



John A. Carey  
Inspector General

OFFICE OF INSPECTOR GENERAL  
PALM BEACH COUNTY



Inspector General  
Accredited

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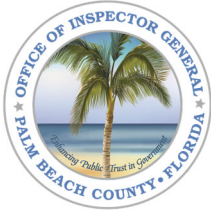
*“Enhancing Public Trust in Government”*

# Audit Report

## 2023-A-0005

# Rental Car Lease and Concession Agreement - Enterprise Leasing Company of Florida, LLC

## June 21, 2023



John A. Carey  
Inspector General

# OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

## AUDIT REPORT 2023-A-0005

DATE ISSUED: June 21, 2023



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*"Enhancing Public Trust in Government"*

## RENTAL CAR LEASE AND CONCESSION AGREEMENT - ENTERPRISE LEASING COMPANY OF FLORIDA, LLC

### SUMMARY

#### WHAT WE DID

We conducted an audit of the Agreement for Rental Car Lease and Concession at the Palm Beach International Airport (PBIA) between Palm Beach County (County) and Enterprise Leasing Company of Florida, LLC (Enterprise) (Agreement). This audit was performed as part of the Office of Inspector General, Palm Beach County (OIG) 2022 Annual Audit Plan.

Our audit focused on the management of the Agreement, concession and facility rental fees paid, gross revenues reported, and contractual requirements and deliverables for the period January 1, 2019 through September 30, 2022.

#### WHAT WE FOUND

We found weaknesses with respect to the Palm Beach County's Department of Airports' (Department of Airports) oversight of the Agreement's records and reporting requirements and compliance with County policy. Our audit identified

**\$231,892.59** in questioned costs<sup>1</sup> due to noncompliance with the Agreement's local revenue requirement.

#### **Noncompliance with Records Requirements for Local Revenue and Vehicle Rental Agreements**

Enterprise did not obtain a required signed written statement from customers certifying that they did not deplane at Palm Beach International Airport. As a result, revenues that did not meet the definition of "Local Revenues" under the Agreement were improperly deducted from the gross revenues calculation used to determine the concession fees owed to the County. For the 12 sample months tested, Enterprise did not comply with the Agreement's local revenue requirement, which resulted in questioned costs totaling **\$231,892.59**.

Additionally, four (4) of the 23 vehicle rental agreements tested lacked a signed rental agreement, as required by the

<sup>1</sup> Questioned costs are costs or financial obligations that are questioned by the OIG because of: an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement, policies and procedures, or document governing the expenditure of funds; a finding that, at the time of the OIG activity, such costs or financial obligation is not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. As such, and as in this case, not all questioned costs are indicative of potential fraud or waste.

Agreement. Two (2) of the 24<sup>2</sup> vehicle rental transactions tested could not be traced to a final rental agreement document or invoice.

**Noncompliance with Reporting Requirements for Independent Audits and Airport Concession Disadvantaged Business Enterprise Participation Goals**

Enterprise provided the Department of Airports with its audit report on or before the due date for the first two contract periods; however, it submitted the audit reports for the remaining two contract periods 34 days and 54 days late, respectively.

Additionally, Enterprise provided its Airport Concession Disadvantage Business Enterprise (ACDBE) reports on an annual basis rather than on a quarterly basis, as required by the Agreement.

**Noncompliance with County Policies for Reconciliation of Departmental Records to County Financial System Records and Maintenance of Department Policies and Procedures Manuals**

The Department of Airports' Director or designee did not approve the monthly reconciliation of the concession fee and rental revenues and related cash receipts recorded in the Airport Business Manager (ABM)<sup>3</sup> system and the County's

Advantage financial system, as required by County policy.

Additionally, the Department of Airports did not update its Accounts Receivable Procedures to reflect its current activities and computer systems, as required by County policy.

**WHAT WE RECOMMEND**

Our report contains three (3) findings and seven (7) recommendations. Implementation of the recommendations will assist the Department of Airports to strengthen internal controls and help ensure compliance with the Agreement's requirements and County policy.

The Department of Airport's management concurred and accepted the recommendations.

Additionally, we accepted the Department of Airports' statement that "there is no suggestion in our report that Enterprise willfully failed to obtain the customer statements in an effort to defraud the County or that Enterprise improperly charged Palm Beach County residents Concession Recoupment Fees."

We have included the Department of Airport's management response as Attachment 1.

<sup>2</sup> We selected a sample of 24 vehicle rental transactions, which consisted of 23 vehicle rental agreements. Two (2) of the rental agreement transactions selected were for the same vehicle rental agreement. One (1) of the two (2) transactions was a customer credit (i.e. reduction in revenue).

<sup>3</sup> ABM is a software system used by the Department of Airports to manage Agreements, track dates, airport activity statistics, accounts receivable, as well as generate revenue billings.

## BACKGROUND



The County's Department of Airports owns and operates PBI and three (3) general aviation airports located in Palm Beach Gardens, Lantana, and Pahokee. PBI serves six million passengers a year with 12 or more airlines. The Department of Airports' revenues are generated from tenants, users, concession providers, Passenger Facility Charges, and Federal and State aviation grants.

The Department of Airports is comprised of three (3) divisions: Airports Operations Division, Airports Maintenance Division, and Airports Administrative Division.

On December 4, 2018, the County entered into the Agreement with Enterprise, which includes the non-exclusive right to lease space in the passenger terminal building located at the airport for the purpose of conducting Enterprise's business. The initial term of the Agreement commenced on January 1, 2019 and terminated on June 30, 2021, with an option to renew the Agreement on a month-to-month basis or for multiple monthly periods, not to exceed twelve (12) months. On February 1, 2021, the County exercised its option to renew the Agreement for the full twelve (12) months commencing July 1, 2021 and expiring on June 30, 2022. There was a further short term extension of the Agreement from July 1, 2022 through September 30, 2022.

The Agreement defines the terms for the concession fees and facility rental. The Agreement stipulates that Enterprise will pay the County concession fees equal to the greater of the "Percentage Payment" of ten percent (10%) of Enterprise's gross revenues or a fixed dollar amount "Minimum Period Guarantee" (MPG). The concession fee is payable to the County in monthly installments and reconciled on an annual basis to an independently audited schedule of Enterprise's gross revenues. The Agreement also requires Enterprise to pay an annual facility rental fee for the use and occupancy of the assigned premises, based on a square footage rate and payable in advance in equal monthly installments.



The Agreement included four (4) contract periods for reporting purposes:

- The first contract period commenced on January 1, 2019 and expired on December 31, 2019.
- The second contract period commenced on January 1, 2020 and expired on December 31, 2020.
- The third contract period commenced on January 1, 2021 and expired on June 30, 2021.
- The fourth contract period commenced on July 1, 2021 and expired at the end of the final renewal term, September 30, 2022.



The OIG 2022 Annual Audit Plan had multiple entities selected for Contracts / Agreements audits. The OIG selected the Agreement for audit because County Department of Airports concession agreements have not been previously audited by the OIG.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were to determine whether:

- Controls were adequate to effectively manage the Agreement and related activities;
- Concession and facility rental fees paid were accurate and in compliance with the Agreement;
- Gross revenues reported were accurate and in compliance with the Agreement; and
- Contractual requirements were met and agreed upon deliverables were received.

The scope of the audit included, but was not be limited to, activities related to the County and Enterprise's Agreement from January 2019 through September 30, 2022.

The audit methodology included but was not limited to:

- Completion of data reliability and integrity assessments of related computer systems;
- Review of policies, procedures, and related requirements;
- Completion of process walk-throughs;
- Review of internal controls related to the management of the Agreement and associated car rental revenues and fees paid;
- Interview of appropriate personnel;
- Review of records, reports, contracts, and agreements; and
- Detailed testing of selected transactions.

As part of the audit, we completed a data reliability and integrity assessment for the computer systems used by the County and Department of Airports for recording concession fee and rental revenue. We determined that the computer-processed data contained with the ABM and Advantage computer systems was sufficiently reliable for purposes of the audit. We also completed a data reliability and integrity assessment for the computer systems used by Enterprise for vehicle rental reservations and recording vehicle rental revenue. We determined that the computer-processed data contained with the Odyssey and PeopleSoft computer systems was sufficiently reliable for purposes of the audit.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**FINDINGS AND RECOMMENDATIONS**

**Finding (1): Enterprise did not obtain customer signed written statements for vehicle rental agreements resulting in “Local Revenue”, and did not always maintain a complete record of each vehicle rental agreement written at the Airport, as required by the Agreement.**

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The Agreement states,

**ARTICLE 2**  
**DEFINITIONS**

...

2.20 “Gross Revenues” means all monies due Concessionaire, whether paid or unpaid, from any and all customers for the use, rental or lease of vehicles and any additional services or accessories contracted for, delivered, supplied or rented at or from the Airport regardless of where, how (cash, credit, barter or otherwise) or by whom payment is made; whether the customer is transported from the Airport to an off-Airport place of business; or where the vehicle is picked up or returned. Unless revenues are expressly and specifically excluded from Gross Revenues, all revenues derived from, arise out of or become payable on account of the Concession, whether directly or indirectly, shall be included in Gross Revenues.

...

B. Gross Revenues shall not include:

...

7. Local Revenue;

...

2.26 “Local Revenue” means revenue derived from a vehicle rental transaction with a customer who has not deplaned at the Airport, **as evidenced by the customer’s driver license number, the zip code included on the customer’s driver license indicating the customer resides in Palm Beach County and the certification provided in Section 5.0.9.** [Emphasis added]

2.27 “Minimum Period Guarantee” or “MPG” means a minimum amount to be paid to County for each Contractor Period as set forth in Section 5.01.

2.28 “Percentage Payment” means ten percent (10%) of Concessionaire’s Gross Revenues.

...

**ARTICLE 5**  
**CONCESSION FEES, FACILITY RENTAL AND ACCOUNTABILITY**

5.01 Concession Fees. For the concession privileges granted hereunder, Concessionaire shall pay to County Concession Fees equal to the greater of the Minimum Period Guarantee or Percentage Payment as provided herein. Concession Fees shall be payable by monthly installment throughout the Term of this Agreement and shall be reconciled on an annual basis...

...

5.09 Accounting Records. Concessionaire shall keep, throughout the Term of this Agreement, all books of accounts and records customarily used in this type operations ... Such books of accounts and records shall be retained and available for three years (3) years from the end of each Contract Period, including three (3) years following the expiration or termination of this Agreement ... **Concessionaire shall maintain a record of each vehicle rental agreement written at the Airport, including a copy of each original agreement signed by Concessionaire's customer.** Concessionaire shall also maintain a copy of the customer's drivers (sic) license number and the zip code included on the customer's driver license indicating that the customer resides in Palm Beach County with each vehicle rental agreement resulting in "Local Revenue" **along with a written statement signed by the customer certifying that the customer did not deplane at the Airport prior to renting the vehicle** described in the vehicle rental agreement... [Emphasis added]

We selected a sample of 12 months based on our analysis and review of Enterprise's reported gross revenues and the Department of Airports' passenger data which showed unexpected trends.<sup>4</sup> We requested Enterprise's monthly statements of gross revenues and corresponding monthly accounting records to determine if the gross revenues reported to the Department of Airports corresponded to Enterprise's monthly accounting records and the aggregate of monthly car rental transaction gross revenues by category.

