



Philadelphia International Airport (PHL) Northeast Philadelphia Airport (PNE)

Name: Janice Mirarchi

Title: Contracts Audit Supervisor

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City of Philadelphia,
Department of Aviation



PHILADELPHIA INTERNATIONAL AIRPORT
NORTHEAST PHILADELPHIA AIRPORT



Department of Aviation Internal Audit & Compliance Unit



PHLPNE

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Overview



The mission of the ***Internal Audit & Compliance Unit*** is to evaluate, review and audit all facets of airport operations, to help maintain a comprehensive framework of internal controls, and to ensure compliance with applicable laws and regulations

We achieve this mission by:

- *Developing an annual risk-based audit plan*
- *Providing an objective evaluation of internal control practices and recommending improvements*
- *Assessing compliance with contractual obligations, grant assurances, relevant laws, and regulations*
- *Identifying potential areas for improvement in financial and operational management, and reporting*
- *Providing recommendations for enhancing efficiency, accuracy, and transparency*
- *Maintaining a healthy dose of professional skepticism*

Audit Unit Organizational Chart



Chief Financial Officer
Tracy Borda, CPA, CM
Experience: >30 years



Deputy Director of Internal Audit & Compliance
Konstantinos 'Gus' Tsakos, CPA, CGMA
Experience: >30 years



Contracts Audit Supervisor
Janice Mirarchi
Experience : >37 years



Contracts Audit Associate
Joel Zran
Experience: <1 year

The Audit Unit is small, but our experienced, knowledgeable and professional staff makes us mighty!!

Employee experience ranges from a few months to 37+ years.

Credentials which include a CPA; a Masters in Auditing; and institutional knowledge.

Audit Unit



What We Do

Identify opportunities for improvement

Conduct audits

Evaluate and assess internal controls

Perform reviews and analysis

Generate recommendations and/or action plans

Perform special projects as warranted

How We Do It

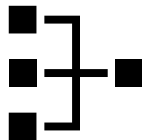
- ✓ Government Auditing Standards (Yellow Book) issued by the U.S. Government Accountability Office
Standards Include;
 - Use due professional care in the performance of our work
 - Exercise professional skepticism
 - Critical assessment of audit evidence
- ✓ Perform analytical reviews
- ✓ Conduct inquiries and interviews
- ✓ Perform substantive testing
- ✓ Identify observations or findings
- ✓ Generate suggested recommendations for improvement
- ✓ Provide coaching and training, to our staff auditors to ensure their professional development and career growth.

Types of Audit Projects



Financial Related

- Financial opinion audits
 - Customer Facility Charges (CFC)
 - Passenger Facility Charges (PFC)
- Review of Independent Public Accountant (IPA) certification statements/reports
- Review of monthly revenue & expense reports from airport contractors and concessionaires



Operational/Performance

- Construction projects and closeout reviews
- Internal control reviews
- Petty Cash Fund reconciliation
- Vendor invoices



Consulting/Non-Audit and Special Projects

- Policy development and analysis
- Contract language reviews
- Standard Accounting Procedures revisions
- Parkway escrow oversight
- Facilitate and monitor City Controller's audits (Financial/Single/Departmental/Specials)
- RFP Evaluations Assistance



Compliance

- Contract compliance and Agreed Upon Procedures audits
- Assess compliance with local, state and federal laws, and contractual/grant obligations

Audit Unit's Impact on the Department of Aviation's Mission & Vision



Vision

We are a World Class Global Gateway of Choice

Mission

Proudly Connecting Philadelphia with the World

We believe that a robust and collaborative Audit Unit will lead to the realization of Aviation's vision and mission by:

- Identifying opportunities for improvement throughout airport operations;
- Encouraging the receipt of airline, and non-airline revenues accurately, timely, and transparently;
- Reducing operational costs via effective contract management and invoice review;
- Helping to streamline airport operations;
- Encouraging contract and contractor compliance, therefore increasing the quality of the services rendered;
- Ultimately, leading to competitive airline costs and high customer satisfaction surveys that foster the growth of both domestic and international airlines offering direct flights at competitive prices.

