



# Audit Recommendations Status Report as of December 31, 2017





Lee County Port Authority  
Audit Recommendation Status Report  
As of December 31, 2017



To: The Honorable Linda Doggett, Lee County Clerk of the Circuit Court & Comptroller

From: Tim Parks, Chief Internal Audit Officer/Inspector General  
Inspector General Department

Date: January 22, 2018

Re: Lee County Port Authority (LCPA)  
Audit Recommendations Status Report as of 12/31/17

Dear Ms. Doggett,

The Inspector General Department (IG) has completed its *LCPA Audit Recommendations Status Report as of 12/31/2017*, which reflects the implementation status of outstanding audit report recommendations for the Lee County Port Authority as of December 31, 2017. The report fulfills the IG Department's accountability for reporting on issues through their resolution.

This audit activity conforms to the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Red Book)* and the Association of Inspectors General (AIG) *Principles and Standards for Offices of Inspector General*.

The follow-up covered the audit of LCPA Law Enforcement Operations for which a report was issued in April 2017 and the LCPA Operations & Safety Department for which a report was issued in November 2017. A summary of the recommendation status is presented in the heading of the attached report.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Parks".

Tim Parks, Chief Internal Audit Officer/Inspector General  
Internal Audit/Inspector General Department  
TJP/GK



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LCPA Law Enforcement Operations (Project 2016.09, Issued April 2017) Recommendations are estimated for implementation by 9/30/2017		
Risk Assessment		
Observation	Recommendation	Management Response
<p>The APD worked with Internal Audit to complete a risk assessment based on objectives derived from the APD's General Orders. As described in the Methodology, the risk assessment and controls identified in that process provided the basis for the audit objectives.</p> <p>We noted that the relationship between control activities (such as programs and training) and risks is not readily apparent to all personnel involved in those activities. The importance of identifying, measuring, treating, and monitoring significant risks was not effectively communicated to all personnel.</p>	<p>We recommend the PSB consider including the risk assessment process in a General Order with sufficient detail to ensure that it includes the methodology for risk identification, risk rating and prioritization, and risk treatment. Risk assessment is a continuous process that should be updated as new risks emerge and as responses are modified. A regularly scheduled review of the risk and control matrix will help ensure its currency and usefulness.</p> <p>We recommend that the risk assessment process include an objective frequency factor.</p> <p>We recommend that the risk assessment process and the resulting risk and control matrix be disseminated to all personnel to educate and reinforce the importance of each of the categories of controls: policies, training, programs, and resources.</p>	<p><i>Original:</i> We concur with the findings of the review and recommended actions, including the risk assessment process whereby all personnel in APD will be better educated on the process through more effective communication methods and procedures.</p> <p><i>Additional response by the new Chief of Police:</i> As GO's are updated we are assessing the Risk Factor with Chief Chamberlain, and updating as appropriate to disseminate to all personnel through annual training.</p>
Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		Implemented
Last Status Update	Current Recommendation Action	IA Follow-up Notes



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Training Budget Adjustment		
Observation	Recommendation	Management Response
<p>Because resources constituted one of the four categories of controls, and sufficient budget was cited as a control for eleven of the highest-rated risks, we analyzed the budget for trends by comparing fiscal years 2015, 2016, and 2017. We noted that budget transfers for fiscal years 2015 and 2016 caused significant variances between the original and final amended budgets for those years. Budget transfers resulted in large decreases in budget from the original to the final versions in Seminars/Training Registration Fees and Out of County Travel, and large increases in Clothing &amp; Wearing Apparel, Minor Equipment, Other Supplies, and other line items (see Exhibit A).</p> <p>Command staff for the APD and for the PSB provided a couple of explanations for the trend. The PSB has been successful in accessing training at no- or reduced-cost through cooperation with law enforcement and other agencies that require similar training. PSB has also ramped up the in-house training that is provided. These measures have allowed the LEO to meet required training for officer recertification by FDLE, and to provide effective training for risk mitigation.</p>	<p>We recommend the APD and Aviation executive management address the budget trends to ensure all required training is assessable and completed. Consider annual or multi-year training plan discussions with individual officers to ensure mutual satisfaction, and less budget variance.</p>	<p><i>Original:</i> As explained in our outbriefing meeting, and pointed out in the audit report, the Professional Standard's Bureau (PSB) has been successful in finding certain training programs for APD personnel at little to no cost. When they do, funds previously budgeted for those specific training programs are transferred to pay for other needs, including uniforms which have escalated in cost over the last few years. In the recently submitted 2018 budget, anticipated uniform cost escalation has been addressed. We feel an adequate budget is in place to meet the needs of the department for the next fiscal year. In addition, officer training requirements will be examined bi-annually to ensure all required training is being met.</p> <p><i>Additional response by the new Chief of Police:</i> Budgets have been approved for FY17-18. Training Assessments being completed for FY18-19 and FY 19-20. PSB continues to locate training at little to no cost through mutual cooperation with local and federal partners.</p>



