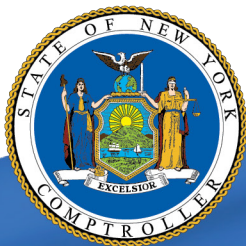


Monroe County Airport Authority

Board Oversight of County Chargebacks and Professional Services

NOVEMBER 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Contents

Report Highlights 1

Board Oversight 2

 How Should the Board Oversee County Chargebacks?. 2

 The Board Did Not Ensure That Chargebacks Were Accurate 3

 How Should the Authority Select Professional Service
 Providers? 5

 The Authority Did Not Adopt Clear Procurement Policies or
 Procedures for Selecting Professional Service Providers 6

 Vendor Selections Were Not Adequately Documented and
 Justified 8

 What Do We Recommend? 10

Appendix A – Response From Authority Officials 11

Appendix B – OSC Comments on the Authority’s Response 17

Appendix C – Audit Methodology and Standards 21

Appendix D – Resources and Services. 23

Report Highlights

Monroe County Airport Authority

Audit Objective

Determine whether the Monroe County Airport Authority (Authority) Board (Board) provided adequate oversight over chargebacks for Monroe County (County) services and the procurement of professional services.

Key Findings

The Board did not provide adequate oversight, as it did not review, verify and approve County chargebacks prior to payment or actively oversee the procurement of professional services. As a result:

- The Authority did not require and review detailed support for County chargebacks and paid \$128,603 for non-Authority costs in 2018.
- The Board did not adopt clear professional service procurement policies.
- The Board could not support that professional service contracts were properly awarded because the Authority did not document or retain sufficient evidence that criteria were fairly evaluated.

Key Recommendations

- Request and review adequate supporting documentation from County department staff for all chargebacks for County services prior to approving payment.
- Develop a revised procurement policy that includes clear and direct guidance for awarding professional service contracts and documenting vendor selection decisions.

Authority officials generally disagreed with our findings and recommendations. Appendix B includes our comments on issues raised in the Authority's response (Appendix A).

Background

The Authority is an independent public benefit corporation, established in 1989 pursuant to the New York State Public Authorities Law. The Authority, which leases the Greater Rochester International Airport (Airport) from the County, operates the Airport in accordance with the Public Authorities Law, the Authority's bylaws and a lease and operating agreement (Operating Agreement) with the County. The purposes of the Authority are, in part, to finance, develop, acquire, construct, reconstruct, improve, maintain and operate aviation facilities; promote safe, efficient and economical transportation; and stimulate economic development, trade and tourism in the County.

The Authority is governed by a seven-member Board appointed by the County Executive and confirmed by a majority vote of the County Legislature (Legislature), except for the Chairperson, who serves at the pleasure of the County Executive. The Administrative Director (Director) is responsible for the Authority's day-to-day operations. Pursuant to the Operating Agreement, the County Director of Finance serves as the Authority's Treasurer.

2018 Quick Facts

County Chargebacks	\$6.9 million
Professional Services	\$5.4 million

Audit Period

January 1, 2016 – August 30, 2019

Board Oversight

The Board, working with executive management, is responsible for establishing the appropriate governance culture, philosophy and commitment to performance throughout the Authority. New York State Public Authorities Law (Section 2824) requires Board members to understand, review and monitor financial and management controls and operational decisions, and establish written policies and procedures. The Authority's bylaws also charge the Board with the Authority's oversight and require the Board to adopt policies and procedures for procuring goods and services.

The Authority uses County employees to operate and maintain the Airport, in accordance with the Authority's enabling statute (Article 8, Title 31 of the Public Authorities Law, Section 2755) and the Authority's Lease and Operating Agreement (Operating Agreement) with the County. Certain County employees are assigned to the Authority and will be referred to as Authority staff throughout the report.

Pursuant to the Operating Agreement, the County is to administer and operate the Airport, maintain the Airport in good and safe order and condition, and make all necessary repairs. In addition to contracting with the County for services at the Airport, the Authority has also delegated oversight of the Authority's fiscal affairs to the County. More specifically, the Operating Agreement provides for the County's Department of Finance to supervise, audit and control the Authority's financial affairs, including making all expenditures, and names the County's Director of Finance as the Authority's Treasurer.

The Authority is responsible for reimbursing the County for the cost of all services performed on its behalf. The County uses its airport enterprise fund to initially pay Airport operating costs and its capital fund to initially pay for Authority capital project disbursements. A separate Authority fund is used to pay for costs directly incurred by the Authority and to reimburse the County for capital project expenditures and operating costs, which include chargebacks for services provided by County departments.

The Authority finance administrator is the Assistant Treasurer, works at the Airport and processes and approves Authority disbursements on behalf of the Treasurer before they are paid by the County.

How Should the Board Oversee County Chargebacks?

