



# *Department of Finance*

Monroe County, New York

**Maggie Brooks**  
*County Executive*

**Scott Adair**  
*Chief Financial Officer*

## MEMORANDUM

**To:** Hon. Maggie Brooks, County Executive  
**Cc:** Dan Delaus, Deputy County Executive  
**From:** Scott M. Adair, Chief Financial Officer *SW*  
**Date:** January 21, 2011  
**Subject:** Review of Airport Authority Credit Card Expenses

Per your directive, on December 20, 2010, the County Finance Department undertook a review of the Monroe County Airport Authority (Airport Authority) Credit Card purchases.

On December 21, 2010, I requested from the Airport Authority Assistant Treasurer the credit card statements and documents supporting the charges on the statements for the period beginning January 1, 2004. I issued a letter to the Airport Authority's Administrative Director, dated December 23, 2010, requesting that all Airport Authority discretionary spending, travel, entertainment expenses, and credit card usage be suspended. I also requested that the Airport Authority's Credit Card be turned into me.

Upon receiving the Airport Authority documents we inventoried the items noting that all of 2007 statements and two pages of 2008 statements were missing. I contacted the Airport Authority Assistant Treasurer and inquired as to the missing items. The Airport Authority Assistant Treasurer was directed to locate these missing items and if not located contact the bank issuing the credit card and request copies of those missing items. When we were notified that the documents had been requested from the bank we were informed that no other documentation on the 2007 missing statements was available for review.

I began the review of the documentation received and the procedures performed for this review of the Airport Authority Credit Cards consisted of the following:

1. Review Airport Authority "Statement of legislative findings and purpose";
2. Review existing Airport Authority Policies, including the Credit Card and Procurement Policies;
3. Review Credit Card Statements for the period January 2004 through November 2010;
4. Review supporting documentation associated with the purchases noted on the Credit Card Statements for the period noted in item #3; and
5. Report findings to the County Executive upon completion.

In general, for the period reviewed, I've noted that the overall record keeping of credit card information was not well maintained. This is based on the fact that one year worth of statements and supporting documentation was missing. The policy for credit cards was lacking specifics as to what is appropriate documentation to support an expense. I've noted in my review that many items lacked original receipts or reports that identified the business purpose of the expense. However, I did note that expense reports identifying the business purpose of the expense were completed during 2010.

On January 18, 2011, the Airport Authority Board approved, at your direction, a revised Credit Card and a new Business and Travel Expense Policies which eliminates the opportunity for the items described previously to occur again. These policies; (1) prohibit the purchase of alcohol and tobacco; (2) provide a strict definition of allowable expenses; (3) have enhanced reporting requirements for expenses incurred; (4) initiates a transparent two-tiered expense approval process; and (5) requires Airport Authority Board review and approval of the credit card statement.

The specific items noted during our review along with their current status are as follows:

1. The Airport Authority Credit Card Policy did not contain adequate direction as to missing receipts. The Business and Travel Expense Policy adopted by the Airport Authority Board, on January 18, 2011, requires original receipts or the expense will be rejected and returned to the individual incurring the expense for reimbursement. In addition, the two-tiered transparent approval process will identify these items, if any, routinely.
2. The Airport Authority credit card was used 5 times in 2007 and 2008 at an Adult Entertainment establishment in New York City. The total charge for this was \$3,988. These expenses have subsequently been repaid to the Airport Authority through a payroll deduction.
3. No expense reports or supporting documents were available for review for the entire 2007 year. The Business and Travel Expense Policy adopted by the Airport Authority Board requires original receipts or the expense will be rejected and returned to the individual incurring the expense for reimbursement.
4. The 2007 credit card statements that were missing contained \$1,948.92 of charges at tobacco only shops. In addition, in 2006 the credit card statements contained \$273.31 of charges at tobacco only shops. The Business and Travel Expense Policy adopted by the Airport Authority Board specifically prohibits the purchase of alcohol and tobacco.
5. No expense reports contained enough information to determine the number of individuals who participated in restaurant activities. The Business and Travel Expense Policy adopted by the Airport Authority Board requires documentation of attendees in the Expense Report submitted or the expense will be rejected and require the individual who incurred the expense to reimburse the Airport Authority within 10 business days.
6. The Airport Authority is exempt from paying New York State Sales Tax. Credit Card expenses that were documented with receipts generally included New York State Sales Tax. The Business and Travel Expense Policy adopted by the Airport Authority Board requires that the Airport Authority's Sales Tax Exempt Certificate be provided during all transactions.

7. The Airport Authority Credit Card is charged an annual fee by the issuer. The Airport Authority should pursue with the issuer a waiver of this fee as part of its banking relationship. The fee was waived for certain periods. The Credit Card Policy adopted by the Board, on January 18, 2011, requires the Treasurer to act as the liaison between the Airport Authority and issuing bank to discuss matters such as this. In addition, the Business and Travel Expense Policy adopted by the Airport Authority has a two-tiered transparent approval process to ensure that this expense is reviewed and approved by the Treasurer and Airport Authority Board.

While not in the original scope, the December 2010 credit card statement was received by the Airport Authority during our review. I have reviewed this statement and noted no additional items to report to you.

Finally, the policies that were adopted by the Airport Authority Board will enhance the ability of the Airport Authority to fulfill its core mission, while ensuring that all business expenses are reasonable, cost-conscious, and incurred with respect for the fact that Airport Authority funds are public funds.