

SUMMARY MINUTES  
RISK MANAGEMENT COMMITTEE  
MEETING OF DECEMBER 10, 2014

Ms. Wells chaired the December 10 Risk Management Committee Meeting, calling it to order at 8:00 a.m. A quorum was present during the Meeting: Mr. Adams, Co-Chair, Mr. Griffin, Mr. Kennedy, Ms. Merrick and Mr. Conner, *ex officio*. Mr. Chapman, Mr. Curto, Mr. Gates, Ms. Lang, Mr. Session and Mr. Williams were also present. Mr. McDermott joined the Meeting by phone.

Calendar Year 2014 Financial Statement Audit Presentation. The Committee met in executive session to receive an update on Calendar Year 2014 Financial Statement Audit Presentation. [Pursuant to Article IX, Section 3(g), the Authority Bylaws permits the Board and its Committees to move into executive sessions for (1) matters that the professional standards applicable to financial statement auditors, when conducting a financial statement audit, require to be discussed in executive session, and for matters that involve proprietary or confidential information vendors or of the Airports Authority.]

At 8:16 a.m. the Committee adjourned its executive session, at which time Mr. Adams chaired the meeting in regular session. A quorum was present.

Calendar Year 2014 Audit Follow-Up. Valerie Holt, Vice President for Audit, presented the annual follow-up audit to assess actions taken to address observations and recommendations discussed in prior year reports. The Office of Audit had obtained a summary of the actions taken by each office to implement the audit recommendations. Ms. Holt stated that 132 of 138 recommendations had been closed. She noted that substantial progress had been made on four of the remaining recommendations. Additionally, the two incomplete recommendations had been referred to the Internal Controls and Compliance office for additional follow up. Ms. Holt reported that the 96-percent closure rate was higher than the 91-percent rate achieved in the prior year.

Fixed Base Operator Contract. Ms. Holt stated that the contract provided fuel and other general aviation services under a concession contract with the Authority. She reported that the contractor's annual statement had fairly presented in all material respects the revenues collected and concession fees paid by the contractor with the exception of the "put-

thru” fuel. Ms. Holt explained that “put-thru” fuel is owned by the plane owner and is stored in Authority inventory, which allowed the concessionaire to only charge a fee for putting the fuel into the plane. The contractor had incorrectly classified some retail fuel sales as “put-thru” fuel, resulting in an underpayment of concession fees of \$156,988. Ms. Holt reported that the contractor had agreed with the underpayment amount and would reimburse the Authority.

Retail Concessionaire Contract. Ms. Holt reported that the concessionaire’s annual statement had fairly presented in all material respects the gross receipts and concession fees had been paid to the Authority in accordance with the contract terms.

Terminal Agent’s Office at Dulles International. Ms. Holt reported that the Terminal Agent’s Office is responsible for processing payments for all tenants, concessionaires, airlines and Authority employees located at Dulles International. She reported that the policies, procedures and controls were adequate for processing the transactions in the Terminal Agent’s Office and that the transactions had been properly accounted for in the financial records in a timely manner. Ms. Holt identified two instances that needed improvements and where closer adherence to controls and procedures were necessary. She reported that management would implement the solutions this year. Ms. Holt explained that a more preferable segregation of duties had been recommended to ensure that certain transactions were being processed properly; a secondary review would provide better internal control going forward.

Mr. Gates inquired about the disposition of cash at the Airports. Margaret McKeough, Executive Vice President and Chief Operating Officer, stated that lost cash is secured with the agent cashier while staff that supports the Office of Lost and Found at both Airports respond to public inquiries pertaining to the lost. Items not claimed after ninety days become excess property; cash becomes an Authority asset.

The Meeting was thereupon adjourned at 8:28 a.m.