airport does not lend itself to a standard Fleet Management model, and a pure financial analysis does not take into account the diversity of the Authority's mission.
Total Soft Savings		<u>\$126,102</u>		

Percentage of staff time spent on audit activities: This measure helps ensure that the OCA spends an adequate amount of time on audit activities rather than administrative activities. To date, the OCA is over its current goal of 80%.

Percentage of audits completed within budgeted time: This category monitors how efficient audit staff is in performing their audits. Specifically, audit staff is held accountable to the internally prepared audit budgets for each project. However, it recognizes that budgets may need adjustment(s) as additional facts become known during an audit. For the fiscal year to date, the OCA has completed 89% of its projects within the budgeted amount of time, which was above the goal.

Implementation of Recommendations: This goal measures the value that the OCA is providing to the Authority by measuring how audit recommendations have impacted the Authority. For the fiscal year, 32 of 42 recommendations were implemented. Additionally, three (3) recommendations have been deemed "Not Accepted by Management" during the FY. While the percentage of implemented recommendations appears under our goal, we are on track to achieve the goal, because we aim to have 90% of our recommendations implemented within the year.

Going Forward

During the third quarter of FY13 the OCA has targeted 18 audits in progress for completion. The completion of these audits will result in the accomplishment of 74% of the FY13 audit plan. Figure 5 identifies the audits scheduled for completion in the third quarter.

Figure 7: Audits Scheduled for Completion in the Third Quarter of Fiscal Year 2013

Audit	Type of Audit
Avis Rent A Car Systems LLC	Revenue Contract
Budget RAC Closeout	Revenue Contract
Business and Travel Expenses	Internal Process
Emergency Medical Technician-Paramedic Services	Expense Contract
Fox Rent A Car	Revenue Contract
Gate Gourmet Inc.	Revenue Contract
Host International Inc. – Close-out	Revenue Contract
JC Decaux, Inc.	Revenue Contract
JRM Consultants & Investigations Company	Expense Contract
Lindbergh Parking Inc. (LPi) – Close-out	Revenue Contract
Merriwhether Williams Insurance Services	Expense Contract
Nolte Associates Inc.	Expense Contract
The Hertz Corporation	Revenue Contract
Triad International Maintenance Co.	Revenue Contract

Aircraft Rescue and Fire Fighting Expense Billings

Report Number 11024, December 2012

Background

For the audit period, which ran from July 1, 2009, through June 30, 2010, the Authority paid a total of \$4,111,218 to the City of San Diego (City) for Aircraft Rescue and Fire Fighting (ARFF) services. The objective of this audit was to determine that payments made to the City during the audit period are reflective of the actual expenses incurred by the City to provide those services. Specifically, we attempted to ensure that the payments made by the City did not result in revenue diversion.

Finding # 1: Significant Costs Allocated in the Overhead Rates Utilized by the City are Unrelated to ARFF Services

Our review of the City of San Diego billings to the Authority for fiscal year 2010 ARFF services found that:

- The Authority overpaid the City \$160,139 in Overhead Costs.
- The Authority overpaid the City \$222,823 for non-Airport related charges.

The overhead rate used in the FY 2010 ARFF billings was based on the City of San Diego FY 2010 Cost Allocation Plan. The City calculates two rates:

1. The Departmental Indirect Costs using the Fire-Rescue Department's allocable indirect costs, and
2. The General City allocable indirect costs using the allocable indirect cost of the remaining departments of the City of San Diego.

An Indirect Recoverable Cost (IRC) rate is calculated for each of the cost groups using the total allocable costs as a percentage of direct labor. The sum of these two rates is the fiscal year IRC. The City uses a five-year average of the IRC rates in order to smooth out any unusual fluctuations in rates when billing customers.

The Federal Aviation Administration's Policy and Procedures Concerning the Use of Airport Revenue requires that the costs allocated are supported by sufficient detail to ensure the Authority only pays for services that are directly related to ARFF services. The Office of the Chief Auditor (OCA) analyzed the indirect costs that went into the cost allocation plan to ensure the costs meet the standards of this policy. Based on the information provided, we concluded that there are significant costs included in both the Fire-Rescue Department indirect costs and the General City indirect costs that are unrelated to ARFF services. As a result, the calculated IRC rate used to bill the Authority was not an accurate representation of the indirect costs related to ARFF services.

