



City of San Antonio

Agenda Memorandum

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In Control: Audit Committee

AUDIT COMMITTEE SUMMARY

April 19, 2016

Audit of Aviation Department - Billings and Collections Process for Leases

Report Issued March 4, 2016

Background

The Aviation Department manages both the San Antonio International Airport and the Stinson Municipal Airport. The San Antonio International Airport provides commercial airline service, whereas the Stinson Municipal Airport services light aircraft, individuals, and private aviation companies. Both airports lease space for aviation related and non-aviation related purposes. Examples of aviation related leases include hangar space, apron space, gate usage, and ticket counters. Examples of non-aviation space include offices, warehouses, cell towers, and spaces for non-profits such as the United Service Organizations (USO) and the Civil Air Patrol.

Audit Objective

Determine if the billings and collections process over Aviation leases is effective and in accordance with lease terms.

Audit Scope & Methodology

The audit scope was from October 2013 through June 2015. It included all non-concession aviation leases and airline operating permits, and variable-use rents such as City-owned gates. It excluded leases to City departments, airport-leased parking (e.g., employee parking), and fees and charges that are not related to space (e.g., Federal Inspection Services charges (customs), badges, security fees, etc.).

We interviewed Aviation personnel and reviewed documents such as leases, tenant letters of credit, invoices, and dunning letters. We tested a sample of leases for compliance with lease terms. We physically measured occupied building space of sampled tenants. We tested a sample of late payments and bills. We also performed data analysis on the time tenants take to make payments to Aviation.

Audit Conclusions

The Aviation billings and collections process over non-concession leases is effective and in accordance with lease terms. The Aviation Department:

- Ensures that all non-concession tenants have valid leases and keep up-to-date insurance in accordance with contract terms.
- Calculates rents and bills tenants accurately.
- Sends late payment notices to delinquent tenants.
- Collects 96 percent of its non-concession leasing revenue within 29 days of the due date. The majority of tenants pay their bills within five days of the due date.

There are no findings. Consequently, we make no recommendations to Aviation management.