Additionally, we selected a sample of 24 vehicle rental agreement transactions<sup>5</sup> from the 12-month sample based on the type of vehicle rental, amount and types of rental revenue, and the use of discounts and coupons (e.g. exotic cars, revenues excluded from the Agreement definition of gross revenues, and discounts and coupons). We requested the signed vehicle rental agreement, final rental statement, and signed local revenue

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<sup>4</sup> We analyzed gross revenue and passenger data from January 2019 through February 2022 and selected months where the gross revenue decreased from the prior month or prior year and the respective passenger data showed an increase in passengers to the Airport. Additionally, we selected months where the passenger data showed an increase in passengers to the Airport from the prior month or prior year and the respective gross revenue did not increase proportionately.

<sup>5</sup> Two (2) of the rental agreement transactions selected were for the same vehicle rental agreement. One (1) of the two (2) transactions was a customer credit (i.e. reduction in revenue).

statement for each selected transaction to determine if any fees or charges were improperly excluded from the monthly statement of gross revenues and if exclusions were documented in compliance with the agreement (e.g. local revenue transactions).

### **Local Revenue**

Three (3) of the 24 vehicle rental agreement transactions tested reflected exclusions for local revenue from gross revenues used to calculate the concessions fee owed the County even though Enterprise did not obtain a signed written statement from the customer certifying that they did not deplane at PBIA, as required by the Agreement.<sup>6</sup>

During our process walkthrough, Enterprise management informed us that the customer does not sign a local revenue statement, and that the local revenue is recorded in the system if the customer's zip code is within the Palm Beach County and matches the zip code on their driver's license. Additionally, Enterprise management later confirmed that vehicle rental agreements resulting in local revenue do not contain a statement certifying that the customer did not deplane at PBIA.

Enterprise determined that revenues constituted local revenues based solely upon the customer's driver license and zip code. The Agreement, however, states that the determination should be based upon 1) the zip code on the customer's driver license and 2) a written statement signed by the customer certifying that the customer did not deplane at the airport prior to renting the vehicle. Enterprise's process did not comply with the Agreement's requirements for determining what revenue could be excluded as local revenue from the calculation of concession fees paid to the County. The local revenues improperly excluded from gross revenues reported to the Department of Airports for the 12 months sampled totaled \$2,318,925.93. Therefore, the concession fee percentage payment<sup>7</sup> of **\$231,892.59**<sup>8</sup> is considered a questioned cost due to noncompliance with the Agreement.

### **Vehicle Rental Agreements**

Of the 23 vehicle rental agreements tested, we found four (4) rental agreements (17%) lacked a signed rental agreement, as required by the Agreement.

Additionally, of the 24 vehicle rental transactions tested, two (2) of the transactions (8%) could not be traced to a final rental agreement document or invoice. It was noted that in most cases the original signed rental agreement was provided, and a final invoice or rental document was provided evidencing the final charges and fees for the vehicle rental. However, in these two (2) cases, we could not trace the transaction amounts totaling

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<sup>6</sup> All three (3) of the rental agreement transactions with exclusions for local revenue were for customers that provided a zip code within Palm Beach County.

<sup>7</sup> We verified that the percentage payment was greater than the minimum period guarantee for each Agreement period that contained a sample month.

<sup>8</sup> Local revenue of \$2,318,925.93 x 10% percentage payment = \$231,892.59.

\$9,236.93 to final documentation. As a result, we could not verify that the gross revenue resulting from each transaction was complete and accurate.

### **Recommendations:**

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- (1) The Department of Airports ensure that rental car concessionaires are aware of and adhere to the local revenue requirements of the Agreement.**
- (2) The Department of Airports ensure that rental car concessionaires are aware of and adhere to the accounting records requirements of the Agreement.**

### **Management Response Summary:**

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The Department of Airports concurs with the Finding, and will implement the following corrective actions in response to the recommendations associated with the Finding as detailed below. The Department of Airports provided additional information to this response which is included in Attachment 1.

- (1) Enterprise has engaged an independent certified accounting firm to prepare a special procedures report related to local revenue reporting. The report will identify the total number of local revenue transactions excluded from Gross Revenues during the contract term; sort the rental transactions by type (corporate, retail and replacement customers); and provide for testing of those transactions during the period when customer statements were received. This information will be used to calculate the estimated Gross Revenues from transactions that were coded by Enterprise as Local Revenue, but should have been subject to payment of Concession Fees during the term of the Agreement. Upon completion and delivery of the special procedures report to the Department, Enterprise has agreed it will pay the amount identified in the special procedures report as concessionable notwithstanding the original classification as Local Revenue within thirty (30) days of the date of the County's invoice. The Department of Airports will recommend acceptance of this amount in lieu of any further action by the County. Corrective action expected implementation: December 31, 2023.**
- (2) The Department of Airports will send a formal notice to each rental car concessionaire in accordance with the legal notices requirements of the current agreements and to simplify the documentation requirement, the Department of Airports will recommend that current agreements be modified to exclude Local Revenue based solely on the zip codes listed on customer driver licenses. Corrective action expected implementation: June 23, 2023.**



**Finding (2): Enterprise submitted two (2) of four (4) audit reports late and did not provide ACDBE Reports quarterly in compliance with the Agreement.**

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The Agreement states,

**ARTICLE 5**  
**CONCESSION FEES, FACILITY RENTAL AND ACCOUNTABILITY**

...

5.10 Audit Requirements. **Within ninety (90) days following the end of each Contract Period**, Concessionaire shall provide to the Department an audit report on all Gross Revenues from operations at the Airport and from the operations of any of Concessionaire's subsidiaries, contractors, management companies, or related or affiliated companies involved in providing services covered by this Agreement. The audit report shall cover the preceding Contract Period. In the event this Agreement is renewed **beyond the third Contract Period, as provided in Section 3.0.2, the audit report shall be due within ninety (90) days following the end of the fourth Contract Period**. The audit report shall be in a format required by the Department and shall be prepared by an independent Certified Public Accountant, not a regular employee of Concessionaire, in accordance with Generally Accepted Auditing Standards prescribed by the American Institute of Certified Public Accountants or any successor agency thereto. The audit report shall include the following:

- A. Schedule of all Gross Revenues by category, including but not limited to the categories of Gross Revenue, defined in Article 2 of this Agreement, and month and a schedule of payments made to County by month.
- B. Schedule summarizing the total number of vehicle rental transactions and any sales taxes collected by month.
- C. The total amount of Concession Fees that have been paid to County in accordance with this Agreement.
- D. The audit report shall include an opinion on each of the schedules required to be submitted with the audit report.  
[Emphasis added]

...

**ARTICLE 20 - NON DISCRIMINATION**

...

20.04 Airport Concession Disadvantaged Business Enterprise Participation Goal

...

D. **Concessionaire shall provide written quarterly reports** with information from the preceding quarter on or before the 20<sup>th</sup> day of each reporting month (January, April, July and October of each Contract (sic) Period) to the Department, in a form and detail satisfactory to the Department. During the Fourth Contract Period, if any, reports shall be provided to the Department on a schedule to be reasonably determined by the Department. The written reports shall detail ACDBE participation for each quarter, as well as the cumulative “to date” participation for the entire Contract Period. Quarterly reports shall be certified by an authorized representative of Concessionaire as being true and accurate. [Emphasis added]

### **Audit Reports**

We reviewed the audit report submission dates for each of the four (4) periods of the Agreement. Enterprise provided the Department of Airports with its audit report on or before the due date for the first two (2) contract periods; however, Enterprise submitted the audit reports for the remaining two (2) contract periods late.

- The audit report for the period ending December 31, 2021, which covered a period of twelve months (January 1, 2021 through December 31, 2021), was due on March 31, 2022. Enterprise provided the audit report to the County’s Department of Airports on May 4, 2022, which was 34 days late.
- The audit report for the period ending September 30, 2022, which covered a period of nine months (January 1, 2022 through September 30, 2022), was due on December 29, 2022. Enterprise provided the audit report to the County’s Department of Airports on February 21, 2023, which was 54 days late.

Regarding the audit report for the last contract period, Enterprise’s management advised the Department of Airports that several factors led to the delay in finalizing the audit report. Enterprise’s management stated that the company was engaged with an audit firm since November 15, 2022; however, Enterprise management assigned the task of compiling the relevant information to a new supervisor who had never done it before. Enterprise’s management also advised the Department of Airports that due to the non-standard reporting period, the auditors required documents that Enterprise did not always have readily available and had to request from the Airport. In addition, Enterprise’s management said there was a clerical error in Enterprise’s payment records, which caused discrepancies in Enterprise’s reconciliation.

Enterprise self-reports gross revenues to the Department of Airports, and the amount of gross revenues reported determines the concession fee amount paid by Enterprise monthly. The audit reports are part of the true-up process to determine if the concession fee (greater of minimum period guarantee or percentage payment) for each contract period was properly paid each month and provide the County independent assurance that the gross revenues reported by Enterprise were complete and accurate. When the audit report is not submitted timely, the true-up process is delayed, which could result in a delay in the receipt of concession fee revenue due to the County. There was no additional

amount due to the County based on the audited schedule<sup>9</sup> in both instances; in one instance, the audited schedule reported that Enterprise overpaid the County by \$5,466.

### **ACDBE Reports**

We requested a sample of three of Enterprise's quarterly ACDBE reports from the Airport to determine if Enterprise provided written quarterly reports detailing ACDBE participation, as required; one quarterly report from the first, second, and third contract periods. We found that Enterprise did not provide the Airport with ACDBE reports on a quarterly basis, as required by the Agreement. Enterprise provided an annual ACDBE report for each of contract periods we audited. Enterprise reported that it met the contract ACDBE participation goals on an annual basis for the three contract periods reviewed.

The Department of Airports advised that it did not press Enterprise for quarterly reports because it reports the information from the ACDBE reports annually to the Federal Aviation Administration (FAA).

### **Recommendations:**

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- (3) The Department of Airports implement a control(s) to ensure that the Concessionaire submits the audit reports timely in compliance with future agreements.**
- (4) The Airport enforce the quarterly ACDBE reporting requirements of the Agreement or amend the Agreement to reflect the actual process.**

### **Management Response Summary:**

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**The Department of Airports concurs with the Finding, and will implement the following corrective actions in response to the recommendations associated with the Finding as detailed below. The Department of Airports provided additional information to this response which is included in Attachment 1.**

- (3) The Department of Airports will include provisions for liquidated damages in future car rental concession agreements and recommend modification of current agreements to include provisions for liquidated damages to provide a mechanism to ensure timely compliance, and provisions for concessionaires to request an extension for reasons beyond the reasonable control of the concessionaire or other good cause as reasonably determined by the Department of Airports, provided that such extension may not exceed sixty (60) days. Corrective action expected implementation: September 1, 2023.**

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<sup>9</sup> Enterprise combined the required schedules into one schedule titled "Special-Purpose Statement of Gross Revenues, Concession Fees Due and Paid, Vehicle Rental Transactions, and Sales Tax Collections."

(4) The Department has developed written procedures to ensure Department staff responsible for overseeing ACDBE participation are aware of requirements of concession agreements regarding the schedule for reporting, and concessionaires submit ACDBE Reports in accordance with the schedule established by the concession agreements. The Department will also include provisions for liquidated damages in future concession agreements and recommend modification of current agreements to include provisions for liquidated damage to provide a mechanism to ensure timely compliance with the submission of the ACDBE reports. Corrective action expected implementation: September 1, 2023.

**Finding (3): The Department of Airports did not update its Accounts Receivable Procedures to reflect current activities and computer systems and did not obtain approvals of monthly concession fee and rental revenue and cash receipts reconciliations, as required by County policy.**

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The County’s Policies and Procedures Memoranda (PPMs), PPM# CW-O-001, dated August 21, 2018 states,

**PURPOSE:**

To establish a process for the County Administrator to promulgate countywide policies and procedures and to establish guidelines for the preparation and maintenance of policies and procedures manuals for county departments and offices under the County Administrator’s authority.

