

OFFICE OF THE CITY CONTROLLER



**AVIATION DEPARTMENT
REVENUE COMPLIANCE REVIEW
ALAMO RENT A CAR, INC.
FOR THE PERIOD OF APRIL 1, 1994
THROUGH MARCH 31, 1997**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CONTROLLER
CITY OF HOUSTON
TEXAS

SYLVIA R. GARCIA

November 18, 1998

The Honorable Lee P. Brown, Mayor
City of Houston, Texas

SUBJECT: Aviation Department
Revenue Compliance Review
Alamo Rent A Car, Inc.

Dear Mayor Brown:

At the request of the Aviation Department, and in accordance with the City's contract with Mir•Fox & Rodriguez, P.C. (MFR), MFR has completed a review of the Aviation Department's concessionaire, Alamo Rent A Car, Inc. (Alamo). The period covered activity from April 1, 1994 through March 31, 1997.

MFR designed the review to determine whether revenues were reported and remitted to the City of Houston properly and accurately according to contract terms. Their report, attached for your review, noted that during the audit period, Alamo omitted certain mileage revenue. Alamo agreed with the finding and has subsequently remitted the amount due to the City of Houston. The finding and recommendation are presented in the body of the report and management's response is appended as Exhibit 1.

We appreciate the cooperation extended to the MFR auditors by City and Alamo personnel during the course of the review.

Respectfully submitted,


Sylvia R. Garcia
City Controller

xc: City Council Members
Al Haines, Chief Administrative Officer
Jorge Cruz-Aedo, Director, Finance and Administration Department
Richard Vacar, Director, Aviation Department
Richard Berrones, Deputy Director, Aviation Department
Duane R. Wilson, Senior Director, Alamo Rent A Car, Inc.

November 17, 1998

Honorable Sylvia R. Garcia, City Controller
City of Houston
901 Bagby, 8th Floor
Houston, Texas 77002

Dear Controller Garcia:

In connection with the City Controller's Fiscal Year 1998 Audit Plan, we have completed a review of gross receipts reported to the City of Houston's Aviation Department (Aviation) by Alamo Rent A Car, Inc. Alamo pays Aviation a fee for using the airport facilities on the basis of gross receipts from its airport operations. Since April 1, 1995, Alamo's rental car operations are governed by concession agreement numbers C34989 at George Bush Intercontinental Airport (IAH) and C34979 at William P. Hobby Airport (Hobby), collectively (the Contracts). Prior to April 1, 1995, Alamo's rental car operations were governed by Section 9-143.8 of the City of Houston's (the City's) Code of Ordinances (Houston Code).

Our review was limited to determining whether Alamo's rental car gross receipts reported to the City were accurate and that differences, if any, were reconciled and reported in accordance with the terms of the Contracts and the Houston Code. The scope of the review was for the period from April 1, 1994 through March 31, 1997 and consisted of the following procedures:

- Obtained and read the Contracts and the Houston Code and, through discussions with Aviation personnel, developed an understanding of their definition of revenues includable in gross receipts.
- Reviewed the processes Alamo used to determine and report gross receipts.
- Performed a trend analysis of gross receipts and exclusions for the test period, discussed unusual trends with Alamo personnel and investigated unusual trends as appropriate.
- Verified that Alamo accurately reported gross receipts by testing a sample of 50 rental agreements.
- Confirmed that receipts classified as local revenue met certain conditions by testing a sample of 43 rental agreements.

Our procedures were performed through July 31, 1998 and have not been updated since that date. Based upon the procedures performed, we determined that Alamo's rental car gross receipts reported to the City were accurate and that the significant differences were reconciled and reported to Aviation in accordance with the terms of the Contracts and the Houston Code.

Honorable Sylvia R. Garcia, City Controller
November 17, 1998
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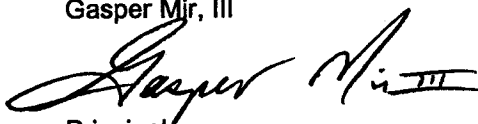
The finding described on the following page of this report is the only matter that came to our attention based on the procedures performed.

Mir-Fox & Rodriguez, P.C. is pleased to have assisted you with this project and we appreciate the assistance and cooperation of Alamo's and Aviation's personnel.

Very truly yours,

Mir-Fox & Rodriguez, P.C.

Gasper Mjr, III



Principal

GM/da

Enclosure

**CITY OF HOUSTON
ALAMO RENT A CAR, INC.**

Background

Under contracts numbered C34989 and C34979, Alamo is required to pay the City a fee. Article III of the Contracts states that gross revenue includes "all sums received as time and/or mileage charges after discount, for the rental of Automobiles". To comply with this contractual requirement, Alamo's accounting process includes all revenues from mileage in its monthly concession sales report to Aviation.

Finding and Recommendation

Finding:

In one instance, during our review of the mileage revenue for IAH Contract number C34989, we noted that mileage revenue in the amount of \$7,192 was not included in the April 1995 concession report to Aviation. We understand that this revenue was omitted by Alamo due to an oversight during the preparation of the April 1995 report to Aviation. Based on the applicable revenue concession rate of 8%, \$575 is due to the City for the unreported April 1995 mileage revenue.

Recommendation:

Alamo should remit to the City the amount of \$575 pertaining to the unreported mileage revenue for the month of April 1995.

EXHIBIT 1



October 19, 1998

Ms. Myrna N. Warford
Houston Airport System
Bush Intercontinental Airport
Department of Aviation
P.O. Box 60106
Houston, Texas 77205-0106

Telefax: (281) 230-2874

Re: Audit periods: F/Y/E 3/31/95, 3/31/96, 3/31/97

RECEIVED

OCT 26 1998
HOUSTON AIRPORT SYSTEM
FINANCE DIVISION

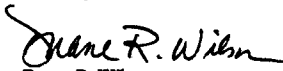
Dear Ms. Warford:

I am in receipt of your letter dated October 5, 1998, requesting our responses to the findings and recommendations from Mir-Fox & Rodriguez, P.C. I have reviewed the draft audit report and agree that we underreported revenue in the amount of \$7,192 on the schedules of revenue prepared for the audit and as such the error results in a payment due to the airport in the amount of \$575.

A check in the amount of \$575 will be remitted along with a hard copy of this letter. Once the check is received and the audit finalized, please notify me in writing at your earliest convenience.

Thank you in advance for your cooperation. If you have any questions or need additional information, please do not hesitate to contact me at (954) 769-6784 or Laurie Kaufman at (954) 769-4576.

Sincerely,



Duane R. Wilson
Senior Director
Finance and Administration

cc: L. Kaufman

**Management
Response**

Corporate Office: Republic Plaza, 200 S. Andrews Avenue, Fort Lauderdale, Florida 33301 / (954) 522-0000
Mailing Address: P.O. Box 359001, Fort Lauderdale, Florida 33335
Rent A Car Reservations: 800-327-9633

Form #1404LH (2/88)