

OKLAHOMA AERONAUTICS COMMISSION

TOWN OF WESTPORT

FOR THE PERIOD
SEPTEMBER 12, 2008 THROUGH
DECEMBER 19, 2008

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

**Audit Report of the
Oklahoma Aeronautics Commission -
Town of Westport - Project Number 4F1-09-S**

**For the Period
September 12, 2008 through December 19, 2008**

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

February 9, 2009

TO THE OKLAHOMA AERONAUTICS COMMISSION

Pursuant to your request, transmitted herewith is the audit report for the Oklahoma Aeronautics Commission for the period September 12, 2008 through December 19, 2008. 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 that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

Mission Statement

The Oklahoma Aeronautics Commission's mission is to promote aviation, which includes fostering the growth of the aerospace industry and ensuring that the needs of commerce and communities across Oklahoma are met by the state's 114 public airports that comprise the state's air transportation system.

Commission Members

Joe Harris	Chair
Kenneth Adams	Vice-Chair
Wes Stucky	Secretary
Dave Amis	Member
Rick Armstrong	Member
Tom Stephenson	Member
Mel Stubbings	Member

Key Staff

Victor Bird	Executive Director
Elaine Spell	Chief Operations Officer
Vivek Khanna, PhD., P.E.	Airport Engineer

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TO THE OKLAHOMA AERONAUTICS COMMISSION

We have audited the Oklahoma Aeronautics Commission (the agency) for the period September 12, 2008 through December 19, 2008. The objective of this audit was to determine if:

- Expenditures paid to the town of Westport (state project number 4F1-09-A) were in accordance with "Exhibit B-1 - Program Narrative" and "Exhibit B-2 - Project Costs" of the airport construction agreement.

As part of our audit, we obtained an understanding of internal controls significant to the audit objectives and considered whether the specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of the laws and regulations significant to the audit objectives and assessed the risk that illegal acts, including fraud, violation of contracts, grant agreements, or other legal provisions could occur. Based on this risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the laws and regulations. However, providing an opinion on compliance with these laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.

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.


STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

February 4, 2009

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 states airport system; and the promotion of the aviation industry, one of the top ten employers in Oklahoma, providing 143,700 jobs.

The town of Westport, Oklahoma (the sponsor) applied for emergency assistance from the Commission to fix a large sinkhole near their airport's runway edge. The Commission committed \$60,000 to this \$75,000 project. The difference was paid by the sponsor.

Documentation related to the completion of this project may be seen in the appendix of this report.

Objective 1 - Determine if expenditures paid to the town of Westport (state project number 4F1-09-A) 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 town of Westport 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 treasurer of the Westport Airport Trust Authority;
- Interviewed the mayor of Westport;
- Reviewed the bids submitted by contractors for the project;
- Reviewed all invoices submitted by the contractor to the sponsor;
- Reviewed all requests for reimbursement submitted by the sponsor to the Commission;
- Documented internal controls related to the construction project;
- Observed the completed project.

Observation

An effective internal control system provides for adequate supporting documentation. As stated earlier, the sponsor applied for an emergency grant to fix a large hole next to their airport runway. The contractor selected to perform the work did not provide, nor did the sponsor or the Commission require, a detailed description of the costs involved in the project. It was a fixed rate agreement. We understand this appeared to be an emergency situation where the sponsor was in need of addressing this issue quickly. However, given the fact that the Commission contributed \$60,000 to this project and a project engineer was not used by the sponsor, we feel additional safeguards should have been required in this situation to prevent misappropriation of funds from occurring.

Recommendation

Regardless of the size or complexity of the project, we recommend the Commission require that a detailed bid be provided supporting the budget and grant application which identifies the price and quantity of goods projected to be used. Invoices submitted by the contractors should identify the actual price and quantity of goods consumed.

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In instances where a project engineer and an inspector are not used, consideration should be given to requiring load tickets to ensure the actual quantity of material used.

**Views of Responsible
Officials**

In the future, should a project such as this occur, the Commission will build in more controls such as requiring a detailed bid supporting the grant application identifying the price and quantities of goods projected to be used. The Commission will also make sure invoices submitted by the contractors identify the actual price and quantity of goods consumed.

**Oklahoma Aeronautics Commission
Operational Audit
Appendix- Close Out Documentation**

Disbursements

	Budget	Actual	Variance
Construction	\$ 75,450.00	\$ 75,000.00	\$ 450.00
Total	<u>\$ 75,450.00</u>	<u>\$ 75,000.00</u>	<u>\$ 450.00</u>

Commission Portion - 80%

Sponsor Portion - 20%

Oklahoma Aeronautics Commission
Operational Audit
Appendix- Close Out Documentation

NOTICE OF FINAL INSPECTION

Date: 12-16-08
Project Number: 4F1-09-S
Airport: westport

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

FROM: Connie Tuter
Project Engineer, Mayor, City Manager
Rte 3 Box 11
Address
CLEVELAND, OK 74020
City/Town and Zip Code
918-695-8642
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 3:00 PM
(Time)
on 12-16-08 at Westport Air Port
(Date) (Location)

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.

Connie Tuter Mayor
Signature of above named person Title of above named person

Oklahoma Aeronautics Commission
Operational Audit
Appendix- Close Out Documentation

FINAL INSPECTION REPORT

Date: 12-16-08 Project No: 4F1-09-S Airport: Westport

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

FROM: Connie Tuter
Project Engineer, Mayor, City Manager
Rte 3 Box 11
Address
CLEVELAND, OK. 74020
City/Town and Zip Code
918-695-8642
Area Code and Phone Number

Final inspection on the above project was made by Connie Tuter
(Project Engineer, Mayor, City Manager)

on 12-16-08 at WESTPORT AIRPORT
(Date) (Location)

Personnel attending inspection:

name-title-organization	name-title-organization
<u>Connie Tuter - Mayor</u>	
<u>Pam Swain - Chair Airport Trust</u>	
<u>John Spurling - Treasurer</u>	

The project was found acceptable with the following exceptions: NA

Anticipated completion date for above exceptions: _____

Connie S. Tuter
Signature of above named person

Mayor
Title of above named person

Oklahoma Aeronautics Commission
Operational Audit
Appendix- Close Out Documentation

FINAL ACCEPTANCE NOTICE

Date: 12-16-08
Project Number: 4F1-09-S
Airport: West port

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

FROM: Connie Tuter
Project Engineer, Mayor, City Manager
Rte 3 Box 11
Address
CLEVELAND, OK. 74020
City/Town and Zip Code
918-695-8642
Area Code and Phone Number

This is to advise you that the exceptions found at the final inspection have been completed or corrected. The project is accepted by

(Project Engineer, Mayor, City Manager)

on 12-16-08 at West Port Airport
(Date) (Location)

Connie Tuter
Signature of above named person

Mayor
Title of above named person

NOTE: If no exceptions are found at the Final Inspection, submit this form at the same time the Final Inspection is completed, showing acceptance of the Project.

END



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896**

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