...

**PROCEDURES:**

...

**Departmental PPMs:**

...

2. Department and offices are expected to issue new or revised PPMs as needs and programs change...

...

The County’s Reconciliation of Departmental Accounting Record to the County’s Financial System Record, PPM# CW-F-017, dated March 20, 2017 states,

**PURPOSE:**

To establish responsibility for and specify the process to be followed by County departments in reconciling departmental accounting records to the

official records maintained by the Clerk & Comptroller's Finance Department in the County's centralized accounting and financial system.

...

### **POLICY:**

...

It is the responsibility of the originating department to perform monthly reconciliations between their records and the records maintained in the County's financial system.

### **PROCEDURES:**

...

2. Department records should be compared to the appropriate County financial reports or records and balances are to be reconciled. Reconciliations are to be completed by the last day of the month following the month being reconciled....

...

**4. Monthly reconciliations should be approved by the Department Director or designee** and are kept on file in the Department. [Emphasis added]

### **Accounts Receivable Procedures**

We noted that the Airport's Accounts Receivable Procedures – PPM #AF-F-002 dated October 1, 1993 (updated 2007) had not been updated to reflect current activities and computer systems as follows:

1. The procedures do not address receivables generated from facilities use permits,<sup>10</sup> the receipt of wire transfer and Automated Clearing House (ACH) payments, or the process for entering revenue data in the County's Advantage financial system.
2. The Airport currently uses Airport Business Manager (ABM)<sup>11</sup> to enter invoices and post payments, while the procedures refer to the Comtrax computer system for entering invoices and payments.
3. The procedures state that invoices for the fixed monthly rental charges are generated monthly and mailed to the airport tenant; however, the invoices are not always sent out to tenants, and if they are, the invoices are sent via email.

The Airport's Accounts Receivable Procedure - PPM #AF-F-002 is not in compliance with County's Policies and Procedures PPM# CW-O-001. The Airport's Accounts Receivable

<sup>10</sup> The County may issue a Concessionaire a facilities use permit for the short-term parking and storage of rental car vehicles in an area designated by the County ("License Area"), which identifies the fees and charges payable by Concessionaire to County for use of the License Area for the time period set forth in the Facilities Use Permit.

<sup>11</sup> ABM is a software system used by the Department of Airports to manage Agreements, track dates, airport activity statistics, accounts receivable, as well as generate revenue billings.



Procedure PPM #AF-F-002 was last updated in 2007. Written policies and/or procedures that are not updated to address current processes and systems could result in noncompliant practices and errors.

### **Reconciliations**

We noted that the Department of Airports performed a monthly reconciliation of the concession fee and rental revenues and cash receipts recorded in the ABM system and the County's Advantage financial system; however, the reconciliations were not approved by the Department Director or designee, as required by the County's Reconciliation of Departmental Record to County Financial System Record, PPM# CW-F-017. When reconciliations are not properly reviewed and approved, errors and irregularities could go undetected.

### **Corrective Action**

During our audit, the Department of Airport's revised its Accounts Receivable Procedure, effective May 1, 2023. The revised Accounts Receivable Procedure reflects the current billing, accounts receivable, and collections procedures, including ad hoc billings such as seasonal facility use permits, as well as the relevant current computer systems used, ABM and Advantage.

### **Recommendations:**

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- (5) The Department of Airports update its accounts receivable procedures to reflect the current processes and systems.**
- (6) The Department of Airports periodically review its accounts receivable procedures to ensure consistency with the current processes and systems and make revisions when necessary.**
- (7) The Department of Airports obtain and document the Director or designee's approval of the monthly reconciliations of the concession fee and rental revenues and cash receipts recorded in ABM and Advantage.**

### **Management Response Summary:**

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The Department concurs with the Finding and has complied with the recommendation by updating its Accounts Receivable Procedures. The Department of Airports provided additional information to this response which is included in Attachment 1.

- (5) The Department of Airports has complied with the recommendation by updating its Accounts Receivable Procedures effective May 1, 2023.**

- (6) The Department of airports will periodically review its accounts receivable procedures to ensure consistency with the current processes and systems and make revisions when necessary.
- (7) The Department will obtain and document the Director or designee's approval of the monthly reconciliations of the concession fee and rental revenues and cash receipts recorded in ABM and Advantage. For the purpose of the reviewing and approving the monthly reconciliations, the Director's designee will be considered the Department's Director of Finance and Administration or the Department's Fiscal Manager, who are both responsible for oversight of the Department's accounts receivables. The Department will implement this corrective action commencing with the next monthly recommendation for the report due on July 20, 2023.

### SUMMARY OF POTENTIAL FINANCIAL AND OTHER BENEFITS IDENTIFIED IN THE AUDIT

#### Questioned Costs

Finding	Description	Questioned Costs
1	Non-compliance with the Agreement's local revenue requirements.	<b>\$231,892.59</b>
	TOTAL QUESTIONED COSTS	<b>231,892.59</b>

### ACKNOWLEDGEMENT

The Inspector General's audit staff would like to extend our appreciation to the Department of Airports staff and the management of Enterprise Rent-A-Car for their assistance and support in the completion of this audit.

*This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to the Director of Audit by email at [inspector@pbcgov.org](mailto:inspector@pbcgov.org) or by telephone at (561) 233-2350.*

### ATTACHMENT

Attachment 1 – Department of Airports' Management Response

**ATTACHMENT 1 – DEPARTMENT OF AIRPORTS’ MANAGEMENT RESPONSE****MANAGEMENT RESPONSE  
PALM BEACH COUNTY DEPARTMENT OF AIRPORTS**

**TO:** Palm Beach County Office of Inspector General

**FROM:** Laura Beebe, Director of Airports, Palm Beach County Department of Airports

**RE:** Response to Audit Report 2023-A-0005  
Rental Car Lease and Concession Agreement – Enterprise Leasing Company of Florida, LLC, dated December 4, 2018 (Agreement)

**DATE:** June 19, 2023

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**Finding (1): Enterprise did not obtain customer written statements for vehicle rental agreements resulting in “Local Revenue”, and did not always maintain a complete record of each vehicle rental agreement written at the airport as required by the Agreement.**

**Recommendations:**

- (1) The Department of Airports ensure that the rental car concessionaires are aware of and adhere to local revenue requirements of the Agreement.**
- (2) The Department of Airports ensure that rental car concessionaires area aware of and adhere to accounting record requirements of the Agreement.**

**Response: The Department of Airports (Department) concurs with the Finding, and will implement the following corrective actions in response to the recommendations associated with the Finding as detailed below.<sup>1</sup>**

**Background**

Palm Beach County (County) operates the airport in its proprietary capacity as the owner of the airport. Businesses benefitting from the operation of the airport are charged user fees for the privilege of using the airport’s facilities. Rental car concessionaires pay user fees in the form of Concession Fees in the event they elect to do business at the airport.

Pursuant to the Agreement, Enterprise was required to pay Concessions Fees equal to the greater of a Minimum Annual Guarantee or ten percent (10%) of Gross Revenues (as defined in the Agreement). The term “Gross Revenues” provided an exclusion from Gross Revenues for Local Revenue. The Agreement defined “Local Revenue” as a “*vehicle rental transaction with a customer who has not deplaned at the Airport*”, as evidenced by the customer’s driver license

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<sup>1</sup> The Department of Airports operates as an enterprise fund and its operations and maintenance are funded by user fees paid by airlines, concessionaires and other businesses operating at the airport, not taxes. The purpose of the exclusion of Local Revenue is to ensure Concession Recoupment Fees are not be charged to local Palm Beach County residents who did not deplane at the airport. A number of the rental car concessionaires are located in areas near, but not on the airport, including Enterprise; therefore, local Palm Beach County customers are not required to use airport facilities in order to rent a vehicle in all instances.



number, the zip code included on the customer's driver license indicating the customer resides in Palm Beach County and a certification provided in Section 5.09 [of the Agreement]."

Section 5.09 of the Agreement provided that Enterprise must "maintain a copy of the customer's drivers license number and the zip code included on the customer's driver license indicating that the customer resides in Palm Beach County with each vehicle rental agreement resulting in "Local Revenue" along with a written statement signed by the customer certifying that the customer did not deplane at the Airport prior to renting the vehicle described in the vehicle rental agreement." The purpose of the certification was to serve as secondary evidence that the customer did not deplane at the airport.

The Agreement authorized Enterprise to charge its customers to recover Concession Fees paid to the County, which is defined as a "Concession Recoupment Fee". As a result, Enterprise charged a Concession Recoupment Fee to recover the Concession Fees payable to the County on each customer transaction resulting in Gross Revenue, which means the Concession Fees paid by Enterprise were essentially a pass-through (i.e., the Concession Fees were generally paid by the rental car customers through payment of a Concession Recoupment Fee). The Agreement prohibited Enterprise from charging a Concession Recoupment Fee for any Local Revenue transaction. In other words, Enterprise was not permitted to charge a Concession Recoupment Fee to any local Palm Beach County resident providing a local driver license who stated they did not deplane at the airport. Local Revenue is excluded from Concession Fees under the theory that the transactions were not generated by the operation of the airport and would discourage local Palm Beach County residents from renting vehicles from airport locations.

### Questioned Costs<sup>2</sup>

The Office of Inspector General (OIG) report concludes that Enterprise excluded revenues paid by local Palm Beach County residents who provided a driver license with a local Palm Beach County zip code, but failed to obtain the secondary written statement certifying the customer did not deplane at the airport in all instances as required by the Agreement, which raises the question of whether or not any amounts are owed to the County due to the lack of a statement whether or not the customer did, in fact, deplane at the airport. Enterprise did not charge local Palm Beach County residents providing a driver license at the time of rental Concession Recoupment Fees, which means Enterprise treated those transactions as Local Revenue.

Due the thousands of transactions completed each year, the Department is not provided, and does not review, individual rental car agreements between rental car concessionaires and their customers to determine whether or not the amounts should be included in Gross Revenues. Instead, Enterprise was required to submit a special audit report on an annual basis with a schedule of Gross Revenues from its operations at the airport for each contract period performed by an independent certified public accountant, which is standard practice in the industry. The audit reports submitted by Enterprise stated that Enterprise paid Concession Fees in accordance with

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<sup>2</sup> The OIG report identifies \$231,892.59 of questioned costs. The questioned costs are the result of Enterprise's failure to provide or maintain adequate documentation that Palm Beach County residents did not deplane at the airport for every transaction resulting in Local Revenue. Subsequent to the meeting with the OIG, Enterprise management determined that customer statements were consistently provided after October 1, 2021, and identified various transaction types where it is unlikely that the customer deplaned at the airport such as replacement transactions (i.e., insurance, body shop, and dealership customers); therefore, actual costs are likely less than the questioned costs identified in the report.

the Agreement. The Department reasonably relied on the audit reports submitted as to the accuracy of the amounts reported.<sup>3</sup>

Based on the findings in the OIG report, the Department agrees that Enterprise failed to strictly comply with the technical requirements of the Agreement; however, there is no suggestion in the OIG report that Enterprise willfully failed to obtain the customer statements in an effort to defraud the County or that Enterprise improperly charged Palm Beach County residents Concession Recoupment Fees.