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Training Budget Adjustment (continued)		
Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		Implemented
Last Status Update	Current Recommendation Action	IA Follow-up Notes
12/08/2017	Implemented	<p>Auditor verified that training related expenditures increase by 34% or \$1,814 from fiscal year 2016. The Auditor examined several training related invoices expensed in 2017 for instance: 2017 CIT Classes, Police Internal Affairs Course, CJIS Annual Training and Airport Law Enforcement Agencies Fall Conference.</p> <p>The Auditor examined a system generated print out indicating that mandatory retraining is satisfied until 6/30/2018.</p> <p>Although the budget for training and development remained constant at \$8,185 from prior year, an adjustment was made by management to increase the budgetary requirement of: 5230 Clothing and Wearing Apparel; Minor Equipment and Educational Expense from \$13,700 to \$26,050; 0 to \$1,500 and \$2,000 to \$3,500 respectively.</p>



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Observation		Management Response
<p><i>General Order 1/5 Fiscal &amp; Property Management</i> lists procedures for developing the annual budget. The steps include language that suggests the budget process should begin by considering the previous year's needs. Discussion with command staff further supported that methodology is followed, and that the prior year total budget allotment guides the budget request. The solid lines (Original Budget) on Exhibit A also indicate a consistent trend from year to year, whereas the actual expenditures show a greater variance.</p> <p>However, the Port Authority's Finance Department instructs departments to use a zerobased budget methodology, with an emphasis on maintaining prior year service levels. We discussed the potential discrepancy with executive management and understand the difficulty in estimating budget needs, specifically for training opportunities that may be unknown at the advanced date at which the budget request must be submitted.</p> <p><i>Additional Observations:</i> We discussed additional improvements to processes with command staff and executive management during the audit. These items did not indicate significant deficiencies, but may provide tighter control.</p>	<p>We recommend a collaborative effort between Aviation executive management, APD LEO and PSB, and Finance be undertaken to refine the budget process to meet the objectives and requirements of all parties.</p> <p>We recommend the following actions be considered:</p> <ul style="list-style-type: none"> <li>• Restructure the TargetSolutions folders in a more intuitive fashion.</li> <li>• Explore keyword search capability for complete update of the General Orders.</li> <li>• Institute a manual oversight control for TargetSolutions assignment completions.</li> <li>• Create and maintain a database for mutual aid agreements, to include expiration dates.</li> <li>• Require that each General Order be reviewed on an annual basis to ensure policies in place reflect the current practice.</li> <li>• Develop a departmental policy for record destruction that adheres to Florida Administrative Code record retention rules ("GS2").</li> </ul>	<p><i>Original:</i> We agree that General Order 1/5 Fiscal &amp; Property Management should be updated to be consistent with the LCPA's Finance objective of zero-based methodology.</p> <p><i>Original Management's response to Additional Observations:</i> Regarding your Additional Observations, we agree that these are not significant deficiencies but will be reviewed to ensure tighter control.</p> <p><i>Additional response by the new Chief of Police:</i> Target Solutions was restructured to be more intuitive.</p> <p>TS File Center now contains a keyword search field</p> <p>With new leadership, every General Order will be reviewed and revised with standards in place to review annually</p> <p>Manual validations have been placed on all training</p> <p>Mutual aid database has been completed</p> <p>Department policy and training on GS2 rules are being followed.</p>



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The written policy is not consistent with LCPA Finance's Instructions to use a zero-based methodology. (continued)		
Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		Implemented
Last Status Update	Current Recommendation Action	IA Follow-up Notes
12/08/2017	Implemented	<p><i>Budgetary process:</i> As evidenced above, (Training Budget Adjustment) management has taken an effort to refine the budgetary process to meet the objectives and requirements of the department.</p> <p><i>TargetSolutions:</i> Auditor reviewed screen shots of revealing a more intuitive and functional format. The home page indicates pending and completed training courses. Moreover, the auditor examined evidence that employees reviewed the GO 1/0 Mission Statement which listed individual completion date. The File Center folder provides, e.g., training materials, general orders, forms, staff meeting notes. This folder is enabled with a key word search function.</p> <p><i>Revision of General Order:</i> General Order are revised as needed. For example GO 1/1 &amp; 3/1 were reviewed and revised during fiscal year 2017. As indicated above, the risk assessment process will continuously review Genreal Orders.</p> <p><i>Record destruction:</i> The General Order 5/1, states under Section c: (1) &amp; (2); The destruction of records will be in accordance with Florida State Law. Records retention shall be in compliance with General Records Schedule for Law Enforcement</p>



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LCPA Operations & Safety Department (Project 2017.11, Issued November 2017)		
Deficiencies not remediated timely by HMS Host and Paradies		
Observation		Management Response
<p>LCPA entered into contracts to lease facilities to HMS Host (restaurants) and Paradies (retail shops) in 2004. The contracts are effective until 2023 and 2025, respectively. The lease terms include provisions requiring the lessees to maintain their facilities with regards to safety, cleanliness, regular maintenance, and repairs. As such, the Concessionaire's premises shall be maintained in a first-class manner. To verify compliance with these provisions the Terminal Manager established a quarterly concessionaire inspection process in April 2012. The Terminal Manager promptly notifies the local concessionaire HMS Host and Paradies Managers of the results of the inspections and requested remedies.</p> <p>There was a break in the quarterly inspection process from April/May 2016 until May/June 2017 because the vendors were undergoing reconstruction projects to fix the deficiencies.</p> <p>Operations Terminal Management has been diligent in identifying and promptly communicating deficiencies to concession management. However, a review of the inspection reports from April 2014</p>	<p>We recommend that management evaluate its policies and procedures relative to the contracts. This will enable management to effectively identify and address operational deficiencies. Consider employing the lease agreements' remedy for addressing unremediated deficiencies, especially in situations that create hazards to employees and customers. The terms stipulate that if the concessionaire has failed to address deficiencies "after fifteen (15) days written notice to act", LCPA may undertake the repair or maintenance and charge the concessionaire a "reasonable cost of, or expenditure for, all labor and materials, plus a 50% markup to cover the Authority's overhead." In signing the leases both HMS Host and Paradies agreed to promptly pay the Authority for such work.</p>	<p>The purpose of the HMS Host and Paradies Shops inspections was to go beyond the basic requirements of the concessionaire agreements and to encourage voluntary remediation of any cosmetic defects so as to maintain a high level of aesthetically pleasing concessions. Of the list of unremediated deficiencies exhibited in the audit, none were categorized as situations that created hazards to employees and/or customers. Each of the deficiencies was cosmetic in nature and we anticipate many, if not all, will be remedied in the upcoming refurbishment programs being undertaken by both concessionaires. Our Terminal Operations Manager will continue to inspect the concessionaires on a quarterly basis and will continue to work collaboratively with HMS Host and Paradies Shops to address any deficiencies as they arise. Any leasehold item that may be deemed a safety concern will require an immediate repair as has been the case from the beginning of the lease. All deficiencies found during an inspection, regardless if they are a safety-related item or cosmetic, will also be forwarded to the LCPA Properties Director for his awareness. In addition to these steps, the Terminal Operations Manager will</p>



