



2009 Audit – Status Update

- Phases of the Audit
 - Planning and risk assessment ✓ **Done**
 - Assessment of internal controls ✓ **Done**
 - Substantive audit procedures *In process*
 - Reporting and presentation of audit results



Evaluation of Internal Controls

- Internal control is a process designed to provide reasonable assurance regarding the achievement of defined objectives
 - Effectiveness and efficiency of operations
 - Reliability of financial reporting
 - Compliance with applicable laws and regulations
- Five components of internal control
 - Control Environment
 - Risk Assessment
 - Control Activities
 - Information and Communication
 - Monitoring



Our Approach to Internal Control Testing

Top-down approach

- Assess entity-level controls and information technology related (general computer) controls
- Identify significant accounts and processes
- Obtain documentation of significant accounts and processes
- Assess design and implementation and perform walkthroughs of significant controls
- Identify “key controls” for testing
- Perform tests of controls and compliance



Significant Accounts and Processes

- Administration of federal awards and related administrative controls
- Billings, cash receipts, and receivables
- Signatory Lease and Operating Agreement
- Procurement, cash disbursements, and payables
- Payroll
- Capital projects
- Treasury and Investments
- Debt and related accounts
- Pollution remediation obligation and contingencies
- Third party management
- Financial close and reporting
- Information technology (general computer controls)
- Budget



Administration of federal awards

- Major programs are Airport Improvement Program, Transportation Security Administration Grant, and Department of Homeland Security Grant
- Internal controls and tests of compliance will be performed relative to the following administrative requirements
 - Allowable costs
 - Cash management
 - Davis-Bacon Act
 - Equipment management
 - Matching
 - Period of availability
 - Procurement
 - Real property acquisition
 - Reporting
 - Special tests and provisions