Minutes
November 16, 2023
Audit Committee

A. ROLL CALL

Meeting was called to order by Audit Committee Chair Cavanaugh at 10:56 a.m. in Naples City Council Chambers.

1. Determine Committee Quorum

a. In-person attendance

Mr. Owens asked Ms. Menard to take a roll call of the in-person attendees. Present were Chair Cavanaugh and Commissioner Ruppert. Commissioner Cuddihy and Commissioner Dustin were present, and both opted in to participate and vote.

b. Action required by a majority of in-person members to allow virtual attendance.

Mr. Owens said that an in-person quorum has been established. He introduced the procedure that allows a Committee member to participate virtually. Mr. Owens stated that the four in-person Commissioners could now determine if extraordinary circumstances existed to allow the additional Committee member to attend via videoconference and to participate and vote in this meeting.

Commissioner Ruppert moved to approve Commissioner Burns to participate and vote via Zoom videoconference. Commissioner Cuddihy seconded the motion, which was approved by a unanimous vote of 4-0.

Chair Cavanaugh requested Ms. Menard to take a roll call for the Commissioner present via Zoom. Commissioner Burns was present.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Mr. Lobb, Mr. Warriner, Mr. Keith, Ms. Wiggins and Ms. Menard.

B. PLEDGE OF ALLEGIANCE

Chair Cavanaugh led the Pledge of Allegiance.

C. AGENDA

Mr. Rozansky reported that were no changes to the Agenda.

D. PUBLIC COMMENTS (Public comments accepted for items not otherwise listed on the Agenda; 5 minute limit)

There were no public comments.

E. DISCUSSION ITEM

1. Agreed Upon Procedures Review

Chair Cavanaugh said that at the May 2022 Audit Committee Meeting, Committee members asked staff to engage MSL, using different employees than those who are used for the audit, to review the internal controls of the new accounting software. Additionally, we requested MSL to review and provide recommended updates to IT controls and existing policies and procedures around cash, investments, accounts receivables and approval processes. Chair Cavanaugh requested Mr. Warriner give a report on these items.

Mr. Warriner said that this project has been going on for some time because staff wanted to use the new accounting system and have transactions in the system for auditors to review. In addition, he said we wanted to strengthen our controls due to the significant shift that has occurred in the last couple of years with the implementation of new cloud-based systems vs. on-premises systems. He introduced Mr. Jeff Wolf, shareholder with MSL, to present an overview of their process and findings.

Mr. Wolf said that their review began about a year ago. He stated that MSL and NAA staff had a brainstorming session to establish some of the areas where controls could be strengthened. They determined that due to the NAA's cash position, any controls around cash investments would be an important area to look into. Accounts receivable was determined to also be a good area to look at for write-off policies, billing adjustments and to conduct detailed testing to make sure there was nothing that was unreasonable or against policy. Upon testing these processes, management noted that some of the policies were outdated, and MSL provided assistance to strengthen the controls and policies to make sure they are consistent with best practices. On the IT side, there were many areas where policies were not updated, and MSL's IT manager worked with NAA's IT Department to update the procedures and to make sure proper controls were in place.

Mr. Wolf said that all of the testing was done by the MSL staff in Fort Lauderdale who had no prior experience with the NAA. Mr. Wolf said that they will also be the audit team going forward, so it will be a fresh set of eyes on the audit as well. Mr. Wolf confirmed that every issue that came up was reviewed and fully mitigated as part of this process.

Chair Cavanaugh said he had a fairly lengthy conversation about this report with Mr. Warriner and is comfortable with MSL's process and findings. He added that this is a good platform for managing proper accounting and technology controls. He felt that we are now in a much better place than we were prior to this.

Commissioner Ruppert asked if there was a procedure to review the list of authorized individuals on the bank and investment account policies. He recommended that as roles or titles change or are added, a review of the authorized list of individuals be done on a regular basis to make sure policies accurately reflect what positions have authorization. Mr. Warriner said that there is a policy to

conduct a biannual review of all access control and appropriate authorization levels. He added that a policy review will be conducted every year.

F. NEW BUSINESS

There was no new business.

G. PUBLIC COMMENTS

There were no public comments.

H. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

Chair Cavanaugh announced that the next Audit Committee will be held in the February/March time frame and that staff will be in contact with Committee members to find a mutually acceptable date. The purpose of the meeting will allow us to meet the March 31st deadline for filing with the State regulatory authority.

Chair Cavanaugh wished everyone a Happy Thanksgiving.

I. ADJOURN

With no further business, the meeting adjourned at 11:12 a.m.

Christopher A. Rozansky
Secretary

CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Audit Committee Meeting

FINAL AGENDA

City Hall Council Chambers
735 Eighth Street South
Naples, FL 34102

Thursday, November 16, 2023
Immediately Following Board of Commissioners Regular Meeting

Commissioner Kerry C. Dustin – Chair
Commissioner Rick Ruppert – Vice Chair, Consultant Selection Committee Chair, Audit Committee Member
Commissioner Rita Cuddihy – NCC and TAC Liaison
Commissioner Robert P. Burns – Consultant Selection Committee Member, Audit Committee Member
Commissioner Terrence W. Cavanaugh – Audit Committee Chair
Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

Welcome. If you wish to address the Audit Committee regarding an item listed on the Agenda, please complete a Speaker Registration form and hand it to the Executive Assistant prior to consideration of that item. We ask that speakers limit comments to 5 minutes and that large groups name a spokesperson whenever possible. All written, audio-visual, and other materials distributed to the Committee or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

NOTICE

Formal action may be taken on any item listed on the Agenda below, or added to the Agenda before or during the meeting, or discussed during the meeting without being added to the Agenda. Also, the sequence of items may be changed as the meeting progresses.

Any person who decides to appeal a decision of this Committee with respect to any matter considered at this meeting (or hearing) will need a record of the proceeding and may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be heard.

Any person with a disability requiring auxiliary aids or services in order to participate in this proceeding for meetings at the City Council Chamber may call the City Clerk's Office at 213-1015, or for meetings at the Airport Office Building, the NAA Executive Assistant's Office at 643-0733, with requests at least two business days before the meeting.

Information on Action Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

A. **ROLL CALL**

B. **PLEDGE OF ALLEGIANCE**

C. **AGENDA (Add, delete or re-sequence items)**

D. **PUBLIC COMMENTS (Public comments accepted for items not otherwise listed on the Agenda; 5 minute limit)**

E. **DISCUSSION ITEM**

1. Agreed Upon Procedures Review

F. **NEW BUSINESS**

G. **PUBLIC COMMENTS**

H. **CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS**

I. **ADJOURN**

Information on Discussion Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

NOTE: The Audit Committee is comprised of Commissioner Cavanaugh (Chair), Commissioner Ruppert and Commissioner Burns (Members). All NAA Commissioners are welcome to attend and can "opt in" to participate.