

STATE OF CONNECTICUT



AUDITORS' REPORT
BRADLEY ENTERPRISE FUND
MEMORANDUM OF UNDERSTANDING BETWEEN THE
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION
AND THE CONNECTICUT AIRPORT AUTHORITY (FORMERLY WITHIN
THE DEPARTMENT OF TRANSPORTATION)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2013, 2014 and
2015

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

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September 23, 2016

**INTRODUCTION
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We have conducted an audit in accordance with Section 2-90b of the General Statutes. This statute requires an annual audit of reimbursements made from the Bradley Enterprise Fund to the Department of Emergency Services and Public Protection (DESPP) for the cost of public protection at Bradley International Airport. The audit consists of determining if these reimbursements were made in accordance with Section 21, of Public Act 09-07, September Special Session. This public act required that a memorandum of understanding (MOU) be entered into by the Department of Transportation (DOT) and the Department of Public Safety (DPS), now DESPP, so that all associated costs incurred in providing security services at the airport are paid from the Bradley Enterprise Fund.

COMMENTS

BACKGROUND

The Bradley Enterprise Fund was created by the enactment of Section 15-101p of the General Statutes. The Connecticut Airport Authority (CAA), (formerly within DOT), is responsible for approving the annual budget of the fund. Revenue estimates are based on rates, rents, fees and services established by the authority in accordance with Section 15-120ii of the General Statutes. Expenditure estimates are for operating costs, scheduled bond payments, and required reserves and sinking funds. The 2001 Bond Indenture for bonds outstanding is

considered when preparing the budget to insure that debt service requirements are met. The indenture requires that the state “will at times prescribe, fix, maintain and collect rates, fees, and other charges for the services and facilities furnished by the airport in an amount sufficient to pay all of the airport’s operating expenses as they becomes due and payable and to pay all debt services requirements on bond outstanding when due and payable.”

The CAA is responsible for approving the Bradley Operating Budget according to Section 15-120ii (b) of the General Statutes. We were informed that the CAA’s board of directors approves the budget 30 days prior to the start of the next fiscal year. The current Airline Lease and Operating Agreement requires the authority to consult with the airlines regarding the proposed operating budget for the next fiscal year. The airlines however do not have approval rights. The CAA typically shares the budget with the State Office of Policy and Management (OPM) on an annual basis.

A MOU was entered into by DOT and DPS for security services at the airport and was signed by Commissioner Joseph Marie (DOT) and Commissioner John Danaher III (DPS) on September 23, 2009. One of the key terms was that the number of law enforcement officers on site had to be in compliance with the federally approved Bradley Airport Security Program (ASP) and Airport Certification Manual. Dispatcher service would be provided 24 hours a day, seven days a week. Another key term was that in “no event will the DOT’s payment to DPS in any fiscal year exceed the budget for law enforcement services and dispatch services” unless both parties agree to extra services or if there are unforeseen events that could lead to extra costs. It should be noted that Public Act 09-07, which became effective October 5, 2009, was passed within two weeks of the signing of the MOU. Troop W had provided security services to Bradley International Airport for several years without a formal agreement as to the number of staff needed or the cost that would be paid for through the Bradley Enterprise Fund. The MOU requires at least a monthly meeting between the troop ranking officer and the CAA head of security.

The DPS consolidated Troop W with Troop H (Hartford) effective March 9, 2012. The commissioner of the current Department of Emergency Services and Public Protection informed us that the department is still providing the required number of staff for law enforcement services at the airport on a 24-hour a day basis.

Public Act 11-84, established the Connecticut Airport Authority (CAA) effective July 1, 2011. This public act details many of the duties and responsibilities that may be transferred from the DOT to the CAA, including responsibility for the airport’s annual operating budget.

The Airport Security Coordinator is responsible for directing staff and operations at the airport. The administrator is also one of the airport security coordinators at the airport. Airport security coordinators are not state police officers or civilian employees and are required by federal law to receive specific training. It is the airport security coordinators that prepare the ASP that is approved by the Transportation Security Administration. This plan details law enforcement personnel that are necessary in the day-to-day operations of the airport. We were informed by CAA that the airport can only pay for the law enforcement services that are required under the ASP; to do otherwise would place CAA and the airport in violation of federal revenue

diversion laws and/or federal grant and airport sponsor assurances. Revenue diversion laws prohibit the use of airport revenue for payments that exceed the fair and reasonable value of those services at the airport.

The ASP is not required to take into account the structure of a state police troop. Federal law requires law enforcement personnel to have arrest authority, be identifiable, have a firearm and be authorized to use the firearm, and have completed a training program as prescribed by the state. Troop H is commanded by a state police lieutenant. A master sergeant is the troop's executive officer, is second in command, and in the absence of the troop commander, assumes the duties of that commander. The Bradley Airport operating budget does not specify individual positions.

AUDIT OBJECTIVE AND METHODOLOGY

Our audit objective was to determine whether the reimbursements requested by DESPP were paid in accordance with the MOU.

Our methodology included reviewing the terms of the MOU and obtaining the approved Bradley Enterprise Fund budget for the fiscal years ended June 30, 2012, 2013, 2014 and 2015. We also obtained the invoices submitted by DESPP for reimbursement to determine if these invoices contained only Troop H costs. We reviewed Core-CT records and records from the CAA to determine the amount of reimbursement from the Bradley Enterprise Fund.

RESULTS OF REVIEW

Our review of invoices submitted by DESPP found that costs appear to be associated with public protection services and was recorded in Core-CT. We were informed that, effective March 1, 2015, the CAA transitioned to its own financial accounting system and no longer utilized Core-CT. We reviewed supporting documentation from that system as well.

Our review found that the DESPP submitted invoices for reimbursement totaling \$4,883,772, \$4,696,874, \$4,914,559, and \$5,333,817 for the fiscal years ended June 30, 2012, 2013, 2014 and 2015 respectively. Total reimbursements agreed to the approved budgets with minor variances deemed immaterial. The actual payments did not exceed the budgeted amounts with the exception of immaterial variances identified.

CONDITION OF RECORDS

There were no recommendations developed as a result of this examination.

RECOMMENDATION

Our prior report on the Bradley Enterprise Fund contained one recommendation.

Status of Prior Audit Recommendations:

The recommendation stated that the legislature should consider the legal budget requirements of the Bradley Enterprise Fund and the number of personnel needed at Bradley International Airport as required by the Airport Security Program to determine if Public Act 09-07 and applicable General Statutes need to be revised. The recommendation also stated that the legislature should consult with the Airport Security Coordinators to determine if security services in excess of those required in the Airport Security Program are necessary. We are not repeating this recommendation. Our current review did not reveal any material variances between the approved budgets and resources provided for security services. Resources provided no longer exceed the requirements of the Airport Security Program.

Current Recommendations:

There were no recommendations developed as a result of this examination.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation shown to our representatives by the personnel of the Connecticut Airport Authority, the Department of Transportation and the Department of Emergency Services and Public Protection during the course of our examination.



Michael A. Haynes
Auditor II

Approved:



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Auditor of Public Accounts



Robert M. Ward
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