As a result of the preliminary findings, the Department met with Enterprise to discuss the local revenue requirements of the Agreement. Enterprise management stated to the Department that it determined there were inadvertent procedural and system-related issues resulting in its failure to obtain the customer statements in all instances where Local Revenue was excluded. Enterprise management stated that the inconsistencies were discovered, and corrections were made, to the rental system beginning in October 2021.<sup>4</sup> It is not clear when the system-related issues first occurred. The corrections to the rental system were discovered by Enterprise management after meeting with representatives of OIG; therefore, Enterprise management indicated it inadvertently made a misstatement regarding the collection of customer statements during the audit process.

Because Palm Beach County residents live in the area, they are far more likely to park at the airport, use ground transportation, or be picked up and dropped off by friends and relatives than rent a car to return to their homes, the County would receive an unanticipated windfall based on Enterprise's error if Enterprise was required to pay the County for every transaction where Enterprise failed to obtain a customer statement.<sup>5</sup> Furthermore, in the event the failure to obtain the customer statements had been identified during the term of the Agreement, Enterprise would have been provided an opportunity to cure its failure. Due to the fact the Agreement has expired, Enterprise no longer has a reasonable opportunity to obtain compliance; therefore, the Department has recommended to Enterprise that it obtain a special procedures report from an independent certified public accountant for the purpose of determining those transactions coded by Enterprise as Local Revenue, which could reasonably be determined as being subject to payment of Concession Fees utilizing agreed-upon procedures.

Accordingly, in order to determine if any amounts are owed to the County, Enterprise has engaged an independent certified accounting firm to prepare a special procedures report related to local revenue reporting.<sup>6</sup> The report will identify the total number of local revenue transactions

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<sup>3</sup> The Department acknowledges that the audit reports were submitted after the deadline for submission; however, late submission would not render the audit reports inherently unreliable or cause the Department to question the information presented in the reports by the independent accounting firm.

<sup>4</sup> The OIG report indicated that Enterprise management stated the rental agreements resulting in Local Revenue did not contain customer statements regarding deplanement. See attached e-mail from Alisha Tillman, CPA, Director of Airport Properties & Relations, Enterprise Holdings dated June 16, 2023 (Attachment "A" to this Management Response).

<sup>5</sup> Enterprise management has indicated, in the event the County adopts this position, Enterprise would likely seek to recover those amounts from its customers in the form of a retroactive payment of Concession Recoupment Fees, which means every Palm Beach County resident who rented a vehicle during the term of the Agreement would be subject to payment of additional fees whether or not they deplaned at the Airport. This result would be inconsistent with the purpose of the Local Revenue exclusion from Gross Revenues.

<sup>6</sup> See attached engagement letter from UHY, LLP dated June 16, 2023 (Attachment "B" to this Management Response").



excluded from Gross Revenues during the contract term; sort the rental transactions by type (corporate, retail and replacement customers); and provide for testing of those transactions during the period when customer statements were received. This information will be used to calculate the estimated Gross Revenues from transactions that were coded by Enterprise as Local Revenue, but should have been subject to payment of Concession Fees during the term of the Agreement.

Upon completion and delivery of the special procedures report to the Department, Enterprise has agreed it will pay the amount identified in the special procedures report as concessionable notwithstanding the original classification as Local Revenue within thirty (30) days of the date of the County's invoice. The Department will recommend acceptance of this amount in lieu of any further action by the County. It is currently anticipated that this process will be completed by the end of calendar year 2023.

#### **Notification of Agreement Requirements**

In order to ensure rental car concessionaires are aware of, and adhere to, Local Revenue and accounting record requirements, the Department will send a formal notice to each rental car concessionaire in accordance with the legal notices requirements of the current agreements, which notification will be in substantially the form attached hereto as Attachment "C".<sup>7</sup>

Because the current agreements were entered into while the OIG audit was pending, the County reserved the right to make modifications based on any findings. In order to simplify the documentation required to evidence Local Revenue under the current agreements, the Department will recommend the agreements be modified to exclude Local Revenue based solely on the zip codes listed on customer driver licenses since it is documentation routinely provided to the rental car companies prior to renting a vehicle; the information found on a customer's driver license is objective evidence; and a relatively small percentage of local Palm Beach County residents are likely to rent a vehicle after deplaning at the airport.<sup>8</sup> The Department also recognizes the usefulness of the customer statement is limited since it is not subject to independent verification.<sup>9</sup>

#### **Corrective Action Completion Timeframe**

In accordance with the recommendations set forth in the OIG report, the Department will ensure the rental car concessionaires are aware of, and adhere to: (i) the current requirements, pending approval of any modifications, and (ii) any modified requirements by notifying them of the requirements in writing to the addresses provided in the concession agreements for formal legal notices. The corrective actions based on Recommendations 1 and 2 related to notification of agreement requirements are anticipated to be completed by June 23, 2023.

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<sup>7</sup> The rental car concession agreements that were the subject of the OIG report expired on September 30, 2022. Notifications will pertain to the requirements of the current agreements.

<sup>8</sup> The other option would be to require all customers renting a vehicle from an airport location, including Palm Beach County residents to pay Concession Recoupment Fees, which the Department is not recommending since many of the locations are located near, but not on, airport property. See Attachment "D" to this Management Response with the proposed amendment to the Agreements. The Department will be seeking approval of the Amendment at the August 22, 2023, meeting of the Board of County Commissioners.

<sup>9</sup> The statement is a "self-certification" and is not capable of being audited as to veracity.

**Finding (2): Enterprise submitted two (2) of four (4) audit reports late and did not provide ACDBE Reports quarterly in compliance with the Agreement.**

**Recommendations:**

- (3) The Department of Airports implement a control(s) to ensure that the Concessionaire submits the audit reports timely in compliance with future agreements.**
- (4) The Airport enforce quarterly ACDBE reporting requirements of the Agreement or amend the Agreement to reflect the actual process.**

**Response: The Department concurs with the Finding and will implement the following corrective actions in response to the recommendations associated with the Finding as detailed below.**

#### **Audit Reports**

Although Department staff contacted Enterprise to remind Enterprise of the audit report deadlines prior to the submission deadlines and followed up when Enterprise failed to timely submit the audit reports, the Department acknowledges that two (2) audit reports were not timely submitted by Enterprise. Both audit reports were submitted less than sixty (60) days after the deadline for submission established in the Agreement.

The Department has developed written procedures to notify concessionaires of upcoming audit submission deadlines.<sup>10</sup> In addition, the Department will recommend including provisions for liquidated damages in future rental car concession agreements to provide a mechanism to ensure timely compliance, and provisions for concessionaires to request an extension for reasons beyond the reasonable control of the concessionaire or other good cause as reasonably determined by the Department, provided that such extension may not exceed sixty (60) days.<sup>11</sup>

#### **ACDBE Reporting**

Although Enterprise submitted an annual ACDBE report regarding participation, the Department acknowledges participation was required to be reported on a quarterly rather than an annual basis by the Agreement. The Department has developed written procedures to ensure Department staff responsible for overseeing ACDBE participation are aware of requirements of concession agreements regarding the schedule for reporting, and concessionaires submit ACDBE Reports in accordance with the schedule established by the concession agreements.<sup>12</sup> The Department will also recommend including provisions for liquidated damages in future concession agreements to provide a mechanism to ensure timely compliance.<sup>13</sup>

Because the current agreement with the rental car concessionaires was entered into while the OIG audit was pending, the County reserved the right to make modifications based on any findings. The Department will recommend modification of the current Agreement to include provisions for liquidated damages provisions in the event of a concessionaire's failure to timely submit required ACDBE reports.<sup>14</sup>

<sup>10</sup> See Attachment "E" to this Management Response.

<sup>11</sup> See Attachment "D" to this Management Response with the proposed amendment to the Agreements.

<sup>12</sup> See Attachment "E" to this Management Response.

<sup>13</sup> See Attachment "D" to this Management Response with the proposed amendment to the Agreements.

<sup>14</sup> See Attachment "D" to this Management Response with the proposed amendment to the Agreements.



**Corrective Action Completion Timeframe**

The corrective actions based on Recommendations 4 and 5 are anticipated to be completed by September 1, 2023.

**Finding (3): The Department of Airports did not update its Accounts Receivable Procedures to reflect current activities and computer systems and did not obtain approvals of monthly concession fee and rental revenue and cash receipt reconciliations, as required by County policy.**

**Recommendations:**

- (5) The Department of Airports update its accounts receivable procedures to reflect the current processes and systems.
- (6) The Department of Airports periodically review its accounts receivable procedures to ensure consistency with the current processes and systems and make revisions when necessary.
- (7) The Department of Airports obtain and document the Director or designee's approval of the monthly reconciliations of the concession fee and rental revenues and cash receipts recorded in ABM and Advantage.

**Response: The Department concurs with the Finding and has complied with the recommendation by updating its Accounts Receivable Procedures.**

**Accounts Receivable Procedures**

The Department revised its Accounts Receivable Procedure effective May 1, 2023 as noted in the OIG report.<sup>15</sup> The Department will periodically review its accounts receivable procedures to ensure consistency with the current processes and systems and make revisions when necessary.

**Monthly Reconciliation Review**

The Department will obtain and document the Director or designee's approval of the monthly reconciliations of the concession fee and rental revenues and cash receipts recorded in ABM and Advantage. For the purpose of the reviewing and approving the monthly reconciliations, the Director's designee will be considered the Department's Director of Finance and Administration or the Department's Fiscal Manager, who are both responsible for oversight of the Department's accounts receivables.

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<sup>15</sup> See Attachment "F" to this Management Response.

**Corrective Action Completion Timeframe**

As indicated above, the Department has implemented corrective actions to address Recommendations 5 and 6. The Department will implement the corrective action to address Recommendation 7, commencing with the next monthly reconciliation for the report due on July 20, 2023.

cc: Verdenia Baker, County Administrator  
Ray Walter, Deputy Director of Real Estate & Concessions  
Debbie Duncanson, Deputy Director of Finance

**ATTACHMENT "A"  
TO MANAGEMENT RESPONSE**

**E-mail from Enterprise Management**



**Laura Beebe**

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**From:** Tillman, Alisha <Alisha.N.Tillman@ehi.com>  
**Sent:** Friday, June 16, 2023 6:40 PM  
**To:** Laura Beebe  
**Cc:** Ray Walter; Humphrey, Michael C; Zuleta, Oscar E  
**Subject:** PBI Enterprise Engagement Update with UHY

**Importance:** High

**This Message Is From an External Sender**

This message came from outside your organization.

Laura – Per your request, we wanted to take the opportunity to update you on the Enterprise engagement in response to the Inspector General’s (IG) Audit Report.

Enterprise has engaged UHY to perform an agreed-upon procedures engagement. UHY will perform an analysis of the entire Contract Period [January 1, 2019 through September 30, 2022]; and UHY will also perform sampling and testing on local revenue transactions occurring from October 1, 2021 through September 30, 2022.

Enterprise has requested that UHY focus on the period of October 1, 2021 through September 30, 2022, as Enterprise believes this is a more recent and statistically reasonable sample with which to use for this engagement because the system had been corrected for this time period; and by using this 12-month period, UHY will be able to extrapolate meaningful results that could be applied to the entire Contract Period.

It was reported that Enterprise representative(s) during interviews with the IG’s office indicated and/or stated that no written certifications were obtained from local customers residing in Palm Beach County Florida as evidenced by their Driver’s License Zip Code during the entire Contract Period -- *this is a misstatement*. Upon further review, Enterprise found that there were procedural and system-related issues that occurred in the past; however, once discovered Enterprise took necessary steps to correct these inconsistencies. Corrections were made to the rental system and Enterprise is confident that certifications were obtained beginning in October 2021.

A copy of the executed Enterprise UHY Engagement Letter will follow under separate cover. Please reach out with any questions.

