



LAURA DOUD

## Report Summary

# Airport Fees Performance Audit: Processes to Manage Fees Used for Operations and Facility Improvements Can Be Strengthened

August 2021



### Why This Audit Is Important

The Long Beach Airport (Airport) fees form a significant portion of the Airport's operating revenue and are used to fund operations and facility improvement projects which help optimize passenger traffic. Maintaining a high level of passenger traffic helps support the Long Beach economy.

### Audit Objective

Our audit evaluated the Airport's management of airline fees and customer facility charges to ensure fees are properly assessed, collected, reconciled, and deposited in their entirety.

### Acknowledgement

We thank management and staff at the Airport for their collaboration, assistance, and cooperation during this audit.

### What We Found

The Airport collects an average of \$14 million in airline fees and customer facility charges annually, representing 33% of the Airport's annual operating revenue. These airline fees and customer facility charges are self-reported, creating an inherent risk that the total fee amounts may be inaccurate. The Airport's current processes to review and reconcile the accuracy of fee amounts and the timely collection of fees owed can be improved. The inconsistent nature of the fee collection process is caused by a lack of existing policies and procedures resulting in:

- Airline revenue reconciliations were not completed for four years. By completing reconciliations, this audit found an additional \$72,827 in revenue owed to the Airport. While this uncollected amount is very small relative to the collection total, we believe that the inconsistent reconciliation of fees is an important internal control deficiency and should be addressed through process improvements without significant ongoing cost to operations.
- Fee rates were not reviewed to ensure all correct rates were applied, resulting in airlines sometimes paying fees based on incorrect rates.
- Overnight aircraft parking spreadsheets were not transcribed with accurate data. Had reconciliations been completed, incorrect airline fees would have been assessed.
- Contractual terms with car rental companies and airlines are inconsistent. Lack of enforcement led to a 10-month overdue payment without any late fees being charged.

### What We Recommend

We recommend that the Airport create written policies to establish consistent procedures for oversight of airline fees and customer facility charges revenue. Additionally, the Airport needs to ensure that contracts are updated to reflect current practices and that contract stipulations are followed.





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