Audit Approach/Process



Inquiry Stage

- **Assess** the need for an audit or review
- **Determine** if in-house or outside audit/review is required

Gather Documents

- **Obtain** and review contract/agreement
- **Review** revenue and expense data
- **Perform** preliminary tests and analytical review (variance analysis)

Plan & Conduct

- **Plan** the audit/review
- **Compile** list of responsible stakeholders
- **Interview** key personnel (i.e., Accounting/Properties/Operations/Procurement) to identify any outstanding issues with provider
- **Conduct** field work and substantive, controls, and compliance testing
- **Prepare** and review workpapers

Review

- **Prepare** and review draft work performed summary/report which includes observations or findings, and recommendations
- **Conduct** exit conference
- **Obtain** response from auditee

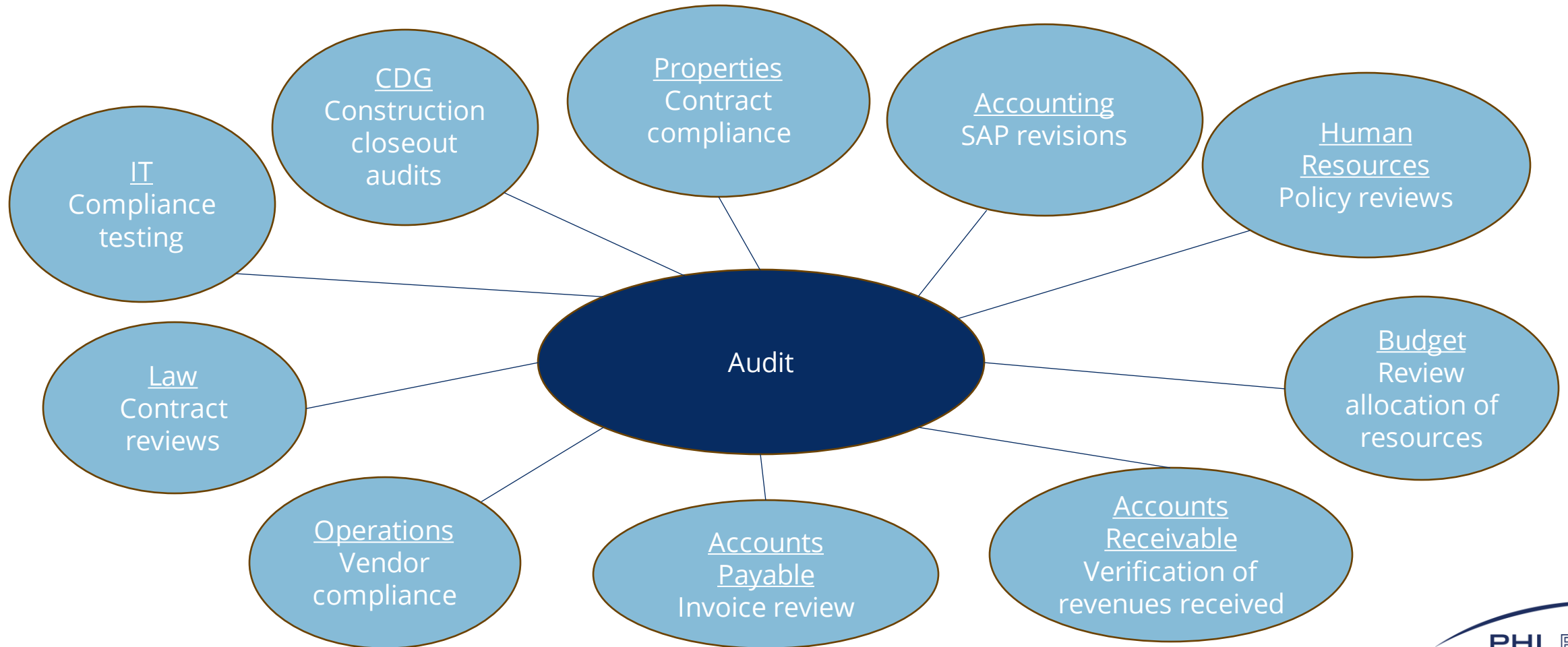
Document

- **Finalize** work performed summary/report
- **Issue** Audit Summary

Collaboration



The Audit Unit touches every facet of PHL & PNE. Below are some of the airport functional units that we work with and support in their efforts to become more effective and efficient.