Thanks, and have a great weekend!

Thank you, Alisha

ENTERPRISE HOLDINGS.

**Alisha N. Tillman, CPA**  
Director, Airport Properties & Relations

918-841-6542 mobile  
[alisha.n.tillman@ehi.com](mailto:alisha.n.tillman@ehi.com)

Operating



**ATTACHMENT "B"  
TO MANAGEMENT RESPONSE**

**Engagement Letter**

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June 16, 2023

Enterprise Leasing Company of Florida, LLC  
c/o Mr. Michael C. Humphrey  
5105 Johnson Road  
Coconut Creek, Florida 33073

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for Enterprise Leasing Company of Florida, LLC (the Company).

We will apply the agreed-upon procedures described in Attachment I to this letter to the schedule of local revenues of Enterprise Leasing Company of Florida, LLC (d/b/a Enterprise Rent-A-Car) for rental locations at Palm Beach International Airport in Palm Beach, Florida, for the period January 1, 2019 through September 30, 2022. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. The agreement and acknowledgment are contained within this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures do not constitute an examination or review, we will not express an opinion or conclusion on schedule of local revenues. In addition, we have no obligation to perform any procedures beyond those to which you agree.

We plan to begin our procedures upon receipt of requested information to be provided by you.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to Enterprise Leasing Company of Florida, LLC. You understand that the report is intended solely for the information and use of Enterprise Leasing Company of Florida, LLC and Palm Beach County Department of Airports, and should not be used by anyone other than these specified parties. If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate we will disclose the restrictions in our report. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.



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ENTERPRISE LEASING COMPANY OF FLORIDA, LLC  
C/O MR. MICHAEL C. HUMPHREY

JUNE 16, 2023

- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the schedule of local revenues that come to our attention. In addition, if, in connection with this engagement, material matters come to our attention that contradict the schedule of local revenues, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

You are responsible for schedule of local revenues and that it is accordance with the Agreement for Rental Car Lease and Concession at the Palm Beach International Airport dated December 4, 2018; In addition, you are responsible for providing us with (1) access to all information of which you or the appropriate party are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request from the appropriate party for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

Steven R. Wendling is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The attest documentation for this engagement is the property of UHY LLP and constitutes confidential information. However, we may be requested to make certain attest documentation available to federal or state regulators pursuant to authority given to them by law or regulation. If requested, access to such attest documentation will be provided under the supervision of UHY LLP personnel. Such federal and state regulators may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

UHY LLP has a contractual arrangement with UHY Advisors, Inc. and UHY Advisors MO, Inc. (UHY Advisors) whereby UHY Advisors provides UHY LLP with professional and support personnel and performs all services in connection with our engagements for which licensure as a CPA firm is not required. In order to avoid duplication of efforts arising out of this arrangement, we request that you consent to our sharing with UHY Advisors the information that we may obtain from you in the course of our engagement. Unless you indicate otherwise, your acceptance of the terms of this engagement shall be understood by us as your consent to make disclosures to UHY Advisors and its employees of confidential information that we may obtain in the course of our engagement.

UHY LLP is a licensed independent CPA firm which performs attest engagements through an alternative practice structure and maintains a services agreement with UHY Advisors, Inc. UHY LLP and UHY Advisors' firms are independent member firms of UHY International Limited.

To ensure that UHY LLP's independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

In today's technological environment, businesses and individuals are continuously interacting through e-mail. This often involves sending data, documents and other information, including sensitive tax and financial information. Although convenient, a business or individual that chooses to exchange such

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ENTERPRISE LEASING COMPANY OF FLORIDA, LLC  
C/O MR. MICHAEL C. HUMPHREY

JUNE 16, 2023

information via e-mail should ensure that their e-mail server and the information stored in their system are secure. By providing your financial information to us for the performance of the agreed upon procedures, you authorize us to send information to you (or to other authorized recipients) via the e-mail addresses that you provide. The firm is not responsible for any transmission problems or the failure of you or any authorized recipient of the information to receive the file containing the information or maintaining the confidentiality of any information transmitted via e-mail or in the possession of you or any authorized recipient.

This engagement letter and all services rendered hereunder shall be governed, construed, and enforced by the laws of the State of Missouri, without the need to resort to principles of conflicts of laws. Missouri law shall apply to any legal or equitable proceeding that shall be instituted in any way arising out of this engagement letter, any obligations contained or allegedly contained herein, and all services rendered touching or relating in any way to the obligations of this engagement letter. All parties to this engagement consent to the exclusive jurisdiction of the federal and state courts located in Missouri and, more particularly, the state court located in St. Louis County, Missouri, and the federal court located in the Eastern District of Missouri.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

Our fees for these services will be billed based on time incurred at our hourly rates as follows:

You will also be billed for other out-of-pocket costs such as report production, word processing, postage, etc. plus a 2.50% administrative charge. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Independence rules require us to obtain documentation related to certain non-attest services. At your request, during the year we may perform other services for you including, but not limited to, bookkeeping services, payroll services, tax services, profit-sharing plan services, preparation of financial statements, etc. By your signature below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the services we perform, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions

3





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Attachment I

Our procedures are as follows:

- I. For the period January 1, 2019 to September 30, 2022 obtain the transaction file of Enterprise Rent-A-Car gross revenues for rental locations at the Palm Beach International (PBI) Airport pursuant to the Enterprise Rent-A-Car Agreement for Rental Car Lease and Concession at the Palm Beach International Airport ("Concession Agreement").
  - A. For each "Contract Period" of the Concession Agreement, i.e. a) January 1 – December 31, 2019; b) January 1 – December 31, 2020; c) January 1 – December 31, 2021; and d) January 1, 2021 – September 30, 2022, perform the following procedures:
    1. Calculate total gross revenues, as defined in the Concession Agreement, by month, from the transaction file.
    2. Calculate total vehicle rental transactions by month from the transaction file.
    3. Sort the transaction file by transactions coded by Enterprise as local revenue; summarize these local revenues and the number of related vehicle rental transactions by month for each respective period in I.A. above.
    4. Calculate concessionable gross revenues and the number of related vehicle rental transactions by month for each respective period, determined as the total revenue and transactions determined per I.A. 1. and I.A.2. above, less transactions coded as local revenue, as determined per I.A.3. above.
      - i. Agree calculated concessionable gross revenues and vehicle rental transactions by month for each Contract Period in I.A. above to the respective period's *Special-Purpose Statement of Gross Revenues, Concession Fees Due and Paid, Vehicle Rental Transactions and Sales Tax Collections* previously audited by UHY LLP.
    5. Sort transactions coded as local revenue as determined in I.A.3. above by zip code and perform the following:
      - i. Identify / list all zip codes associated with transactions determined at I.A.3. above.
      - ii. Obtain a listing of all Palm Beach County zip codes; perform a file comparison of zip codes identified by Enterprise as local zip codes per the transaction file to the list of actual Palm Beach County zip codes.
      - iii. Summarize local revenues and rental vehicle transactions by month for customers with Palm Beach County zip codes.
      - iv. Agree monthly local revenues determined per I.A.5.iii. above to I.A.3. above.
    6. Sort local revenues and the related transactions determined at I.A.5.iii. above by customer, creating the following three files:
      - i. Transaction file summarizing revenues and the related transactions for all corporate account customers, based on the defined term "corporate account".
      - ii. Transaction file summarizing revenues and the related transactions for all retail customers (i.e., individual customers).
      - iii. Transaction file summarizing revenues and the related transactions for all replacement customers (i.e., Insurance, Body Shop, and Dealership customers).



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Attachment I

- II. For "local revenue corporate account transactions" occurring from October 1, 2021 – September 30, 2022, as determined at I.A.6.i. above, perform the following:
  - A. Using the UHY LLP sampling planning and evaluation form, determine sample size of corporate accounts for testing and perform the following:
    - 1. Obtain signed certification from the rental system reflecting the customer's statement whether the customer did or did not deplane at PBI, if available.
    - 2. If a signed certification is not available, confirm with the corporate customer whether any local revenues billed to the corporate customer were associated with any individuals deplaning at PBI.
    - 3. For the transactions selected for testing, calculate the percentage of revenue coded by Enterprise as "local" that were associated with individuals deplaning at PBI.
    - 4. Using the percentage calculated in II.A.3. above, calculate the estimated number of transactions and dollar value of transactions associated with individuals deplaning at PBI associated with corporate accounts, by extrapolating to the total population determined at I.A.6.i. above.
- III. For "local revenue retail transactions" occurring from October 1, 2021 – September 30, 2022, as determined at I.A.6.ii. above, perform the following:
  - A. Using the UHY LLP sampling planning and evaluation form, determine sample size of transactions for testing and perform the following:
    - 1. Obtain signed certification from the rental system reflecting the customer's statement whether the customer did or did not deplane at PBI, if available.
    - 2. If a signed certification is not available, confirm with the retail customer whether any local revenues billed to the customer were associated with the customer deplaning at PBI.
    - 3. For the transactions selected for testing, calculate the percentage of revenue coded by Enterprise as "local" that were associated with individuals deplaning at PBI.
    - 4. Using the percentage calculated in III.A.3. above, calculate the estimated number of transactions and dollar value of transactions associated with individuals deplaning at PBI, by extrapolating to the total population determined at I.A.6.ii. above.
- IV. For "local revenue replacement transactions" occurring from October 1, 2021 – September 30, 2022, as determined at I.A.6.iii. above, perform the following:
  - A. Using the UHY LLP sampling planning and evaluation form, determine sample size of transactions for testing and perform the following:
    - 1. Obtain signed certification from the rental system reflecting the customer's statement whether the customer did or did not deplane at PBI, if available.
    - 2. If a signed certification is not available, confirm with the replacement customer whether any local revenues billed to the replacement customer were associated with any individuals deplaning at PBI.
    - 3. For the transactions selected for testing, calculate the percentage of revenue coded by Enterprise as "local" that were associated with individuals deplaning at PBI.

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Attachment I

4. Using the percentage calculated in IV.A.3. above, calculate the estimated number of transactions and dollar value of transactions associated with individuals deplaning at PBI associated with replacement customers by, extrapolating to the total population determined at I.A.6.iii. above.
- V. Calculate estimated revenues from transactions that were coded by Enterprise as "local revenue" but should be concessionable, because it was reasonably determined that the customer deplaned at PBI, during the period January 1, 2019 – September 30, 2022 as the sum of the amounts calculated at II.A.4, III.A.4. and IV.A.4.

**ATTACHMENT "C"  
TO MANAGEMENT RESPONSE**

**Notification Letter**

PALM BEACH COUNTY  
BOARD OF COUNTY  
COMMISSIONERS  
Gregg K. Weiss, Mayor  
Maria Sachs, Vice Mayor  
Maria G. Marino  
Michael A. Barnett  
Marci Woodward  
Sara Baxter  
Mack Bernard



COUNTY ADMINISTRATOR  
Verdenia C. Baker  
DEPARTMENT OF AIRPORTS

June XX, 2023

***{Insert Address for Legal Notices from Agreement}***

RE: Agreement for Rental Car Lease and Concession at the Palm Beach International Airport dated ***{Insert Date and (R2022-XXXX)}*** ("Agreement")

Dear \_\_\_\_\_,

This letter is to notify you of the requirements of the above-referenced Agreement related to the exclusion of Local Revenue from Gross Revenues. Please note that capitalized terms in this letter have the meaning ascribed to them in the Agreement.

