Overview
The Lee County Port Authority (PA) provides for advertising space in designated areas throughout the airport terminal. Interspace Services, Inc. (Interspace), under a current ten-year contract with the PA, coordinates the rental of available space to advertisers for their displays. Interspace pays the PA a monthly concession fee on rental revenues received from the advertisers. The PA reviews all advertiser contracts and potential advertiser displays. The PA approves all the artwork for the displays prior to installation. A file is maintained by the PA of all approved advertiser contracts and their displays. The last auditor review of the Interspace operations took place in 1998.

Findings
Out of the current displays, only two were found to be without current copies of the approved contracts in the files. One display for Prudential Securities was installed in January 2001 and $335 was to be paid each month per their contract. The monthly revenue was reported as never collected by Interspace but the Port records showed the advertisement remained displayed throughout August 2001. Some of the current concession payment documentation reviewed by the auditor indicated that changes were made to the timeframe or the rental fee without a copy of the new agreement being sent to the PA.

Conclusions
The Interspace reporting has improved since the last review and the calculation of the gross revenue appears to be in conformity with the current PA agreement. Interspace would include a summary sheet noting client changes in the display period or rate adjustment for PA’s reconciliation of the current month’s payment. But copies of renewed advertiser contracts were not periodically sent to the PA for updating the permanent PA files.

The PA has improved its routine monitoring of the contract since the last review. The PA records were organized and were periodically reviewed for expired contract terms and rate changes. Advertiser displays were visually monitored for inclusion in the monthly concession payment. The payment report detail submitted by Interspace was routinely compared to the current contracts each month. The coordination effort in monitoring the contract has improved.

Observations
Interspace reporting has improved since the last review but, due to the nature of the business, numerous changes and adjustments are made each month that require a sufficient paper trail of documentation to be sent to PA Operations for verification. This contract differs from many of the other concession contracts as the PA is due almost half (48%) of the fees collected through the advertising program. Monitoring becomes a key factor in assuring the PA receives the proper amount due each month.

Recommendations
- The PA Operations department’s contract files should continue to be periodically reviewed and updated. Inspection of advertiser displays should continue to be conducted and the monthly revenue detail should continue to be reconciled to the contracts before placement in the permanent PA files.
- The PA should require a reconciliation schedule of all payments made/due and the retained security deposits held by Interspace for all terminated and canceled contracts. Any claimed write-offs by Interspace should be reconciled to the deposits held by Interspace that were originally required from the client.
- The PA should require Interspace to send copies of all revised contracts with their monthly reports and payments. The summary page is convenient, but a copy of the actual change on the contract would be more beneficial for PA monitoring purposes and permanent files.
- The PA should define the term delinquent as it pertains to the contract and come to some agreement with Interspace on how long an advertisement will be displayed when the client has become delinquent on payment of monthly fees.