

**OKLAHOMA
AERONAUTICS
COMMISSION**

**CITY OF DUNCAN
PROJECT NUMBER
DUC-06-S**

**FOR THE PERIOD
JUNE 8, 2006 THROUGH
JULY 20, 2009**

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

**Audit Report of the
Oklahoma Aeronautics Commission -
City of Duncan - Project Number DUC-06-S**

**For the Period
June 8, 2006 through July 20, 2009**

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

October 5, 2009

TO THE OKLAHOMA AERONAUTICS COMMISSION

Pursuant to your request, this is the audit report for the Oklahoma Aeronautics Commission for the period June 8, 2006 through July 20, 2009. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink, reading "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

Oklahoma Aeronautics Commission Operational Audit

Background

The Oklahoma Aeronautics Commission (the Commission) was created to encourage, foster, and assist in the development of aeronautics in Oklahoma and to encourage the establishment and maintenance of public airports. This includes the preservation and improvement of the state's 114 public airports, which make up the state's airport system; and the promotion of the aviation industry, one of the top ten employers in Oklahoma, providing 143,700 jobs.

Oversight is provided by seven commission members. They are:

| | |
|------------------------|------------|
| Kenneth Adams | Chair |
| Wes Stucky | Vice-Chair |
| Rick Armstrong | Secretary |
| Dave Amis | Member |
| Dr. David Conway | Member |
| Tom Stephenson | Member |
| Joe Harris | Member |

The City of Duncan, Oklahoma (the Sponsor) applied for assistance from the Commission to improve the runway safety area at their airport. The Commission committed \$217,836 to this \$242,040 project. The Sponsor pledged \$24,204.

Purpose and Scope

This audit was conducted in response to the Commission's request.

The audit period covered was June 8, 2006 through July 20, 2009.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Objective 1 – Determine if expenditures paid to the City of Duncan (state project number DUC-06-S) were in accordance with “Exhibit B-1 – Program Narrative” and “Exhibit B-2 – Project Costs” of the airport construction agreement.

Conclusion

The expenditures paid to the City of Duncan were in accordance with “Exhibit B-1 – Program Narrative” and “Exhibit B-2 – Project Costs” of the airport construction agreement.

Methodology

To accomplish our objective, we performed the following:

- Reviewed the airport construction agreement;
- Interviewed the public works director and the engineering technician from the City of Duncan;
- Interviewed the director of airport planning from Cobb Engineering;
- Reviewed the bids submitted by contractors for the project;
- Reviewed all invoices submitted by the contractors to the Sponsor;

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Operational Audit

- Reviewed all invoices submitted by the engineer to the Sponsor;
- Reviewed all requests for reimbursement submitted by the Sponsor to the Commission;
- Documented internal controls related to the construction project; and
- Observed the completed project.

APPENDIX

Oklahoma Aeronautics Commission
Operational Audit
Appendix- Project Costs (unaudited) and
Close Out Documentation

The following information has been presented at the request of management. Our objective was to determine if expenditures paid to the City of Duncan (state project number DUC-06-S) were in accordance with “Exhibit B-1 – Program Narrative” and “Exhibit B-2 – Project Costs” of the airport construction agreement. Therefore, we did not conclude on the following schedules and information.

| | Budget | Change Orders | Adjusted Budget | Actual | Variance |
|----------------|----------------------|--------------------------|----------------------------|----------------------|-----------------|
| Advertising | \$ 316.00 | \$ - | \$ 316.00 | \$ 286.51 | \$ 29.49 |
| Engineering | 18,800.00 | - | 18,800.00 | 18,800.00 | - |
| Construction | 216,124.00 | (21,700.00) | 194,424.00 | 194,423.94 | 0.06 |
| Field Survey | 6,800.00 | - | 6,800.00 | 6,800.00 | - |
| | | | | | - |
| Total Eligible | | | | | - |
| Project Cost | \$ 242,040.00 | \$ (21,700.00) | \$ 220,340.00 | \$ 220,310.45 | \$ 29.55 |

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Operational Audit
Appendix- Project Costs (unaudited) and
Close Out Documentation**

