

SUMMARY MINUTES
RISK MANAGEMENT COMMITTEE
MEETING OF SEPTEMBER 17, 2014

Mr. Adams chaired the September 17 Risk Management Committee Meeting, calling it to order at 8:45 a.m. A quorum was present during the Meeting: Ms. Wells, Co-Chair, Mr. Griffin, Ms. Hall, Mr. Kennedy, Ms. Merrick and Mr. Conner, *ex officio*. Mr. Carter, Mr. Chapman, Mr. Curto, Mr. Gates, Ms. Lang, Mr. McDermott, Mr. Session and Mr. Williams were also present.

Consistent with Mr. Conner's opening remarks for the day's meetings, the Risk Management Committee met in executive session to discuss a Report of Pending and Recently Closed Litigation Involving the Authority.

At 9:08 a.m. the Committee adjourned its executive session, at which time the regular session began. A quorum was present.

Recommendation to Approve the Office of Audit Charter (Charter). Valerie Holt, Vice President for Audit, reported that the Charter: defines the purpose, authority and responsibility of the internal audit activity consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards; positions the internal audit activity within the organization, including the nature of the Vice President for Audit reporting relationship with the Board; and authorizes access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. The Charter also complies with the requirements for the International Standards for the Professional Practice of Internal Auditing and is consistent with the Authority's Statement of Functions, Board of Directors' Committee Jurisdictions and the Risk Management Committee's responsibility guidelines.

Mr. Adams reported that he and Ms. Wells had offered recommendations to Ms. Holt, which she had included in the Charter. He stated that he and Ms. Wells strongly supported the Charter and thanked Ms. Holt for her efforts.

The Committee approved the Charter.

The Committee recessed its Meeting at 9:10 a.m.

At 11:25 a.m., Mr. Adams reconvened the Risk Management Committee Meeting. A quorum was present.

Four Rental Car Contracts at Dulles International and Reagan National.

Ms. Holt reported that the Authority has a total of 11 contracts with rental car companies. She noted that each company pays a concession fee equal to 10 percent of the rental car revenue or a minimum annual guarantee, whichever is greater. The Office of Audit had reviewed four of the contracts. Ms. Holt reported that staff had concluded that the annual certified statements fairly present in all material respects the revenues collected and concession and customer contract fees paid by the contractors are in accordance with the contract terms. She noted that the results of the joint efforts of the Airports' staff had been commendable. Additionally, management had agreed and would comply with the single recommendation by the end of the year to ensure that a report on the Customer Contract Fees would be issued and delivered annually to the rental car companies at Reagan National.

Shuttle Bus Maintenance. Ms. Holt reported that staff had reviewed contractor compliance with the maintenance requirements of the shuttle bus contract and assessed compliance with federal regulations regarding drivers' daily vehicle inspection reports. She explained that the contractor provides shuttle bus maintenance services, including all labor and expertise necessary to operate, manage and maintain the shuttle bus system. Ms. Holt noted that the contractor is reimbursed for operating expenses and is paid a management fee. While the Office of Audit had concluded that the procedures and controls for approving invoices are sufficient to assure that the contractor is being paid for the correct service hours, significant improvements are needed to ensure that the contractor has performed and documented all of the required preventive maintenance and inspection activities in accordance with the contract. To improve future results, Ms. Holt reported that the Airport's staff should routinely examine a sample of the vehicle inspection reports on an ongoing basis; require the contractor to submit a monthly report detailing planned versus actual maintenance procedures; and enforce contract provisions whenever the contractor does not complete all of the required maintenance activities. She stated that management had agreed with the recommendations and would implement them this year.

Ms. Hall and staff recalled that a similar finding had resulted from a recent audit. Ms. Holt noted that the results presented today had resulted from Reagan National; the prior audit had been conducted at

Dulles International. Mr. Potter stated that once a finding had been identified at one airport, Internal Controls and Compliance staff would ensure that similar activities were not occurring at the other airport. Mr. Adams stated that customers' safety is the most important factor, and it is critical to ensure that maintenance and follow-up activities are completed.

The Meeting was thereupon adjourned at 11:32 a.m.