We found that the IRC rate used by the City was 40% while our recalculated rate was 13.2%. This reduced the five-year average rate applied to Authority charges from 35% to 29.7% resulting in an overpayment of \$160,139.

Recommendation #1: We recommend that the Airside Operations Department (OPS) notify the City concerning the Fiscal Year 2010 over-billing for overhead costs and determine the most appropriate method for the Authority to receive the \$160,139 owed to the Authority.

Recommendation Status: Open

Finding #2: *The Authority Was Overbilled for Labor, Fringe Benefits, and Supply Costs*

Audit test work of the invoices and the supporting documentation for ARFF services revealed the following items for which the Authority was overbilled.

- Direct billing of labor and benefits that are already included in the calculation of labor load. These include pay types such as vacation time, comp time.
- Other Post Employment Benefits (OPEB). The City's OPEB Plan funded ratio as of June 30, 2010, was 6.06%. The City's FY 2010 contribution to the OPEB plan was \$31,689 for all covered employees. The Authority is obligated to pay OPEB if the calculated amount was placed in the plan. However, the amount contributed for all covered City employees was less than the amount calculated and billed for the ARFF employees.
- Fringe benefits for which no description or explanation was provided.
- Miscalculation or unsupported charges for fringe benefits, training travel charges, and supplies.

As a result, we determined that the Authority was overbilled by \$222,823.

Recommendation #2: We recommend that OPS notify the City concerning the Fiscal Year 2010 over-billing for ARFF services and determine the most appropriate method for the Authority to receive the additional \$222,823 owed to the Authority.

Recommendation Status: Open

Finding #3: *Due Diligence Is Needed in Departmental Review of Invoices*

Based on the test work performed, it appears that due diligence in the departmental review and questioning of ARFF invoices is needed. As noted in Finding #2, we found that invoices were approved and paid that contained:

- direct billings for pay types and fringe benefits that are already included in the labor load percentage added to each invoice,
- billings for labor hours noted as "not assigned time", and
- unsupported and miscalculated charges.

Prior to approving invoices for payment, all labor and fringe benefit types billed should be reviewed, in addition to verification of support for all additional expenses included in the billing. Payment should be withheld until a corrected invoice is received from the City and/or the proper supporting documentation is provided.

Recommendation #3: We recommend that OPS review the invoice monthly, using the Excel spreadsheet support provided by the City to calculate the totals of all pay types and fringe benefit types, to ensure that the Authority is not billed for types that are included in the labor load or are unsupported by documentation of the service provided. Travel, training, and supply expenses should be totaled on the Excel sheets and verified to the supporting documentation for each charge.

Additionally, the City should be required to provide a summary of the firefighters drill training when an invoice with training-related expenses is submitted. The summary should indicate the firefighter for which expenses are being submitted, and for each firefighter:

- the dates of the training,
- the expenses included in the current invoice,
- the expenses previously submitted for payment, and
- the estimate of outstanding expenses.

OPS should maintain a record of the certificates of training received for each firefighter to ensure the training expense payments are supported by proof of training course completion.

Recommendation Status: Open

Ethics Hotline Call Summary
October - December, 2012

Code of Ethics Concerns	Number of Reports Received	Number Received Anonymously	Details Support Potential Violation (Ethics or Workplace)	Investigation of Concern	Response (email or phone to non-anonymous reports)
Potential Misuse of Public Funds					
<i>New Construction</i>	18	9	0	n/a	9
<i>Advertising</i>	7	6	0	n/a	1
<i>Conflict of Interest involving Contracts</i>	2	1	1	Yes (1)	1
Potential Misuse of Resources					
<i>Misuse of Time/Travel</i>	3	3	0	n/a	0
<i>Customer Strategy Sessions ~ Funds</i>	7	6	0	n/a	1
Non Ethics Related Concerns					
<i>ATO Practices and Behavior</i>	17	9	0	n/a	8
<i>Aircraft Noise</i>	12	11	0	n/a	1
<i>TSA Practices and Behavior</i>	9	6	0	n/a	3
Workplace Concerns					
<i>United Way</i>	34	19	0	n/a	15
<i>Workplace Practices/Behavior</i>	13	9	1	Yes (2)	4
<i>Workplace Equitability</i>	7	7	0	n/a	0
<i>Departmental "Holiday" Lunches</i>	7	6	0	n/a	1

(1) Issue was investigated and report provided to Management and General Counsel. Resolution of concern is a Management decision.