In addition to direct Airport operating costs, which the County accounts for in its airport enterprise fund, the County allocates certain centralized administrative costs to its other departments, including the airport enterprise fund, which is reimbursed by the Authority. The County also uses inter-departmental chargebacks to charge departments for work specifically done by other

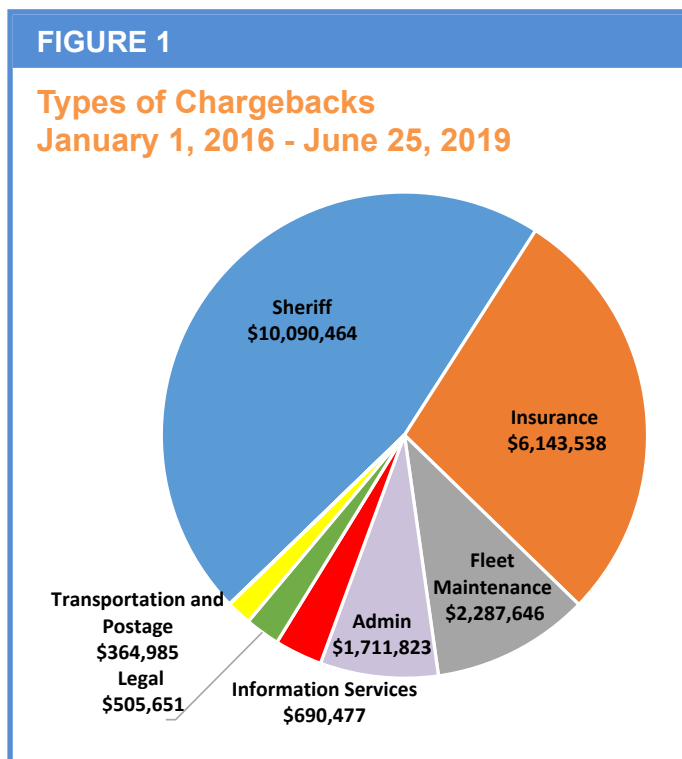
departments, such as services provided to the Airport by the Fleet Maintenance and Sheriff's Departments.

To ensure chargebacks are properly attributable to the Authority, a thorough, deliberate and independent audit of the chargebacks should be conducted by the Board, or its designated Authority staff, before payments are authorized. To this end, the Board should also ensure that County Finance Department and other applicable department staff provide detailed supporting documentation for chargebacks so the Board or its designee can verify their accuracy and ensure that the Authority is not charged for services used by, or employees allocated to, other County departments.

The Board Did Not Ensure That Chargebacks Were Accurate

The Authority delegated its financial functions – including claims processing and payment – to the County, in addition to the operation of the Airport. As it relates to chargebacks, this means that the County Finance Department is reviewing its own claims for reimbursement, and determining the appropriate amount to reimburse itself from Authority funds. Therefore, in order to ensure that chargebacks are accurate, the Board (or delegated Authority staff) should be reviewing the claims, including supporting documentation provided by County departments, and verifying the accuracy of the amounts to be paid to the County from Authority funds.

The Authority paid the County \$21.8 million in chargebacks for the period January 1, 2016 through June 25, 2019 (Figure 1), which made up 19 percent of the Authority's \$111.8 million of expenditures during this period. These chargebacks included expenses for Sheriff deputies that worked at the Airport; fleet maintenance services on Airport vehicles



and equipment; insurance; and administration, such as services provided by the County's Purchasing and Finance Departments.

The Authority did not receive or review adequate documentation for chargebacks for County services. Rather, the Authority relied on and accepted the County's calculation of chargebacks without review or question. In most cases, County department staff did not provide any documentation to support the chargebacks. The Assistant Treasurer approved the County-provided chargeback amounts, but only had support for one of the 31 chargebacks in our testing sample. However, that one report she had – for the 2018 fourth quarter Sheriff's Department chargeback – was not sufficient because it did not include the names and titles of the officers being charged back to the Authority. The Assistant Treasurer previously received detailed reports for the fleet maintenance chargebacks, but the last report available was for April 2017.

We selected 31 transactions totaling \$1.3 million (6 percent of chargebacks) from the three largest chargeback categories (fleet maintenance, Sheriff and insurance).¹ We found that the Authority inappropriately paid \$18,662 in the November and December 2018 Sheriff chargebacks due to two officers being incorrectly coded to the Authority in the County's accounting software. Because the coding issue was systemic, we obtained all 2018 chargeback information for the two officers and found that the County inappropriately charged the Authority \$116,358 for these employees not actually assigned to work at the Airport. The Authority paid these charges without question because it did not take steps to independently verify County calculations and charges. After we identified and addressed this issue with Sheriff finance staff, they subsequently told us that they had corrected the coding beginning the first pay period in 2019. Furthermore, the County made an adjustment in January 2020 for \$116,010, effective December 31, 2019, to reduce the recorded Airport security chargeback paid to the Sheriff's Department for 2018.²

In addition, the quarterly³ Sheriff chargeback reviewed was understated by \$2,491 due to the wrong pay rate being used in the calculation. While the quarterly chargeback error was in the Authority's favor in this instance, without obtaining and reviewing sufficient documentation, the Board cannot ensure that the Authority is paying the correct amount for chargebacks.

The Authority also inappropriately paid \$1,187 in November 2018 for workers' compensation payments for a County Transportation Department employee

The Authority paid these charges without question because it did not take steps to independently verify County calculations and charges.

1 These three categories comprised 85 percent of chargebacks. Refer to Appendix C, Audit Methodology and Standards for further sample selection details.

