

OPERATIONAL AUDIT

**AERONAUTICS COMMISSION
CITY OF ARDMORE
PROJECT NUMBER 1FO-06-SF
RUNWAY OVERLAY**

June 8, 2006 through November 7, 2012



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma Aeronautics Commission
City of Ardmore - Project Number 1FO-06-SF
Runway Overlay**

**For the period
June 8, 2006 through November 7, 2012**



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

April 24, 2013

TO THE OKLAHOMA AERONAUTICS COMMISSION

This is the audit report for the Oklahoma Aeronautics Commission – City of Ardmore (state project number 1FO-06-SF) for the period of June 8, 2006 through November 7, 2012. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones", written in a cursive style.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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.

Oversight is provided by seven commission members. They are:

- Dr. David Conway Chairman
- Joe Harris Vice Chairman
- Dave Amis Secretary
- Rick Armstrong Member
- Michael Ray Member
- Tom Stephenson. Member
- Wes Stucky Member

The City of Ardmore (the Sponsor) applied for assistance from the Commission to seal cracks as well as patch and overlay the runway at the Ardmore Downtown Executive Airport. The Commission committed \$487,895 to this \$700,000 project while the Sponsor pledged \$62,105. The Federal Aviation Administration (FAA) funded the difference.

Purpose and Scope

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

The audit period covered was June 8, 2006 through November 7, 2012.

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 - Determine whether expenditures paid to the City of Ardmore (state project number 1FO-06-SF) 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 Ardmore were in accordance with *Exhibit B-1 – Program Narrative* and *Exhibit B-2 – Project Costs* of the airport construction agreement¹.

Methodology

To accomplish our objective, we performed the following:

- Reviewed the airport construction agreement;
- Interviewed the airport manager and the project engineer;
- Reviewed the bids submitted by construction contractors for the project;

¹ Although the expenditures paid to the Sponsor were in accordance with the specified portions of the contract, \$267,582 was considered ineligible costs by the FAA and the Commission and both entities sought reimbursement from the Sponsor. This matter is discussed further on pages 4 and 5 of this report.

- Reviewed all invoices submitted by the contractors to the engineer and Sponsor;
- Reviewed all requests for reimbursement submitted by the Sponsor;
- Documented the expenditure process related to the construction project; and
- Observed the completed project.

There were no exceptions noted as a result of these procedures.

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 whether expenditures paid to the City of Ardmore (state project number 1FO-06-SF) 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.

Category	Budget	Actual*	Variance
Construction	\$ 667,735	\$ 672,289	\$ (4,554)
Advertising	2,465	116	2,349
Testing	15,000	4,936	10,065
Inspection	14,800	14,800	-
	<u>\$ 700,000</u>	<u>\$ 692,141</u>	<u>\$ 7,859</u>
Sponsor's Share - 8.9%	\$ 62,105	\$ 62,105	\$ -
OAC's Share - 69.7%	487,895	480,821	7,074
FAA's share - 21.4%	150,000	149,215	785
	<u>\$ 700,000</u>	<u>\$ 692,141</u>	<u>\$ 7,859</u>

* The actual construction amount includes \$267,582 of disallowed expenses due to the contractor's use of a base course which was ineligible for funding. The FAA's share of this expense was \$57,339, OAC's share was \$186,503, and the Sponsor's share was \$23,740. According to unaudited Commission records, the Sponsor paid the Commission \$69,211 in May 2012 and still owes \$69,210 as of the date of this report. (\$186,503 - \$48,082 (previously not reimbursed by the Commission to the Sponsor) - \$69,211 = \$69,210)

**Oklahoma Aeronautics Commission
Operational Audit
Appendix – Project Costs (unaudited) and
Close-out Documentation**

Construction Costs

Item NO.	Description	Bid Unit	Bid Quantity	Unit Price Bid	Bid Amount	Actual Quantity	Actual Cost	Quantity Variance	Cost Variance
P-101-A	Milling	S.Y.	1,540	\$ 5.00	\$ 7,700.00	1,312	\$ 6,558	228	\$ 1,142
P-101-B	Crack filling	C.F.	21,500	1.25	26,875	31,500	39,375	(10,000)	(12,500)
P-101-C	Patching	S.Y.	450	50.00	22,500	668	33,390	(218)	(10,890)
P-152-A	Unclassified Excavation	C.Y.	1,000	12.00	12,000	1,000	12,000	-	-
P-401-A	4" Asphalt Leveling Course*	TON	4,000	59.30	237,200	4,512	267,582	(512)	(30,382)
P-401-B	2" Bituminous Surface Course	TON	5,400	60.30	325,620	4,548	274,222	852	51,398
P-620-A	Taxiway Painting	S.F.	32,700	0.70	22,890	32,555	22,788	145	102
T-940A	Sodding	S.Y.	3,700	3.50	12,950	3,377	11,820	323	1,131
	Runway Sensor Installation		-	\$ -	-	1	4,554	(1)	(4,554)
TOTAL					\$ 667,735		\$ 672,289		\$ (4,554)

*Product was considered an ineligible expense by the FAA and the Commission. See further discussion in footnote 1.

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

FINAL ACCEPTANCE NOTICE

Date: December 15, 2006

Project Number: IFO-06-5

Airport: Ardmore Downtown Executive

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

FROM: Carl Cannizzaro
Project Engineer


1414-A East 71st Street
Address

Tulsa, OK 74136
City/Town and Zip Code

918-663-0870
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 Carl Cannizzaro
Project Engineer

on December 15, 2006 at Ardmore Downtown Executive Airport
(Date) (Location)


Signature of above named person

President – Horizon Engineering Inc.
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.

NOTE – Per Commission management, the project number referenced on pages 6-8 is incorrect. The correct number is IFO-06-SF.

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

FINAL INSPECTION REPORT

Date: 12-08-2006, Project No: IFO-06-5, Airport: Ardmore Downtown Exec.

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

FROM: Carl Cannizzaro
Project Engineer,
1414-A East 71st Street
Address
Tulsa, OK 74136
City/Town and Zip Code
918-663-0870
Area Code and Phone Number

Final inspection on the above project was made by Carl Cannizzaro
Project Engineer,

on December 8, 2006 at Ardmore Downtown Executive Airport
(Date) (Location)

Personnel attending inspection:

name-title-organization	name-title-organization
See Attached List	

The project was found acceptable with the following exceptions:

Saw pavement edge at North end of runway.

Add partial chevron at South end of runway.

Anticipated completion date for above exceptions: December 15, 2006.


Signature of above/named person

President – Horizon Engineering Inc.
Title of above named person

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

NOTICE OF FINAL INSPECTION


Date: December 1, 2006
Project Number: IFO-06-5
Airport: Ardmore Downtown Executive

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

FROM: Carl Cannizzaro
Project Engineer,
1414-A East 71st Street
Address
Tulsa, OK 74136
City/Town and Zip Code
918-663-0870
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 9:30 am
(Time)
on December 8, 2006 at Ardmore Downtown Executive Airport
(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.



Signature of above named person

President – Horizon Engineering Inc.
Title of above named person



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