

EXECUTIVE DIGEST

BUREAU OF AERONAUTICS

INTRODUCTION

This report, issued in April 1999, contains the results of our performance audit* of the Bureau of Aeronautics (BOA), Michigan Department of Transportation (MDOT).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The mission* of BOA is to execute the policies of the State Transportation Commission, the Michigan Aeronautics Commission, and MDOT in order to provide for the aeronautical needs of the State in the safest and most effective manner.

The responsibilities of BOA are to provide overall administration and direction for aviation programs; assist communities and aviation interests in aeronautical matters; provide air transportation services to State personnel; and coordinate accounting and administrative functions with MDOT. BOA is also responsible for the enforcement of the Aeronautics Code (Sections 259.1 - 259.823 of the *Michigan Compiled Laws*).

BOA is organized into three divisions: Executive, Airports, and Aviation Services. BOA's operating and capital outlay expenditures were \$83.2 and \$92.6 million for fiscal years 1996-97 and 1995-96, respectively. For fiscal years 1996-97 and 1995-96, BOA's sources of funding were 56% and 64% from the Federal Aviation Administration, 22% and 25% from local airport authorities, and 22% and 11% from the State aviation fuel taxes, respectively. As of August 31, 1998, BOA had 52 full-time classified employees.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of BOA in administering aviation programs and airport and aviation development in the State.

Conclusion: BOA was generally effective in administering aviation programs and airport and aviation development in the State. However, our review disclosed reportable conditions* related to a continuous quality improvement process, airport preservation, construction monitoring, aircraft registration penalty fees, flight school and aircraft dealer licensing databases, use of State aircraft, and internal controls over cash receipts and State Aeronautics Fund revenue. (Findings 1 through 7).

Noteworthy Accomplishments: BOA was instrumental in overseeing and obtaining federal funding for a recent Airport Improvement Program project at Capital City Airport. The \$3.7 million project to resurface the main airport runway was an around-the-clock operation completed in just 59 hours. Commonly, a project of this magnitude requires that airport operations be shut down

for several weeks, which can significantly interrupt airline service and inconvenience passengers.

Audit Objective: To assess the effectiveness of BOA's efforts to provide aviation services that ensure the safety of pilots, their passengers, and communities.

Conclusion: We determined that BOA was effective in providing aviation services that ensure the safety of pilots, their passengers, and communities. However, our review disclosed reportable conditions related to the submission of "as-constructed" plans and the Michigan Airport Directory (Findings 8 and 9).

Noteworthy Accomplishments: BOA was instrumental in developing the nation's first federally funded mobile rescue and fire training simulator to train airport rescue personnel. Completed in 1997, the Aircraft Rescue and Firefighting Unit is a fully mobile training simulator capable of duplicating expected responses associated with aircraft rescue and firefighting situations. The Unit is based at Kellogg Community College's Great Lakes Fire Training Institute. The unit is taken to outstate airports so that local rescue personnel can train using their own equipment. Nine airports received training in 1997, and 13 airports were scheduled to receive training in 1998.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Bureau of Aeronautics. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included examinations of BOA's records and activities for the period October 1, 1995 through August 31, 1998.

Our audit methodology included discussing the goals* and objectives* of several functions of BOA. In addition, we performed other tests of BOA's records and activities to accomplish the objectives of the audit.

To accomplish our first audit objective, we reviewed applicable laws and regulations and the corresponding policies and procedures established by BOA for State and federally funded capital improvement programs; grants to local airports; the registration of aircraft; and the implementation of the airport preservation policy. We selected and reviewed BOA records pertaining to these activities. We evaluated the activities for compliance with applicable laws and regulations and established policies and procedures.

To accomplish our second audit objective, we examined the flight and inspection records of the nine State-owned aircraft. We reviewed applicable documentation to ensure that BOA was operating State-owned aircraft in compliance with safety and maintenance standards. We also reviewed licensing and inspection records for selected airports, airport managers, and flight schools to ensure that inspections were completed on a timely basis and that required fees were collected.

In addition, we evaluated the procedures used by BOA to ensure that publications contain accurate and reliable information and are distributed in a timely manner.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our report includes 9 findings and 13 corresponding recommendations. BOA agreed with the 13 recommendations and informed us that it has implemented or will implement all of the them.

BOA complied with 2 of our 3 prior audit recommendations and partially complied with the remaining recommendation. We repeated a portion of that prior audit recommendation in this report.