Successes



Project	Observations/Impact
CFC/PFC financial opinion audits	Resolved material weakness in FY2023
Review of PPA monthly revenue and expense reports	Verification of revenues and expenses to supporting documentation
Review of airline lounges	Identified over/underpayment of airport revenue
Assist Accounting Unit with updating Aviation related Standard Accounting Procedures (SAP's)	Revised according to current procedures
Closeout Review of Apron D/E	Identified documentation issues
Assist Accounting Unit with utility meters and billing reconciliations	Developing procedures
Work with Accounts Payable Unit to ensure proper billing practices	To deter and/or identify overcharging
Inclement weather reporting application	Facilitated discussion and finalizing the application with IT and Budget Unit for FEMA reporting
Assist Accounting with Parkway operating revenue	Improved the timeliness of the transfer and reporting

Recent Financial Wins



In the #s	Summary
\$3,073 Saved	Successfully abated natural gas utility charges related to an inactive building that the airport purchased
\$14,500+ Collected	Aided unit to collect in revenue that was going to be written-off.
\$650,000+ Saved	Reviewed expenditure invoices for a vendor and noting overbilling in first two months of over \$114,000, thereby saving over \$650,000 expenditure in a year.
\$3,281 paid to Smarte Carte employees	Review of Smarte Carte, Inc., (airport luggage carts) disclosed underpaid employees (21 st Century Wage Law). Subsequently, Smarted Carte, Inc. made these employees and all other effected employees whole with interest.

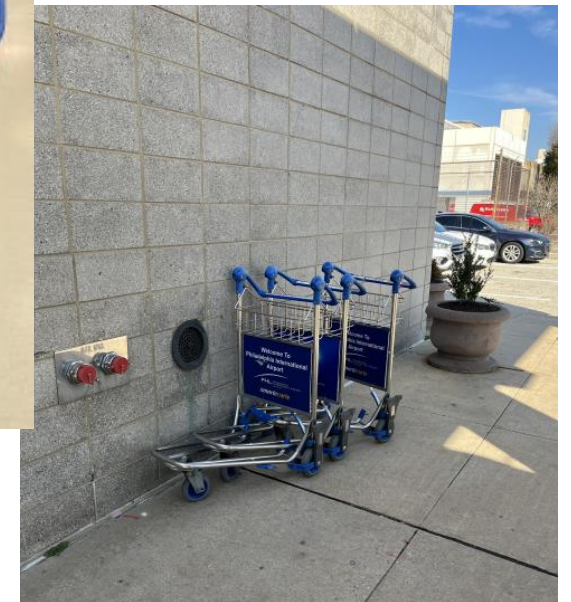
Fieldwork



Utility Meters



Identified Underpaid Employees



Aspirations



Audit Unit goals include continuing to:

- ✓ Promote honest, efficient, effective, and fully accountable airport operations and governance.
- ✓ Conduct audits, reviews, and analyses that provide objective information to the airport's leadership so that they can make better informed decisions.
- ✓ Support all airport functional units in their effort to become more effective and efficient.
- ✓ Identify business best practices and opportunities for improvement.
- ✓ Provide recommendations in processes, procedures, and policies to enhance the overall performance and governance of the airport.
- ✓ Ensure that PHL is in compliance with all relevant laws, regulations, and industry standards.
- ✓ Develop and implement a more refined and methodical risk-based approach to generating the annual audit plan.
- ✓ Expand the size of the unit, when possible, in order to conduct more audit projects simultaneously.



Thank You!

Janice Mirarchi



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