

Internal Audit Report 2015-03
St. Louis County – Spirit of St. Louis Airport
Airport Leases
Final Audit Report
August 31, 2015

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Saint Louis
COUNTY
Auditor's Office

TO: The Honorable Pat Dolan – Chairperson - County Council
The Honorable Steven V. Stenger, County Executive
John Bales, Director of Aviation – Spirit of St. Louis Airport
Sidney Hirsch, Manager of Administrative Services – Spirit of St. Louis Airport

FROM: David Makarewicz, CISA, St. Louis County Auditor

SUBJECT: Final Audit Report
St. Louis County – Spirit of St. Louis Airport
Airport Leases – Audit 2015-03

DATE: August 31, 2015

EXECUTIVE SUMMARY

The St. Louis County Auditor's Office performed an audit of the administration of leases and lease payments at the Spirit of St. Louis Airport. The audit was started on May 31, 2015. Fieldwork for the review was completed on July 31, 2015. A closing meeting was held on August, 6, 2015. This is the final audit report based on the results of our review.

The objectives of the review were to evaluate internal controls, evaluate operations and record-keeping compared to established standards, ordinances, policies and procedures. We evaluated processes that are in place to ensure that resources are used efficiently.

The scope of this audit included the administration of leases from properties owned or leased by Spirit of St. Louis Airport. The Airport leases hangars, tie-down facilities, land and office space to airport customers, businesses, corporations, organizations and individuals. We reviewed the handling of lease and rental payments made by tenants to the Spirit of St. Louis Airport.

The scope of the audit included the following:

- We reviewed a sample of properties to ensure that properly executed leases are in place.
- We reviewed key clauses of a cross section of leases to ensure consistency in clauses that address occupancy, computation of lease amounts, insurance and late payments.
- We tested a sample of lease payments made to ensure tenants are paying the proper amount.
- We identified and tested controls within several key processes such as the tracking of receivables owed to the Airport, the recording of lease payments made and the preparation of bank deposits.
- We assisted with the development of control narratives that describe these key processes and controls that are in place.

A small portion of our audit work included a review and update of control narratives written previously that describe fuel sales processes at the Airport. Control narratives for fuel sales were reviewed and updated at the same time. These control narratives help with process improvement. They are also use by external auditors to identify and test controls. If controls are found to be working effectively, the auditors can often reduce the scope of their work.

Control narratives should be updated annually and as processes are changed. Updated control narratives should be approved by the Director of Aviation in the November/December time frame of each year and submitted to Fiscal Management.

OPINION

In our opinion:

Controls, that are in place over the lease of airport spaces and properties, were found to be good.

- There are adequate ordinances, written procedures, and written legal agreements in place.
- Written rules, guidance and written contracts are in place on activities that can be conducted on Airport property or properties leased by the Airport to a tenant.
- There are written rules and ordinances in place on activities that are not allowed on Airport property.
- Properties that can be leased are uniquely identified as “spots”. Each spot is established with Aeroware software that is used by Airport management. Each “spot” is uniquely named according to a formal naming convention.
- There is supporting documentation such as maps, aerial photographs and property records for each property that is leased to a tenant by the Airport. This documentation was reviewed and validated during the audit.

Controls that are in place over the receipt of lease payments and other payments were found to be good.

- There is adequate separation of duties and proper checking on checks and other payments received. There are adequate controls in place on the application of payments to customer accounts, review of customers who are in arrears and bank deposits.

Controls that are in place over the write-offs of delinquent or uncollectible amounts owed to the Airport for rent or fuel were sufficient:

- There could be minor improvement in reporting of aged receivables for fuel sales. This may be difficult, as airport customers do not always pay amounts that can be tied well to specific invoices.
- There is no written policy governing write-offs of delinquent or uncollectible amounts. We have recommended that a policy be documented, listing specific steps that can or should be taken to monitor delinquencies, facilitate recovery and charge off amounts that are uncollectible.

Controls over documentation and content that is hosted on the airport’s internet site was found to be good. The number of exceptions we noted was much smaller, relative to other department or divisions we have reviewed.

