



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

REPORT

TO THE AUDIT-LEGAL COMMITTEE

RECOMMENDATION TO INCREASE

AUDIT TRANSPARENCY

November 2012



Purpose

The Office of Audit requests that the Audit-Legal Committee approve a resolution to amend the Bylaws to require that most “audit matters” be discussed in open sessions.



Background

- The Airports Authority Bylaws permit “audit matters” to be discussed in executive sessions.
- DOT/OIG recommended that the Airports Authority discuss more audits in open sessions.
- This paper recommends that most “audit matters” be discussed in open sessions and limits the use of executive sessions to four specific exceptions.



Background

To develop this recommendation, the Office of Audit:

- Conducted a survey of 17 airports to ascertain whether their audit committees met in open or closed sessions or a combination of both.
- Reviewed the guidance in the Bylaws on executive sessions to ensure consistency with other requirements for executive sessions.



Recommendation

The Audit-Legal Committee will conduct most of its meetings in open sessions and will limit the use of executive sessions for discussions of the four exceptions described below:

- Airport security and information security audits;
- Personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles or recommendations to discipline or terminate employees;



Recommendation

- Matters involving litigation, whether actual or potential, that may invoke the attorney-client privilege; and
- Discussions with the financial statement auditors and the Vice President of Audit where the professional standards applicable to such auditors, when conducting a financial statement audit, require the discussion to be held in closed sessions.



Recommendation

The Audit-Legal Committee will continue to comply with current Bylaw requirements to convene in open sessions to vote for resolutions and to recommend contract actions.

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PURPOSE

The Office of Audit requests that the Audit Legal-Committee approve a change to require that most “*audit matters*” be discussed in open sessions, limiting the use of executive sessions to the four exceptions described below in this paper. The Office of Audit also requests that the Audit Committee approve a resolution to amend the language in the Airports Authority Bylaws permitting all “*audit matters*” to be discussed in executive sessions and to have the Audit-Legal Committee immediately implement these changes until such time as the Bylaws can be formally amended.

BACKGROUND

The Airports Authority Bylaws permit “*audit matters*” to be discussed in executive sessions. The Department of Transportation, Office of the Inspector General has recommended that the Airports Authority revise the Bylaws to more precisely state topics that shall be discussed in open sessions. This paper recommends that most “*audit matters*” be discussed in open sessions and limits the use of executive sessions to four specific topics.

The Office of Audit sent a survey to several airports with a range of sizes and governance processes to ascertain whether their audit committees met in open or closed sessions or a combination of both. A total of 17 responses were received. The same information for the Airports Authority was included with the 17 responses for a total of 18 airports. In brief, the results are as follows:

- Eleven of the 18 airports had audit committees;
- Eight airports met in open sessions;
- Two met in closed sessions;
- One met in a combination of open and closed sessions;
- Two airports with audit committees published their results on a public website; and
- One airport that did not have an audit committee published its reports on the web.

A summary table with the survey questions and responses is attached.

In addition to reviewing the survey results, the Office of Audit reviewed the guidance in the Bylaws on executive sessions to ensure consistency with other requirements for executive sessions. Consideration also was given to not disclosing proprietary or confidential information about vendors and employees that would not otherwise be disclosed or might be the subject of future or ongoing litigation.

RECOMENDATION

The Audit-Legal Committee will conduct most of its meetings in open sessions and will limit the use of executive sessions for discussions of the four exceptions described below:

1. Airport security and information security audits;
2. Personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles, or recommendations to discipline or terminate employees;
3. Matters involving litigation, whether actual or potential, that may invoke the attorney-client privilege; and
4. Discussions with the financial statement auditors and the vice president of audit where the professional standards applicable to such auditors, when conducting a financial statement audit, require the discussion to be held in closed session.

The Audit-Legal Committee will also continue to comply with current requirements to convene in open sessions to vote for resolutions and to recommend contract actions.

