



City of San Antonio

Agenda Memorandum

File Number:
{{item.tracking_number}}

Agenda Item Number: 4

Agenda Date: April 30, 2024

In Control: Audit Committee

DEPARTMENT: Office of the City Auditor

DEPARTMENT HEAD: Kevin Barthold

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Acceptance of the Office of the City Auditor Report AU23-003 Audit of Aviation Capital Projects Accounting.

SUMMARY:

Determine if Aviation capital construction projects are accounted for properly as completed and put into service.

BACKGROUND INFORMATION:

Background

The Aviation Department is currently involved in numerous capital construction projects under the Strategic Development Plan, which includes a Terminal Development Program with a \$1.4 billion budget. The Aviation Department oversees the design and the development of each capital

construction project, and the Finance Department manages the proper accounting of the project costs.

The Aviation Department and the Finance Department meet regularly to discuss the status of each capital construction project and to determine if any project costs need to be capitalized. The Aviation Department Fiscal Administrator sends a Summary of Completed Projects form to the Finance Department when a project, or a phase of a project, is complete, or when an asset is in use, so the appropriate costs can be capitalized or expensed. The Finance Department will calculate the appropriate amount of costs from the project to be capitalized or expensed. Once calculated and approved, the costs will be capitalized.

Scope and Methodology

The audit scope included the active Aviation capital construction projects from fiscal year 2021 through fiscal year 2023. We reviewed assets created from capital construction projects and verified for accurate capitalization, approval and recording in SAP. Additionally, we reviewed for appropriate asset classifications and depreciation. Finally, we reviewed for appropriate SAP system user access.

Conclusions

Aviation capital construction projects are accounted for properly as completed and put into service. The Aviation Department has effective controls that ensure appropriate project cost are submitted for capitalization. The Finance Department has effective controls for approving the appropriate project costs to be capitalized, creating new assets, assigning the appropriate asset class and reviewing for accurate depreciation. Lastly, the Finance Department has sufficient controls to ensure appropriate user access in SAP.

We make no recommendations to the Aviation Department and the Finance Department.

ISSUE:

This item is presented to the Audit Committee for acceptance.

FISCAL IMPACT:

NA

ALTERNATIVES:

NA

RECOMMENDATION:

Staff recommends acceptance of this audit report.

