FINANCE COMMITTEE
AGENDA

DATE: WEDNESDAY, DECEMBER 13, 2023
TIME: 1:45 P.M.
PLACE: CARL T. LANGFORD BOARD ROOM, ORLANDO INTERNATIONAL AIRPORT, ONE JEFF FUQUA BOULEVARD

For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. Lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. The lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available on the Aviation Authority's offices web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.

I. CALL TO ORDER

II. ROLL CALL

III. CONSIDERATION OF FINANCE COMMITTEE MINUTES FOR OCTOBER 18, 2023

IV. PRESENTATION – Communication With Those Charged With Governance Audit Planning 2023

V. CONSENT AGENDA
   - A. 2023-2024 Annual Audit Plan

VI. INFORMATION ONLY
   - A. Presentation of the Aviation Authority's Fiscal Year 2024 Budget Report (Draft) for the Distinguished Budget Presentation Award by the Government Finance Officers Association
   - B. Internal Audit Annual Report for the fiscal year ended September 30, 2023

On **WEDNESDAY, October 18, 2023**, the **FINANCE COMMITTEE** of the Greater Orlando Aviation Authority met in the Carl T. Langford Board Room located in the main terminal building at the Orlando International Airport (MCO), One Jeff Fuqua Boulevard, Orlando, Florida. Chairman Good called the meeting to order at 1:59 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present.

Committee members present,	M. Carson Good, Chairman Mayor Buddy Dyer (telephonically) Tim Weisheyer
Also present,	Kevin J. Thibault, Chief Executive Officer Kathleen Sharman, Chief Financial Officer Yovannie Rodriguez, Chief Administrative Officer Anthony Davit, Chief Operating Officer Kenyatta Lee, Chief of External Affairs Richard Clarke, Chief Creative Officer Tianna Dumond, Senior Vice President, Internal Audit Brad Friel, Senior Vice President, Multi-Modal Planning & Environmental Doug Starcher, Nelson Mullins Dan Gerber, General Counsel Anna Farmer, Manager, Board Services and Recording Secretary

For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. Lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. As adopted by the Board, lobbyists are now required to sign-in at the Aviation Authority offices prior to any meetings with Staff or Board members. In the event a lobbyist meets with or otherwise communicates with Staff or a Board member at a location other than the Aviation Authority offices, the lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available in the Aviation Authority's offices and the web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.

MINUTES

1. Upon motion by Mr. Weisheyer, second by Mayor Dyer, motion passed to accept the August 16, 2023, Finance Committee minutes, as written.

CONSENT AGENDA

2. Mr. Thibault asked that the Consent Agenda be approved as presented.

   A. Recommendation of the Ad Hoc Committee to Select Firms for 24-110-RFP Bond, Tax and Disclosure Counsel Services
   B. Recommendation to Extend Purchasing Agreement PS-608 Airport Consulting Services with LeighFisher, Inc. and Ricondo & Associates, Inc.

Upon motion by Mr. Weisheyer, second by Mayor Dyer, vote carried to approve the recommendation of the Consent Agenda as presented.

ADJOURNMENT

3. There being no further business to be considered, Chairman Good adjourned the meeting at 2:00 p.m.

(Digitally signed on , 2023)

Anna Farmer	Kevin J. Thibault
Manager, Board Services and Recording Secretary	Chief Executive Officer

GREATER ORLANDO AVIATION AUTHORITY

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

AUDIT PLANNING 2023

Year Ended September 30, 2023

MSL
CPAs & ADVISORS

November 28, 2023

Finance Committee of the
Greater Orlando Aviation Authority
Orlando, Florida

Our professional standards require that we inform you of certain matters related to our audit of the Greater Orlando Aviation Authority's (the "Authority") financial statements for the fiscal year ended September 30, 2023. This report is intended to convey those matters to you.

Our audit is designed to express an opinion on the basic financial statements of the Authority. We have performed an initial assessment of risk areas we consider significant to the risk of material misstatement of the Authority's financial statements. Based on our assessment, we intend to execute our audit plan using procedures to mitigate those risks.

Communication is an essential part of the audit process. After reviewing our plan, if you have any questions, concerns, or would like us to consider other matters, please contact me at (407) 740-5400 or you can reach me directly on my cell phone at (407) 353-8053.

We are dedicated to delivering the quality service you expect and deserve. We appreciate the opportunity to serve the Authority.

Respectfully submitted,

Daniel J. O'Keefe

Daniel J. O'Keefe, CPA, CFE, MBA
Engagement Shareholder

Attachment

Audit Schedule and Current Status

Below is a table of our agreed-upon audit schedule for the 2023 audit:

October 2023	Interim fieldwork
December 2023 through January 2024	Year-end fieldwork
February 2024 through March 2024	Complete Annual Report review by auditors and final draft with audit opinion returned to the Authority

Interim fieldwork was performed October 16, 2023 through October 20, 2023. Wrap-up is currently ongoing but no significant issues have been identified thus far. Any identified issues will be subsequently communicated to management and governance if noted.

Accounting and Reporting Standards Impacting Governmental Audits

New Government Accounting Standards Issued

GASB 91 - *Conduit Debt Obligations*. This standard will become effective for fiscal year end September 30, 2023. This standard clarifies the existing definition of a conduit debt obligation, establishes a conduit obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. This standard also addresses arrangements - often characterized as leases - that are associated with debt obligations. Management is aware of this standard and intends to properly evaluate the impact and ensure that any accounting and financial reporting impact is properly addressed in the year implementation becomes effective.

❖ GASB 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard will become effective for fiscal year end September 30, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This standard is not expected to impact the Authority's financial statements.

<u>Accounting and Reporting Standards Impacting Governmental Audits</u> *(Cont.)*

New Government Accounting Standards Issued *(Cont.)*

- GASB 96 - *Subscription-Based Information Technology Arrangements*. This standard will become effective for fiscal year end September 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITA") for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. Management is aware of this standard and intends to properly evaluate the impact and ensure that any accounting and financial reporting impact is properly addressed in the year implementation becomes effective.

- GASB 99 - *Omnibus 2022*. The standard will become effective for the fiscal year end September 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments;* Clarification of provisions in Statement No. 87, *Leases;* Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements;* Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements;* Extension of the period during which LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program ("SNAP"); Disclosures related to nonmonetary transactions; Pledges of future revenues when resources are not received by the pledging government; Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments;* Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position;* and terminology used in Statement 53 to refer to resource flows statements. Management is aware of this standard and intends to properly evaluate the impact and ensure that any accounting and reporting impact is properly addressed in the year the standard is required to be implemented.

<u>Accounting and Reporting Standards Impacting Governmental Audits</u> *(Cont.)*

New Government Accounting Standards Issued *(Cont.)*

- GASB 100 - *Accounting Changes and Error Corrections – An Amendment of GASB 62.* This standard will become effective for fiscal year end September 30, 2024. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This standard is not expected to impact the Authority's financial statements.

- GASB 101 - *Compensated Absences*. This standard will become effective for fiscal year end September 30, 2025. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is aware of this standard and intends to properly evaluate the impact and ensure that any accounting and reporting impact is properly addressed in the year the standard is required to be implemented.

New Auditing Standards Issued

There are no new auditing standards issued in the current year that would impact the Authority's audit.

Internal Auditors

MSL will coordinate the audit work with the internal auditors. We will perform procedures to evaluate the quality and effectiveness of the internal auditors' work that significantly affects the nature, timing, and extent of MSL's procedures. The nature and extent of the procedures MSL performs when making this evaluation are a matter of judgment, depending on the extent of the effect of the internal auditors' work on MSL's procedures for significant account balances or classes of transactions.

Significant Audit and Financial Reporting Issues Identified

The following is a list of audit areas we consider significant to ensure that we plan our audit to properly address the risk of material misstatement and noncompliance affecting the Authority's financial statements. Please review this list. If you have any questions, or believe the list is incomplete, please contact us to ensure that we have properly identified all significant areas.

- Internal control over financial accounting and reporting
- Information Technology (IT)
- Financial statement preparation procedures
- Capital assets accounting, including depreciation, project tracking, capital leases, etc.
- Investment policies and procedures, portfolio management, income allocation, etc.
- Revenue recognition policies and procedures
- Debt, including compliance with applicable covenants
- Payroll processing
- Net Position classifications
- Budgetary compliance and accountability
- Compliance with contracts, laws, regulations, and grant agreements
- Consideration of fraud, waste, and abuse
- Pension accounting and reporting

Additional Items for Audit Consideration

- Implementation of GASB 96 in fiscal year 2023

Single Audit

The Authority should identify which types of compliance requirements from the OMB *Compliance Supplement* and Chapter 69I-5, *Compliance Supplement,* are applicable to each of the major federal programs or state projects selected for testing.