- We noted one dead link, to a ground training manual, which has been corrected.
- We also noted one introductory letter to airport customers which was in need of correction.

Controls over the structure of the general ledger accounts used are sufficient. However:

- 29% of the general ledger accounts defined for fund 1100 (Spirit of St. Louis Airport Fund) have never been used. 22% of the general ledger accounts defined have never been used but are marked as “Active” accounts. Budgeting and Accounting could be greatly simplified if these accounts were deleted.

CONCLUSIONS:

At the conclusion of the audit, key processes were observed, validated and documented. Controls were identified and tested during the audit.

Controls are in place and are working:

- Policies and procedures are set, at the highest level, by ordinance.
- Certain contracts must be approved by ordinance.
- We noted compliance with requirements for periodic reporting of airport leases.
- Lease agreements are written. Leases are executed. Leases of warehouse space and properties are approved by ordinance. Copies of leases are filed in suitable storage. We would recommend moving older records off of the Airport property to the St. Louis County Record Center.
- There are a sufficient number of written sets of rules and procedures to help govern activity on airport property and within leased facilities.
- There is good separation of duties with respect to the receipt, posting and deposit of funds received in payment for fuel or rent.
- Written control narratives now describe key processes and controls in place. They were updated and expanded. This help makes processes more transparent. This facilitates process improvement.

KEY FINDINGS:

We noted the following findings and made recommendations to improve control in these areas:

Organization

The organization chart for Airport Management and Staff that is within the Budget Book could use minor revision to tie job titles in the chart to employees, positions and staffing. The organization chart within the Budget Book did not tie with Payroll records and the Staff Directory. We recommended minor revision to this chart.

Staff Directory

The Staff Directory was in need of update as the job titles for several individuals are incorrect and did not agree with other records such as Payroll records and the organization chart within the Budget Book:

- There were seven employees listed within Payroll records who were not listed within the Staff Directory. Six of these are full-time and permanent position. This includes four Airport Maintenance Workers and two Firefighters.
- The individual who was listed in the Staff Directory as the Airport Operations Manager (David Schubert) is actually the Deputy Director of the Airport.
- The individual who was listed within the Staff Directory as the Manager of Administrative Services is actually the Airport Engineer.
- The Fiscal Manager position listed is not filled.

We recommended correction to Staff Directory entries. Additions and corrections were made during the audit.

Record Storage

The Airport has a formal, approved record retention schedule. Airport management is not using the St. Louis County Record Center for long term storage of records. Records are stored locally at the Airport or in facilities controlled by Airport management. The St. Louis County Record Center is not used for longer term storage of Airport records.

We have recommended that certain older records and records that would be useful for disaster recovery purpose be moved to the St. Louis County Record Center.

Unused MUNIS Accounts

A significant percentage of the MUNIS accounts that were established for use by the Spirit of St. Louis Airport have never been used.

Within Fund 1100 (Spirit St Louis Airport):

- 333 accounts have been defined.
- 187 of these are dormant and have never been used.
- 45 of these have been marked as "Inactive", which is helpful.
- The remaining 142 accounts which were never used are still marked as "Active" accounts.

This last group of accounts were listed during the audit, so that they can be marked as "Inactive" by Fiscal Management. If marked as "Inactive", they can be filtered out of queries and reports. This can shorten reports considerably. In the long term, these unused accounts should be deleted.

We have recommended that the Director of Aviation Director request that these accounts be marked as "Inactive".

Written Policy for Write-Offs

There is no written policy governing write-offs of delinquent or uncollectible amounts. We have recommended that a policy be documented, listing specific steps that can or should be taken to monitor delinquencies, less exposure, facilitate recovery and charge off of amounts that are uncollectible. Our concern is with the lack of written steps. A written policy would help to remind management of steps that can be taken to monitor amounts owed, and lessen potential risk. A written policy would also help to make sure that decisions to write-off uncollectible amounts are applied consistently.

