Denver auditor: DIA needs to improve on accurately collecting fees from airlines

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In recent years, airline fees have made up roughly half of Denver International Airport’s operating revenue. That’s why DIA needs to improve its efforts to ensure airlines pay what they owe.

That’s the gist of a new review from Denver City Auditor Timothy O’Brien’s office. The report looked at progress made on 14 recommendations from a 2016 audit. That earlier review found what O’Brien’s office characterized as “weakness” that affected the airport’s ability to effectively collect some revenue from airlines flying out of DIA.

“Airlines are one of the largest sources of revenue for the airport,” O’Brien said in a statement. “It’s essential to make sure the money is managed efficiently and effectively.”

In fact, O’Brien’s office noted independently audited financial statements for DIA show in 2014, 2015 and 2016, airline revenue represented 54 percent, 50 percent and 47 percent respectively of the total airline operating revenues.

In the recent audit, O’Brien’s office outlines that DIA often receives money from airlines but doesn’t properly document the payments in invoices, or they are misapplied. Airport staff then have to reconcile disputed transactions, which could otherwise result in disputed accrued interest penalties.

DIA has improved, as recommended in the 2016 audit, on its billing process for airlines changing their use of space in the terminal, concourses and/or hangars, but “there are still flaws in the timely billing of these changes, identifying new rates and generating new invoices,” O’Brien said.

“We found airline space changes that occurred between January 2017 and June 2017 that had not been billed to airlines as of Nov. 1, 2017,” the auditor’s office said in a statement, adding some change bills weren’t processed for as much as eight months. “The goal is to get space change billing updated within 30 days.”

The audit also found flaws in DIA’s training of staff to ensure there were no gaps in billing duties and tracking airport space inspections.

DIA did improve in areas, O’Brien’s office said, including DIA’s senior vice president of airline affairs now reviewing airline use and lease agreements twice a year, with new controls in place to monitor airline compliance with the agreements.