2 Per correspondence with the Assistant Treasurer on March 26, 2021

3 The County assessed a monthly chargeback for Sheriff officers assigned to the Airport and a quarterly chargeback for other officers covering shifts or providing additional support and for administrative costs.

that was incorrectly coded as an Authority employee. Because the issue was systemic, we obtained all of the 2018 workers' compensation payments charged to the Authority for that employee and found that the Authority paid \$12,245 in County workers' compensation chargebacks for this non-Authority employee in 2018. Further, the former County employee has been on workers' compensation for more than 20 years, so the Authority may have paid more than 20 years' worth of inappropriate chargebacks for this individual. The County could not easily determine the total costs or for how long this individual was incorrectly charged to the Authority because it has been using different accounting software since 2006. The Authority and County agreed not to make corrections to reimburse the Authority for these improper charges we identified "due to the smaller dollar amount and age of the issue," but the County did correctly code this individual to the Transportation Department beginning in July 2019.⁴

We did not identify any inappropriate fleet maintenance chargebacks. We also found that there were reasonable cost allocation methods for the other administrative chargebacks, such as purchasing.

Unless the Board requires detailed supporting documentation for all County chargebacks, and performs (or requires its designated staff to perform) a thorough, deliberate and independent audit of all County chargebacks to verify cost allocations prior to approving the disbursements, there is increased risk that the Authority could be charged inappropriately for chargebacks, as it has been in the past.

On February 26, 2020, officials told us that after we completed fieldwork, the Assistant Treasurer began receiving detailed reports to support monthly chargebacks from the Sheriff's and Fleet Maintenance Departments, and provided examples for our review on February 27, 2020.

How Should the Authority Select Professional Service Providers?

Because both the Authority and County have a role in the Authority's purchasing operations, it is vital that the Board establish guidelines that clearly define the roles and responsibilities of each of the parties involved.

Public Authorities Law (Section 2824 [1-e]) and the Authority's bylaws require the Board to adopt written policies and procedures governing the procurement of goods and services. Adequate guidelines should require competitive procedures for procurements not required to be competitively bid, including professional services, to ensure the prudent and economical use of funds without influence by favoritism, extravagance, fraud or corruption. A procurement policy should require

⁴ Per correspondence with the Assistant Treasurer on March 31, 2021

that officials maintain adequate documentation to specify and justify the actions taken.

Using a request for proposals (RFP) is a common method of seeking competition for professional services, where price should not necessarily be the sole criterion for award of the contract. A well-designed RFP process helps ensure that the Authority obtains needed services under the most advantageous terms and conditions and helps to avoid any potential appearance of partiality when awarding such contracts.

RFP procedures should include a comprehensive and fair solicitation process that informs prospective contractors of the Authority's needs, the procedures involved in responding to the RFP and the process to be used for evaluating proposals. Evaluation criteria and any weighting or ranking of the importance of those criteria should be set forth in the RFP. The evaluation criteria can include factors in addition to price (e.g., experience, staff availability, work plan and methodology to achieve the desired result and estimated completion times). The process should be based on a fair and equitable review and evaluation or ranking of the proposals. A well-planned effort can help encourage qualified providers to respond to the RFP and ultimately result in increased competition and potential cost savings.

The Board should authorize all agreements with selected professional service providers to ensure that, among other things, they are made in the Authority's best interest and clearly define the agreed-upon services to be provided and basis for compensation.

The Authority Did Not Adopt Clear Procurement Policies or Procedures for Selecting Professional Service Providers

The Authority's Board-adopted procurement policy requires goods and services to be procured in the same manner required by the County's policies and procedures when competitive bidding is not required, including, apparently, professional service contracts.⁵ However, the Authority's procurement policy also includes specific language with regard to how professional service contracts are to be awarded, which is, at least in part, inconsistent with the County's procurement procedures for awarding professional service contracts.

The Authority's procurement policy specifically indicates that professional service agreements are not required to be awarded to the lowest responsible bidder. Instead, the Authority's procurement policy requires the Authority to issue an RFP and use a selection process to determine the most qualified contractor to

⁵ Professional service contracts are not subject to competitive bidding. As such, it appears professional service contracts should be procured in the same manner required by the County's policies and procedures.

provide professional services at the “best value” to the Authority. The procurement policy defines “best value” as optimizing quality, cost and effectiveness among responsive and responsible offerors.

The County, on the other hand, allows processes other than just RFPs to be used when awarding professional service contracts. For example, with limited exception, the County’s procurement policy requires RFPs, requests for qualifications (RFQs) or expressions of interest (EOIs) for professional service contracts over \$20,000. The County also has more detailed procedures for requesting and rating proposals for professional service contracts, but neither the policy nor the procedures define what RFPs, RFQs or EOIs are or when each should be used; establish documentation needed for each; or require written explanations for ratings and vendor selections.

In addition, the Legislature adopted a resolution in 1983 requiring selection committees to solicit proposals without initially including cost when procuring engineering, architecture, planning, survey and other related professional services. Instead, proposals are based upon the scope of work and budget estimates; the County then negotiates costs with the highest ranked consultant after the selection process. This practice is in direct contrast with the Authority’s policy which specifically requires optimizing cost, along with quality, in selecting the “best value” proposal. Without initially considering costs of services in selecting vendors, particularly for these higher-cost services, the Board has less assurance that the Authority will obtain high quality services at the best price. Furthermore, there is an increased risk that this practice could give unfair preference to certain vendors, such as vendors that have provided service to the County in prior years, despite the potential for higher costs. While familiarity and prior experience are important qualifications, initially excluding costs from proposals significantly limits the possibilities of getting similar quality services at a lower cost from a new vendor.

