Minutes
April 11, 2023
Audit Committee

A. ROLL CALL

Meeting was called to order by Audit Committee Chair Cavanaugh at 1 p.m. in the Airport Office Building Conference Room. Also present were Committee members, Commissioner Burns and Commissioner Ruppert.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Mr. Warriner, Ms. Sarcona, Ms. Acosta and Mr. Gamboa.

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. Annual Audit Firm Review – FY 2022 Audit

Mr. Warriner, Senior Director of Finance and Administration, made opening comments regarding the annual audit firm review for the FY 2022 Audit. He stated that Mr. Jeff Wolf of the Authority's audit firm, MSL, P.A., has been conducting the audit since 2017 and was present today to answer any questions. Mr. Warriner reviewed the performance review that was completed by NAA staff for this past year's audit period. Overall, he said MSL did a great job.

In response to Commissioner Ruppert's question about the type of free continuing education being offered by MSL, Mr. Wolf stated that training includes government-related topics, new auditing standards, fraud, grants, IT, economic updates, and more. He stated that his firm sends an email invite out for their clients to register for the training which is provided via webinar.

There was discussion regarding MSL's review of internal controls. He said no issues were noted but if they were to discover an issue, they would report it in their GAO Yellow Book report on internal controls.

Chair Cavanaugh asked if MSL produces a management letter. Mr. Wolf stated that they do, and it covers the financial condition, financial emergencies, and special district reporting.

Mr. Wolf provided an overview of the staff who participated in our audit. He added that MSL has a dedicated governmental practice group and during their monthly calls, worthwhile information that they see in their other clients is shared amongst the team.

2. Audit Firm Engagement Letter – FY 2023 Audit

Mr. Warriner requested Committee review and recommendation regarding the Engagement Letter between the NAA and MSL. He said the next audit is scheduled for September 30, 2023 and Mr. Wolf, Audit Shareholder, will be overseeing the audit services. Mr. Warriner stated that the audit fees will be the same as last year, and assuming that a federal single audit would be necessary, the cost would be $50,000. He said that if there are any special services requested, that would require a separate engagement letter. He added that the Engagement Letter has been reviewed by Authority Counsel.

Commissioner Ruppert thanked Mr. Wolf and MSL for keeping their fees the same as last year. He said he appreciated Mr. Wolf staying on the audit because of his familiarity with the Authority. He asked Mr. Wolf if he gains additional insights each year on how our team operates. Mr. Wolf stated that there have been changes with new systems being added and he has seen controls change every couple of years. There was discussion about detection of fraud, and Mr. Wolf stated that their main procedures are related to verifying the assets in the bank, vendors are being paid appropriately, and our fuel sales are being collected properly. He said that each year, their standards change to incorporate some form of unpredictability.

There was discussion regarding our audit risk as it pertains to cyberactivity as well as discussion about our internal controls in place to authenticate a supplier's request to change their banking method.

Committee Ruppert moved acceptance of the Engagement Letter as submitted.

Mr. Owens stated that there are two main functions of the Board and the Committee. The first is to consider and decide whether to renew the engagement with our current auditor or send it out for competitive selection. If the Committee decides to renew the engagement with our current auditor, he suggested to consider acceptance of the Engagement Letter.

Commissioner Ruppert amended his motion. He moved acceptance of MSL as our audit firm for 2023 audit and moved acceptance of the Engagement Letter as submitted. Commissioner Burns seconded. The motion passed unanimously 3-0.

3. Special Items for Audit Firm Review

Mr. Warriner requested Committee discussion for special additional services for review by the audit firm. He said that the Authority just kicked off our IT penetration test which MSL will begin this week and results are expected in approximately two months. He said that this is one of the initiatives on our Strategic Plan and our goal is to mitigate any findings before year-end. He said the Audit Committee recommended last year that MSL do a more in-depth review of internal controls, specifically looking at the IT controls and who has access to what in the software, especially with the recent implementation of our new financial system. Mr. Warriner stated that one of the other MSL locations will conduct the review to provide a fresh set of eyes on our internal controls.

From an IT standpoint, Chair Cavanaugh expressed concern about third party vendors having a weak firewall that could affect our organization. He said that a lot of companies are requiring third party vendors to provide documentation in terms of what procedures and security measures they have in place to protect themselves and their customers. There was discussion about reviewing the System Organization Controls (SOC) reports for our main software vendors. Mr. Rozansky suggested that staff prepare a checklist of the main software vendors to review their SOC compliance.

There was discussion of past examples of items the auditors have reviewed. Commissioner Ruppert said that the IT penetration test shouldn't be a one and done item. Mr. Warriner commented that this will be the second year that the IT penetration test will be conducted.

F. NEW BUSINESS

There was no new business.

G. PUBLIC COMMENTS

There were no public comments.

H. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

1. Upcoming Audit Committee Meetings

Mr. Warriner said that an Audit Committee meeting is typically planned in August to review the results of the tests that are being done by MSL. Committee members stated that a meeting was scheduled for August 17th in the afternoon, following the August Board meeting. There was discussion about moving the meeting to August 16th, but Committee members preferred to keep the meeting date as originally scheduled for August 17th.

I. ADJOURN

With no further business, the meeting adjourned at 1:47 p.m.

Christopher A. Rozansky
Secretary

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

FINAL AGENDA

General Aviation Terminal - Larson Conference Room, 2nd Floor
160 Aviation Drive North
Naples, FL 34102

Tuesday, April 11, 2023
1 p.m.

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. Annual Audit Firm Review – FY 2022 Audit
2. Audit Firm Engagement Letter – FY 2023 Audit
3. Special Items for Audit Firm Review

F. NEW BUSINESS

G. PUBLIC COMMENTS

H. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

1. Upcoming Audit Committee 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.