(2) Issue was investigated and no violation was found. Issue remains open should complainant have further information to share.

Rec. No.	Department Name	Audit Report Description	Risk Score	Risk	Recommendation	Status as of December 31, 2012	OCA's Assessment	Estimated Completion Date
11-10	GROUND TRANSPORTATION DEPARTMENT	Audit Report #11032 dated February 4, 2011, Taxicab Cost Recovery Program	20	Impact: 10 Probability: 10	To ensure the accurate recording of all ground transportation activities at SDJA, the Ground Transportation Department should upgrade or replace the AVI system. Once the AVI system is updated or replaced, the trip fee payment process should be automated. The AVI system data would be uploaded daily to a website accessible to the taxicab operators to allow them to track and download the trip data per taxicab. Monthly, the Ground Transportation Department would lump sum bill the activity to the taxicab companies. This would eliminate an unnecessary risk of misappropriation of Authority assets and the reliance on LPI employees to properly record and account for the collections.	Staff completed a study/review of the current taxi/shuttle hold lot location and determined it is cost prohibitive to relocate. We are now proceeding to finalize the automation system specifications for the current location and expect to complete the work March 30, 2013.	In Process	March 1, 2013
12-25	AVIATION & COMMERCIAL BUSINESS DEPARTMENT (formerly Real Estate Management Department)	Audit Report #12020 dated February 16, 2012, Nevada Lease and Rentals, Inc.	19	Impact: 10 Probability: 9	Aviation & Commercial Business Department (AvCom) should request Payless to recalculate concessionable revenue for the period July 1, 2001, to present, inclusive of "Other Revenue". Further, AvCom should request that in future periods, Payless track and account for the distinct revenue categories within "Other Revenue".	As noted below, the Authority settled with Payless in the amount of \$190,555. AvCom staff had previously notified Payless that it had to better track and account for "Other Revenue".	Completed	N/A
12-24	AVIATION & COMMERCIAL BUSINESS DEPARTMENT	Audit Report #12020 dated February 16, 2012, Nevada Lease and Rentals, Inc.	18	Impact: 10 Probability: 8	Aviation & Commercial Business Department (AvCom) should initiate a request to Accounting to invoice Payless in the amount of \$335,226 for underpayment of concession fees.	Payless disputed the finding and recommendation. Following discussions with OCA staff, the Authority agreed to accept \$190,555 from Payless to close out this item.	Completed	N/A
12-26	AVIATION & COMMERCIAL BUSINESS DEPARTMENT	Audit Report #12018 dated February 16, 2012, DTG Operations, Inc.	18	Impact: 10 Probability: 8	The Aviation & Commercial Business Department (AvCom) should request the Accounting Department issue an invoice to Dollar and to Thrifty in the amounts \$453,252 and \$205,328 respectively.	DTG disputed this recommendation. Following discussion between AvCom and OCA staff, the Authority agreed to receive \$150,000 to settle the underpayment.	Completed	N/A