To resolve the ambiguity between the Authority’s and County’s policies, with respect to awarding professional service contracts, the Board should develop a revised procurement policy that includes clear and direct guidance and specifies the roles and responsibilities of all involved parties, with respect to how professional service contracts are to be awarded. The Board also should monitor and enforce its policies to ensure the Authority, and County staff involved in the procurement process, follow its guidance and use an objective and well-documented process to recommend vendor selections – for the Board’s approval – that will provide the necessary and quality services at the lowest available cost.

Vendor Selections Were Not Adequately Documented and Justified

RFPs for professional services did not always include clear and consistent criteria or sufficient evidence that criteria was fairly evaluated for all proposals. Additionally, while the RFPs and RFQs included evaluation criteria, they did not identify the weight to be put on each or limit the evaluations to the specific criteria included for prospective vendors' reference. Instead, they stated that the responses would be evaluated according to criteria deemed pertinent, which may include, but not be limited to, the evaluation criteria listed in the RFP or RFQ. This failure to commit to using specific criteria for an individual RFP/RFQ can jeopardize the integrity of the competitive procurement process and may deter qualified vendors from submitting proposals.

Most evaluations included the criteria listed in the RFP or RFQ, but the criteria categories were often combined or separately evaluated. For example, an RFQ for exit lane monitoring listed a criterion as "Qualifications/Experience on Similar Projects," and during the evaluation process separate scores were given for "Qualifications" and "Relevant Experience." Additionally, the parking management vendor was selected using evaluation criteria for "Understanding of and Approach to Project" and "Local Office" even though these were not among the six specific evaluation criteria listed in the RFP.

We tested the procurement of professional services from 11 vendors, totaling \$18.5 million, (Figure 2) and found a lack of adequate documentation that the Authority appropriately sought and evaluated competition for all but one vendor paid \$20,000 for public relations services. Selection committees did not adequately document their

evaluations and decisions when selecting eight professional service providers paid \$18.3 million. The selection committees utilized rating sheets to award scores to proposals, but they did not document why specific scores were given. Both County and Authority officials told us that the selection committee members discussed rankings and selection, but they did not document their discussions or reasons as required.

Figure 2: Professional Services Tested

Professional Service	Number of Vendors	Total Paid
Parking Management^a	1	\$15,048,121
Security	2	2,628,418
Audit Services	2	248,658
Consulting	2	217,106
Advertising	1	166,501
Lobbyist	1	156,000
Legal	1	62,250
Public Relations	1	20,000
Total	11	\$18,547,054

^a This amount represents the total deductions from the gross parking revenues turned over to the Authority, to cover the vendor's operating costs and management fees, in accordance with the contract.

We also found instances where the scores awarded to proposals did not correspond to the information submitted by the vendor in the proposal. The County purchasing manager told us that the scoring decisions are made by the consensus of the selection committee, and that scores could vary from one committee to another. By not requiring the selection committee to document the reasons for each of its ratings, the Board risks allowing scores to be awarded arbitrarily or based on favoritism and long-time relationships with current or prior vendors. For example:

- **Parking Management** – Disbursements to this vendor totaled more than \$15 million. The Board awarded the contract to the vendor that had managed the Authority’s parking services for 35 years, despite our estimated calculation that another vendor submitted a proposal with potentially lower costs. The selection committee did not document its calculation or comparison of projected fees or explain why it selected a potentially higher proposal.⁶ The selection committee awarded higher scores to the selected vendor for “qualifications and experience,” “management and operations plan,” and “understanding of and approach to the project.” A rejected vendor’s proposal indicated parking management experience with five airports and included a management and operations plan. The selection committee did not document why the selected vendor was awarded higher scores in these areas.
- **Exit Lane Monitoring**⁷ – Disbursements to this vendor totaled \$1.6 million. The selected vendor was chosen based on the highest ratings by the committee, but was also the vendor with the highest cost. Therefore, although price need not be the sole criterion when awarding a professional service contract, it is significant that the committee failed to clearly document the justification for the higher ratings and substantiate the difference in the quality of services expected.

Additionally, the Authority lacked documentation to explain certain procurement decisions that varied from its general procedures and seemed to limit competition. For example:

- The Authority allowed the parking management provider to procure advertisement services on its behalf, and paid the parking management provider directly \$166,501 for the selected vendor’s advertisement services. The parking management vendor utilized its own RFP process, but received only one proposal and selected that vendor. A second vendor responded to the RFP stating there was not sufficient information in the RFP to provide

⁶ A calculation was required due to the different fee structures submitted by vendors. For example, one vendor submitted a set amount per year and another vendor listed their fee as a percent of parking revenue.

⁷ Vendor staff monitoring access control at exit doors between arriving flights and baggage claims

a proposal. Because Authority staff did not conduct the RFP, they did not control the specifications or selection process, which could have limited the responses and cost proposals. In 2017, Authority officials decided that oversight of advertising should be the Authority's responsibility instead of the parking management provider's. The Board voted to assume the contract from the parking management vendor on November 29, 2017 instead of performing its own competitive procurement process. Officials informed us on February 26, 2020 that the Authority conducted its own RFP process in September 2019, after we completed fieldwork.

