

STATE OF CONNECTICUT



*AUDITORS' REPORT
BRADLEY ENTERPRISE FUND
MEMORANDUM OF UNDERSTANDING BETWEEN THE
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION
AND THE CONNECTICUT AIRPORT AUTHORITY
FISCAL YEARS ENDED JUNE 30, 2020 AND 2021*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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January 27, 2022

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90b of the Connecticut General Statutes, we audited reimbursements made by the Connecticut Airport Authority (CAA) to the Department of Emergency Services and Public Protection (DESPP) for the cost of law enforcement services at Bradley International Airport.

Our objective was to determine whether these reimbursements were in accordance with the provisions of Section 21 of Public Act 9-07, September Special Session and the September 23, 2009 memorandum of understanding (MOU) between the departments of Transportation and Public Safety for law enforcement services at Bradley International Airport. The Department of Public Safety was reorganized into DESPP by Public Act 11-51, effective July 1, 2011.

Our audit did not identify any internal control deficiencies or instances of noncompliance with laws, regulations, and policies, however, our audit identified a need for improvement in practices and procedures that warrant the attention of management. The significant finding and recommendation is presented below:

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The Connecticut Airport Authority and the Department of Emergency Services and Public Protection have not mutually agreed on the terms of a new memorandum of understanding for the provision of law enforcement services at Bradley International Airport. The Connecticut Airport Authority and the Department of Emergency Services and Public Protection should work together to devise mutually acceptable operating parameters for the provision of law enforcement services. (Recommendation 1).

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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January 27, 2022

AUDITORS' REPORT BRADLEY ENTERPRISE FUND FISCAL YEARS ENDED JUNE 30, 2020 AND 2021

We have conducted an audit in accordance with Section 2-90b of the General Statutes, which requires us to audit reimbursements to the Department of Emergency Services and Public Protection (DESPP) for the cost of law enforcement services provided by the department at Bradley International Airport. The audit consists of determining if these reimbursements were made in accordance with Section 21 of Public Act 09-07, September Special Session, effective October 5, 2009, and a memorandum of understanding (MOU) entered pursuant to the act.

Although this legislation was not codified into the General Statutes, it is special in nature and remains in full force and effect according to its terms.

COMMENTS

BACKGROUND

When Public Act 09-07 of the September Special Session was enacted, the Department of Transportation (DOT) administered Bradley International Airport within the Bradley Enterprise Fund (also known as the Bradley International Airport Operations Fund) and the Department of Public Safety (DPS) provided law enforcement services at Bradley International Airport.

The Department of Public Safety's Troop W provided law enforcement services to Bradley International Airport for several years prior to the enactment of Public Act 9-07. Before the act, there was no formal agreement regarding law enforcement staffing or the Department of Transportation's payment of these costs through the Bradley Enterprise Fund. Pursuant to the act, DOT and DPS executed a memorandum of understanding for law enforcement services at the Bradley International Airport on September 23, 2009. One of the key terms of the MOU is that the number of law enforcement officers on site must follow the federally approved Bradley International Airport Security Program (ASP) and the Airport Certification Manual. In addition, DPS would be required to provide dispatcher service 24 hours a day, seven days a week. The DOT payment to DPS in any fiscal year could not exceed the total amount budgeted for law enforcement services, unless unforeseen events led to extra costs.

Public Act 11-51, effective July 1, 2011, reorganized the Department of Public Safety into the Department of Emergency Services and Public Protection (DESPP). Troop W was consolidated with Troop H (Hartford) effective March 9, 2012. Troop H continued to provide law enforcement services to Bradley International Airport through the audited period and thereafter.

Public Act 11-84, effective July 1, 2011, established the Connecticut Airport Authority (CAA) to operate Bradley International Airport and the state's other five general aviation airports. Prior law assigned airport-related powers, duties, and functions to several agencies. The act automatically transferred those duties to CAA. However, DOT retained its responsibilities in this area until July 1, 2013, when it transferred them to CAA by memoranda of understanding.

Bradley Enterprise Fund's assets were transferred into the CAA Bradley International Airport Enterprise Fund during the fiscal year ended June 30, 2014. The Connecticut Airport Authority continues to reimburse DESPP for the cost of providing law enforcement services to Bradley International Airport from the CAA Bradley International Airport Enterprise Fund.

The Airport Security Coordinator at Bradley International Airport (a CAA employee) is responsible for preparing the airport security program (ASP). This plan details the necessary law enforcement personnel for the day-to-day operations of the airport. CAA representatives informed us that Bradley International Airport can only pay for the law enforcement services required under the security program. To do otherwise would violate federal revenue diversion laws and/or federal grant and airport sponsor assurances. Revenue diversion laws prohibit the use of airport revenue for payments that exceed the fair and reasonable value of those airport services.

The airport security program is not required to consider the structure of a state police troop. Federal law requires law enforcement personnel to have arrest authority, be identifiable, have a firearm they are authorized to use, and have completed a training program prescribed by the state. Troop H is commanded by a state police lieutenant. A master sergeant is second in command and is the troop's executive officer. In the absence of the troop commander, the master sergeant assumes their duties. The Bradley International Airport operating budget does not specify individual positions.

