



# **REPORT TO THE RISK MANAGEMENT COMMITTEE**

**Audit of the  
Airport Concessions Manager Contract  
for the Calendar Year Ended 12/31/13**

**April 2015**



## Purpose

To report the results of the Airport Concessions Manager's contract compliance during calendar year 2013.



## Background

- The Airport Concessions Manager (Concessions Manager) markets, leases, and manages the Airports Authority's food service and retail concessions at both Airports.
- The contract includes a six-year base period beginning January 1, 2013, with two two-year extension options at the sole discretion of the Airports Authority.
- The contract paid \$29.1 million to the Airports Authority in 2013, on sales of \$201.7 million.



## Objective & Approach

- The objective of this review was to determine whether, during 2013, the Concessions Manager:
  - Collected and remitted revenues due to the Airports Authority in accordance with its contract terms; and
  - Complied with key contract provisions, including tenant marketing funds, Airport Concessions Disadvantaged Business Enterprise (ACDBE) participation, insurance coverage, performance guarantee, staffing, and inspection of stores.
- In order to assess compliance, Office of Audit staff and contractors reviewed the Concessions Manager's contract, and examined, on a test basis, evidence supporting gross sales reported and rents collected as well as evidence supporting compliance with key contract provisions.
- The Office of Audit interviewed the Concessions Manager's personnel and staff of the Airports Authority's Office of Customer and Concessions Development.

## Results in Brief

- The Concessions Manager paid the Airports Authority the fees due under this contract; however, the contractor did not fully comply with some contract terms and did not have adequate controls over tenant marketing funds and gift cards.
- The audit report contains six findings. Twelve recommendations were made to improve contractor compliance and management oversight going forward.
- Airports Authority management has developed action plans to address all twelve recommendations.



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON  
AIRPORTS AUTHORITY