



**PORT OF OAKLAND**

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# OFFICE OF AUDIT SERVICES

Audit Committee Meeting  
January 21, 2021

**OAKLAND INTERNATIONAL AIRPORT**  
SOUTH FIELD LANDING FEES AUDIT

# PRESENTATION OUTLINE

- Background
- Objectives, Scope, and Methodology
- Findings
- Next Steps

## BACKGROUND

- Airport's South Field serves passenger and cargo airlines
- Port bills for landing fees based on max. weight of the plane and rates specified in the Rates and Charges Ordinance
- 3<sup>rd</sup> largest source of Aviation operating revenue during the audit period.
- South Field Landing Fees account for about 96% of total Airport landing fees

### Landings Fees as Part of Aviation Operating Revenues, by Fiscal Year\*

Description	FY2018	FY2019	Total	
	\$, millions	\$, millions	\$, millions	%
Lease rentals - terminal & other	\$90	\$95	\$185	45%
Parking fees & ground access	55	56	112	27%
<b>Landing fees</b>	<b>37</b>	<b>37</b>	<b>74</b>	<b>18%</b>
Terminal concessions	11	10	20	5%
Utility sales	4	4	8	2%
Fueling	2	3	5	1%
Other	4	3	8	2%
<b>Total</b>	<b>\$204</b>	<b>\$208</b>	<b>\$412</b>	<b>100%</b>

Source: Port's CAFR for fiscal years ended June 30, 2019 and 2018

\*Amounts rounded



## BACKGROUND

### Top 5 South Field Landing Fees for the Audit Period

1	Southwest Airlines
2	Federal Express
3	UPS
4	Spirit Airlines
5	Alaska Airlines

## OBJECTIVES, SCOPE, AND METHODOLOGY

### Objective

- Ascertain that controls are in place to ensure revenues are collected completely, accurately, and timely

### Scope

- All South Field landing fees for the period July 1, 2017 through June 30, 2019

### Methodology

- Assessed key risks and controls
- Reviewed agreements, manuals, invoices, and relevant records
- Reviewed and tested weights, rates, and completeness of landings
- Checked timeliness of Airlines' monthly landing fee reports and payments
- Interviewed responsible Port staff



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## KEY RISKS AND CONTROLS

### Key Risks

- Unreported landings
- Inaccurate billings
- Delayed billings

### Key Controls

- Contractual obligations
- Monthly reconciliation and billing
- Independent 3rd party data tracking
- Automated Oracle reporting and billing



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# FINDINGS AND NEXT STEPS



## Findings

South Field landing fees totaling \$70.6 million during the audit period were completely, accurately, and timely billed and collected without material exceptions.



## Next Steps

Consider revisiting internal controls over South Field landing fees if significant operational changes occur.



## Questions



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