SIGNIFICANT LEGISLATION

- **Public Act 21-145 (Section 18)**, repealed the provision within Section 2-90b of the General Statutes that required the Auditors of Public Accounts to conduct an audit of the Bradley Enterprise Fund, effective October 1, 2021.

Due to the effective date of this legislation, an audit of the Bradley Enterprise Fund for the fiscal years ended June 30, 2020 and 2021 is required. Accordingly, this will be the final audit report issued separately for the Bradley Enterprise Fund. However, we will continue to review reimbursements for law enforcement services at Bradley International Airport as part of the scope of our audits of the Department of Emergency Services and Public Protection and the Connecticut Airport Authority.

AUDIT OBJECTIVE AND METHODOLOGY

Our audit objective was to determine whether the reimbursements requested by the Department of Emergency Services and Public Protection and reimbursed by the Connecticut Airport Authority were in accordance with the provisions of Section 21 of Public Act 09-07, September Special Session, and the memorandum of understanding executed pursuant to the act.

We reviewed the public act, the terms of the MOU, and the amount budgeted by CAA for law enforcement services for the fiscal years ended June 30, 2020 and 2021. We also reviewed the invoices submitted by DESPP for reimbursement to determine if they contained only appropriate Troop H costs. We reviewed Core-CT and CAA records to confirm the amounts the authority reimbursed to DESPP.

RESULTS OF REVIEW

Reimbursements totaled \$6,223,535 and \$5,549,904 for the fiscal years ended June 30, 2020 and 2021, respectively. These amounts matched the approved budgets established in accordance with the airport security program and were supported by DESPP invoices evidencing actual costs incurred. Although we noted minor variances, we did not review them further because they were not material.

The Department of Emergency Services and Public Protection was reimbursed for costs incurred up to the approved budgeted amount in accordance with the memorandum of understanding executed by the departments of Public Safety and Transportation on September 9, 2009. Accordingly, the total paid was limited to the amount included in Bradley International Airport's budget for law enforcement services.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Bradley Enterprise Fund disclosed the following recommendation:

Provisions of Law Enforcement Services

Background: The Connecticut Airport Authority (CAA) reimburses the Department of Emergency Services and Public Protection (DESPP) for law enforcement services provided at Bradley International Airport pursuant to Section 21 of Public Act 09-07 (September Special Session) and a memorandum of understanding (MOU) entered into pursuant to that act. However, federal revenue diversion laws and federal grant and airport sponsor assurances limit the amount of such reimbursements. Furthermore, the relevant state organizational structure and nomenclature has changed since the enactment of the legislation and execution of the MOU.

Accordingly, our prior audit followed up on findings from our audit for the preceding fiscal years 2016 and 2017, which included a recommendation that CAA and DESPP execute an updated MOU. We did not repeat this finding in the prior audit because CAA and DESPP were in the process of issuing an updated MOU. We expected to verify its execution during this audit cycle.

Criteria: It is crucial that all parties to a business arrangement agree to the specific terms and conditions of the arrangement. Otherwise, disputes may arise regarding the duties and responsibilities of each party.

An memorandum of understanding is an agreement between parties which documents the terms between the parties. The MOU identifies the parties, describes the project and its scope, and details their duties and responsibilities.

The process of preparing an MOU can help the parties achieve a clear understanding crucial to any business arrangement. An MOU will not be effective unless it clearly expresses the mutual understanding of the parties.

Condition: CAA and DESPP have not mutually agreed on the terms of a new memorandum of understanding for the provision of law enforcement services at Bradley International Airport.

Context: CAA reimbursements to DESPP for law enforcement services totaled \$6,223,535 and \$5,549,904, for the 2019-2020 and 2020-2021 fiscal years, respectively.

- Effect:* Disagreements regarding the operating parameters of the arrangement by which CAA reimburses DESPP for law enforcement services may hamper the efficient provision of these services.
- Cause:* CAA and DESPP have not mutually agreed on terms for a new memorandum of understanding.
- Prior Audit Finding:* This finding has been previously reported in our audit report covering fiscal years ended June 30, 2016 through 2017.
- Recommendation:* The Connecticut Airport Authority and the Department of Emergency Services and Public Protection should work together to devise mutually acceptable operating parameters for the provision of law enforcement services. (See Recommendation 1)
- Agency Response:* “DESPP and CAA continue to work towards a resolution and completion of the outstanding contract. The parties’ efforts were slowed down by both the pandemic and resultant fluctuation of travel services. Nonetheless, both parties are confident that we will come to mutual agreement in the near future and correct this outstanding proposed audit finding.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Bradley Enterprise Fund did not contain any recommendations.

Current Audit Recommendations:

- 1. The Connecticut Airport Authority and the Department of Emergency Services and Public Protection should work together to devise mutually acceptable operating parameters for the provision of law enforcement services.**

Comment:

The Connecticut Airport Authority and Department of Emergency Services and Public Protection have not mutually agreed on the terms of a new memorandum of understanding for the provision of law enforcement services at Bradley International Airport.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Airport Authority and the Department of Emergency Services and Public Protection during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Marcin Baran
Jacob Rocco



Jacob Rocco
Auditor II

Approved:



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor