



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Foreign Currency Exchange



FOREIGN CURRENCY EXCHANGE

OBJECTIVE:

Reviewed the Statement of Gross Revenue and Percentage Fees for the two contract years to:

- **Obtain reasonable assurance that the Statement of Gross Revenue and Percentage Fees are free of material misstatement; and**
- **To evaluate compliance with contract terms for:**
 - ✓ **Disadvantaged Business Enterprise (DBE) participation,**
 - ✓ **Performance guarantee, and**
 - ✓ **Insurance coverage.**



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BACKGROUND:

- **The Airports Authority contracts with vendors to obtain foreign currency exchange services at Dulles and National Airports.**
- **The contract under review commenced on February 1, 2004 and ended May 31, 2013. A new contract with a different firm began on June 1, 2013.**
- **The new firm offered a fee that exceeded the prior vendor's fee by approximately 400 percent per year.**
- **Management requested an audit of the prior contract with a focus on the final contract year and any factors that could have contributed to the wide disparity in the amounts paid by the former and current contractor.**



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CONCLUSION:

The vendor paid the correct minimum guarantee amount. However, a review of total revenues and expenses for the nine contract years showed that the contractor's profits nearly doubled between the first and fifth contract years and that:

- The decision to exercise the option in year 5 in lieu of issuing a new request for proposals or demanding a current market price fee from the vendor eliminated the opportunity for the Airports Authority to increase its share of the revenue.**
- The DBE participation reported to the Airports Authority Board of Directors was substantially higher than the amounts paid to the DBE subcontractor.**
- Changes in products and services pricing were not approved by the Airports Authority.**

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THREE RECOMMENDATIONS TO IMPROVE FUTURE RESULTS:

- Maintain a check list of the key deliverables, submission frequencies, and requirements to authorize contract changes.
- Have sufficient monitoring by the contracting officer to ensure that the concessionaire submits the monthly DBE activity report and that the reported data reasonably represents revenue flow to the prime and subcontractor.
- Provide staff additional training and other management actions as necessary to more actively monitor and manage the revenue stream and to better ensure that concessions staff can perform market pricing and profitability analysis.