There should be consistent written guidance on:

- time frames at which unpaid rent would be considered uncollectible,
- time frames at which unpaid fuel expense would be considered to be uncollectible,
- individuals who have the authority to write off uncollectible amounts,
- acceptance of lesser amounts in lieu of full amounts due,
- actions that airport management can take to lessen risk,
- deposits,
- liens,
- filing claims,
- amount of effort normally expended to collect amounts due,
- prudent steps to take with respect to abandoned leased property,
- prudent steps to take with respect to damaged leased property.

Internet Content

The link to a key document on the Airport web site was found to be a dead link. It has since been corrected.

Internet Content

A “Welcome Letter” document hosted on the internet is in need of minor correction.

Most of the control weaknesses or findings noted were addressed during the audit as noted along with each recommendation and within management responses that are in the body of the report.

The auditors worked with Airport staff and management to document processes. We identified and documented key controls. Three control narratives were written:

Within a control narrative on Lease Procedures we have documented these processes:

- lease processes and procedures,
- billing and record-keeping,
- cash receipts,
- preparation of bank deposits,
- application of lease payments to customer accounts,

Within a control narrative on Availability we have documented these processes:

- proper termination of existing lease,
- return of keys,
- close-out of existing lease,
- identification of leasable spaces,
- new lease processing procedures,
- applications, information gathering.

Within a control narrative on Fuel Sales we have documented these processes:

- fuel sales procedures.

This audit required assistance and cooperation from Management and Staff at the Spirit of St. Louis Airport, including:

- John Bales – Director of Aviation,
- Sidney Hirsch – Manager of Administrative Services,
- Karen Bowen – Accountant II,
- Retta Morcom – Executive Secretary.

Our findings and recommendation were provided to and discussed with:

- John Bales – Director of Aviation,
- Sidney Hirsch – Manager of Administrative Services,
- Karen Bowen – Accountant II,
- Don Rode – Chief Accounting Officer.

We are appreciative of the assistance they provided during the audit. The audit was conducted according to governmental auditing standards and the internal audit standards issued by the Institute of Internal Auditors (IIA).

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Background and Introduction

Spirit of St. Louis Airport

The Spirit of St. Louis Airport serves as a major public transportation system and is a part of the National Plan of Integrated Airport Systems. The facility is a Federal Aviation Administration (FAA) Air Carrier Certificated Airport.

The airport has a 7,485 foot all-weather runway, and a 5,000 foot parallel runway. The airport supports a precision Instrument Landing System (ILS), and has an FAA Control Tower.

Airport services include 24-hour United States Customs Service, 24-hour Airport Police Service, and 24-hour Aircraft Rescue Firefighting response services.

Mission Statement

The stated mission of the Spirit of St. Louis Airport is to: “provide a safe, efficient, dependable and attractive facility that serves users and tenants. The airport strives to maintain its role as a major transportation facility for the St. Louis region while continuing to be a responsive and responsible neighbor to the surrounding community.”

2014

Within 2014:

- The airport continued to be a self-supporting enterprise fund. The operation has been supported through rent of airport properties such as hangars and facilities that support airport operations. The Airport is also supported by fuel sales to airport customers.
- Cash reserves were increased. The airport operation is debt free.
- Airport management continued with Phase I of a land acquisition program that will convert leased property to fee simple (owned) property.
- Airport fuel sales were increased. Fuel sales provide revenue for airport operations.
- The roof was replaced on the hanger as 18085 Edison.
- The Airport received a successful and discrepancy-free FAA Airport Certification Inspection.
- Several pavement maintenance projects were completed to preserve infrastructure.
- A construction project was started to reconfigure Taxiway Charlie.
- The Airport hosted the Spirit of St. Louis Air Show & STEM Expo. The show and expo raised more than \$100,000 for St. Louis area charities.