The Agreement defines Local Revenue as *"revenue derived from a vehicle rental transaction with a customer who has not deplaned at the Airport, as evidenced by appropriate documentation such as the zip code included on the customer's driver license indicating the customer resides in Palm Beach County and the certification provided in Section 5.09 below. As you are aware Local Revenue is an exclusion from Gross Revenues.*

Section 5.09 states, in part, your company is obligated to *"maintain a record of each vehicle rental agreement written at the Airport, including a copy of each original agreement signed by Concessionaire's customer. Concessionaire shall also maintain appropriate documentation supporting any vehicle rental agreement resulting in "Local Revenue". The vehicle rental agreement shall indicate that the Airport is the originating location."*

Section 20.03(D) states, in part, your company is obligated to provide *"written quarterly reports with information from the preceding quarter on or before the 20th day of each reporting month (January, April, July and October of each Contract Year) to the Department, in a form and detail satisfactory to the Department"* related to ACDBE participation.

Failure to comply with the requirements set forth above is considered a violation of your Agreement, entitling Palm Beach County ("County") to exercise legal remedies provided under the Agreement, including, but not limited to, termination of your Agreement.

As you are aware, Palm Beach County Office of the Inspector General ("OIG") notified Palm Beach County ("County") that it would be conducting an audit of certain concession agreements,

846 PALM BEACH INTERNATIONAL AIRPORT  
West Palm Beach, Florida 33406-1470  
(561) 471-7400 FAX: (561) 471-7427 www.pbia.org

PALM BEACH COUNTY GLADES AIRPORT  
Pahokee

PALM BEACH COUNTY PARK AIRPORT  
Lantana

NORTH COUNTY GENERAL AVIATION AIRPORT  
Palm Beach Gardens

*"An Equal Opportunity-Affirmative Action Employer"*

including rental car lease and concession agreements. Accordingly, the County reserved the right to amend the current Agreement to incorporate provisions from the results of the OIG's review.

In order to clarify the above-referenced provisions of the Agreement, the Department is proposing to amend provisions of the Agreement related to the information required to support the Local Revenue exclusion, monthly and annual revenue reports, ACDBE reporting and to provide for liquidated damages in the event of a failure to timely submit required reports. Attached is a copy of the proposed Amendment for your review. As provided in the Agreement, your company shall have sixty (60) days from the date of this notification to accept or reject the proposed amendment. In the event your company accepts the terms and conditions of the amendment, please execute three (3) copies of the attached amendment and return them to the attention of Ray Walter, Deputy Director of Real Estate and Concessions, along with documentation evidencing of signature authority. The amendment will become effective upon approval by the Director of Airports. Accordingly, please be aware that your company is required to comply with the provisions set forth above as currently written until the amendment becomes effective, which requires appropriate documentation evidencing Local Revenue.

In the event your company rejects the proposed amendment, you shall have the right to terminate the Agreement for a period of thirty (30) days following the expiration of the review period.

If you have any questions, please do not hesitate to contact me directly or Ray Walter, Deputy Director of Real Estate and Concessions.

Sincerely,

Laura Beebe  
Director of Airports

cc: **{Insert Any Additional Addresses for Legal Notices of Company}**  
Ray Walter, Deputy Director, Real Estate & Concessions  
Debbie Duncanson, Deputy Director of Finance & Administration  
Anne Helfant, Senior Assistant County Attorney



**ATTACHMENT "D"  
TO MANAGEMENT RESPONSE**

**Proposed Amendment**

FIRST AMENDMENT TO AGREEMENT FOR RENTAL CAR LEASE AND CONCESSION AT THE PALM BEACH INTERNATIONAL AIRPORT

THIS FIRST AMENDMENT TO AGREEMENT FOR RENTAL CAR LEASE AND CONCESSION (this "First Amendment") is made and entered into by and between Palm Beach County, a political subdivision of the State of Florida ("County"), and ("Concessionaire").

WITNESSETH:

WHEREAS, County, by and through its Department of Airports (the "Department"), owns and operates the Palm Beach International Airport (the "Airport") located in Palm Beach County, Florida; and

WHEREAS, the parties entered into that certain Agreement for Rental Car Lease and Concession dated 20\_\_ (R-2022-\_\_)(the "Agreement"), which provides for the right to conduct and operate an airport rental car concession at the Airport; and

WHEREAS, the parties hereto desire to further amend the Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and for such other good and valuable consideration, the receipt of which the parties hereby expressly acknowledge, the parties hereto covenant and agree to the following terms and conditions:

- 1. The recitals set forth above are true and correct and incorporated herein by this reference. Terms not defined herein shall have the meaning ascribed to them in the Agreement. The terms "Article" and "Section" refers to sections and articles in the Agreement.
2. Effective as of October 1, 2022, Section {insert applicable section number}, Local Revenue, shall be deleted in its entirety and replaced with the following:
2.XX "Local Revenue" means revenue derived from a vehicle rental transaction with a customer who has not deplaned at the Airport, as evidenced by the zip code included on the customer's driver license indicating the customer resides in Palm Beach County.
3. Section 5.08, Monthly Statement of Gross Revenues, is hereby deleted in its entirety and replaced by the following:
5.08 Monthly Statement of Gross Revenues. Within twenty (20) days after close of each and every month throughout the Term of this Agreement, Concessionaire shall submit to the Department, in a form and detail



satisfactory to the Department, a Statement of Gross Revenues that: (1) separately details Gross Revenues by category, including, at a minimum, the Gross Revenues listed in Section {insert applicable section number} and any exclusions as listed in Section {insert applicable section number} for the prior calendar month; (2) details the Year-to-Date Gross Revenues; (3) details the Year-to-Date Minimum Annual Guarantee (including any adjustment thereof, as provided in Section 5.02); (4) details the Year-to-Date Concession Fee Payments; and (5) identifies the total number of rental car transactions for the prior calendar month. Concessionaire shall provide a separate Statement of Gross Revenues for each Brand. The Department may require the Statement of Gross Revenues to be submitted electronically. The Department may extend the deadline for submission of the Statement of Gross Revenues for reasons beyond the reasonable control of Concessionaire or other good cause as reasonably determined by the Department; provided, however, any such extension shall not exceed thirty (30) days.

4. Effective as of October 1, 2022, Section 5.09, Accounting Records, shall be deleted in its entirety and replaced with the following:

5.09 Accounting Records. Concessionaire shall keep, throughout the Term of this Agreement, all books of accounts and records customarily used in this type of operation, and as from time to time may be required by the Department, in accordance with Generally Accepted Accounting Principles ("GAAP") prescribed by the American Institute of Certified Public Accountants or any successor agency thereto. Such books of accounts and records shall be retained and be available for three (3) years from the end of each Contract Year, including three (3) years following the expiration or termination of this Agreement. County shall have the right to audit and examine during normal business hours all such books of accounts and records relating to Concessionaire's operations hereunder. If the books of accounts and records are kept at locations other than the Airport, Concessionaire shall, at its sole cost and expense, arrange for them to be brought to a location convenient to the auditors for County in order for County to conduct the audits and inspections as set forth in this Section. Concessionaire shall maintain a record of each vehicle rental agreement written at the Airport, including a copy of each original agreement signed by Concessionaire's customer. Concessionaire shall also maintain driver license information supporting any vehicle rental agreement resulting in "Local Revenue". The vehicle rental agreement shall indicate that the Airport is the originating location. Accountability for the numbers generated on the vehicle rental agreements issued and unissued shall be maintained. Accounting records of Concessionaire shall be stored sequentially, or in such other manner approved by the Department, to provide reasonable and expeditious access for audit purposes hereunder. Failure to maintain books of accounts and records as required under this Section shall be deemed to be a material breach of this Agreement. The obligations arising under this Section shall survive the expiration or termination of this Agreement.

Page 2 of 7

5. Section 5.10, Audit Requirements, is hereby deleted in its entirety and replaced with the following:

- 5.10 Audit Requirements. Within ninety (90) days following the end of each Contract Year, Concessionaire shall provide to the Department a special purpose audit report on all Gross Revenues from operations at the Airport and from the operations of any of Concessionaire's subsidiaries, contractors, management companies, or related or affiliated companies involved in providing services covered by this Agreement. The audit report shall cover the preceding Contract Year. Each audit report shall be in the format required by the Department and shall be prepared by an independent Certified Public Accountant, not a regular employee of Concessionaire, in accordance with Generally Accepted Auditing Standards prescribed by the American Institute of Certified Public Accountants or any successor agency thereto. The audit report shall include the following:
- A. A schedule of all Gross Revenues by category and month, which shall include, but not be limited to, the categories of Gross Revenues listed in Section {insert applicable section number}, and the exclusions from Gross Revenues listed in Section {insert applicable section number}. Each category of Gross Revenues and exclusion from Gross Revenue shall be separately stated (i.e., each category of Gross Revenues and exclusion from Gross Revenues should be identified as a separate line item).
  - B. For Local Revenue transactions, the auditor shall randomly sample no less than twenty five (25) Local Revenue transactions by obtaining a copy of the driver license information for each such transaction to confirm the customer zip codes are located within Palm Beach County. The audit report shall disclose the findings of the transactions sampled. In the event it is determined that Concessionaire has failed to maintain the required driver license information for more than three (3) Local Revenue transactions, Concessionaire shall cause the auditor to: (i) review all Local Revenue transactions for the preceding Contract Year to determine the amount of Concession Fees payable to the County for each instance Concessionaire failed to maintain the required driver license information, and (ii) provide a schedule in the audit report of the amounts due to County as a result of such review.
  - C. A schedule of the payments made to County by month and in total.
  - D. A schedule stating the Concession Fees due to County pursuant to the terms and conditions of the Agreement by month and in total, which shall include any amounts previously excluded from Gross Revenues resulting from the review of Local Revenue transactions as provided above.
  - E. A schedule summarizing the total number of vehicle rental transactions, and any sales taxes collected, by month.



- F. The audit report shall include an opinion on each of the schedules required to be submitted with the audit report.

Delivery of an audit report containing a qualified opinion, an adverse opinion, or a disclaimer of opinion, as defined by the American Institute of Certified Public Accountants or any successor agency thereto, shall be deemed to be a material breach of this Agreement. If the audit report indicates that the amount of Concession Fees (together with any sales taxes thereon) due and owing for any Contract Year is greater than the amount paid by Concessionaire to County during such Contract Year, the Concessionaire shall pay the difference to County with the audit report. If amount of Concession Fees actually paid by Concessionaire to County during any Contract Year exceeds the Concession Fees due and owing for such Contract Year, the Department shall credit the overpayment in the following order: (i) against any past due amounts owed to County by Concessionaire, including interest and late fees; (ii) against currently outstanding, but not yet due, Concession Fees owed to County by Concessionaire; (iii) against future Concession Fees which will become due during the succeeding Contract Year; and (iv) against any other sums payable by Concessionaire to County. Notwithstanding the foregoing, in the event of an overpayment by Concessionaire during the last Contract Year, the Department shall credit the overpayment against any remaining amounts owed to County, including interest and late fees, and refund to Concessionaire any overpayment amount in excess of the credit. The Department may extend the deadline for submission of the audit report for reasons beyond the reasonable control of Concessionaire or other good cause as reasonably determined by the Department; provided, however, any such extension shall not exceed sixty (60) days. County reserves the right to review and modify the audit requirements contained herein, which modifications shall become effective upon receipt of written notice by the Director to Concessionaire. Such modifications to the audit requirements shall be limited to changes necessary for clarification or furtherance of the provisions of this Agreement or to comply with GAAP.