- The Authority did not seek competition for a grant application consultant with disbursements totaling \$46,162. Authority staff told us they did not solicit competition for this consultant due to time constraints associated with the deadline to submit the grant application for its Airport Revitalization Project.

Practices that limit competition increase the risk that professional service contracts are not awarded to the vendor that provided the most advantageous terms and conditions to the Authority.

What Do We Recommend?

The Board should:

1. Take a more active role in monitoring and overseeing the Authority's procurement of professional services and payments for County chargebacks.
2. Require and review adequate supporting documentation from County departments for all chargebacks for County services prior to approving payment.
3. Develop a revised procurement policy that includes clear and direct guidance with respect to how professional service contracts are to be awarded by the Authority.
4. Ensure that staff thoroughly document rating, evaluation and vendor selection decisions when procuring professional services.

Appendix A: Response From Authority Officials

Monroe County Airport Authority Frederick Douglass Greater Rochester International Airport



James G. Vazzana, Esq.
Chairman

Andrew G. Moore
Administrative Director

R. Thomas Flynn
Vice Chairman
Governance Committee Chair

John J. Perrone, Jr.
Audit Committee Chair

Charles Henry Stuart

Susan Keith

Hon. Steve Brew

Hon. Joshua Bauroth

John P. Bringewatt, Esq.
Secretary

Robert Franklin
Treasurer

October 7, 2021

Mr. Edward V. Grant, Jr.
Chief Examiner - Division of Local Government
And School Accountability

Dear Mr. Grant:

On behalf of the Monroe County Airport Authority (MCAA), I am submitting this response to the draft Audit findings.

First, I would like to note two (2) key points that I believe are important elements of this Audit and the MCAA response. The first two points address general concerns I have with the Audit; then I address each of the Audit topics raised in the audit section-by-section.

1. The Audit accusation that the Board “Limits Competition or Did Not Seek Competition” as mentioned in multiple paragraphs of the Draft Report is misleading and factually wrong.

These statements in the Audit are not supported by any documentation. MCAA documents show that Request for Proposals (RFP) do not deter a company from responding. There have been numerous examples of MCAA & County RFPs that had multiple responders:

1. Internal Auditor-6 Proposals; 2. External Auditor-4 Proposals; 3. Air Service Consultant-4 Proposals; 4. Airport Consultant-5 Proposals; 5. Exit Lane Monitor-4 Proposals; 6. Airport Employee Screening-4 Proposals; 7. Internal Auditor-6 Proposals; 8. Aviation Legal Services-4 Proposals; 9. Airport Project Construction Manager-7 Proposals; 10. Airport Term Engineer- 8 Proposals.

See
Note 1
Page 17

2. The Auditors did not attend key Airport meetings during Audit period.

MCAA believes that auditors could have gained a much better appreciation and understanding of overall Authority operations and procurement if they attended a RFP selection committee meeting, Bid opening, MCAA Board meeting, or Monroe County Legislature meeting. Unfortunately, this did not occur since the start of the audit on February 7, 2019.

See
Note 2
Page 17

Audit Topic: How Should the Board Oversee County Chargebacks?

There were over 51,000 accounting entries for the Airport/MCAA from 1/1/2016-6/25/2019 (audit period). It would be impractical for a Board that meets bi-monthly to review all of these entries prior to payment. MCAA Bi-Laws under Article II, Section 6&7 require there be a Treasurer and Assistant Treasurer to oversee and approve all Airport expenses.

See
Note 3
Page 17

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Page 2 of 6

The MCAA Board reviews bi-monthly financial statements and budget to actual reports prepared by the Assistant Treasurer to ensure that expenses are in line with the budget.

See
Note 3
Page 17

MCAA is required by the 1989 Lease and Operating Agreement between the County and MCAA to use the Monroe County Sheriff's Department for all police services at the Airport. The Sheriff's Office retains full control of staffing and all police services. While the Audit did find an instance where the Sheriff's Office incorrectly charged the Airport for some services, the report does not mention that the Sheriff's Office has subsequently modified its process to request detailed reports from the Airport Sergeant to make sure that the chargebacks reflect the correct deputies, hours, dates and ranks.

See
Note 4
Page 17

Audit Topic: The Board Did Not Ensure That Chargebacks Were Accurate

The report gives the misleading impression that Airport staff are not obtaining and reviewing supporting documentation for county chargebacks. The Airport works in conjunction with other County departments on all chargeback entries and there are multiple levels of reviews depending on the particular chargeback.

See
Note 5
Page 17

The Audit does not acknowledge the two types of County chargebacks:

See
Note 6
Page 18

- ICAP (Indirect Cost Allocation Plan) – As per OMB Circular A-87, this plan refers to the allocation of expenses of staff departments to County user departments. This process is handled by the Monroe County Controller's Department and charges are made to all County departments including the Airport Enterprise fund.
- Inter-departmental chargebacks - These chargebacks are prepared by the department that is charging expenses to another department. Supporting details are provided and reviewed by appropriate Airport staff. Main charges incurred by Airport are Fleet Maintenance and Sheriff Chargebacks.

Authority staff (both Treasurer and Assistant Treasurer) perform a review of all entries that are charged to the Airport including chargebacks. A detailed review is made by the Assistant Treasurer/Finance Administrator for all inter-departmental chargebacks. ICAP entries are processed monthly and reviewed by County Controller's and Airport staff with follow-up with Controller's on any unusual items/amounts.