2015 Strategic Priorities

The Airport’s current, 2015 strategic priorities are to:

- Remain a self-supporting enterprise fund.
- Increase revenues and limit expenses.
- Complete several, time required, pavement maintenance projects to preserve infrastructure.
- Complete several large building maintenance projects to prevent more expensive future repairs and improve functionality.
- Continue a land acquisition program to convert properties currently under a 99-year lease to fee simple. The land acquisition is being funded in large portion by the Federal Aviation Administration (FAA) and Missouri Department of Transportation (MoDOT) programs.
- Develop and lease available airport real estate. Increase promotion and marketing.
- Receive a discrepancy free FAA Airport Certification Inspection.
- Proceed with the construction of the Taxiway Charlie extension project.
- Increase traffic and fuel sales.
- Increase public relations to educate the community about the Spirit of St. Louis Airport.

Budget and Staffing

	2013 Actual <u>Approp. & Expend</u>	2014 Adjusted <u>Appropriation</u>	2015 Adopted <u>Appropriation</u>
Staffing (Positions)	24	23	23
Staffing (FTE)	16.57	17.42	17.42
Appropriations/Expenditures	\$ 25,252.385	\$ 35,534.763	\$ 29,946.758
(-) Program Revenue	\$ 0	\$ 0	\$ 0
(-) Dedicated Funds	\$ 25,252.385	\$ 35,534.763	\$ 29,946.758
(=) Net Cost to County	\$ 0	\$ 0	\$ 0

Budget Summary

	2015 Adopted Appropriation
Division/Program Summary	
Spirit of St. Louis Airport	\$ 29,946.758
Capital Improvements	-
Total	<u>\$ 29,946.758</u>
Expenditure Category Summary	
Salaries and Wages	1,000,966
Payroll Fringes	387,947
Purchased Services	1,240,677
Commodities and Supplies	23,168,100
Personal Allowances	10,100
Other Expenses	2,164,968
Transfer Payments	717,500
Capital Outlays	1,306,500
Expenditure Offset	(50,000)
Total	<u>\$ 29,946,758</u>
Fund Summary	
Spirit of St. Louis Airport Fund	<u>\$ 29,946,758</u>
Total	<u>\$ 29,946,758</u>
Position Summary	
Spirit of St. Louis Airport	<u>23</u>
Position Total	<u>23</u>
FTE Total	17.42

Objectives and Scope of Audit

At the start of the audit, we met with management and developed objectives for the audit. The list below describes controls that we expected to find at the start of the audit. At the end this audit report is our post-audit assessment of controls based on the same criteria.

Policies

The department or division should have written policies. Policies should be up-to-date. Policies should contain evidence that they have been approved by management.

Procedures

The department or division should have written procedures. Procedures should be up-to-date. Procedures should contain evidence that they have been approved by management.

Internet Content

Web sites (external) should contain valid and correct information.

Intranet Content

Web sites (internal) should contain valid and correct information.

Retention Records

Written record retention schedules should exist. Written record retention schedules should be periodically reviewed, updated and approved. Retention of records is in accord to the retention schedule. Storage of records is known: onsite, external provider, St. Louis County Record Center or electronically.

Real Estate Records

The department or division should have records of properties owned and managed.

Contracts

The department or division should have current copies of lease and rental agreements.

Invoicing and Billing

Bills or invoices should be prepared for known amounts of rent or lease due.

Receivables

There should be a schedule of receivables owed for leases payments or payment of rents.

Testing of Receivable Amounts

Amounts owed and paid should be computed correctly. This was to be validated during the audit through testing of a small sample of lease payments.

Lease Payment Processing

The prompt payment of lease expense should be expedited. Lease payments should be deposited promptly.

Late Payments

Rent that is in arrears is tracked and reported properly. Rent that is uncollectible should be written off.

Control Narratives

Controls narratives should cover key processes. Controls should have been identified.

Unused or Inactive MUNIS Accounts

Unused and/or redundant MUNIS accounts and cost centers have been marked as inactive, to reduce processing overhead and shorten queries and reports.

Detail of Audit Findings

I. Organization

We reviewed the 2015 Budget Book. There is an organization chart within the Budget Book for the Spirit of St. Louis Airport. We compared this organization chart to recent payroll journals and the St. Louis County Staff Directory.

We noted that in several places, the organization chart does not tie well to the actual job titles and staffing at the airport. There were also inconsistencies noted between job titles and job titles listed in the Staff Directory.

