



INTERNAL AUDIT REPORT

Ground Transportation at Seattle-Tacoma International Airport

Comprehensive Operational Audit

January 1, 2013 – December 31, 2014

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TRANSMITTAL LETTER

Audit Committee
Port of Seattle
Seattle, Washington

We have completed an audit of the Ground Transportation Department at Seattle-Tacoma International Airport. We reviewed information for the period January 1, 2013 - December 31, 2014.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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.

We extend our appreciation to the management and staff of the Ground Transportation Department for their assistance and cooperation during the audit.



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Internal Audit, Director

AUDIT TEAM

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RESPONSIBLE MANAGEMENT TEAM

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EXECUTIVE SUMMARY

AUDIT OBJECTIVES AND SCOPE

The purpose of the audit was to determine whether management controls are adequate to ensure that:

- All applicable tariffs are accurately and completely recorded,
- Concession revenues are accurately and completely recorded.

We reviewed information for the period January 1, 2013 - December 31, 2014. Details of our audit's scope and methodology are on page 6.

BACKGROUND

The Ground Transportation Department at Seattle-Tacoma International Airport is a department of 15+ FTEs. The Department is responsible for managing a variety of ground transportation operators consisting of taxis, limousines, courtesy vehicles, airporters, charter buses, shuttle buses, crew vans and parcel carriers. In 2014, there were some 2.4 million outbound trips from the airport to various destinations. The Department processed over \$8 million in transportation fees (non-aeronautical revenue) in 2014.

AUDIT RESULT

The Ground Transportation Department has adequate controls to ensure all applicable tariffs and concession revenues are accurately and completely recorded.

BACKGROUND

The purpose of the Ground Transportation Department (GT) at Seattle-Tacoma International Airport is to promote high quality, safe, and convenient ground transportation services for the traveling public. The Department has 15+ FTEs, and manages over 2 million outbound trips each year, with taxis and courtesy vehicles accounting for 90% of the trips. Ground Transportation generated \$8.3 million in airport transportation fees in 2014. Airport transportation fees are non-aeronautical revenue for the airport.

All GT activities are monitored by ten controllers. They oversee the operations of the upper drive, lower drive, commercial lanes on the third floor of the parking garage, cell phone lots, and airport roadways. The controllers are responsible for inspecting taxis and limos, as well as monitoring commercial vehicles that utilize the airport. The inspections ensure that all vehicle operators follow state, county, and Port of Seattle regulations. From the Ground Transportation Center (GTC), the controllers dispatch limos and charter buses. They also assist phone-in and walk-up customers. The GTC is located in the center of the third floor of the parking garage.

Transportation fees are generated as follows: 1) On-call taxis and on-call limousines are under concession agreements with Minimum Annual Guarantees (MAG), payable monthly. 2) Courtesy vans, airporters, door-to-door operators (shuttle buses), and crew vans are invoiced monthly based on per-trip fees. An automated vehicle identification system monitors and records each trip into Gatekeeper. 3) Charter buses are invoiced monthly based on dispatch logs. 4) Bell-in taxis, pre-arranged limos, and parcel carriers purchase annual permits.

FINANCIAL HIGHLIGHTS

Department Revenues - 2014 Actual		
Type	Revenue	Charge Method
Taxi - Yellow Cab	\$3,637,214	Concession agreement
Courtesy cars/vans; crew vans	2,437,657	Per trip
On-call limos	943,112	Concession agreement
Pre-arranged limos	513,583	Annual permit
Shared ride vans	227,108	Per trip
Charter buses	179,261	Per trip
Airporters	108,646	Per trip
Belled-in taxis	56,212	Annual permit
Parcel carriers	21,538	Annual permit
Other	172,951	
TOTAL	\$ 8,297,282	

Data Source: PeopleSoft Financials

HIGHLIGHTS AND ACCOMPLISHMENTS

During the course of the audit, we observed the following effective and efficient management practices: Per-trip numbers by company for courtesy vehicles, the largest provider of trips, are automatically uploaded to PeopleSoft, increasing billing efficiency and reducing the risk of input errors.

AUDIT SCOPE AND METHODOLOGY

We reviewed information for the period January 1, 2013 - December 31, 2014. We utilized a risk-based approach from planning to testing. We gathered information through research, interviews, observations, and data analysis, in order to obtain a complete understanding of the Department operations. We assessed significant risks and identified controls to mitigate those risks. We evaluated whether the controls were functioning as intended.

We applied additional detailed audit procedures to areas with the highest likelihood of significant negative impact as follows:

1. To ensure all applicable tariffs are accurately and completely recorded:
 - We tested a sample of three months for each year (2013 and 2014). We validated the per-trip fees by operator type for courtesy vehicles, airporters, and charter buses. We validated the per-trip fees by operator type and verified the number of trips billed in the accounting records. We checked the accuracy and completeness of total charges.
 - We tested the accuracy and completeness of permits by operator type. For pre-arranged limos, we reconciled permits issued to the accounting records for six months of each year (2013 and 2014), which accounted for over 60% of applicable revenue. For belled-in taxis and parcel carriers, we reconciled 100% of permits issued for both years to the accounting records.
 - We reviewed the violations log to ensure all violations were accounted for.
2. To ensure that concession revenues are accurately and completely recorded:
 - We tested all concession payments (some \$9 million) within the audit period and verified the accuracy, completeness, and timeliness of concession payments.
 - We verified that any additional trip fees for the concession year for the Seattle-Tacoma International Limousine Association (STILA) agreement were appropriately paid.

CONCLUSION

The Ground Transportation Department has adequate controls to ensure all applicable tariffs and concession revenues are accurately and completely recorded.