



CITY AUDITOR'S OFFICE

To: Honorable Mayor and Council Members

Cc: Keith Selman, Interim City Manager
Sylvia Carrillo, Assistant City Manager
Fred Segundo, Director of Aviation
Rebecca Huerta, City Secretary
Kim Womack, Director of Communications, Media, E-Government
Miles Risley, City Attorney
Lisa Aguilar, Senior Assistant City Attorney

From: Kimberly L. Houston, Interim City Auditor *KLH*

Date: July 17, 2018

Subject: AU18-F01 Aviation, Airport Leases Follow-Up Report

As part of the annual audit plan approved by City Council, we conducted a follow-up of AU15-001 Department of Aviation, Airport Leases audit dated October 6, 2016.

The focus of the original audit was to determine if airport management is ensuring lease payments from its tenants are accurate and timely. The original audit contained 5 issues and 9 recommendations made to Aviation management, all of which were accepted by management in October 2016.

On May 21, 2018, the City Auditor's Office asked Aviation management to provide a status update on the implementation of prior recommendations.

We reviewed areas of highest risk and found that Aviation implemented or partially implemented 5 of 5 reviewed recommendations. A complete list of recommendations and current statuses can be seen starting on page 2.

Management agrees with the conclusions of this report, and we would like to commend the management at Aviation for their assistance during this process.

AU18-F01 Aviation, Airport Leases. Follow-Up Report

Issue No.	Recommendation/Corrective Action Plan	Management Assertion	Status
A. Contract Compliance			
1	Did Aviation management develop written procedures to strengthen controls of management oversight for monthly reporting and revenue collection?	<i>In Progress</i>	<i>Did Not Review</i>
2	Did Aviation management requested adequate documentation from tenants to assist with contract compliance review?	<i>In Progress</i>	<i>Did Not Review</i>
B. Contract Language			
1	Did Aviation management clarify contract language so that it is understandable to both management and tenants?	<i>In Progress</i>	<i>Did Not Review</i>
C. Accounts Receivable Process			
1	Did Aviation management incorporate in to department procedures staff assignment for monitoring and reviewing revenue collection?	<i>Implemented</i>	<i>Partially Implemented</i>
2	Did Aviation management ensure all revenue transactions are properly recorded and supported by detailed records?	<i>Implemented</i>	<i>Partially Implemented</i>
3	Did Aviation complete reconciliations from Infor to QuickBooks more timely?	<i>Implemented</i>	<i>Implemented</i>
D. Segregation of Duties			
1	Did Aviation management segregate duties for reviewing, recording, approving, and reconciling transaction transactions? If segregation was not feasible, did management develop alternative controls?	<i>Implemented</i>	<i>Implemented</i>
2	Did Aviation management incorporate supervisor review into the review process?	<i>Implemented</i>	<i>Implemented</i>
E. Contingency and Succession Planning			
1	Did Aviation management ensure all key functions have adequately trained staff to step-in and continue business?	<i>In Progress</i>	<i>Did Not Review</i>

Legend:

<i>Not implemented</i>	Testwork was conducted. Corrective action plan was not implemented.
<i>Did not review</i>	Testwork was not conducted.

Staff Acknowledgement

Lauren Campos, Auditor

Appendix A - Management Response, Aviation



July 9th, 2018

Kimberly L. Houston
Interim City Auditor
Corpus Christi, Texas

Re: AU18-F01 Aviation, Airport Leases Follow-up Report

Aviation has reviewed the audit report and provided its comments below. As there are no recommendations for management, no responses are required.

Fully Agree

We would like to note the Department of Aviation has initiated an Request for Proposal (RFP) process for the rental car concession to clarify and strengthen language in the current agreement

Do Not Agree

Sincerely,

Fred Segundo, Director of Aviation

7/10/18

Date

Sylvia Carrillo
Assistant City Manager

7/13/18

Date

Keith Selman
Interim City Manager

7/16/18

Date