Identification of Financial Statement Elements

We will audit the Authority's basic financial statements for fiscal years ended September 30, 2023 and 2022. The basic financial statements include the Balance Sheets; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), pension plan schedules, and OPEB schedules, to accompany the basic financial statements. As part of our engagement, we will apply certain limited procedures to the Authority's RSI, but it will not be audited. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it.

Supplementary information other than RSI, such as combining schedules, schedule of cash, cash equivalents, and investments; schedule of insurance; and the schedule of expenditures of federal awards, state financial assistance, and passenger facility charge program, also accompanies the Authority's basic financial statements. We will subject this supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements. Such information will be subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

The introductory and statistical sections accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion.

Auditor Responsibilities

As your auditors, we are responsible for:

- Expressing opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles ("GAAP") and to report on the fairness of the additional information referred to under **Identification of Financial Statement Elements** when considered in relation to the basic financial statements taken as a whole.
- Reporting on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor Responsibilities ***(Cont.)***

- Reporting on internal control related to major federal programs and state projects, and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major federal program in accordance with the Single Audit Act Amendments of 1996 and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (2 CFR Part 200), the requirements described in the Department of Financial Services *State Projects Supplement,* and Chapter 10.550, *Rules of the Auditor General.*
- We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we have secured confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. Furthermore, we will remain responsible for the work provided by any such third-party service providers.
- Informing you in our reports on internal control and compliance that the reports are intended for the information and use of the Authority, management, specific legislative or regulatory bodies; and are not intended to be, and should not be, used by anyone other than these specified parties.
- Informing you in advance of any reasons that would result in us issuing other than unmodified reports on the financial statements or the Single Audit compliance opinions.
- Informing you that we may decline to express opinions or to issue a report as a result of this engagement if we are unable to complete the audit or are unable to form, or have not formed, those opinions.
- Conducting our audit in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance; Chapter 10.550, *Rules of the Auditor General;* and other procedures we consider necessary to enable us to express such opinions and to render the required reports.
- Communicating to you the planned audit schedule. Page 2 of this report documents the timetable agreed upon with management for the September 30, 2023 audit.
- Communicating audit areas we consider significant to ensure that we plan our audit to properly address the risk of material misstatement to your financial statements. A list of those areas can be found on page 5 of this report.

<u>Auditor Responsibilities</u> *(Cont.)*

- Communicating the concept of materiality. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for the fair presentation of your basic financial statements in conformity with GAAP, while other matters are not important. In performing the audit, based on our professional judgment, we assess matters that, either individually or in the aggregate, could be material to the financial statements. Our consideration of materiality is based on our professional judgment.
- Informing you that at the completion of the audit we will be requesting certain representations from management at the conclusion of the audit.
- Informing you regarding some general audit procedures, as well as procedures related to internal controls and compliance. Discussion of those items follows.

<u>Audit Procedures - General</u>

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention.

We will also inform you of any violations of laws or governmental regulations that comes to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from attorneys representing the Authority as part of the engagement, and they may bill the Authority for responding to these inquiries. At the conclusion of our audit, we will also require certain written representations from management about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance and the Florida Single Audit Act, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the Florida Single Audit Act.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards,* the Uniform Guidance, and the Florida Single Audit Act.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and the Florida Single Audit Act also require that we plan and perform the audit to obtain reasonable assurance about whether the Authority has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the Uniform Guidance and the Florida Single Audit Act *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Authority's major federal and state programs. The purpose of those procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major federal and state programs in our report on compliance issued pursuant to the Uniform Guidance and the Florida Single Audit Act.

