

May 2015



Audit Report Highlights

Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's fiscal year (FY) 2014 Strategic Audit Plan.

What We Recommend

We have not issued recommendations at this time.



AIRPORT RENTAL CAR CONCESSION AGREEMENT AUDIT

BACKGROUND

The Aviation Department has nine concession agreements with rental car companies to operate at the airport. Revenue earned from the concession agreements was \$10 million in FY 2012 and \$12 million in FY 2013. The concession fee is 10% of a car rental agency's gross receipts at the airport. Rental agencies must also report and pay the fee on gross receipts earned from out-of-state customers who fly into Austin and rent a vehicle within 10 miles of the airport within 48 hours.

OBJECTIVES AND SCOPE

The objective of the audit was to determine whether procedures are in place to ensure concession fees received by the City are in conformity with the requirements of the airport rental car concession agreements.

The audit scope included airport rental car concession agreements in place in FYs 2012 and 2013.

WHAT WE FOUND

The Office of the City Auditor (OCA) began an audit of airport concession agreements in September 2013. At that time, the Aviation Department had not audited airport car rental concession fees since 2009. In October 2013, the Department engaged an accounting firm, Blue & Co. LLC ("Blue"), to review transaction data and concession reporting by three rental car companies, as described in Aviation's FY 2014 Division Work Plan. OCA elected to defer completion of this audit to minimize duplication of work and allow Blue to complete their reviews and report the results.

Blue issued separate audit reports for each of the rental car companies, and their results included the following findings.

- One rental car company owed \$15,000 in concession fees to the City for the two-year period that ended May 2013.
- Another rental car company did not report revenue for off-airport locations within 10 miles of the Austin-Bergstrom International Airport, as required by the airport concession agreement.
- There were no findings reported for the third rental car company.

The Aviation Department notified each of the rental car companies of the findings and actions needed to come into compliance with the concession agreements. Because the Department is addressing the risks related to the rental car concession agreements, we are concluding our audit without conducting substantive testing and are not issuing recommendations.