See
Note 5
Page 17

Audit Topic: How Should The Authority Select Professional Service Providers?

This section is misleading as it implies the MCAA does not have written policies and procedures governing the procurement of goods and services. The MCAA Bylaws and Procurement Policy (which are posted on the airport website) satisfy the requirement. (MCAA Procurement Policy-Exhibit #1).

See
Note 7
Page 18

The last paragraph in this section is misleading and inaccurate. The MCAA does authorize all its agreement with selected professional service providers. The MCAA does not have legal authority to approve Monroe County contracts or agreements.

See
Note 7
Page 18

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Page 3 of 6

The wording throughout this section gives a misleading impression that the MCAA is doing something wrong when that is not the case.

See
Note 7
Page 18

Audit Topic: The Authority Did Not Adopt Clear Procurement Policies or Procedures for Selecting Professional Service Providers

The MCAA has an established Procurement Policy that is posted on its website. The Procurement Policy does identify “Cost” as a factor for awarding professional service contracts. (Procurement Policy-Exhibit #1, Section 1d).

The Audit actually compliments the MCAA for including “Cost” in its Procurement Policy as noted in the fourth paragraph/third sentence which reads, “This practice is in direct contrast with Authority’s policy which specifically requires optimizing cost, along with quality, in selecting the “best value” proposal.”

The MCAA has no legal authority over County Procurement Policy nor does it have oversight as to the County Legislature authorization of the County Policy and Procurement of Professional Services. This is affirmed by the Monroe County Legislature back in 1983. (County Legislature Resolution 373 of 1983).

See
Note 8
Page 18

There have been seven MCAA RFP/RFQ selections during this audit period and all included cost as a consideration. MCAA Board approved all seven. The audit should note that the County Purchasing Manager serves on all MCAA RFP selection committees.

The MCAA Board does not approve either Monroe County RFPs or Monroe County contracts.

See
Note 9
Page 19

Audit Topic: Vendor Selections Were Not Adequately Documented and Justified

This section is critical that weight of score was not included in RFP documents. I would first like to point out that the Audit fails to note there is no legal requirement for weight of score to be included in an RFP. Secondly, the report does not acknowledge the Monroe County Purchasing Manager was present at all MCAA RFP selection committee meetings and approved the selection process. All MCAA RFP solicitations and score sheets clearly showed criteria for scoring.

See
Note 10
Page 19

The Audit in the first paragraph states, “This failure to commit to using specific criteria for an individual RFP/RFQ can jeopardize this integrity of the competitive procurement process and may deter qualified vendors from submitting proposals.” This statement is not backed by any valid documentation or any actual examples.

See
Note 10
Page 19

The Audit does not acknowledge the fact that there has never been an RFP/RFQ responder that protested a selection or criticized the process. In the competitive environment of Airport/Aviation work, if the Authority was being unfair, in all likelihood, someone would have complained.

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Page 4 of 6

The words in the first paragraph “failure” and “deter” give a misleading impression there is a lack of interest from providers in responding to RFPs. The fact remains the MCAA RFP/RFQ process does not deter companies from responding. There are numerous examples of MCAA RFPs that had multiple responders: Internal Auditor - 6 responses, External Auditor - 4 responses, Air Service Consultant - 4 responses, Airport Consultant - 5 responses, Exit Lane Monitor - 4 responses, Employee Screening - 4 responses, Aviation Legal Services - 4 responses. Pertinent Monroe County RFPs have likewise had multiple responses: Construction Manager - 7 responses, and Airport Term Engineer - 8 responses.

See
Note 1
Page 17

The third paragraph cites, “a lack of adequate documentation that the Authority sought competition for all but one vendor paid \$20,000 for public relations services.” This is unwarranted and inaccurate. Again, the Audit does not provide any documentation supporting the criticism. In fact, the MCAA goes beyond legal requirement for publicizing RFPs. MCAA RFPs are posted in the Daily Record, Rochester Business Journal, Monroe County website, industry publications, and an internet search is conducted by staff to identify relevant businesses or service providers.

See
Note 11
Page 19

The Authority does document its grading of RFPs through a Score Sheet. Score Sheets of each RFP serve as documentation of evaluation and decision. Auditors were informed by staff that discussions during the selection process were extensive and each member had questions and comments based on the review of proposals and information provided in a proposal. The Score Sheet served as the final justification and documentation of the consensus decision.

See
Note 12
Page 19

The Audit suggests that minutes or a summary report are required by General Municipal Law § 104-b, but there is no evidence that the MCAA’s Score Sheet does not meet the requirements or spirit of the state law requirements. (Exhibit #2)

See
Note 13
Page 19

Seven RFP/RFQ selections took place during the time the Auditors were reviewing materials and none were attended by the Comptroller’s staff.

See
Note 2
Page 17

It’s important to note that the 1983 County resolution referred to in the Audit is indeed a County Resolution impacting County Professional Services. The Resolution does not identify the MCAA Board nor MCAA professional service contracts.

In the interest of resolving the differing interpretations of “adequate documentation” and “weight of score,” all MCAA RFP selection committees have started going above and beyond legal requirements and are completing both a score sheet and summary of each selection committee decision along with including the weight of score in RFP solicitations.