Governance and Management Responsibilities

Those charged with governance and management, except where indicated, are jointly responsible for:

- The basic financial statements and all accompanying information, as well as all representations contained therein in conformity with GAAP.
- Making all management decisions and performing all management functions relating to the financial statements and related notes, and for accepting full responsibility for such decisions.
- Acknowledging in the management representation letter, that it has reviewed and approved the financial statements and related notes prior to their issuance, and has accepted responsibility for them.
- Management has designated the Chief Financial Officer as the responsible party for oversight of its audit.
- Establishing and maintaining internal controls, including monitoring ongoing activities; the selection and application of accounting principles; and the fair presentation in the basic financial statements in conformity with GAAP.
- Making all financial records and related information available to us, and for the accuracy and completeness of that information. Adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements.
- The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. This responsibility includes informing us of any allegations of fraud, or suspected fraud, affecting the Authority received in communications from employees, former employees, grantors, regulators, or others.
- Identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants, and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.
- Establishing and maintaining a process for tracking the status of audit findings and recommendations.
- Identifying for us previous audits, other engagements, or studies related to the objectives discussed previously. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, other engagements, or studies. Management is also responsible for providing its views on our current findings, conclusions, and recommendations, as well as planned corrective actions.

Auditor General

The following are compliance areas identified by the Auditor General to test on an annual basis if they are applicable and are determined to have a direct and material effect on the financial statements:

- Determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding and second preceding annual financial audit reports.
- Address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls.
- Address violations of provisions of contracts and grant agreements or abuse that has an effect on the financial statements that is less than material but worthy of management's attention.
- Disclose in the management letter, or in the notes to the financial statements, the name or official title and legal authority for the primary government and each component unit of the reporting entity.
- Include a statement in the management letter as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met.
- Apply financial condition assessment procedures in connection with our audit.

The following is a compliance area identified by the Auditor General where a separate opinion on compliance is reported:

- Review compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds.

GREATER ORLANDO AVIATION AUTHORITY

Orlando International Airport
One Jeff Fuqua Boulevard
Orlando, Florida 32827-4392

MEMORANDUM

TO: Members of the Finance Committee

FROM: Tianna Dumond, Senior Vice President of Internal Audit

DATE: December 13, 2023

ITEM DESCRIPTION

2023-2024 Annual Audit Plan

BACKGROUND

The Internal Audit department's Annual Audit Plan (Plan) sets forth planned audits and activities for the fiscal year ending September 30, 2024. Auditable activities are prioritized based on relative risk using the methodology described in the Plan. The workplan facilitates an efficient allocation of audit resources and reflects coverage among financial and operational audits, compliance, and special projects. The Plan is a dynamic tool that can be amended throughout the year in response to emerging issues, changing risks, management requests, and priorities.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee resolve to approve the 2023-2024 Annual Audit Plan.

INTERNAL AUDIT DEPARTMENT

ANNUAL AUDIT PLAN

OCTOBER 1, 2023 – SEPTEMBER 30, 2024

Submitted by:
Tianna Dumond, CIA, CFE, CRMA, CISA, CGAP, CFSA
Senior Vice President, Internal Audit

GREATER ORLANDO AVIATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2023-2024 ANNUAL AUDIT PLAN

MISSION STATEMENT AND GOALS

Internal auditing is an independent, objective assurance activity and consulting/non-audit service designed to add value and improve an organization's operations. The mission of the Internal Audit department is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of business risk management, control, and governance processes.

The Internal Audit department assists all levels of the Authority in the achievement of the Authority's mission, goals, and objectives by serving as a positive, independent, and objective resource, which directly impacts the efficiency and effectiveness of all functions.

In alignment with best practices and with Authority Organizational Policy Section 150.01 Internal Audit (Policy), we establish a flexible, risk-based Annual Audit Plan to provide management with reasonable assurance regarding:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operational information, goals, and objectives;
- Safeguarding of assets;
- Compliance with policies and procedures, laws, regulations, and contracts; and
- Revenue recovery and/or cost savings.

The Audit Plan is a dynamic tool that can be amended throughout the year in response to emerging risks and management requests.

