



# CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Park E. Pearson, CPA  
City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of the Billing and Collections Process for Leases in the Aviation Department

The Aviation Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A.1	<b>Lease Agreement</b> Aviation Director should execute a written lease agreement with all tenants.	3	Accept	Eric Kaalund, Steve Milburn; Aviation Department	8/6/2009
<b>Action plan:</b> Aviation reviewed, and modified as necessary, procedures to ensure that all tenants have a written lease agreement. The tenant lease noted as an exception is currently in review and will go to Council for approval on August 6, 2009.					
A.2	<b>Errors in Calculating the Signatory Airline Refund</b> Aviation Director should pay Signatory Airlines the \$57,000 due for the fiscal year 2008 airline refund.	3	Accept	Eric Kaalund, Freddy Martinez; Aviation Department	Completed
<b>Action plan:</b> Aviation is working with the Finance department to review and modify as necessary, procedures to ensure that the annual Airline Refund Calculation is complete and accurate. The \$57,000 will be applied to the Airlines' outstanding accounts receivable balances on a pro rata basis.					
A.3	<b>Net Revenue Recognized in Certain Situations</b> Aviation Director should record lease revenue at gross amounts. Record credits provided to tenants for property improvements and economic development in the appropriate expenditure accounts.	4	Accept	Eric Kaalund, Freddy Martinez; Aviation Department	Completed

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
<p><b>Action plan:</b> Aviation is in the process of converting all leases and billing transactions into SAP. Lease revenues will be recorded into SAP as gross amounts. As part of the conversion, Aviation has established specific general ledger accounts to track the different types of credits granted to tenants. Aviation will work with Finance to ensure that these credits are expensed, recorded as a discount or recorded as construction in progress depending on the circumstances related to the credit.</p>					
A.4	<p><b>Write-offs of Uncollectible Balances</b></p> <p>Aviation Director should write-off uncollectible receivable balances.</p>	4	Accept	Eric Kaalund, Freddy Martinez, Steve Milburn; Aviation Department	Completed
<p><b>Action plan:</b> Aviation analyzed and reported to Finance those accounts deemed 100% uncollectible. Aviation initiated follow up procedures to ensure proper actions are taken to write off uncollectible accounts receivables reported to Finance.</p>					
B.1	<p><b>Collection Efforts on Delinquent Accounts</b></p> <p>Aviation Director should develop detailed procedures for collection of delinquent accounts. The procedures should address staff responsibilities, the frequency and type of active collection attempts, and monitoring the aging of accounts receivable. Efforts to date have resulted in reducing the accounts receivable by \$1.4 million.</p>	5	Accept	Eric Kaalund, Steve Milburn; Aviation Department	Completed
<p><b>Action plan:</b> Aviation developed detailed procedures for delinquent accounts that address staff responsibilities, the frequency and type of active collection attempts, and monitoring of aging accounts on a timely basis. This will be enhanced by Aviation's conversion from Data Point to SAP as well as the new Accounts Receivable A.D.</p>					
B.2	<p><b>Late fees on Delinquent Balances</b></p> <p>Aviation Director should charge tenants late fees in accordance with the terms of the respective lease agreements. In addition, include specific late fee rates in new lease agreements.</p>	5	Accept	Eric Kaalund, Steve Milburn, Freddy Martinez; Aviation Department	Completed
<p><b>Action plan:</b> Aviation developed procedures to ensure that tenants are charged late fees in accordance with the terms of the lease agreements. In addition, all new leases will contain specific rates with regards to potential late fee charges.</p>					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,

  
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Frank R. Miller  
Director  
Aviation Department

  
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Penny Post oak-Ferguson  
Assistant City Manager  
City Manager's Office