For example:

- The employee listed in the Staff Directory as the Manager of Administrative Services is actually the Airport Engineer.
- The employee listed in the Staff Directory as the Airport Operations Manager is actually the Deputy Director.
- It may be helpful to clarify that the “Chief Operating Officer” listed in the organization chart is actually the County’s Chief Operating Officer and not a position that is specific to the Airport.

Recommendation

1. We recommend that the Director of Aviation review the organization chart within the Budget Book and revise it to reflect the Airport’s current staffing structure.

Management Response

1. The changes have been made. The organization chart has been updated.

II. Staff Directory

We compared this organization chart in the 2015 Budget Book to recent payroll journals and the St. Louis County Staff Directory. Seven employees listed in payroll records were not listed in the Staff Directory. All were Maintenance Workers or Airport Firefighters. One of these is a Summer employee, who we would expect might not be listed. These employees were missing from the Staff Directory:

Lastname

Kasden
Waelterman
Kesterson
Farris
Miller
Long

One former employee is listed:

Lastname

Ramos

Recommendation

2. We recommend that the Director of Aviation ensure that Staff Directory is updated. Six full time workers need to be added. One former employee’s name and entry should be removed from the Staff Directory.

Management Response

2. The changes recommended have been made.

III. Use of Record Storage Facility

The Spirit of St. Louis Airport has written and approved record retention schedules. The record retention schedule was most recently reviewed, updated and approved in May of 2015.

No records from the Spirit of St. Louis Airport are sent to the St. Louis County Record Center for storage. Records are stored locally at the Airport or in facilities controlled by Airport management.

According to an April 27, 2015 email from the Director of Administration that was sent to St. Louis County Department Heads:

“...the Records Center should be utilized for storing records with infrequent retrieval needs. Placing records in storage closets, basements, or other unsecured and unprotected areas increases the risk that the records could be lost, stolen or damaged. It also wastes space that is needed for other purposes.”

The Records Center is the centralized repository for all Departments for their inactive records that need to be retained for retention requirements. All records are indexed and tracked through software and barcode technology, and the records are available to the Department owners within 1-2 business days. The Records Center has sprinkler systems along with intrusion alarms.

The St. Louis County Record Center has fire and intrusion alarms. The facility is suitable for long term storage of records. The Record center is located in St. Louis County. It is located far enough from the airport to lessen the likelihood of both facilities being impacted by the same disaster, such as a fire, flood or water main break.

Recommendation

3. We recommend that the Director of Aviation and Manager of Administrative Services should ensure that records to be kept for long term storage are stored at the St. Louis County Record Center.

Management Response

3. We will relocate applicable records to the Record Center.

IV. Unused or Inactive MUNIS Accounts

We reviewed general ledger account numbers defined within the MUNIS system for use to track balance sheet, revenue and expense activity for Fund 1100 (Spirit St Louis Airport). Fund 1100 is the primary fund set up for accounting for St. Louis County Spirit of St. Louis Airport:

- Three hundred and forty-four accounts have been defined.
- Of those (344) accounts, one hundred and eighty-seven (187) accounts were defined and have never been used.
- Of those (187) accounts, one hundred and forty-two (142) are still marked as “Active” although they have never been used.
- All of the (187) unused accounts are dormant. They have never had a balance nor transactions posted to them since the implementation of the MUNIS system in 2008.

We reviewed general ledger account numbers defined within the MUNIS system for use to track balance sheet, revenue and expense activity for Fund 1101 (Spirit STL Airport – Grants). Fund 1101 is the primary fund set up for accounting for expenditures paid for through grants.

- One hundred thirty-eight (138) accounts have been defined.
- Of those (138) accounts, fifty-four (54) accounts were defined and have never been used.
- Of those (54) accounts, forty-eight (48) are still marked as “Active” although they have never been used.
- All of the (54) unused accounts are dormant. They have never had a balance nor transactions posted to them since the implementation of the MUNIS system in 2008.

If dormant, and the account does not have a balance within the current year, the account should be marked as “inactive”.

