

SUMMARY MINUTES  
RISK MANAGEMENT COMMITTEE  
SPECIAL MEETING OF OCTOBER 18, 2017

Mr. Williams chaired the October 18 Risk Management Committee Special Meeting, calling it to order at 10:54 a.m. A quorum was present during the Meeting: Mr. Sudow, Co-Chair, Mr. Griffin, Mr. Pozen, Mr. Speck, and Mr. McDermott (*ex officio*). Ms. Hanley, Ms. Lang, Mr. Lazaro, Ms. Merrick, Mr. Mims, Mr. Session, Mr. Tejada, Ms. Wells, and Mr. Uncapher were also present.

Internal Assessment of the Office of Audit Quality Assurance and Improvement Program. Lee Wyckoff, Vice President for Audit, reported that the Internal Auditing Standards, which are the standards for professional practice and commonly referred to as the “Red Book,” require the development and maintenance of a Quality Assurance and Improvement Program (QAIP) covering all aspects of the audit activity within the Office of Audit. He reported that the assessment had been completed by the Internal Controls and Compliance Department within the Airports Authority, which is outside of the Office of Audit’s purview. Mr. Wyckoff further reported that the QAIP requires both internal and external assessments, at least once every five years. He reiterated that the internal assessment, which was performed by a Certified Internal Auditor who was not a member of the Office of Audit staff, possessed sufficient knowledge of internal audit practices.

Mr. Wyckoff reported that the assessment was a significant review which the Airports Authority had not undergone in the past. He stated that the assessment was in response to the U.S. Department of Transportation’s Office of Inspector General’s report and was needed to determine how the Office of Audit was performing. Mr. Wyckoff reported that the assessment was completed on September 21, 2017. The Office of Audit received an overall opinion of “Generally Conforms,” which is the top rating. Mr. Wyckoff explained that the rating means that the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with all requirements of the Standards and the IIA Code of Ethics in all material respects. He viewed the opinion as a step forward in terms of the Office of Audit reestablishing its credibility with the Board and public. Mr. Wyckoff noted that other specifics of the assessment would be discussed in the day’s executive session.

Audit Reports. Mr. Wyckoff provided information on the audit for the Capitalization Process and Accounting for Fixed Assets. He reported that the Airports Authority has designed policies and procedures to ensure control and provide oversight related to recording, valuing, and reporting capital assets. The review, which included a comparison of the Airports Authority's capitalization thresholds and useful lives for fixed asset accounting to other airports, determined that the Airports Authority is substantially consistent with those airports. Mr. Wyckoff stated that the audit assessed the effectiveness of financial and operational controls over the capitalization process and accounting for fixed assets for transactions and activity for a two-year period from January 1, 2015 to December 31, 2016. He reported that the audit determined that controls should be enhanced and two findings were identified. Mr. Wyckoff advised that management has developed action plans for the two findings, which would be discussed in the day's executive session.

Mr. Wyckoff reported that the Office of Audit is performing an Information Technology (IT) General Controls review for a sample of systems across the Airports Authority, and he has provided audit results to the Risk Management Committee on an ongoing basis. He stated that the Office of Audit issued three additional IT General Controls audits for discussion at the day's meeting. Due to the nature of the audits, the results would be reviewed in executive session.

Mr. Williams reported that the Committee would need to meet in executive session to further discuss the Internal Assessment of the Office of Audit Quality Assurance and Improvement Program (Tab 23), and Audit Reports – Capitalization Process and Accounting for Fixed Assets and Information Technology General Controls (Airfield Lighting Control System, Baggage Handling System, and Parking Access Revenue Control System (Tab 24)). He stated that Article IX, Section 3(c) of the Airports Authority Bylaws permits the Board and its Committees to move into executive session to discuss existing contracts and business or legal relationships in order to protect confidential information of the Airports Authority or third parties.

The executive session began at 11:01 a.m.

Upon the conclusion of the executive session at 11:35 a.m., the meeting was thereupon adjourned.