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CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 5, 2012

Rhonda Hamm-Niebruegge, Director of Airports
Lambert-St. Louis International Airport
P.O. Box 10212
St. Louis, Mo. 63145

FILE COPY

RE: Review of Noise Management and Monitoring Services at Lambert St. Louis International Airport Contract PSA-1018 (Project #2012-37)

Dear Ms. Hamm-Niebruegge:

Enclosed is the Internal Audit Section's report for the review of the noise management and monitoring services at Lambert-St. Louis International Airport for the period June 1, 2009 through April 30, 2012. A description of the scope of our work is included in the report.

Fieldwork was completed on November 9, 2012. Management's responses to the observations and recommendations noted in the report were received on November 20, 2012, and have been incorporated in the report.

This review was made under the authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with *the International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Sincerely,


Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

Enclosure:

cc: Gerard Slay, Senior Deputy Director, Lambert-St. Louis International Airport
Cornell Mays, Deputy Director, Planning and Development Lambert-St. Louis International Airport
Susan Kopinski, Deputy Director, Finance and Administration Lambert-St. Louis International Airport
Henrietta Brown, MBA, Assistant Airport Director, Finance and Accounting
James Fox, CPA, Airport Auditor



CITY OF ST. LOUIS

**LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
REVIEW OF NOISE MANAGEMENT AND MONITORING SERVICES
CONTRACT #63804**

**JUNE 1, 2009 THROUGH APRIL 30, 2012
PROJECT #2012-37**

DATE ISSUED: DECEMBER 5, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
REVIEW OF NOISE MANAGEMENT AND MONITORING SERVICES
CONTRACT#63804
JUNE 1, 2009 THROUGH APRIL 30, 2012**

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a review of the noise management and monitoring services at Lambert-St. Louis International between the City of St. Louis and Airport Management Services (consultant). The purpose was to determine if the consultant had adequate controls in place to provide reasonable assurance of the following:

- Accomplishment of established objectives and goals.
- Compliance with applicable laws, regulations, policies, procedures and contract terms.
- Reliability and integrity of financial and operational information.
- Economic and efficient use of resources.
- Safeguarding of assets

Scope and Methodology

The review was limited to the review of the consultant's compliance with the terms and conditions of the contract. Review procedures included inquiries of the management of the consultant and the Airport Planning and Development department to evaluate the manner in which contract deliverables and compliance provisions are obtained. Total contract cost for noise management and monitoring services is \$790,362. We expanded our testing of billings for the consultant to \$67,035 in the aggregate for the period June 1, 2009 through April 30, 2012.

Background

Contract #63804 is between City of St. Louis and Airport Management Services, Inc., to provide noise management and monitoring services at Lambert-St. Louis International Airport. Per the general scope for services, the consultant agrees to maintain the noise management system, currently ITT NOMS System, in operation at the Airport (formerly known as "Era Beyond Radar Systems, Inc.,").

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Exit Conference

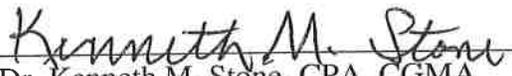
An exit conference was held on November 9, 2012. Consultants were represented by their Managers. The Airport Planning and Development Office was represented by the Executive Assistant II. The Airport Finance and Accounting Section was represented by the Airport Auditor. The Internal Audit Section was represented by the Auditor-in-Charge.

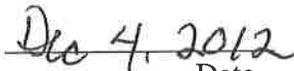
Conclusion

The opportunity exists for the consultant to ensure compliance with the agreement. The following is the observation resulting from the review:

1. Opportunity to comply with assignment and sub-contracting provisions

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.


Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive


Date

**CITY OF ST. LOUIS
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OBSERVATIONS

Status of Prior Observations

This contract has not been previously reviewed by the Internal Audit Section; therefore, there were no prior observations.

Summary of Current Observations

The opportunity exists for the consultant to ensure compliance with terms and conditions for noise management services at Lambert St. Louis International Airport. The following is the observation resulting from the review:

1. Opportunity to comply with assignment and sub-contracting provisions.

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Comply With Assignment and Sub-Contracting Provisions

In review of the MBE and sub-consultants, compliance by MBE firms and sub-contractors to contract provisions was not at adequate levels.

The following were noted during the review of MBE and sub-consultants associated with the contract for noise management and monitoring:

- Review of the Missouri Secretary of State database indicates some of the MBE firms listed in the quarterly reports need to revise or provide updated information to the Missouri Secretary of State.
- Some businesses associated with the contract were listed as “Administratively Dissolved Businesses” in the state of Missouri.
- Requested copies of current and prior city business licenses in effect for the term of the agreement were not provided.
- Requests for records and supporting documentation to determine compliance with Living Wage provisions were not provided.

Article XV of the contract regarding Assignment and Sub-Contracting requires the consultant to ensure at a minimum any sub contract requires strict compliance with the provisions of the agreement. The parties understand and agree that the consultant is responsible for the performance of its sub-contractors or agents under this agreement.

The consultant has not actively pursued the compliance with responsibility for the performance of sub-contractors or agents under this contract.

The City has no adequate assurance that sub-contractors and agents associated with the contract are in compliance with all laws and regulations of the contract.

Recommendation

It is recommended, the consultant implement a process to ensure that compliance by sub-contractors and agents of this contract is monitored consistently throughout the term of the agreement. This process should include at a minimum:

- Documenting compliance with living wage provisions
- Ensuring all have current City of St. Louis Business Licenses
- Ensuring all are in good standing with the Missouri Secretary of State.

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND
MANAGEMENT'S RESPONSES**

1. Continued

Management's Response

Airport Management Services, Inc. will ensure compliance by sub-contractors and agents is met on an annual basis. All documents will be sent to the Airport Planning and Development Office at Lambert-St. Louis International Airport.