If dormant, and the account does not have a balance within the current year, the account should be marked as “Inactive”.

If an account is marked as “Inactive”, balances cannot be posted to it in error. Inactive accounts can be easily filtered out of queries and reports. This can shorten reports, save paper and improve the quality of reporting. Shorter reports, such as budget to actual reports are easier to analyze.

These accounts can be marked as inactive by staff within Fiscal Management. If listed on a specific spreadsheet, the accounts will be reviewed by Fiscal Management and then marked as “Inactive”.

An inactive account can still be queried or listed on a report. However, it can also be filtered out of queries and reports.

If an account needs to be re-activated, it can often be done in a short amount of time with an email request to Fiscal Management staff.

Some of these accounts were created for activities that took place at a particular point in time. For example, there are accounts that were established in fund 1100 for airshows held at the airport in 2004 and 2005 that were never used. There were also accounts established in fund 1100 for a July 2006 storm that were never used. There is no need to keep these unused accounts.

Twenty-two of these accounts are related to construction and may be related to future reimbursement for airport construction. If this is the case, they should be retained.

Recommendation

4. We recommend that the Director of Aviation and the Manager of Fiscal Services review listings that were prepared of dormant accounts. We recommend that those accounts that were never used, that relate to past events be marked as “Inactive”. We recommend that a listing of those account that are truly dormant and inactive be forwarded to Fiscal Management so that they can be marked as “Inactive” and/or eventually deleted.

Management Response

4. Many of these were subaccounts put in place by Fiscal Management. We are reviewing the list to ensure the appropriate accounts are labeled as “Inactive” and the list will be provided to Fiscal Management.

V. **Written Policy for Write-offs**

We reviewed written policies and procedures. We reviewed a cross section of contracts for the different types of structures and space that can be leased at Spirit Airport. To a lesser extent, we reviewed practices for the sale of fuel at the airport.

Individual contracts have language that govern when a rent or lease payment is considered past due or late. The same is true for contract for the purchase of fuel from the airport.

There is no written policy regarding when an amount due is considered to be uncollectible so the amount can be written off. Clauses in contracts would apply, however, there may be circumstances that are not fully addressed by contract.

We noted that there is no written policy for write-off. There is language in contract regarding delinquency, but there is no written policy giving guidance on when a receivable is uncollectible and may be written off. Without written policies, there may be a higher risk of inconsistencies in practices or application of policy for writing off uncollectible amounts owed to Spirit of St. Louis Airport.

There should be consistent guidance on:

- time frames at which unpaid rent would be considered uncollectible,
- time frames at which unpaid fuel expense would be considered to be uncollectible,
- individuals who have the authority to write off uncollectible amounts,
- acceptance of lesser amounts in lieu of full amounts due,
- actions that airport management can take to lessen risk,
- deposits,
- liens,
- filing claims,
- amount of effort normally expended to collect amounts due,
- prudent steps to take with respect to abandoned leased property,
- prudent steps to take with respect to damaged leased property.

Recommendation

5. We recommend that the Director of Aviation and Manager of Administrative Services should ensure that a policy is written to describe circumstances that would result in the write-off of uncollectible amounts owed to Spirit of St. Louis Airport for fuel purchased, rent or lease.

The policy should specify the authority needed to write-off uncollectible amounts and provide guidance for determining when billed amounts are no longer collectible.

Management Response

5. The subjects of “Default” and “Severability: are addressed in our leases. We will also work very closely with the County Counselor’s Office and pursue these situations very aggressively. We will write a policy to specify the steps to be taken and authority required.

VI. Internet Content – Ground Training Manual

We reviewed internet content. We reviewed all pages, links and documents posted on the Spirit of St. Louis Airport web site.

The index/welcome page is located at this address:

<http://spiritairport.com/spiritairport/index.jsp>

The page for “Tenant Info” is at this address:

<http://spiritairport.com/spiritairport/tenantinfo.jsp>

The page for Airfield Training is at this address:

<http://spiritairport.com/spiritairport/tenantinfo.jsp>

On the “Airfield Training” page there is a link to a “Ground Training Manual”. The address for the link to the Ground Training Manual is:

<http://spiritairport.com/spiritairport/files/GroundOperationsManual2011.pdf>

The link to the manual was broken and returned an error.