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<p>through May/June 2017 revealed that identified deficiencies are not being addressed in a timely manner, and the trend has worsened over time. This situation was primarily caused by a deficiency in internal controls. Whereby, the policy to keep the concessionaire's premises in a first-class manner and the procedure of regularly inspecting these areas were not continuously evaluated to ensure the desired objective was met. This rendered the applicable contractual remedy ineffective.</p> <p>During the three year inspection period an average of 40 HMS Host and 58 Paradies deficiencies were noted per inspection. Moreover, on average 34.4 percent of HMS Host's deficiencies and 52.8 percent of Paradies' exceptions were at least 90 days old (i.e. from a prior period's report). Despite having a year between the 2Q 2016 and the pre-announced Q2 2017 inspections to address outstanding deficiencies, problems more than doubled for both HMS Host (increased from 39 to 81) and Paradies (increased from 75 to 158). See Exhibit 1 for more detail in graphic and table forms. See Exhibit 2 for deficiencies open for two years or longer. Per local Paradies management, the tile floors have not been fixed for the past four years at one vendor site because their corporate office did not want to spend the money required to replace the broken tiles.</p>		<p>meet with the LCPA Properties Director bi-annually to go over all outstanding concessionaire deficiencies to determine if additional notification is warranted, or if the LCPA would choose to repair the deficiency and invoice the concessionaire for said repairs.</p>
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Estimated Implementation Date	Revised Implementation Date	Status
11/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes
1/22/18		Working with management to obtain evidence of implementation
<b>Some escalator accidents were not reported to State in a timely manner</b>		
Observation	Recommendation	Management Response
<p>Sixteen samples from a universe of forty-six escalator and elevator accidents between September 1, 2016 and March 27, 2017 were selected to verify that they were reported to the DBPR within five working days as required by Florida Statute 399.125. Failure to timely file this report may result in a maximum fine of \$1,000 per incident.</p> <p>Four of the sixteen incidents were not reported at all because it was believed that only those accidents that resulted in injuries must be reported. In these four cases the persons involved did not remain at the scene to claim there was an accident, damage, or injury. During the audit the Risk Manager spoke with a representative at the DBPR who clarified that regardless of whether a person receives treatment or not, if the airport witnesses a fall on an escalator it needs to be reported.</p> <p>The LCPA attorney subsequently reviewed the</p>	<p>Report each escalator and elevator incident to the Risk Manager in a timely manner, regardless of whether the subject was identified or an injury occurred. Work with the Risk Manager to develop a system to track and record the submission of each accident to the DBPR within five working days of the incident as required by Florida law.</p>	<p>The Operations &amp; Safety Department worked with Risk Management and developed a system to track and report the submission of each escalator and elevator incident to the State within five working days, as required by Florida law, regardless of whether a person was identified as being injured.</p>



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<p>Florida statute and concurred that all accidents should be reported regardless of whether the subject was identified or an injury occurred. The Risk Manager has instructed Operations personnel to complete an accident form for every elevator or escalator incident going forward.</p> <p>Three (25%) of the twelve reports were filed late, at between seven and ninety-seven working days after the incident occurred, due to the ambiguity of what constitutes an accident/injury. Two of the three incidents were initially not reported at all, but they were discovered as a result audit sample selection. The reports were subsequently submitted to the state.</p>		
Estimated Implementation Date	Revised Implementation Date	Status
11/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes
1/22/18		Working with management to obtain evidence of implementation
<b>Hazard data is not easily identifiable or tracked to prevent future hazards or incidents</b>		
Observation	Recommendation	Management Response



