



# Federal Aviation Administration

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## Memorandum

Date: September 18, 2022

To: ACO-200 Financial Compliance Division Staff

From: Kevin C. Willis, Director, **KEVIN WILLIS** Digitally signed by KEVIN WILLIS  
Date: 2022.09.18 18:35:21 -04'00'  
Office of Airports Compliance and Management Analysis, ACO-1

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Subject: **ACTION:** Compliance Guidance Letter 2022-05, FAA Guidance for  
Conducting and Disseminating Airport Financial Compliance Reviews

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### I. Purpose

This Compliance Guidance Letter (CGL) establishes the requirement for ACO-200 Financial Compliance Division to conduct four Airport Financial Compliance Reviews every fiscal year. The purpose of an Airport Financial Review is to ensure that airport sponsors of commercial service airports adhere to their Grant obligations regarding the use of airport revenue and the use of airport property for aeronautical use. Airport sponsors are required to correct any deficiencies and the findings of these reviews are posted on the Federal Aviation Administration (FAA) website to inform and educate airport sponsors.

### II. Statutory and Grant Assurance Requirements

- A. Title 49 United States Code § 47133 – Restrictions on use of revenues
- B. Title 49 United States Code § 47107 - Project grant application approval conditioned on assurances about airport operations
- C. Grant Assurance 24. Fee and Rental Structure
- D. Grant Assurance 25. Airport Revenues
- E. Policy and Procedures Concerning the Use of Airport Revenue, 64 Federal Register 7996, February 16, 1999.

### **III. Objective of the Airport Financial Compliance Review**

The objective of the Airport Financial Compliance Review (Compliance Review) is to gain reasonable assurances that airport sponsors of commercial service airports (referred to herein, “airports”) use their revenues in accordance with Federal statutes, Airport Improvement Program (AIP) grant assurances, and the FAA Policy and Procedures Concerning the Use of Airport Revenue (Revenue Use Policy).

### **IV. Selection of an Airport for Review**

The Director of the Office of Airport Compliance and Management Analysis (ACO-1) selects the four commercial service airports for Compliance Review. ACO-200 recommends candidates for consideration. Criterion for selecting an airport can come from formal and informal complaints, discrepancies in annual financial data reports, and insight from stakeholders, such as airlines, airport tenants as well as inputs from our regional offices and well documented media reports. ACO’s goal is to review a diverse range of airports, with regard to level and type of operations, and geographic distribution.

### **V. ACO-200 Review Process**

- A. The ACO-200 review team starts by gathering information regarding airports with possible revenue diversion issues. The team will present its preliminary thoughts and proposed plan at an internal meeting to recommend which commercial airports will be reviewed each year. Once ACO-1 selects which airports to review, ACO-200 develops a review plan that focuses on the issues to be evaluated, the data needed to review at the specific airport, and the methods that will be used to gather and analyze the information.
- B. ACO-200 drafts an engagement letter and data request for ACO-1 signature, detailing the the scope of the review, dates of site work and data to be examined. Airports are encouraged to submit requested documents electronically prior to site visit. Once on site, the ACO-200 review team will meet with the leadership of the airport’s critical business components, examine additional documents if applicable, conduct a tour of the airport’s facilities, and, if available, mine data from computer databases. Based on a thorough analysis of this evidence, the team will decide whether the airport is in compliance or whether there are concerns that need to be addressed. If the ACO-200 review team is unable to obtain requested documents during the site visit, the team will follow-up on a weekly basis until the team obtains the requested documents or the airport declares that the documents are unavailable. The team will present its preliminary findings and recommendations to ACO-1 for consideration, comments, and directives. In cases where documents are not available, this information will be brought to the immediate attention of ACO-1 for further action.
- C. Upon the receipt and analysis of all outstanding supporting documents, ACO-200 will write a draft report incorporating its review processes, findings and recommendations for review by ACO-1. The report must be objective, fact-based, and fair by documenting work done during the Compliance Review and supporting evidence. All facts and analyses will be thoroughly checked to make sure the report is accurate. ACO-1 will send

the draft review to the airport for review and comment, and will provide the airport 60 calendar days to respond. The airport may be granted extensions not to exceed 30 calendar days, depending on the circumstances.

- D. After ACO-200 has received the airport's written comments, the team will analyze the comments and issue a final report if the airport concurs with ACO findings and recommendations. If the airport does not concur, ACO-200 will confer with the airport regarding findings and recommendations. This may include requests for additional documentation. ACO-200 will give the airport 180 days to resolve all non-concurrence issues after the airport receives the recommendations. At that time, the unresolved recommendations become corrective action items.
- E. ACO will determine whether the airport's corrective action plan is consistent with the sponsor's federal obligations. If the corrective action items result in airport revenue diversion or possible violation of grant assurances, ACO-1 will initiate a Part 16 Notice of Investigation. A finding of noncompliance may result in withholding Airport Improvement Program funds.
- F. When all recommendations and corrective actions items are agreed upon, the final review report will be prepared and disseminated to the Airport and will be made available to the general public on the FAA website within 5 business days of the date of the final review report. Over the subsequent months, ACO-200 will continue to monitor the Airport's efforts to address the recommendations made in the final review report.

## **VI. Review Recommendations Follow-Up**

After a final Compliance Review report is issued, ACO-200 team will record all recommendations and corrective actions into a central database. This should occur within 5 business days. ACO-200 will provide ACO-1 with status of all open recommendations and corrective actions. Finally, ACO-200 continues to monitor the Airport's actions in response to the recommendations and corrective actions until the Airport provides sufficient supporting evidence that appropriate corrective action was taken, after which ACO-200 closes the recommendations and corrective action listings.