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

Rec. No.	Department Name	Audit Report Description	Risk Score	Risk	Recommendation	Status as of December 31, 2012	OCA's Assessment	Estimated Completion Date
12-17	AVIATION & COMMERCIAL BUSINESS DEPARTMENT	Audit Report #12023 dated October 19, 2011, Host International	17	Impact: 8 Probability: 9	Aviation & Commercial Business Department (AvCom) should develop and document a comprehensive and efficient monitoring program that specifically targets concessionaire revenue and sales activity prior to implementation of the new Concession Development Program. In addition, ACB should verify the accuracy of financial data provided by concessionaires, prior to input into the E1 financial system by the Accounting Department, and then in turn, verify that the E1 data is congruent with the concessionaire's monthly reports.	Previously, AvCom reported that it was developing tools to support an increased level of oversight of concessions sales data in conjunction with the new program activation. The OCA is currently conducting a close-out audit of Host and will evaluate AvCom's progress/completion.	In Process	January 1, 2013
13-12	AIRSIDE OPERATIONS DEPARTMENT	Audit Report #11024 dated December 5, 2012, Aircraft Rescue & Fire Fighting Expense Billings - FY 2010	17	Impact: 10 Probability: 7	We recommend that the Airside Operations Department (OPS) notify the City concerning the Fiscal Year 2010 over-billing for ARFF services and determine the most appropriate method for the Authority to receive the additional \$222,823 owed to the Authority.	This recommendation was issued during the month so no follow-up was performed.	Open	
13-11	AIRSIDE OPERATIONS DEPARTMENT	Audit Report #11024 dated December 5, 2012, Aircraft Rescue & Fire Fighting Expense Billings - FY 2010	16	Impact: 9 Probability: 7	We recommend that the Airside Operations Department (OPS) notify the City concerning the Fiscal Year 2010 over-billing for overhead costs and determine the most appropriate method for the Authority to receive the \$160,139 owed to the Authority.	This recommendation was issued during the month so no follow-up was performed.	Open	
12-38	GROUND TRANSPORTATION DEPARTMENT	Audit Report #12001 dated April 25, 2012, Public Parking	15	Impact: 8 Probability: 7	Policies and procedures should be developed and instituted by Ground Transportation, the Planning and Operations division, and the Finance Division regarding all areas of public parking management.	Policies and procedures are still being developed and instituted and should be completed in March 2013.	In Process	March 1, 2013

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NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

Rec. No.	Department Name	Audit Report Description	Risk Score	Risk	Recommendation	Status as of December 31, 2012	OCA's Assessment	Estimated Completion Date
13-13	AIRSIDE OPERATIONS DEPARTMENT	Audit Report #11024 dated December 5, 2012, Aircraft Rescue & Fire Fighting Expense Billings - FY 2010	15	Impact: 8 Probability: 7	We recommend that the Airside Operations Department (OPS) review the invoice monthly, using the Excel spreadsheet support provided by the City, to calculate the totals of all pay types and fringe benefit types to ensure that the Authority is not billed for types that are included in the labor load or are unsupported by documentation of the service provided. Travel, training, an supply expenses should be totaled on the Excel sheets and verified to the supporting documentation for each charge. Additionally, the City should be required to provide a summary of the firefighters drill training when an invoice with training-related expenses is submitted. The summary should indicate the firefighter for which expenses are being submitted, and for each firefighter, the dates of the training, the expenses included in the current invoice, the expenses previously submitted for payment, and the estimate of outstanding expenses. OPS should maintain a record of the certificates of training received for each firefighter to ensure the training expense payments are supported by proof of training course completion.	This recommendation was issued during the month so no follow-up was performed.	Open	
11-02	FACILITIES MANAGEMENT DEPARTMENT	Audit Report #11014 dated December 1, 2010, Abhe & Svoboda, Inc.	13	Impact: 7 Probability: 6	Authority Management should ensure that any allowance for additional services included in an agreement should be directly related to the services provided in the agreement.			
13-10	AVIATION & COMMERCIAL BUSINESS DEPARTMENT	Audit Report #13018 dated November 14, 2012, Enterprise Holdings, Inc.	11	Impact: 5 Probability: 6	The Aviation & Commercial Business Department should request the Accounting Department issue an invoice to Enterprise Holdings, Inc. in the amount of \$22,404.	AvCom requested payment of, and received, the full amount of the underpayment.	Completed	N/A
13-08	AVIATION & COMMERCIAL BUSINESS DEPARTMENT	Audit Report #13015 dated August 31, 2012, AirProjects, Inc.	10	Impact: 5 Probability: 5	Aviation & Commercial Business should submit a request to the Accounting Department to prepare and issue an invoice to AirProjects in the amount of \$10,296 for the overpayment of consulting fees charged.	AirProjects was invoiced the full amount and the Authority is awaiting payment.	Completed	N/A

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NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.