Recommendation

6. We recommend that the Director of Aviation and Manager of Administrative Services should ensure that this link is corrected.

Management Response

6. This has been completed.

VII. Internet Content – Introductory Letter

We reviewed internet content. We reviewed all pages, links and documents posted on the Spirit of St. Louis Airport web site.

The index/welcome page is located at this address:

<http://spiritairport.com/spiritairport/index.jsp>

The page for “Tenant Info” is at this address:

<http://spiritairport.com/spiritairport/tenantinfo.jsp>

The page for “Airfield Regulations” is at this address:

<http://spiritairport.com/spiritairport/regulations.jsp>

The introductory letter was found to be in need of update to reflect the new County Executive:

<http://spiritairport.com/spiritairport/files/UsersWelcometoSpiritofStL.pdf>

Recommendation

7. We recommend that the Director of Aviation and Manager of Administrative Services should ensure that the Introductory Letter is updated.

Management Response

7. This has been corrected.

VIII. Control Narratives

We assisted Airport management and staff in drafting control narratives that describe two critical processes with financial risk. Three control narratives were written:

Hangar Availability

The first control narrative addresses the closure of existing contracts and tasks that should take place when a leasable space becomes available.

Lease Procedures

The second control narrative addresses the leasing process, billing and processing of payments for leases. It includes procedures for preparing and recording bank deposits.

Fuel Sales

The third control narrative describes the fuel sales process. It includes procedures for preparing and recording bank deposits.

These control narratives were nearly complete as of the completion of audit field work. These narratives will need to be finalized, approved by the Director of Aviation and forwarded to Fiscal Management in the October/November 2015 time frame.

Post Audit Assessment of Controls

At the conclusion of the audit, we documented our assessment of controls we found and the results of our audit testing:

Policies

The department or division has written policies. Policies are up-to-date. Policies have been approved by management. We found that airport operations are governed by ordinance, FAA rules. There are several sets of detailed written policies and procedures that provide guidance for airport tenants and the public.

Procedures

The department or division has written procedures. Procedures are up-to-date and have been approved by management. We recommended that a new procedure be drafted for write-offs of delinquent rent or fuel expenses owed to the Airport.

Internet Content

External web sites contained valid and correct information. Overall, the content was found to be up-to-date and accurate. Two, very minor exceptions were noted.

Intranet Content

Internal web sites contained valid and correct information. Key documents are hosted on the external web site.

Retention Records

Written record retention schedules exist. Written record retention schedules are periodically reviewed, updated and approved. There may be some additions to the schedule. Airport management is currently not using the St. Louis County record center for storage of records. Records are stored onsite, in facilities controlled by airport management. We recommend that a subset of older records be sent offsite to the record center. We recommend that airport management consider use of the Record center. It may be more isolated from hazards present on airport property.

Real Estate Records

The department or division has records of properties owned and managed.

Contracts

The department or division has current copies of lease and rental agreements.

Invoicing and Billing

Bills or invoices are prepared for known amounts of rent or lease due.

Receivables

There is a schedule of receivables owed for leases payments or payment of rents. Billings can be generated from the Aeroware program.

Testing of Receivable Amounts

Amounts owed and paid are computed correctly. This will be validated through testing of a small sample of lease payments.

Lease Payment Processing

The prompt payment of lease expense is expedited. Lease payments are deposited promptly.

Late Payments

Rent that is in arrears is tracked and reported properly. Rent that is uncollectible is written off. We recommended that a policy be drafted and adopted governing write-offs of uncollectible amounts.

Control Narratives

Controls narratives cover key processes. Controls have been identified.

Unused or Inactive MUNIS Accounts

A small number of unused and/or redundant MUNIS accounts and cost centers have been marked as inactive. We recommend that additional accounts be marked as inactive, to reduce processing overhead and shorten queries and reports.