

METROPOLITAN AIRPORTS COMMISSION
FINANCIAL RELATED AUDIT
FOR THE YEAR ENDED DECEMBER 31, 1991

AUGUST 1992

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

METROPOLITAN AIRPORTS COMMISSION

FINANCIAL RELATED AUDIT FOR THE YEAR ENDED DECEMBER 31, 1991

Public Release Date: August 28, 1992

No. 92-54

OBJECTIVES:

- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS, INCLUDING CONSIDERING WHETHER FINANCIAL ACTIVITIES WERE CONDUCTED IN A REASONABLE AND PRUDENT MANNER FOR A PUBLIC ENTITY.
- REVIEW INTERNAL CONTROL STRUCTURE POLICIES AND PROCEDURES IN THE FOLLOWING CATEGORIES: contracts, leases, and commissioner per diems and expenses.

CONCLUSIONS:

We found no departures from finance-related legal provisions.

We found no deficiencies in the internal control structure.

Contact the Financial Audit Division for additional information.
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STATE OF MINNESOTA

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Mr. Hugh Schilling, Chair
Metropolitan Airports Commission

Members of the Metropolitan Airports Commission

Mr. Jeffrey Hamiel, Executive Director
Metropolitan Airports Commission

Audit Scope

We have conducted a financial related audit of certain financial activities of the Metropolitan Airports Commission as of and for the year ended December 31, 1991. Specifically, we reviewed the Commission's contracts, leases, payroll, and commissioner per diems and expenses.

The Legislature created the Metropolitan Airports Commission (MAC) as a public corporation in 1943 to develop and operate regional airport facilities. The commission is organized, structured and administered as provided in Minn. Stat. Sections 473.601 to 473.679. The commission consists of 15 commissioners. The Governor appoints eight commissioners from designated districts within the metropolitan area and four commissioners representing the greater Minnesota area. The mayors of Saint Paul and Minneapolis also have seats on the commission. The Governor also appoints the chairperson of the commission. The current chairperson, Hugh Schilling, was appointed on January 23, 1991. Thomas Holloran had previously served as chairperson from February 9, 1989 to January 23, 1991. The commissioners have the responsibility to determine and establish the corporation's policy in the fulfillment of its statutory responsibilities. The corporation operates through various committees of the commission, consistent with commission policies, and makes recommendations to the commission for action.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transactions of the Metropolitan Airports Commission, are free of material misstatements.

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We performed tests of the Metropolitan Airports Commission's transactions to obtain reasonable assurance that the Commission had, in all material respects, administered its programs in compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

Management Responsibilities

The management of the Metropolitan Airports Commission is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;
- transactions are executed in accordance with applicable legal and regulatory provisions, as well as management's authorization; and
- transactions are recorded properly on the Metropolitan Airports Commission's accounting system in accordance with applicable policies and procedures.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- commissioner per diems and expenses,
- payroll,
- leases, and
- contracts.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been

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placed in operation. To achieve this objective, we reviewed selected financial policies and practices in effect during the audit period. Our review was more limited than would be necessary to express an opinion on the Metropolitan Airports Commission's system of internal accounting control taken as a whole. We also considered whether the Metropolitan Airports Commission's financial activities related to these categories were conducted in a reasonable and prudent manner for a public entity.

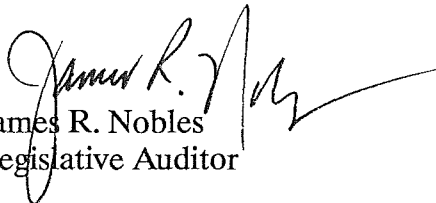
Reliance on the Work of Other Auditors

The Metropolitan Airports Commission contracted with a certified public accounting firm to conduct a financial statement audit of the Commission's financial activity for the year ending December 31, 1991. The firm issued an unqualified audit opinion. We reviewed the auditor's workpapers and relied on their work, where appropriate, in determining the extent of our testing.

Conclusions

The results of our tests indicate that, with respect to the items tested, the Metropolitan Airports Commission complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Metropolitan Airports Commission had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Commission and management of the Metropolitan Airports Commission. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 28, 1992.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: June 10, 1992

Report Signed On: August 20, 1992