Prepared by:
Office of Audit
November 2012

AAIA Audit Committee Survey

NO.	Airport	(a) City/County Gov. Agency	(b) State Government	(c) Stand Alone Authority	(d) Audit Committee	(e) Audit Committee Meet in Open/Closed Session/ combination of both	(f) Audit reports on Website for Public Viewing-Full Report Posted	(g) Executive Summary or Redacted Audit Reports Posted on	(h) Other Local Government? Audit Airport	(i) Audits Posted on Public Website
1	Wayne County Airport Authority	No	No	Yes	Yes	both	No	No	No	N/A
2	Tucson Airport Authority	No	No	Yes	Yes	Open	No	No	No	N/A
3	Metropolitan Nashville Airport Authority	No	No	Yes	Yes	Open	Yes	No	No	N/A
4	Louisville Regional Airport Authority	No	No	Yes	No	N/A	No	No	Yes	No
5	Broward County Aviation Department	Yes	No	No	No	N/A	No	No	Yes	Yes
6	Reno-Tahoe Airport Authority	No	No	Yes	Yes	Open	No	No	No	N/A
7	L.A. World Airport	Yes	No	No	Yes	Open	No	No	Yes	Yes
8	Greater Rochester International Airport	Yes	No	No	Yes	Open	No	No	Yes	Yes
9	Clark County Department of Aviation	Yes	No	No	No	N/A	No	No	Yes	Yes
10	Port of Seattle	No	No	Yes	Yes	Open	Yes	Yes	Yes	Yes
11	John Wayne Airport, Orange County	Yes	No	No	No	N/A	No	No	Yes	Yes
12	Greater Orlando Aviation Authority	No	Yes	Yes	Yes	Open	No	No	No	N/A
13	Lee County Port Authority	Yes	No	No	No	N/A	Yes	No	No	N/A
14	Indianapolis Airport Authority	No	No	Yes	Yes	Open	No	No	No	N/A
15	Atlanta, Department of Aviation	Yes	No	No	Yes	Closed	No	No	No	N/A
16	Department of Aviation, City of Austin	Yes	No	No	No	N/A	No	No	Yes	Yes
17	Alaska Department of Transportation & Public Facilities	No	Yes	No	No	N/A	No	No	Yes	Yes
18	Metropolitan Washington Airports Authority	No	No	Yes	Yes	Closed	No	No	No	No
Total Number Yes/ Open		8	2	9	11	9	3	1	9	8

See page 2 for survey questions.

List of questions:

- (a) A city or county government agency? _____no
_____yes
- (b) A state government agency? _____yes
_____no
- (c) A stand alone aviation or transportation authority? _____yes
_____no
- (d) Do you have an Audit Committee? _____yes
_____no
- (e) Does the Audit Committee meet in open session? _____closed session? _____a combination of both?
- (f) Are the audit reports posted on a website and available for public viewing? Full report posted _____yes
_____no
- (g) Executive summary or redacted audit reports posted on web _____yes
_____No
- (h-i) Does any other local or state government office audit the airport? _____Are the audits posted on a public website? _____yes
_____no

Proposed Resolution

Recommendation to Increase Audit Transparency

WHEREAS, The Bylaws authorize the Audit - Legal Committee to meet on "audit matters" in executive session;

WHEREAS, The Office of Inspector General of the Department of Transportation has recommended that specific audit matters that could be considered in open session be more precisely stated;

WHEREAS, The Office of Audit staff has considered practices with respect to audits at 17 other U.S. airports, and has recommended that executive sessions be limited to a list of topics, as set forth below; and

WHEREAS, The Audit-Legal Committee is entirely in accord with the Office of Audit recommendation; now, therefore, be it

RESOLVED, That the Audit-Legal Committee will conduct all meetings in open session, except when the agenda includes any of the following four areas:

1. Airport security and information security audits;
2. Personally identifiable information or sensitive information in personnel actions and procurement matters, including vendor proprietary information and employee names, unique titles, or recommendations to discipline or terminate employees;
3. Matters involving litigation, whether actual or potential, that may invoke the attorney-client privilege;
4. Discussions with the financial statement auditors and the Vice President of Audit where the professional standards applicable to such auditors, when conducting a financial statement audit, require the discussion to be held in closed session; and

RESOLVED, That the Bylaws should be amended to reflect these considerations at the next opportunity.

*For consideration by the Audit-Legal Committee
and the Board of Directors on November 14, 2012*