6. Article 5, Concession Fees, Facility Rental and Accountability, is hereby amended to add the following new Section 5.15:

- 5.15 Required Reports. The parties acknowledge and agree that failure to timely provide accurate reports and audits, including, but not limited to, the reports required by Sections 5.08, 5.10 and 20.03(D), in accordance with the terms and conditions of this Agreement ("Reporting Requirements") may result in a significant loss and reputational damage to the County and Airport in the event issues are not timely identified and rectified. Notwithstanding any provision of this Agreement to the contrary, in the event Concessionaire fails to timely provide any required report or audit with the Reporting Requirements as provided in this Agreement, County may assess liquidated damages in the amount of Fifty Dollars (\$50.00) per day until such required

report or audit is delivered to County, unless Concessionaire has requested, and the Department has approved, an extension to such deadline for delivery in writing. The parties agree that the liquidated damage amounts are a reasonable estimate of the damages to the Airport's goodwill and reputation that would be incurred by County, and Concessionaire agrees to pay to County liquidated damages in accordance with this Section upon demand by County. The amount is not intended to be a penalty, but a reasonable measure of damages incurred by County. County shall invoice Concessionaire for such liquidated damages, and Concessionaire shall pay County within thirty (30) days of the date of County's invoice. Failure to timely pay liquidated damages as required by this Section shall be considered a material default of this Agreement. The Security Deposit shall also serve as security for the payment of liquidated damages. The availability of liquidated damages shall not preclude County from exercising other remedies, such as termination of this Agreement, due to default. Nothing in this Section shall be constructed as preventing County from recovering any direct costs incurred by County due to Concessionaire's default or non-performance.

7. Section 20.03, Airport Concession Disadvantaged Business Enterprise Participation Goal, is hereby amended to delete subsection D in its entirety and replace it with the following:

- D. Concessionaire shall provide written reports in accordance with the schedule established by the Department. Concessionaire acknowledges and agrees that, as of the Effective Date, Concessionaire shall be required to deliver written reports to the Department on a quarterly basis with information from the preceding quarter on or before the 30th day of each reporting month (January, April, July and October of each Contract Year) to the Department, in a form and detail satisfactory to the Department, unless otherwise notified in writing by the Department. The written reports shall detail ACDBE participation for each quarter, as well as the cumulative "to date" participation for the entire Contract Year. Quarterly reports shall be certified by an authorized representative of Concessionaire as being true and accurate. The Department may request Concessionaire provide a certification of receipt of payment from the ACDBE firms participating in this Agreement, in a form and detail satisfactory to the Department. In the event the ACDBE participation level drops below the established ACDBE participation goal, Concessionaire shall take immediate corrective measures to ensure that the ACDBE participation is increased to the established ACDBE participation goal. Concessionaire shall document its good faith efforts to achieve the ACDBE participation goal and provide written reports to the Department documenting such good faith efforts. The Department may require the reports required hereunder to be submitted electronically. The Department may extend the deadline for submission of a quarterly report for reasons beyond the

reasonable control of Concessionaire or other good cause as reasonably determined by the Department; provided, however, any such extension shall not exceed sixty (60) days.

8. Except as specifically modified herein, all of the terms and conditions of the Agreement shall remain unmodified and in full force and effect and are hereby ratified and confirmed by the parties hereto.

9. In the event of a conflict between any provision of this Amendment and the provisions of the Agreement, or any other amendment thereto, the provisions of this Amendment shall control.

10. This Amendment shall be considered effective when signed by the parties.



**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement as of the day and year first above written.

**PALM BEACH COUNTY, a political  
subdivision of the State of Florida**

By: \_\_\_\_\_  
Director, Department of Airports

**APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY**

By: \_\_\_\_\_  
County Attorney

(SEAL)

**CONCESSIONAIRE:**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

**ATTACHMENT "E"  
TO MANAGEMENT RESPONSE**

**Reporting and Audits PPM**

**TO:** AIRPORTS PROPERTIES AND FINANCE  
DIVISIONS

**FROM:** LAURA BEEBE  
DIRECTOR OF AIRPORTS

**SUBJECT:** REPORTING AND AUDITS

**DOA PPM #:** AF-F - 048

ISSUE DATE  
June 19, 2023

EFFECTIVE DATE  
September 1, 2023

**PURPOSE:**

To provide controls to ensure that periodic reports and audits required by Concession Agreements (as hereinafter defined) managed by the Department of Airports (“Department”) are timely submitted.

**APPLICABILITY:**

This PPM is applicable to all revenue reporting for Concession Agreements (as hereinafter defined).

**DEFINITIONS**

ACDBE Reports – reports required by Concession Agreements with Airport Concession Disadvantaged Business Enterprise participation goals.

Concession Agreement - means a revenue contract that provides for payment to the County based, in whole or in part, on the gross revenues paid to a concessionaire based on the concessionaire’s business operations or activities on property managed by the Department.

Deputy Director of Real Estate - means the Deputy Director of Real Estate and Concessions.

Deputy Director of Finance – means the Deputy Director of Finance and Administration.

Finance Division Staff – means the staff members assigned to oversee billing, accounts receivable, and collections by the Deputy Director of Finance.

Properties Division Staff – means the staff members assigned to oversee contract compliance by the Director of Real Estate.

AF-F-048/Page 1 of 4

**PROCEDURES:****A. Revenue Reports**

1. The Deputy Director of Real Estate is responsible for ensuring that the Finance Division Staff has been provided a complete copy of each Concession Agreement prior to the commencement date with a brief outline of the revenue reporting requirements ("Revenue Report"), including the required timeframe for submission and items required to be included in each Revenue Report. Revenue Reports include, but are not limited to, monthly, quarterly and annual revenue reports and audits. On or before October 1, 2023, the Deputy Director of Real Estate shall ensure the Finance Division has updated copies of all existing Concession Agreements with a brief outline of the revenue reporting requirements as set forth above.

2. The Deputy Director of Real Estate should ensure that Concession Agreements entered after the Effective Date of this PPM contain reasonable provisions for liquidated damages for failure to provide Revenue Reports in accordance with the provisions of the Concession Agreement.

3. The Finance Division Staff are responsible for ensuring Revenue Reports submitted by the concessionaire satisfy the minimum requirements of the Concession Agreement in accordance with DOA PPM AF-F-002. The Finance Division Staff shall notify the concessionaire with a copy to the Properties Division Staff in the event a Revenue Report does not satisfy the requirements of the Concession Agreement and shall request the Revenue Report be updated to include the required information.

4. The Properties Division Staff are responsible for providing reminders of annual Revenue Report requirements to concessionaires prior to the date their annual Revenue Report is due. In the event the annual Revenue Report is submitted to the Properties Division, Properties Division Staff are responsible for timely providing copies to the Finance Division for review. In the event the annual Revenue Report is submitted to Finance Division Staff, the Finance Division Staff are responsible for timely providing a copy to the Properties Division Staff for compliance tracking. The Properties Division Staff is responsible for tracking submission of all annual Revenue Reports and any other Revenue Report required to be submitted on less than a monthly basis, if applicable.

5. In the event a concessionaire fails to timely submit a monthly Revenue Report on or before the submission deadline, the Finance Division should notify the concessionaire of the failure in writing and request the report be submitted. The Finance Division Staff are responsible for tracking the submission of all monthly Revenue Reports.

6. The Finance Division Staff should report to the Properties Division Staff on a monthly basis any concessionaires that have failed to submit their monthly Revenue Reports, the individuals contacted regarding the delinquency, including contact

information, and the response(s) provided for the delinquency, if any ("Monthly Report").

7. The Properties Division Staff should contact any concessionaires listed on the Monthly Report and any concessionaires have failed to timely submit an annual Revenue Report to determine the reason for the delinquency. If it is determined a delinquency is the result of an inadvertent error or circumstances beyond the reasonable control of the concessionaire (e.g., requests were sent to an incorrect e-mail address, the periodic report was submitted to the wrong person, etc...), the Properties Division Staff may provide a reasonable period of time to submit the delinquent Revenue Report with the approval of the Deputy Director of Real Estate. Any extension should be consistent with the requirements of the Concession Agreement if a limitation is specified in the Concession Agreement.

8. Upon determining a concessionaire is willfully failing to submit a Revenue Report after receiving notice that is it delinquent, the Deputy Director of Real Estate or designee should send a formal letter notifying the concessionaire that the concessionaire has failed to submit the Revenue Report in accordance with the requirements of the Concession Agreement. In the event the concessionaire fails to submit the Revenue Report within the timeframe provided in the notice, the Deputy Director of Real Estate may refer the matter to the County Attorney's Office for further action or assess liquidated damages if provided for in the Concession Agreement.

9. The event the Concession Agreement provides for liquidated damages, the Deputy Director of Real Estate may assess liquidated damages in accordance with the provisions of the Concession Agreement. When assessing liquidated damages, the Deputy Director of Real Estate must provide written notification to the concessionaire of the date(s) liquidated damages will be assessed and the amount of such liquidated damages with a copy to the Deputy Director of Finance. The Deputy Director of Finance will be responsible for ensuring liquidated damages are properly invoiced and collected by Finance Division Staff.

**B. ACDBE Reports**

1. The Deputy Director of Real Estate is responsible for ensuring that the Airports Compliance Manager has been provided a complete copy of the Concession Agreement along with copies of the ACDBE Schedules 1, 2 and 3 submitted by the concessionaire prior to the commencement of each Concession Agreement for all Concession Agreements entered into after the Effective Date of this PPM. On or before October 1, 2023, the Deputy Director of Real Estate shall ensure Airports Compliance Manager has updated copies of all existing Concession Agreements and all available ACDBE Schedules 1, 2 and 3.

2. Properties Division Staff are responsible for providing quarterly reminders to each concessionaire prior to the date the ACDBE reports are due with a copy to the



Airports Compliance Manager. The reminder should request ACDBE reports be e-mailed to: [PBCAirportsCompliance@pbia.org](mailto:PBCAirportsCompliance@pbia.org).

3. The Airports Compliance Manager is responsible for tracking submission of all required ACDBE reports and for timely notifying the Properties Division Staff of any delinquencies. The Properties Division should address delinquencies in a similar manner as set forth above for delinquent Revenue Reports.

C. Conflict. In the event of a conflict between this PPM and any other DOA PPM, the provisions of this PPM shall control to the extent of such conflict unless otherwise approved by the Director of Airports. In the event of a conflict between this DOA PPM and any Concession Agreement, the terms of the Concession Agreement shall control.

Laura Beebe

Digitally signed by Laura Beebe  
DN: c=US, o=Congress, ou=Office, ou=Main  
Office, cn=Laura Beebe  
Reason: I am the author of this document  
Date: 2023.06.09 16:46:46-0700  
Full PDF viewer required 1.1.2

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**LAURA BEEBE**  
**DIRECTOR OF AIRPORTS**

**ATTACHMENT "F"  
TO MANAGEMENT RESPONSE**

**Accounts Receivable PPM**

**TO:** FINANCE AND ADMINISTRATION DIVISION

**FROM:** DEBBIE DUNCANSON, DEPUTY DIRECTOR, FINANCE & ADMINISTRATION

**SUBJECT:** BILLING, ACCOUNTS RECEIVABLE, AND COLLECTIONS PROCEDURES

**DOA PPM #: AF-F-002 (Revised May 1, 2023)**

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**ISSUE DATE:** May 1, 2023

**EFFECTIVE DATE:** May 1, 2023

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**PURPOSE:**

Provide for the policy and procedures to prepare revenue and reimbursement billings for the Department of Airports, including collection procedures and accounts receivable management.

