Minutes
May 16, 2019
Audit Committee Meeting

A. ROLL CALL

Meeting was called to order by Chair Rideoutte at 9:18 a.m. in the City Chambers. Present were Commissioner Dustin, Audit Committee member; and Commissioner Brousseau, Commissioner Lenhard and Commissioner Messer, who all opted in. Staff and Legal Counsel present were Mr. Rozansky, Mr. Owens, Ms. Terrill, Mr. Warriner and Ms. Menard.

B. PLEDGE OF ALLEGIANCE

C. AGENDA

There were no changes to the Agenda.

D. DISCUSSION ITEM

1. Annual Audit Firm Review – FY 2018 Audit

Mr. Warriner provided introductory comments regarding the annual audit firm review. He said he was pleased with Mr. Wolf and his team and found them to be very helpful in Mr. Warriner's transition, who came in as the new Finance Director in the middle of the audit. He stated that the performance review which was developed by the Audit Committee was completed by NAA staff for the FY 2018 audit period.

Commissioner Dustin requested staff to elaborate on the potential conflict with the vendor as noted under Item 3, Initiative, on page 2 of the performance review. Mr. Jeff Wolf, Chief Manager, of Moore Stephens Lovelace, CPA's and Advisors (MSL) stated that each year, their firm conducts different procedures and this year they imported the NAA's vendor files and employee files into a data mining system to compare addresses. He said that they discovered some matches, which turned out to be the child of an employee whose company provided painting services. After further investigation, MSL found that the work was authorized by management and the services provided were in compliance with Authority procurement procedures.

Since this was Mr. Warriner's first year going through the audit, Commissioner Messer asked if he had any "aha" moments as he went through the process. Mr. Warriner said that being prepared is one thing that always make an engagement easier. He said during the audit, a good system had been set up and when the audit begins again this summer, he and his staff will be well prepared.

Chair Rideoutte asked Mr. Wolf if he had any additional comments regarding the process. Mr. Wolf stated that there was great communication from the very beginning, which he believes is the key to a successful audit. Considering all the transition and change, he said it went smoothly and expects it to be even smoother going forward.

Chair Rideoutte said that since his time serving on the Board, the auditors have issued a clean opinion year after year. He advised that this should not be taken for granted and commended staff for their great work.

Mr. Rozansky clarified that the item was for discussion only and that no action was required.

2. Audit Engagement Letter – FY 2019 Audit

In reference to the Engagement Letter provided in the Committee packet, Mr. Warriner requested the Audit Committee for approval to execute the Letter for this year's FY 2019 audit. He added that the fees for the audit are the same as last year and are fixed in our agreement as follows:

$40,500 for the Audit Fee
$ 2,000 for the Federal Single Audit Fee (if applicable)
$ 1,500 for the state Single Audit Fee (If applicable)

Mr. Owens stated that he reviewed the Engagement Letter and worked with Mr. Warriner to make a few, mostly nonsubstantive, changes. He was confident that the Engagement Letter was in an acceptable form.

Commissioner Messer moved approval of the Engagement Letter between the City of Naples Airport Authority and Moore Stephens Lovelace, CPA's and Advisors, as presented by Mr. Warriner.

Commissioner Dustin seconded the motion. The motion passed unanimously 5-0.

3. Special Items for Audit Firm Review

Mr. Warriner requested Committee discussion to determine if a more detailed review of any specific areas was necessary. He referenced the list of services provided in the past and stated that in the last five years, the Committee has not requested the auditors to conduct additional special services.

Mr. Wolf encouraged Committee members to contact him if they had any concerns regarding the audit so that he could incorporate those matters into the audit planning process. He added that if a more in-depth review of any new area is required, the Committee would need to specify the exact steps so that the audit firm could issue a separate report if it is outside the scope of the Engagement Letter.

Commissioner Dustin raised discussion with both Management and Committee members regarding the increase in amount of money being expended on capital projects this year and last year in comparison to previous years. Despite his confidence that strong controls were in place, he questioned whether or not an extra audit look was necessary. Mr. Rozansky confirmed that there were strong controls in place, especially when there are grants involved because the State and Federal agencies also review our reimbursement requests. He said it was certainly healthy, however, to discuss and consider this and requested input from Mr. Warriner and Mr. Wolf. Mr.

Warriner stated that because we meet the State's single audit requirement this year, a more in-depth audit will be conducted. Mr. Wolf added that anytime the expenditure threshold of $750,000 is crossed, it automatically triggers a State or Federal audit and a separate opinion on that project would be issued.

Commissioner Dustin added that the procedure to discover any potential conflict of interest in the vendor/employee files was quite sophisticated and this gives him a much higher level of comfort. Mr. Wolf stated that additional procedures could be developed that would look for those types of conflicts. Chair Rideoutte said that it was reasonable to take a closer look when higher amounts of money are spent. Commissioner Dustin concurred.

Mr. Warriner said that internally, staff continually looks at ways to strengthen internal controls. He said that additional procedures have been put in place this year and that there are strong controls over our expenditures.

E. PUBLIC COMMENTS

There were no public comments.

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

There were no comments and requests/meetings.

G. ADJOURN

With no further business, meeting adjourned at 9:34 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, May 16, 2019
10:30 a.m. (or immediately following the NAA Board Meeting)

Commissioner Donna M. Messer – Chair and NCC Liaison
Commissioner Michael Lenhard – Vice Chair and Consultant Selection Committee Chair
Commissioner James Rideoutte – Audit Committee Chair, Consultant Selection Committee Member
Commissioner Ted Brousseau – Legal Liaison
Commissioner Kerry C. Dustin, Audit 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. DISCUSSION ITEM

1. Annual Audit Firm Review – FY 2018 Audit
2. Audit Firm Engagement Letter – FY 2019 Audit
3. Special Items for Audit Firm Review

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

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

G. 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 Rideoutte (Chair) and Commissioner Dustin (Member). All NAA Commissioners are welcome to attend and can "opt in" to participate.