Minutes
May 15, 2024
Audit Committee

A. ROLL CALL

Meeting was called to order by Audit Committee Chair Cavanaugh at 3:01 p.m. in the Airport Office Building Conference Room. Also present were Committee members, Commissioner Burns and Commissioner Dustin.

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

B. PLEDGE OF ALLEGIANCE

Chair Cavanaugh led the Pledge of Allegiance.

C. AGENDA

Mr. Rozansky reported that there 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

Chair Cavanaugh said he reviewed the three items on the agenda with Mr. Warriner, Senior Director of Finance and Administration, and Mr. Warriner is prepared to present these items in detail to the Committee.

1. Annual Audit Firm Review – FY 2023 Audit

Mr. Warriner provided an overview of the annual audit firm review for the FY 23 Audit. He stated that the criteria for the performance review was developed by the Audit Committee in prior years. He said that staff completed the performance review for the FY 23 audit period, and the results were provided in the Committee's packet.

Mr. Jeff Wolf of the Authority's audit firm, MSL, P.A., has been conducting the audit since 2017. Last year, at the request of the Audit Committee, there was a change in MSL's team conducting the audit. Mr. Warriner said the transition to the Fort Lauderdale-based MSL team plus a few vacant positions in NAA's Accounting Department caused the audit to take a bit longer than usual. Chair Cavanaugh asked how it went with a fresh set of eyes on the audit, and Mr. Warriner reported that overall, it went well.

Commissioner Dustin asked how many other airport authorities MSL audits. Mr. Wolf said that there are about eight or nine including the Greater Orlando Aviation Authority, Broward County Aviation Department, Tallahassee, and Lakeland.

Commissioner Dustin asked Mr. Wolf if he was engaged with our IT vendors and if he possessed the authority to evaluate their cybersecurity protection. Mr. Wolf affirmed that the NAA is very proactive in this area, conducting annual penetration tests, with ongoing testing currently in progress, and said he's satisfied with the process. Mr. Wolf added that there is a new Florida statute focused on cybersecurity, along with uniform guidance relative to grants, which will require additional cybersecurity policy requirements. He said this will be an item of focus over the next couple of years to ensure policies are in place. Commissioner Dustin asked if red, blue, and purple teams are conducting NAA's penetration testing. Mr. Wolf stated that other MSL staff lead the IT component, and he would need to provide more details later. Mr. Wolf said the NAA's IT vendor complimented the MSL staff and was impressed with their capabilities. Mr. Warriner said NAA has conducted penetration testing for several years to stay in the forefront of cybersecurity efforts. He added that the NAA has cybersecurity insurance, which helps to keep our premium low.

There were no other questions on the audit firm's review.

2. Audit Firm Engagement Letter – FY 2024 Audit

Mr. Warriner requested Committee review and recommendation regarding the Engagement Letter between the NAA and MSL for the FY 24 Audit which is scheduled for September 30, 2024. Mr. Warriner said the Engagement Letter is the same as last year, and the audit fees will be the same as well. He said that upon the Audit Committee's approval of the Engagement Letter, it will be on the Consent Agenda at the June Regular Meeting for the full Board's approval.

Mr. Wolf mentioned that since the last Audit Committee meeting, a peer review firm conducted a review of MSL, and they received a full pass grade which is the highest grade possible.

Chair Cavanaugh thanked Mr. Wolf and his team for their diligence and high quality of work. He also recognized the team effort between MSL and the NAA staff, which produced results at a reasonable price.

Commissioner Burns moved to recommend the Audit Firm Engagement Letter for FY 24 from MSL CPAs Advisors. Commissioner Dustin seconded. The motion passed unanimously 3-0.

3. Special Items for Audit Firm Review

Chair Cavanaugh said that he discussed this item with Mr. Rozansky; and in years past, we have asked the CPA firm to do a deeper dive into some areas around the airport. Items the auditors have reviewed in the past were included in the memorandum in the Committee packet. Chair Cavanaugh noted that at this time Management does not feel there is a specific need to review any special items. Chair Cavanaugh said he was comfortable with the way the airport operates.
Mr. Warriner said that last year MSL reviewed NAA's accounting and point-of-sale software. They also reviewed the internal controls for investments and banking. The were no findings in their report, which was presented to the Board in November.

Chair Cavanaugh asked fellow Committee members if they had any suggestions for special review.

Commissioner Dustin asked if the auditors need to review how expense reimbursements are reviewed and approved. Mr. Warriner explained the NAA's expense reimbursement policy, and Mr. Wolf said this could be an area for review by taking a random sampling of expense reports submitted.

Commissioner Burns asked if MSL had experience auditing FEMA reimbursement requirements and if that was an item for review in the audit. Mr. Wolf stated that MSL audits many government entities in the State of Florida and FEMA reimbursements are part of single audit testing for amounts received over $750,000. As a precautionary measure, Commissioner Burns wanted to make certain we are following federal regulations. Mr. Warriner explained the FEMA process we are currently going through due to damages from Hurricane Ian, but FEMA will only pay an amount after we receive funds from our insurance claim. Mr. Warriner added that staff have been meeting with our outside consultant and FEMA on a monthly basis, and all of our contracts and procurement documents have been reviewed and meet the FEMA standards. Mr. Warriner said it will be another year or two before we receive any money from FEMA.

Chair Cavanaugh said he didn't hear anything compelling to add as a special item but requested staff to absorb the commentary. He asked staff to come back to the Audit Committee if there was a special item they would like to have reviewed.

F. NEW BUSINESS

There was no new business.

G. PUBLIC COMMENTS

There were no public comments.

H. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

There were no correspondence/Commissioner comments and requests/meetings.

I. ADJOURN

With no further business, the meeting adjourned at 3:24 p.m.

Christopher A. Rozansky
Secretary

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

FINAL AGENDA

Airport Office Building, 2nd Floor Conference Room
200 Aviation Drive North
Naples, FL 34102

Wednesday, May 15, 2024
3 p.m.

Commissioner Rick Ruppert – Chair
Commissioner Rita Cuddihy – Vice Chair and NCC Liaison
Commissioner Kerry C. Dustin – Consultant Selection Committee Chair, Audit Committee Member
Commissioner Robert P. Burns – Consultant Selection Committee Member, Audit Committee Member
Commissioner Terrence W. Cavanaugh – Audit Committee Chair, Consultant Selection Committee Member
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 2023 Audit
2. Audit Firm Engagement Letter – FY 2024 Audit
3. Special Items for Audit Firm 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 Dustin and Commissioner Burns (Members). All NAA Commissioners are welcome to attend and can "opt in" to participate.