**APPLICABILITY**

This PPM is applicable to all billing, accounts receivable, and collection functions performed by the Department of Airports Fiscal Division. Separate PPMs shall cover collections for public parking revenues and other areas as approved by the Director of Airports.

**DEFINITIONS:**

**ABRM:** Airport Business Revenue Management, which is a subsidiary software system to account for billing, accounts receivable and collections

**ACH:** Automated Clearing House, which is the primary system that agencies use for electronic funds transfer. With ACH, funds are electronically deposited in financial institutions, and payments are made online. Synonymous with **WIRE TRANSFER**.

**ADVANTAGE:** The Palm Beach County General Ledger accounting system used by the Department of Airports

**CR:** Cash Receipt documentation primarily used in the Advantage system to record cash receipts.

**Director of Finance:** The term “Director of Finance” means the Deputy Director of Finance and Administration.

**DOA:** Department of Airports.

**JVA:** Journal Voucher Accounting document used to make general ledger entries to the Advantage system.

**MAG:** Minimum Annual Guarantee.

**Staff:** For the purposes of this PPM, Staff is considered to be the Billing/Accounts Receivable personnel for the Department of Airports.

**Tenant:** For purpose of this PPM, the term “tenant” means a party to a revenue contract, which includes leases, licensees, concession agreements, and other revenue contracts managed by DOA.

#### **PROCEDURES:**

##### **1. Billing/Accounts Receivable and Collections, General**

- 1.1. Financial Analyst III is responsible for oversight and review of each step in the Billing/Accounts Receivable/Collections process. The Financial Analyst III may assign roles and responsibilities to Billing/Accounts receivable personnel (Staff) as necessary.
- 1.2. Staff should familiarize themselves with contract document sections related to required financial reporting and payments to understand tenant responsibilities.
- 1.3. Staff, in coordination with the Properties Division is responsible for entering various data elements into the automated billing system (ABRM) and the Palm Beach County (County) General Ledger System (Advantage) to produce accurate billings and payment transactions. Financial Analyst III is responsible for the initial set up/modification of the billing provisions in ABRM (typically Properties is responsible for tenant/customer set up in ABRM) including rate per sq ft or MAG, square footage (or other volume parameter), reporting categories, general ledger accounts, sales tax (if applicable), billing group, etc. Financial Analyst III may designate other staff to perform this function with proper training.
- 1.4. Staff is responsible for assuring timely billings and payments.
- 1.5. Staff is responsible for creating and retaining records to support billing and payment transactions in accordance with County and State record retention requirements. Audit trails should be maintained at all times.
- 1.6. The Director of Finance and Financial Analyst III are responsible for ensuring separation of duties is followed to prevent any one employee from controlling a transaction in such a way to allow for fraudulent activity. If duties cannot be

adequately separated, then additional measures such as extra reviews by management staff.

## **2. Fixed Billing Process**

- 2.1. Fixed billing examples most commonly consist of rent for buildings/ground and MAG payments, typically prorated on a monthly basis.
- 2.2. The initial billing set up in ABRM performed by Financial Analyst III (or designee) should result in automated periodic billings, usually monthly. The monthly timing of fixed billing groups is directed by the Financial Analyst III.
- 2.3. In accordance with the designated ABRM billing cycle, the Fixed Billing group is posted to ABRM which will produce Invoices and Journal Entries. Reviews of ABRM reports should be made to determine reasonableness of billing information prior to final posting.
- 2.4. Invoices are sent to tenants requesting backup, otherwise invoices are kept internally. While most DOA contracts require tenants to remit fixed payments automatically at the first of each month without invoicing; however, Staff is responsible for reviewing each revenue contract to ensure the proper invoicing occurs.
- 2.5. Journal Entry data is reviewed and entered into Advantage using the appropriate hard copy form. Data entry into Advantage and subsequent review and approval should always be done by separate staff members to properly segregate duties.
- 2.6. Periodic rate adjustments will occur due to contract changes, rate adjustments, or re-appraisals of property. Staff should update rates in advance of the effective change date to allow for review by Properties staff and to provide tenants with invoice previews of the forthcoming rate change.

## **3. Variable Revenue Process**

- 3.1. Variable revenue examples include concession fees, landing fees, fuel flowage fees, etc. Tenants report various information such as gross revenue, landed weight, vehicle trips, fuel volumes, passenger counts, transaction counts, etc. Additionally, other data is internally generated by the DOA, which is variable in nature, including: baggage processed, passenger loading bridge usage, aircraft parking, common use systems, and utility usage.
- 3.2. Staff should ensure tenant reports are submitted timely, in the proper format, and in accordance with contract provisions. Typically, reporting forms are submitted monthly, due by the 20th of the month following the reporting period. Staff should contact tenants immediately if reporting forms are not submitted on time.
- 3.3. Staff enters variable revenue report data into ABRM in accordance with the billing cycle and records data into concession spreadsheets.



- 3.4. In accordance with the designated ABRM billing cycle, the variable revenue data is posted to ABRM, which will produce Invoices and Journal Entries. Reviews of ABRM reports should be made to determine reasonableness of data entry prior to final posting.
  - 3.5. Invoices are sent to tenants requesting backup, otherwise invoices are kept internally.
  - 3.6. Journal Entry data is reviewed and entered into Advantage using the appropriate hard copy form. Data entry into Advantage and subsequent review and approval should always been done by separate staff members to properly segregate duties.
- 4. Customer Receipts, Payment Processing, and Bank Deposits**
- 4.1. Customer check receipts and processing. Check payments are to be processed daily to insure deposits are transmitted to the bank every day, minimizing the risk of lost or stolen checks. Any checks received after the bank courier pickup will be locked in a secure location overnight.
  - 4.2. Checks are received by mail and processed by the Receptionist. If the receptionist is temporarily replaced by another staff member, care is taken to insure either duties are separated, or additional procedures are performed to maintain the integrity of the process to prevent fraud.
  - 4.3. The Receptionist opens the mail and segregates customer payments and remittance advices, check details are recorded in on a paper log. Customer checks are then placed in a locked cabinet. Keys are controlled by designated individuals including the Receptionist.
  - 4.4. Financial Analyst III reviews check log and checks for accuracy and completeness; Financial Analyst III signs off on check log to document review.
  - 4.5. Checks and the check log are retrieved by the Fiscal Specialist II. The Fiscal Specialist II prepares the CR (Cash Receipt) document for entry into Advantage including general ledger coding, dates, and dollar amounts, matching payments against specific invoices.
  - 4.6. The Fiscal Specialist II enters the information into Advantage from the CR. The CR is transmitted to the Fiscal Manager or Director of Finance who reviews and approves the paper CR and the online Advantage document. The Fiscal Specialists II files the approved CR documents.
  - 4.7. The Fiscal Specialist II prepares the deposit slip, including photocopies of all checks. The Financial Analyst III reviews the deposit packet. Original checks and the top copy of the deposit slip is then transmitted to the Receptionist for pickup by bank courier. Care should be made to safeguard the deposit packet prior to the arrival of the bank courier.
  - 4.8. The Fiscal Specialist III, using copies of the deposit information, enters the payment information into ABRM to credit individual customer accounts. After

entry the Fiscal Specialist III will compare ABRM report totals against the deposit information for completeness and accuracy. Deposit documents are returned to the Fiscal Specialist II for filing.

4.9. Wire transfer or ACH payment processing.

4.9.1. The Clerk and Comptroller Office monitors the deposits into all bank accounts and sends the Airport a distribution list daily every morning. Staff is responsible for monitoring reports and recording ACH transactions accordingly.

4.9.2. The Fiscal Specialist III enters the ACH payment information into ABRM to credit individual customer accounts, matching payments against specific invoices.

4.9.3. The Fiscal Specialist II enters the information into Advantage from the CR. The CR is transmitted to the Financial Analyst III who reviews the CR and prints the posting report, then transmits to the Fiscal Manager or Director of Finance who reviews and approves the paper CR and the online Advantage document. The Fiscal Specialists II files the approved CR documents

5. **Account Receivable and Collections**

5.1. The Financial Analyst III is responsible for monitoring Accounts Receivable with a focus on accounts that are beyond the due date. Emails and phone calls should be made to delinquent customers to expedite payment. In certain cases, delinquent accounts should be turned over to the Properties Division for their staff to contact delinquent tenants with demand letters and other communication methods. The Director of Finance and Deputy Director of Real Estate and Concessions should be kept apprised of material delinquencies.

5.2. Delinquent accounts may be denied access to certain facilities, given proper notification to tenant, and coordination of Properties, Operations, and the Director of Airports.

5.3. Security Deposits may be used to resolve delinquencies after proper notification. Staff should seek approval from the Director of Airports and Deputy Director of Real Estate and Concessions before using Security Deposits, including bonds, Letters of Credit and cash deposits. Claims against Letters of Credit and bonds should be processed by the Properties Division.

5.4. Late fees may be used in extraordinary circumstances, but not required. Late fees, if approved by the Director of Airports, should be assessed at 18% per annum.

**6. Reconciliations**

- 6.1. Bank reconciliations are performed by the Clerk of the Court. The Clerk will notify DOA of any unresolved discrepancies which will be researched and resolved by Airports staff.
- 6.2. Monthly a reconciliation of Advantage and ABRM, including accounts receivable and sales tax accounts, is made by the Financial Analyst III. Discrepancies will be resolved by the Financial Analyst III with the appropriate adjustments to general ledger or subsidiary accounts. The monthly reconciliations and any adjustments will be reviewed and approved by the Fiscal Manager or the Director of Finance. Documentation of reconciliations, adjustments, and approvals will be filed and maintained accordingly.

**7. Sales Tax**

- 7.1. The Financial Analyst III is responsible for establishing the correct sales tax provisions for all applicable billing provisions in ABRM. Sales tax assessment shall be made in accordance with the State of Florida sales tax regulations and any applicable Palm Beach County sales tax regulations. The Director of Finance should assist in researching any changes in the applicable sales tax provisions.
- 7.2. Sales tax payable shall be recognized at the point of billing as documented by ABRM billing reports. As part of the JVA process sales tax payable will be recorded into Advantage.
- 7.3. The Clerk of Circuit Courts is responsible for remittance of sales tax to the Florida Department of Revenue.

**8. Ad hoc billings and Other Financial Data**

- 8.1. DOA may have billing cycles that are on an as needed basis such as seasonal Facility Use Permits or invoices for damaged County property. Staff should take great care in ensuring that billing for such items are performed timely and not forgotten. The use of checklists and/or routine email questions to other DOA staff (Parking, Operations, Properties, Maintenance Divisions) or other methods should be used. Ad hoc billings for use of real property should be made in accordance with the billing cycle requested by the Properties Divisions. Staff is responsible for confirming the proper billing cycle in advance of billing.
- 8.2. Staff must also record information into ABRM that is accounted for outside of the ABRM billing cycle, such as parking. Staff should ensure that reports are transmitted without delay. CR or JVA documents will be created, reviewed and approved per normal procedure.

**9. Credits and Other Adjustments**

- 9.1. Credits due to customers may be issued by the Financial Analyst III with appropriate backup and audit trail if the credits are a result of overpayment, clerical error, or changes in estimates normal to the contract (MAG vs percentage estimates, airline rebate, etc.). DOA may also chose to reimburse the tenant by check through the Clerk's office depending on the specific contractual requirements; however, the applicable contract should be reviewed to determine whether there are any specific requirements regarding reimbursement prior to issuing a reimbursement via credit or check.
- 9.2. Account adjustments for reasons other than overpayment, clerical error, or certain estimate changes must be approved by the Director of Airports.

  
**LAURA BEEBE**  
**DIRECTOR OF AIRPORTS**