

Clerk of the Circuit Court and Comptroller
Regular Public Meeting
July 21, 2015

2. Reports received for filing:

- a. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-12 dated June 4, 2015 – Follow-Up Audit of Service & Maintenance Contracts for Parks and Conservation Resources.
- b. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-13 dated June 18, 2015 – Audit of St. Petersburg-Clearwater International Airport Lease and Concession Agreement with Stellar Partners, Inc.
- c. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-20 dated July 1, 2015 – Audit of Animal Services Operations and Internal Controls.
- d. Dock Fee Report for the month of May 2015.



DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA**

AUDIT OF ST. PETERSBURG-CLEARWATER INTERNATIONAL AIRPORT LEASE AND CONCESSION AGREEMENT WITH STELLAR PARTNERS, INC.



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**Hector Collazo Jr.
Inspector General/Chief Audit Executive**

**Audit Team
Ronald Peters - CIA, CISA, CIGA, CBA, CCL, CRMA, Inspector General Manager**

**JUNE 18, 2015
REPORT NO. 2015-13**



Ken Burke, CPA

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

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Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

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June 18, 2015

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the St. Petersburg-Clearwater International Airport (Airport) Lease and Airport Gift Shop/Newsstand/Retail Concession Agreement (Agreement) with Stellar Partners, Inc. (Stellar Partners). Our audit objectives were to:

- Determine compliance with the Concession Agreement.
- Evaluate the internal controls for the Agreement process.
- Determine the adequacy of the Agreement services.

We conclude that the Airport and Stellar Partners are in compliance with the Agreement for the Airport Gift Shop/Newsstand/Retail Concession and Airport Duty Free services. The Airport Agreement oversight, revenue collection internal controls, and separation of duties are adequate. The service delivered by Stellar Partners and the operation of their three locations meets the needs of the Airport Terminal and passenger requirements.

There are no Opportunities for Improvement presented in this report.

We appreciate the cooperation shown by the staff of the St. Petersburg-Clearwater International Airport and Stellar Partners during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted

Hector Collazo Jr.
Inspector General/Chief Audit Executive

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor
*Regulated by the State of Florida



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INTRODUCTION

Synopsis

The St. Petersburg-Clearwater International Airport Gift Shop/Newsstand/Retail Concession (Airport) and Airport Duty Free services rendered by Stellar Partners, Inc. (Stellar Partners) are in compliance with the Agreement. Airport fees related to the Agreement are properly reported and collected by the Airport. The Agreement term will end July 31, 2018.

Scope and Methodology

We have conducted an audit of the County and the contractor's compliance with the Stellar Partners Concession Agreement. Our audit covered an evaluation of the Airport's internal controls and procedures for services provided by the Agreement, the Agreement oversight, and the invoice process for the Agreement.

In order to meet the objectives of the audit we:

- Interviewed the Airport's management teams to understand the processes/procedures, and internal controls for the Agreement.
- Reviewed and tested, on a sample basis, the Agreement invoice process including the concessions' calculation of the monthly fees and supporting documentation for revenue.
- Evaluated the services provided by the contractor to support the Airport operations.

The objectives of our audit were to:

- Determine compliance with the Concession Agreement.
- Evaluate the internal controls for the Agreement process.
- Determine the adequacy of the Agreement services.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2014 to March 31, 2015. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

The Airport and Stellar Partners are in compliance with the Agreement for the Airport Gift Shop/Newsstand/Retail Concession and Airport Duty Free services. The Airport Agreement oversight and revenue collection internal controls and separation of duties are adequate. The service delivered by Stellar Partners and the operation of their three locations at the Airport meets the needs of the Airport Terminal and passenger requirements.

Background

Airport Agreement Background

The Gift Shop/Newsstand/Retail Concession and the Airport Duty Free Agreement for the St. Petersburg-Clearwater International Airport (Airport) was approved by the Board of County Commissioners (BCC) in June of 2000. Stellar Partners, Inc. (Stellar Partners) was the only proposal received meeting the specifications. The term of the Agreement was for five years ending March 31, 2005 with two five-year renewal options.

The Agreement gives Stellar Partners a lease to conduct a Gift Shop/Newsstand/Retail Concession at the Airport Terminal Building. The fees are based on a minimum amount, and a percentage of gross sales to be paid monthly. The fee basis is also adjusted for the Airport passenger traffic. The revenue for the Agreement covering the audit period of October 1, 2014 to March 31, 2015 was \$56,000.

Since 2000, there have been six amendments covering changes in the fee schedule, reservations in the Airport Terminal, changes in service, and Agreement extensions. The current Agreement comes due July 31, 2015 and will be renewed to July 31, 2018.

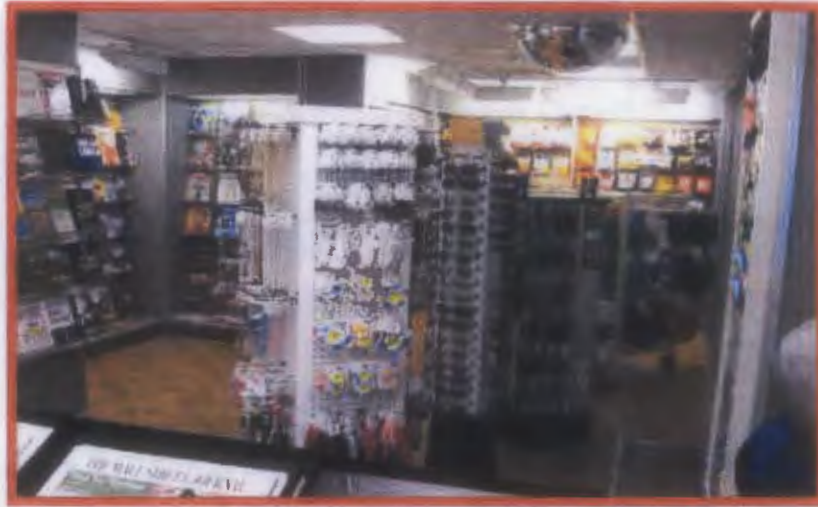
The request for the Stellar Partners Concession audit was requested by Airport management, through the County Administrator, as part of the Inspector General annual audit planning process.

Airport Agreement Service

Stellar Partners operates three sites in the Airport Terminal.

Airport Concession Area Site #1. The main retail store is located by Gate 2-6 on the main walkway where the area is accessible to the general public. The merchandise consists of books, newspapers, food, t-shirts, local items, and drinks.





Airport Concession Area Site #2. The second retail store is located inside of Gate 1-6 in the secure departure area for flights. This is also the site for the Airport Duty Free shop that is only open when the Canadian flights are present. There are open areas located at one end for a sitting area. The merchandise consists of t-shirts, drinks, books, and collectable items.





Airport Kiosk/Concession Area Site #3. The third site is a Kiosk located inside of Gate 6-7, which is a secured area for departure flights. The Kiosk has limited inventory. The open hours are dependent on the flight schedules.



OPPORTUNITIES FOR IMPROVEMENT

Our audit did not identify any audit findings; therefore, there are no Opportunities for Improvement presented in this report.



DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA
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PINELLAS COUNTY, FLORIDA

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