Construction Costs

| | Bid Qty | Per Unit Bid | Bid Price | Actual Qty | Per Unit Actual | Actual Cost | Variance on Qty | Variance on Cost |
|---------------------------------------|---------|--------------|----------------------|------------|-----------------|----------------------|-----------------|---------------------|
| Install and relocate closed crosses | 1 | \$ 5,000.00 | \$ 5,000.00 | 1 | \$ 5,000.00 | \$ 5,000.00 | 0.00 | \$ - |
| Clearing and grubbing | 1 | 5,000.00 | 5,000.00 | 1 | 5,000.00 | 5,000.00 | 0.00 | - |
| Erosion control | 1 | 15,000.00 | 15,000.00 | 1 | 15,000.00 | 15,000.00 | 0.00 | - |
| Unclassified excavation and stripping | 1 | 92,000.00 | 92,000.00 | 1 | 92,000.00 | 92,000.00 | 0.00 | - |
| Airfield marking removal | 32,000 | 0.77 | 24,640.00 | 29,065 | 0.77 | 22,380.05 | 2935.00 | 2,259.95 |
| Airfield marking with beads | 21,000 | 0.38 | 7,980.00 | 19,073 | 0.38 | 7,247.74 | 1927.00 | 732.26 |
| Airfield marking without beads | 3,800 | 0.33 | 1,254.00 | 1,905 | 0.33 | 628.65 | 1895.00 | 625.35 |
| Remove existing lighting | 1 | 2,000.00 | 2,000.00 | 1 | 2,000.00 | 2,000.00 | 0.00 | - |
| Construct drainage structure | 1 | 5,000.00 | 5,000.00 | 1 | 5,000.00 | 5,000.00 | 0.00 | - |
| MITHL, stake mounted lighting | 8 | 625.00 | 5,000.00 | 8 | 625.00 | 5,000.00 | 0.00 | - |
| Reil fixture | 2 | 7,000.00 | 14,000.00 | 2 | 7,000.00 | 14,000.00 | 0.00 | - |
| Trench and backfill | 400 | 1.75 | 700.00 | 400 | 1.75 | 700.00 | 0.00 | - |
| Cable number 8, stranded | 500 | 1.10 | 550.00 | 425 | 1.10 | 467.50 | 75.00 | 82.50 |
| Replace top soil | 1 | 20,000.00 | 20,000.00 | 1 | 20,000.00 | 20,000.00 | 0.00 | - |
| Seeding and watering | 12 | 1,500.00 | 18,000.00 | 0 | 1,500.00 | - | 12.00 | 18,000.00 |
| | | | <u>\$ 216,124.00</u> | | | <u>\$ 194,423.94</u> | | <u>\$ 21,700.06</u> |

NOTE- A change order was approved by the City of Duncan on January 13, 2009 related to the variance on cost.

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Operational Audit
Appendix- Project Costs (unaudited) and
Close Out Documentation

NOTICE OF FINAL INSPECTION

Date: 8-17-06
Project Number: DUC-06-S
Airport: Duncan Municipal Airport

TO: Oklahoma Aeronautics Commission
3800 North Classen, Suite 240
Oklahoma City, Oklahoma 83118
(405) 604-6900 – phone
(405) 604-6919 – fax

FROM: Terry S. Leard, P.E.
Project Engineer, Mayor, City Manager
Cobb Engineering Company
4516 NW 36th Street
Address
Oklahoma City, OK 73122-2426
City/Town and Zip Code
405-230-2131
Area Code and Phone Number

This is to advise you that the above referenced project is complete and ready for final

inspection. The final inspection is scheduled to begin at 10:00 AM
(Time)

on August 25, 2006 at Terminal Building
(Date) (Location)
Duncan Municipal Airport

Prior to making this request, I have carefully gone over this project and have found there to be no known plan omissions and that the work is complete and in reasonably close conformity with approved plans and specifications.

Signature of above named person

Airport Consultant
Title of above named person

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FINAL INSPECTION REPORT

Date: 8-25-06 Project No: DUC-06-S, Airport: Duncan Municipal Airport.

TO: Oklahoma Aeronautics Commission
3800 North Classen, Suite 240
Oklahoma City, Oklahoma 83118
(405) 604-6900 – phone
(405) 604-6919 – fax

FROM: Terry S. Leard, P. E., Cobb Engineering Company
Project Engineer

4516 NW 36th Street

Address

Oklahoma City, OK 73122-2426

City/Town and Zip Code

405-230-2131

Area Code and Phone Number

Final inspection on the above project was made by The personnel on the attached list.
(Project Engineer, Mayor, City Manager)
on August 25, 2006 at 10:00 AM Terminal Building
(Date) (Location) then construction site at
Duncan Municipal Airport

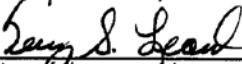
Personnel attending inspection:

| name-title-organization | name-title-organization |
|--|--|
| Scott Vaughn, Public Works Director City of Duncan | Gary Sewell, Vice President Sewell Brothers, Inc. |
| Dale Williams, Airport Engineer Oklahoma Aeronautics Commission | Davy Sewell, Treasurer Sewell Brothers, Inc. |
| Terry Leard, Consulting Engineer Cobb Engineering Company | Leland Arganbright, Foreman Sewell Brothers, Inc. |
| | |

The project was found acceptable with the following exceptions:

Planting seed and watering

Anticipated completion date for above exceptions: October/November, 2006



Signature of above named person
cc: Scott Vaughn - Gary Sewell

Director, Airport Planning & Design

Title of above named person

RECEIVED



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
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OKLAHOMA CITY, OK 73105-4896**

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