



Financial Performance Audit Report

LAZ Parking

The Internal Audit Department of the Rhode Island Airport Corporation (“RIAC”) presents its report concerning the financial performance audit of LAZ Parking (“LAZ”) for the period July 1, 2023, through December 31, 2023, as follows:

Background

LAZ entered into a Professional Services Agreement (“Agreement”) on July 1, 2023, with Rhode Island Airport Corporation to operate the parking facilities (Garages/Lot’s A, B, D, E, and the Interlink) at Rhode Island T. F. Green International Airport (“Airport”). LAZ was also the operator of the previous agreement with RIAC for the period July 1, 2018, through June 30, 2023. Under the current agreement, LAZ is paid an annual fee to manage the parking operations and collect and remit all revenues. RIAC performs all repairs and maintenance and pays for most other costs directly. Any incidental purchases by LAZ are on RIAC’s behalf, and invoices are submitted for reimbursement. Fees including credit card charges and the Warwick Airport Parking Surcharge are paid for as a reduction in the revenue remitted to RIAC at the end of each month.

The Agreement also includes managing the shuttlebus operations between Lot E and the terminal. The Agreement states that two shuttle buses must be in operation at all times, which totals 17,572 base hours annually. An hourly rate of \$54.33 was provided in response to the Request for Proposals for each of the base hours, and if additional hours are required in excess of the 17,572, a separate hourly rate of \$48.41, also provided in the bid process, will be utilized.

Objective and Scope

The objective of this audit was to determine if LAZ was in compliance with the report, payment, and other related provisions of its Agreement with RIAC. To meet the objectives of our audit and based upon the provisions of the Agreement dated July 1, 2023, we performed tests to determine that operations (closed tickets and revenues) for the audit period were reported to RIAC as required, and that such amounts agree with LAZ’s underlying accounting records. Our testing also included identifying whether any significant

discrepancies (over or under) in reporting or departures from other contractual terms existed. If such discrepancies were identified, this report would include the adjustments to the fee payable to RIAC and our recommendations to improve record keeping and reporting processes of LAZ relative to its ability to comply with Agreement provisions.

The scope of our audit was limited to auditing the following:

- Records and reports supporting the number of processed parking tickets, and revenue collected provided in the FLASH Parking and Revenue Control System.
- Monthly Reports and payments provided to RIAC and supporting documentation.
- Supporting invoices and documents presented to RIAC for reimbursement to LAZ, including monthly shuttlebus billings.

This audit and report relate only to the fees reported by LAZ and the corresponding reports and payment terms as noted in the Agreement. The audit does not extend to any other performance or financial audits or other financial results of the Airport and LAZ or its related companies. Specifically excluded from this audit are the maintenance, cleaning, and other responsibilities by RIAC. Also, RIAC is currently in the process of clarifying aspects of several items such as on-line reservation fees. As such, Internal Audit has excluded these items from the audit scope as they are being discussed at this time and will be included in an Amendment or Task Order to the Professional Services Agreement.

Testing and Procedures

To meet the objectives of our audit, we performed the following procedures:

Parking Operations

- Obtained the 2023 Agreement and reviewed all financial provisions.
- Selected December 2023 for detail testing and confirmed for both Airport Parking and Interlink Parking that the amounts for the following areas were accurate:
 - Transient Parking
 - Monthly Parking
 - E -Commerce Reservations
 - Chargebacks
 - Warwick Airport Parking Surcharge
 - Credit Card Fees
 - Reimbursable Expenses
- Confirmed that all reports were calculating properly and agreed to supporting detail.
- Verified that payments received were accurate and timely.

Shuttlebus Operations

- Confirmed that the monthly reports were calculated accurately.
- Traced the shuttlebus hourly rate to the Agreement.
- Recalculated the monthly invoice and agreed to the monthly reports.
- Verified that payment of invoice was accurate and timely.
- Obtained a test sample of timecards and traced the hours worked to the shuttlebus reports for accuracy.
- Reviewed total actual hours for the audit period and verified that they were equal to or exceeded base hours.
- Reviewed the shuttlebus plan and driver schedule for December 2023, and compared the plan to the actual reporting.
- Observed the transportation of customers from the terminal and verified that wait times were less than 15 minutes.

We conducted this financial performance audit in accordance with generally accepted government auditing standards set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

Audit Results LAZ

Based on the results of our testing for the period from July 1, 2023, through December 31, 2023, all amounts were properly calculated and reported, and payments were accurate and timely.

RIAC Parking Receipts and Expenses July - December 2023

- Gross Receipts - \$10,398,137.89
- Warwick Parking Surcharge - \$483,101.49
- Credit Card Fees - \$311,714.50
- Reimbursable Expenses - \$14,949.50
- Operating Payment to LAZ - \$449,809.02

Shuttlebus Operations July - December 2023

- Payments to LAZ - \$479,842.56
- Billable hours 8,832

Conclusion

We conclude that LAZ was in compliance with the collection, reporting, and remittance provisions of its Agreement with RIAC. LAZ was also in compliance with the Agreement provisions related to the recording and invoicing of Shuttlebus operations.

This report is intended solely for the information and use of RIAC and LAZ and is not intended to be and should not be used by anyone other than these specified parties.



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May 6, 2024