

**CITY OF SHREVEPORT
INTERNAL AUDIT OFFICE
AUDITING ALERT AA2010-06**

Date: July 15, 2010

To: Charles Madden
Interim Director of Finance

Roy Miller
Director of Airports

Subject: Reconciliation between Airport Business Manager (ABM) System and Financial Accounting Management Information System (FAMIS)

Introduction

The Internal Audit Office has completed limited scope work regarding the above-referenced concern. Our work resulted from a request made by the City Council Chairwoman. Our objective was to determine if there were any problems occurring with the new automated airport accounting system "Airport Business Manager" reconciling with the City's official financial system "Financial Accounting Management Information System".

The methodology used included: discussions with airport and accounting personnel; review of documents; review of the process of interfacing the two systems to determine how the airport system is operating; and determining if any problems have been encountered since the implementation of the system.

The scope of the study of internal control was limited to examining the general controls surrounding the specific issues addressed.

Observations/Recommendations

Background:

The Airport Business Manager (ABM) system was placed in service during January 2009 at the Shreveport Regional Airport. The system is used to manage agreements and leases, collect and report airport activity statistics, generate revenue billings, and manage the receipt of cash. The revenue billings and cash receipt transactions for the airports are initially entered in ABM by the airport accounting personnel and then interfaced to the City's Financial Accounting



Management Information System (FAMIS). The expense transactions for the airports are initially recorded in FAMIS by City's Finance Department accounting personnel and then interfaced to ABM. Airport personnel utilize reports generated from the ABM system to more efficiently determine the financial position of the airport operations.

Criteria: Reconciled systems and accounts are important to ensure financial transactions are being recorded properly, completely, and accurately.

Condition: There is a difference of \$8,466.82 for fiscal year end December 31, 2009 for the Accounts Receivable reconciliation between FAMIS and ABM. FAMIS's balance is \$1,297,081.63 and ABM's balance is \$1,305,548.45. Therefore, this means there is more accounts receivable and revenue recorded in the ABM system than there is in FAMIS.

<Auditor's Note: As of May 18, 2010, the April 30, 2010 Accounts Receivable Reconciliation shows a difference of \$8,486.06.>

Effect: Possibility of understated Accounts Receivables and Revenues in FAMIS. The Financial Accounting Management Information System (FAMIS) is the official financial system for the City of Shreveport.

Cause:

- ABM system may not have interfaced all required transactions to FAMIS.
- The interfacing process of the ABM system to FAMIS is not automated. On a daily basis, the Project Manager from GCR and Associates, Inc., the company that supports the ABM system, has to manually prepare an electronic file of the transactions that are recorded in the ABM system so that they can be interfaced to FAMIS. Some errors have been identified because of this manual input.

Recommendation: We recommend:

- a. Authorized personnel ensure all required transactions are interfaced from ABM to FAMIS.
- b. The interfacing of ABM to FAMIS should be an automated process to ensure that all required transactions in ABM are interfaced to FAMIS efficiently and accurately. This should reduce or prevent errors during the interfacing.



Management Plan of Action:

Airport Response

(1) We agree with this recommendation.

ABM has been reconciled to FAMIS for the first three months of 2010 and will continue going forward. The accounts receivables for 2009 are being reviewed and balanced as time permits. There was only one error in 2010.

(2) We disagree at this time. The ABM system is still being learned and evaluated as to how it will react to FAMIS in different situations.

In order to accomplish the final phase and have the entries automatically processed each day, the city's system must be able to process more than one file per day. An additional change that is necessary is the way billing is handled in advance because the two systems recognize these funds at different times. There are times when entries should not automatically post in FAMIS and if they do, there is no way to prevent the entries. Also, when there are mistakes, there is no method to correct them before the incorrect information goes into FAMIS.

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