



CITY OF ATLANTA

City Auditor's Office
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Why We Did This Audit

We did this audit of the airport's landing fee billing and collections process because carriers self-report their landings and applicable fees with limited verification by the Department of Aviation. This collection system may allow for inaccurate and incomplete reporting, which could reduce the department's landing fee revenue collections.

What We Recommended

To ensure that landing fee billing and collections are complete, accurate, and timely, and assessed in accordance with Atlanta City Code, the Department of Aviation should:

- Renegotiate the airport use agreements to:
 - charge signatory carriers based on actual rather than scheduled landings;
 - allow late payment fees;
 - increase the signatory basic landing fee rate to cover operational and maintenance costs; and
 - structure fees so they can vary based on changes in cost.
- Invest in technology to automate landing fee invoicing if the department negotiates payment of signatory landing fees on actual landings.
- Ensure the new contract for the fixed base operator (FBO) includes performance provisions and assesses a penalty for late payments. The department should also establish a mechanism for monitoring the FBO's compliance with contract provisions.
- Propose a change in city code to establish a penalty for late payment of non-signatory landing fees.

For more information regarding this report, please contact Amanda Noble at 404.330.6750 or anoble@atlantaga.gov.

Performance Audit:

Airport Landing Fee Billing and Collections

What We Found

City code requires the Department of Aviation to collect landing fees on all aircraft operations at the airport. The department invoices carriers that have signed airport use agreements or airport use license agreements, called "signatory carriers," based on submitted schedules. The department invoices all other carriers, called "non-signatory carriers," based on self-reported actual landings. However, over half of the non-signatory carrier landings for a two-month period were not invoiced, resulting in uncollected fees of about \$98,700. In addition, Aviation did not invoice six signatory carriers operating at the airport for those two months, resulting in additional uncollected fees of up to \$32,850.

Aviation relies on non-signatory carriers to report their landings and on the fixed base operator (FBO) to collect fees from the carriers it serves. However, few non-signatory carriers actually report landings, and the department does not monitor the FBO. Failure to invoice the six signatory carriers appears to have resulted from ineffective communication between Aviation divisions and unclear billing relationships among carriers.

Aviation does not have adequate procedures to ensure timely billing and collections. Several invoices were issued about two months late, and most were paid late – some up to seven months. The department has not established late payment provisions to encourage prompt payment.

Aviation is investigating implementation of software to automate landing fee billings. Such software would improve controls over completeness, accuracy, and timeliness of billing while reducing administrative burdens on the department and carriers. Revenue recovered through the system should more than cover its cost.

The airport's landing fees are significantly lower than those of comparable airports. The basic landing fee for signatory carriers was locked by the initial airport use agreements and has remained unchanged since 1967. Consequently, the basic landing fee does not allow full recovery of airfield operations and maintenance expenses. The agreements expire in 2010, providing the department an opportunity to renegotiate fees and methods for billing landing fees for signatory carriers.