

# **Tulsa Airports Improvement Trust**

Compliance Report  
Year Ended June 30, 2024

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RSM US LLP

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

Board of Trustees  
Tulsa Airport Improvement Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Tulsa Airports Improvement Trust (the Trust), a component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated December 5, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Trust's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Trust's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Trust's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Kansas City, Missouri  
December 5, 2024



**Report on Compliance for Each Major Federal Program,  
Report on Internal Control Over Compliance and  
Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

RSM US LLP

**Independent Auditor's Report**

Board of Trustees  
Tulsa Airport Improvement Trust

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Tulsa Airports Improvement Trust's (the Trust) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Trust's major federal programs for the year ended June 30, 2024. The Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Trust complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Trust's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Trust's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Trust's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Trust as of and for the year ended June 30, 2024, and have issued our report thereon dated December 5, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Kansas City, Missouri  
December 5, 2024

**Tulsa Airports Improvement Trust**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation—Federal Aviation Administration (Direct):				
Airport Improvement Programs:				
Shift or Reconfigure Existing Taxiway (Design Phase I)	20.106	n/a	\$ -	\$ 33,881
Update Airport Master Plan or Study	20.106	n/a	-	31,672
Shift/Reconfigure Taxiways (Phase 1 of Construction)	20.106	n/a	-	1,193,593
Shift/Reconfigure Taxiways (Phase 2 of Construction)	20.106	n/a	-	3,581,124
Rehabilitate Runway 18R/36L	20.106	n/a	-	21,225
Construct/Extend/Improve Safety Area Runway 18R/36L	20.106	n/a	-	14,235
Rehabilitate Service Road (Design)	20.106	n/a	-	(1,799)
COVID-19—TUL Airport Rescue Grant	20.106	n/a	-	6,742,311
COVID-19—Concessions Rent Relief Airport Rescue Grant	20.106	n/a	-	1,291,689
Acquire SRE (Blower) and ARFF Equipment	20.106	n/a	-	639,471
Rehabilitate Service Road (Construction—Phase 1)	20.106	n/a	-	1,787,091
Rehabilitate Service Road (Phase 2 of Construction)	20.106	n/a	-	2,254,108
Expand Terminal Building (Customs and Border Protection—Design)	20.106	n/a	-	1,490,676
Rehabilitate Access Road	20.106	n/a	-	1,169,260
Expand Terminal Building (Customs and Border Control)	20.106	n/a	-	699,626
Expand Terminal Building (Customs and Border Control)	20.106	n/a	-	1,584,340
<b>Total U.S. Department of Transportation—Federal Aviation Administration</b>			-	<b>22,532,503</b>
U.S. Department of Homeland Security-FEMA (Direct):				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)				
	97.036	n/a	-	48,728
U.S. Department of Transportation:				
Passed through Indian Nations Council of Governments (INCOG):				
Highway Planning and Construction—CMAQ Funds	20.205	none	-	499,999
<b>Total expenditures of federal awards</b>			<b>\$ -</b>	<b>\$ 23,081,230</b>

See notes to schedule of expenditures of federal awards.



## Tulsa Airports Improvement Trust

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Tulsa Airports Improvement Trust (Trust) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Trust, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Trust.

#### **Note 2. Significant Accounting Policies**

Expenditures of federal awards are recognized under the accrual basis of accounting. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note 3. Indirect Cost Rate**

The Trust has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Tulsa Airports Improvement Trust**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024**

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The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

**Tulsa Airports Improvement Trust**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

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**I. Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)?  Yes  No

**Identification of major federal programs:**

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

**Tulsa Airports Improvement Trust**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2024**

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**II. Financial Statement Findings**

**A. Internal Control**

**Finding 2024-001**

Criteria: Management of the Trust is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the financial statements on a timely basis, including cyber security controls that could impact financial reporting.

Condition: The Trust has a policy that requires employees to verify vendor payment modification requests directly with the contact person listed in the vendor file. In August 2024, an employee of the Trust made vendor payment modifications without following this internal policy. As a result, an unauthorized change was made to vendor information that resulted in a payment to a fraudulent bank account.

Cause: The requested vendor payment edits were made by personnel without following the Trust's established process of confirming directly with a known vendor contact to validate the requested changes.

Effect or potential effect: The effect was a payment made to external party impersonating a vendor of the Trust in the amount of approximately \$320,000. Substantially all of these funds were subsequently recouped by the Trust.

Recommendation: We recommend the Trust perform processes and controls as they are designed, to help reduce risk of inaccurate financial reporting, as well as risk of fraudulent cash disbursements.

Views of responsible officials: Management agrees with this finding.

**B. Compliance Findings**

No matters to report

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

No matters to report

**B. Instances of Noncompliance**

No matters to report

**Tulsa Airports Improvement Trust**  
**CORRECTIVE ACTION PLAN**  
**YEAR ENDED JUNE 30, 2024**

Identifying Number: 2024-001

Finding: In August 2024, an employee of the Trust was contacted by an external party impersonating a legitimate vendor asking for a vendor change. The employee made vendor payment modifications without following the internal policy requiring verification and this resulted in payment to a fraudulent bank account.

Corrective Actions Taken or Planned: Immediately upon discovery of the fraudulent payment all payments to vendors were halted until the Trust verified all vendor changes that had occurred in the six months prior to the discovery date. It was determined that no other potential risks were outstanding within three business days of the incident. The Trust contacted the bank, and a police report was filed.

The IT department along with the Cybersecurity and Infrastructure Security Agency ran network infusion scans that determined that the associated IP addresses did not traverse the Airport's network.

The Trust developed and implemented an IT control within the ERP system that requires system approval on vendor accounts when any changes are made before payments are enabled to be processed for the vendor.

The Trust updated written procedures that emphasized the importance and necessity of performing verification procedures on any vendor change request which the finance team acknowledged in writing.

Completion date: September 20,2024

Contact person(s) responsible for corrective action: Director, Finance and Asset Management