See
Note 8
Page 18

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Page 5 of 6

(Parking Management)

The selected provider was based on scoring criteria. This vendor was in good standing with ROC and generates \$12 million in revenues (our highest non-aeronautical revenue source). The Vendor with lower fee (SP+) wanted a flat fee regardless of impact of TNCs or the economy for the next 10 years with a fixed increase every year and this was reflected in a low score for the understanding of and approach to the project (Note: if the provider with the flat fee/lowest fee was selected, the MCAA would have lost money due to the negative impact at ROC on parking revenues and passengers during the current COVID-19 pandemic). Mapco offered flexible fee schedule with percentages so the Authority makes more money in good times or less in bad times (as experienced under the current pandemic environment).

See
Note 14
Page 19

The selected vendor scored the highest in Qualifications & Experience, Operations and Management Plan, Understanding of and Approach to Project and Local Office. The Audit should account for cost of change over, staff time, impact to customers, etc. for our highest revenue generating operation if a change of vendor took place.

See
Note 15
Page 19

The MCAA made the right decision to take back advertising services from our parking management company. In review of MAPCO procurement performance, the owner noted they did follow county procurement policies and the advertised RFP was reviewed by the Monroe County Purchasing Department. It was also published per legal requirements. This all occurred some 10 years ago.

On September 20, 2019, the MCAA put out a new RFP for Media Buying services. It was advertised beyond legal requirements and included cost as an evaluation criteria. These are the same MCAA procedures followed in the past. Two proposals were submitted and scored accordingly.

See
Note 16
Page 20

(Exit Lane Monitors)

This was a MCAA RFP and cost was only one of seven criteria. The vendor with lowest score for cost also had low scores on Understanding Scope, and Capacity and Availability. The Audit uses the word “failed” in the last sentence, which is misleading. Our documentation for selection was the score sheet.

See
Note 17
Page 20

This selection was not contested nor did we receive any complaint from any potential vendors.

(Grant Consultant)

Finally, this section is critical of the Airport hiring a Grant Consultant given the announcement of the State Grant competition. An aggressive timeline was chosen by the State of New York, not the MCAA or County. The airport had 31 days to submit a proposal competing with 17 other airports across New York State. Under these extreme conditions, a privilege waiver was granted and Monroe County Purchasing Department authorized the emergency expenditure.

See
Note 18
Page 20

The consultants estimated costs of service were reviewed by the Airport team and deemed acceptable. The contract was for \$46,000, which was .06% of total project cost of \$79M, or .1% of the \$39.8M we were awarded by the State of New York.

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Monroe County Airport Authority
Frederick Douglass
Greater Rochester International Airport

Page 6 of 6

In summary:

1. Authority Staff (both Treasurer and Assistant Treasurer) review all entries that are charged to the Airport including chargebacks.
2. There is no proof nor documentation provided by auditors that MCAA RFPs are limiting competition.
3. The MCAA RFP process encourages competition as documented and provided to the auditors.
4. All MCAA RFPs include "Cost" as a factor in the Score Sheet
5. MCAA efforts and outreach to publicize upcoming RFPs goes above and beyond legal requirements and is proof of actually encouraging competition.
6. The MCAA has never had a company complain about limiting competition for business, nor any complaints to the MCAA whistleblower hotline or Monroe County Office of Public Integrity (OPI) regarding all RFPs reviewed by auditors.

See Note 19 Page 20

Conclusion-

The MCAA Board respectfully requests the Comptroller's Office consider these comments and make appropriate corrections to the September 7, 2021 draft report.

Sincerely,

Andrew G. Moore, C.M.
Administrative Director - MCAA

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Appendix B: OSC Comments on the Authority's Response

Note 1

The findings in the report are supported. The report does not criticize the number of responses that the Authority received for each RFP, but addresses the methods used to solicit and evaluate proposals and document award decisions. The practices that may have limited competition are detailed in the report.

Note 2

We reviewed all Board, and audit and governance committee, minutes and relevant Legislature minutes from January 1, 2016 through July 17, 2019. We also reviewed all documentation provided for the RFPs and bids included in our testing and the limited documentation from selection committees. The Authority should maintain records clearly documenting these proceedings, particularly a summary of the key reasons for vendor selection decisions.

Note 3

Board meetings should be scheduled to ensure the Board fulfills its duties. The report states that the Board, or delegated Authority staff, should be reviewing the claims, including supporting documentation provided by County departments, and verifying the accuracy of the amounts to be paid to the County from Authority funds. The report does not criticize whether expenditures were within the budget estimates.

Note 4

As described in the report, we found two instances in our sample of five Sheriff's Department chargebacks where the County incorrectly charged the Authority for services. The five chargebacks accounted for \$753,485 (7 percent) of the \$10.1 million in Sheriff's Department chargebacks during our audit period. Because the coding issue causing two officers to be improperly charged to the Authority was systemic, we obtained all 2018 chargebacks for the two officers and found that the Authority paid \$116,358 in County chargebacks for the non-Airport officers for the year.

The report did state that Sheriff finance staff told us they had since corrected the coding issue. Additionally, after our audit fieldwork, on February 26, 2020, officials told us that they began receiving detailed reports to support monthly Sheriff's Department (and Fleet Maintenance) chargebacks and later provided us with examples. We previously added this information to the report.

Note 5

The report accurately states that Authority staff did not obtain and review supporting documentation for County chargebacks for the period reviewed. As discussed in the report, the Assistant Treasurer, who approved the County

chargebacks, only received support for one of the 31 chargebacks in our testing sample and that report – for the 2018 fourth quarter Sheriff's Department chargeback – was not sufficiently detailed. At our February 26, 2020 meeting, the Assistant Treasurer agreed with this statement and confirmed that they had not been receiving or reviewing documentation to support the costs allocated to the Airport during our audit period or fieldwork.

Note 6

The report addresses both types of chargebacks, in the first paragraph under the heading How Should the Board Oversee County Chargebacks?. The report refers to these chargebacks as centralized administrative costs and inter-departmental chargebacks.

Note 7

This is a criteria section, which describes required policies and oversight, as well as best practices that should be used for selecting professional service providers. It does not imply that the Authority does not have written policies and procedures. The next section discusses applicable Authority policies. Despite our explanations at our exit discussion to clarify that this (as well as other section headings ending in a question mark) was a list of applicable criteria prior to the presentation of related audit findings, the Director still chose to include these statements in the Authority's audit response.

Officials provided us with, and referred to in their response letter, two exhibits. However, we did not include these exhibits in the final report, as our report provides sufficient details of the documents referenced in the Authority's response.

Note 8

As explained in the report, the Authority's procurement policy appropriately provides that professional service contracts shall be awarded, based on RFPs, to the most qualified contractor that provides the best value (considering cost) to the Authority. However, the Authority policy also requires that all goods and services be procured in the same manner as required by the County's procurement policies, which include a 1983 County resolution that allows for the procurement of engineering, architecture, planning, survey and other related professional services without considering cost. This County policy contradicts the Authority policy. The Board should develop a revised procurement policy that includes clear and direct guidance and specifies the roles and responsibilities of all involved parties, with respect to how professional service contracts are to be awarded.

Note 9

The report addresses Authority RFPs and contracts.

Note 10

As noted in the report, the RFP/RFQs did not limit the evaluations to the specific criteria included for prospective vendors' reference. Instead, they stated that the responses would be evaluated according to criteria deemed pertinent, which may include, but not be limited to, that listed. Additionally, most evaluations included the criteria listed in the RFP or RFQ, but the criteria categories were often combined or separately evaluated. Additionally, criteria not listed in the RFP was used to select certain vendors, such as the parking management vendor.

Note 11

The report does not discuss a lack of advertisement. Based on the RFP/RFQ and evaluation practices and available documentation, as detailed in the report, the Authority did not appropriately seek or evaluate competition. We edited the language in the report for further clarification.

Note 12

The report acknowledges the use of rating sheets to award scores to proposals, but noted that the rating sheets did not include clear documentation of the reasons specific scores were given.

Note 13

The report does not indicate or suggest that minutes or a summary report are required. The report recommends that the Board ensure that staff thoroughly document rating, evaluation and vendor selection decisions when procuring professional services.

Note 14

The Authority did not state in the RFP that only flexible fee schedules with percentages would be considered. If that was the required fee schedule, it should have been stated in the RFP.

Note 15

The parking management vendor was selected using evaluation criteria for "Understanding of and Approach to Project" and "Local Office" even though these were not among the six specific evaluation criteria listed in the RFP. The selected vendor scored the highest in multiple evaluation criteria, but no explanations were provided stating why one vendor received higher scores than others in these areas.

Note 16

We previously updated the report based on information provided during our exit conference discussion.

Note 17

The report notes that the selected vendor was chosen based on the highest ratings by the committee, but that the committee did not clearly document the justifications for the higher ratings.

Note 18

The report is not critical of the use of a grant writing consultant, but that the Authority's procurement policy was not followed. The Authority did not provide any documentation to show that an emergency expenditure was authorized.

Note 19

We addressed these items in the above comments.

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Board members, Authority staff and County employees. We reviewed Board, and audit and governance committee, and County Legislature minutes and resolutions and Authority and County policies and procedures to gain an understanding of Authority operations and supporting documentation received, reviewed and maintained.
- We reviewed the listing of all \$21.8 million chargebacks for County services from January 1, 2016 through June 25, 2019. We used our professional judgment to select 31 chargebacks, from the three largest categories (Sheriff, insurance and fleet maintenance), totaling \$1.3 million (6 percent of all chargebacks) for further review. We compared the chargebacks to County department reports, chargeback calculations and supporting documentation to determine whether the chargebacks were supported and appropriate Authority expenditures. For systemic issues identified in the sample, we expanded our testing to include all 2018 chargebacks for the particular issue to get an annual perspective.
- We reviewed disbursements by vendor from January 1, 2016 through June 25, 2019 to identify professional service providers with disbursements of \$20,000 or more in any year in the audit period. We selected all 11 non-capital project professional service providers identified, which had disbursements totaling \$18.5 million. We determined whether Authority staff or County employees properly sought competition and demonstrated the selection of the best vendors. We also determined whether the Board approved professional service agreements in the Board minutes. We contacted the owner of the professional service provider that did the advertising RFQ prior to the Authority assuming the contract to gain an understanding of the RFQ process.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Good management practices dictate that the Board has the responsibility to initiate corrective action. As such, the Board should prepare a plan of action that addresses the recommendations in this report and forward the plan to our office within 90 days.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

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