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<p>Currently hazards are reported either in the ProDIGIQ Self-Inspection module or in Maximo as a work order if the Maintenance Department is responsible for addressing the hazardous situation. Although ProDIGIQ hazards are identifiable by the hazard event type, there is no means by which to identify and pull hazard records in Maximo. Therefore, there is no process in place to consolidate, review, do a root cause analysis, or take action to prevent similar hazards or potential future incidents. Per the FAA Safety Management System (SMS) Implementation Guide, Revision 3 for voluntary implementation, a key component of the Safety Risk Management (SRM) process is to identify and analyze hazards to control and mitigate safety risks.</p>	<p>Develop a means to easily identify all hazards reported and a process to regularly consolidate, review, analyze for root cause, and take action to prevent future potential incidents.</p>	<p>As noted in the report, the FAA's Safety Management System is still voluntary for airports to implement. All airside-related hazards are being reported and tracked accordingly through ProDIGIQ. Landside facility-related problems are being reported through Maxima, but are not specifically classified a hazard. Regardless if the item being reported in Maxima is classified as a hazard or not, the proper response and timely repairs are being made to resolve the problem. Since all discrepancies reported on the airport are not necessarily safety hazards, but are being tracked in two separate programs based on their physical location, the Operations and Maintenance leadership teams have agreed to meet to see if there is a way to better track, and more easily identify, reported problems. Those that are classified as safety hazards, regardless if they are found on the airside or landside, will undergo a root cause analysis (if necessary) so as to prevent future potential incidents. This task will be completed by 12/31/17.</p>
Estimated Implementation Date	Revised Implementation Date	Status
11/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes
1/22/18		Working with management to obtain evidence of



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		implementation
<b>IROPS event actions did not always coincide with OI-1514</b>		
<b>Observation</b>	<b>Recommendation</b>	<b>Management Response</b>
<p>The LCPA assists aircraft that are unable to fly into their designated destination due to adverse weather conditions or other unplanned conditions (irregular operations or IROPS). The affected aircraft are allowed to divert to RSW. RSW is one of the airports within the State of Florida which receives the highest number of diverted flights, both domestic and international. IROPS caused by bad weather occur mostly during the summer rainy season in southwest Florida.</p> <p>We selected the first three IROPS events to occur during the current period to test application of Operational Instruction (OI)-1514 for the efficiency and effectiveness of the operation. The IROPS occurred on May 24-25, 2017 (nine aircraft), June 2, 2017 (fifteen aircraft) and June 5-6, 2017 (six aircraft).</p> <p>Although RSW attempts to accommodate as many diverted aircrafts as need such an arrangement, OI-1514 states that RSW "... is a prior permission required (PPR) facility as published in the Airport Facility Directory (AFD). As such, the Port Authority is able to reasonably accommodate and handle up to twelve (12) diversions without prior</p>	<p>Review OI-1514 for all instances in which the direction is guidance to consider versus actions that must be taken, and update the OI as needed. At a minimum change section D, #2 from "the Airport Coordination Center will be activated to Level 2" to "...may be activated...".</p>	<p>The recommendation to review the verbiage in OI-1514 has already taken place, and the changes to reflect "guidance" as opposed to "compulsory" direction have been completed.</p>



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<p>permission. Other than an ...emergency... any additional diversions will require prior permission." On June 2, 2017, fifteen aircraft, none of which requested or obtained prior permission landed at RSW. Unfortunately, the Operations team has little control over which flights arrive and when. Management added this PPR verbiage to OI-1514 and to the contingency planning document that was submitted to the DOT in an effort to prompt operators to provide advance notice of their arrivals. However, there is no mechanism to enforce such a requirement.</p> <p>One of the key regulations is the Department of Transportation (DOT) regulation #199-09 which prohibits airlines from keeping domestic flight passengers in an aircraft on the tarmac for more than three hours without deplaning passengers. International flight passengers may not be kept on-board on the tarmac for more than 4 hours. While none of the IROPS aircraft exceeded these times, there is a requirement in OI-1514 that states that "for on-board delays longer than 90 minutes or when 10 or more simultaneous diversions are occurring, the Airport Coordination Center will be activated to Level 2. One of the three IROPS events tested (June 2, 2017) had two aircraft with passenger on-board tarmac times of greater than 90 minutes, yet the Airport Coordination Center was not opened.</p>		
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According to Operations and Safety Management, "the reason that it was not activated was because all of those flights were actively being attended to or awaiting departure and none ... were deemed to be in danger of exceeding the established DOT parameters. In addition, management staff was present and aware of the situation. It is important to note that the OI is used as a guideline and that not all aspects will be utilized for every situation."		
Estimated Implementation Date	Revised Implementation Date	Status
11/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes
1/22/18		Working with management to obtain evidence of implementation