ANNUAL AUDIT PLAN SUMMARY

FINANCIAL-RELATED AUDITS

Rental Cars

- Customer Facility Charges (CFCs)
- Avis Budget Car Rental, LLC
- Hertz Corporation
- Fox Rent A Car
- Green Motion Car and Van Rental
- Orlando Rent Co, LLC d/b/a Advantage Rent A Car

Concessions and Other Revenue Agreements

- MCO Airport Plaza, LLC (Travel Plaza Facility)
- WallyPark Orlando, LLC (Follow-up)
- Areas Hojeij Orlando, JV (AS3 Food and Beverage Concession Agreement)

Major Vendor, Service, or Management Contracts

- Flagship Airport Services, Inc. (Terminal Janitorial Maintenance)
- Orlando Police Department (OPD) – Airport Division (Reimbursed Cost) FY2023 through FY2024
- Orlando Executive Airport (OEA) Crash Fire Rescue Services (Reimbursed Cost) FY2023 through FY2024

OPERATIONAL/PERFORMANCE AUDITS

Transportation Network Company (TNC) Reconciliation & Billing Procedures
Parking Revenue Control Procedures
Benefits – Flexible Spending Accounts
Risk Management – Claims Processing

COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND POLICY

Florida Department of Highway Safety and Motor Vehicles' Database (DAVID)
ACDBE Program
Air Service Incentive Plan (ASIP) (Follow-up)
Procurement Card Continuous Monitoring
PCI-DSS Assessment
User Access and Authentication Reviews
Backup and Recovery Process

CONSULTING/NON-AUDIT AND SPECIAL PROJECTS

Authority Sponsorships and Memberships
Procurement – Governance, Risk, and Compliance (GRC) Software
Data Governance Working Group
Contract Language Reviews and Policy Revisions
Unannounced, Unplanned, and Outsourced Audits
Follow up Activities - Prior Audit Recommendations
Training Activities

Audits and Special Projects currently underway are included in the attached Status of Audits.

INDEPENDENCE AND OBJECTIVITY

The *International Standards for the Professional Practice of Internal Auditing (Standards)* issued by The Institute of Internal Auditors, and Policy, require all internal audit activities remain free of conditions or influence by any element in the Authority, including matters of audit selection, scope, procedures, frequency, timing, resources, and communicating results (Standard 1110.A1). In accordance with Standard 1120 and Policy, in performing engagements and in rendering reports, Internal Auditors are expected to maintain independence of mental attitude; to be objective, fair, and impartial; to avoid any conflict of interest; and to conduct themselves so that the Authority and third parties will view the Internal Auditor and the Internal Audit department in this way.

The Internal Audit department is independent of and does not have direct responsibility, control, or authority over the activities audited. Each Internal Auditor submits an independence statement annually and for each assigned engagement disclosing potential conflicts of interest. Internal Audit does not have any direct operational responsibility, control, or authority over or perform functions that would normally be subject to subsequent internal audit review.

SCOPE AND RISK ASSESSMENT

The Audit Plan is viewed as a flexible and dynamic tool that can be amended throughout the year in response to emerging issues, changing risks, management requests, and priorities. The Audit Plan also recognizes that there are inherent risks and limitations associated with any method or system of assessing relative risk and prioritizing audit activities.

Certain audits, reviews, and special projects are scheduled on a rotating basis to ensure audit coverage or are performed upon request. Accumulated knowledge of Authority and auditee operations, internal controls, inherent risk, findings from prior internal and external audits, and available resources (our organizational chart is attached) are also considered. Internal controls are those processes put in place by management to prevent and detect fraud, waste, abuse, and noncompliance, and to provide reasonable assurance that financial reports are reliable, operations are economical and efficient, applicable laws are followed, and assets are safeguarded against loss. In summary, effective internal controls prevent adverse events from happening and detect them when they do. Audits and consulting/non-audit projects are based on comprehensive internal and external perspectives, which can be summarized in four categories:

- Financial – Verifying reported revenue and identifying cost recovery and/or savings, including concession agreements and vendor, service, and management contracts, accounting, purchasing, payroll, inventory management, and internal controls. Includes reviewing information systems and assets for integrity, security, and reliability.

- Operational – Improving efficiency and effectiveness within the Authority or outsourced activities. Activities include procurement practices, safeguarding tangible assets and information systems, contract performance, workforce utilization, safety, and supply chain. These audits evaluate management's performance in establishing and maintaining internal controls, including internal controls designed to prevent and detect fraud, waste, abuse, and noncompliance, and in administering assigned responsibilities in accordance with applicable laws, rules, contracts, grant agreements, and other guidelines. These audits examine internal controls that are designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of financial records and reports, safeguarding of assets, and identify weaknesses in those internal controls.

- Compliance – Assessing compliance with applicable laws, regulations, contractual agreements, and Authority policies and procedures. Typically combined with financial reporting for concession agreements and vendor, service, and management contracts.

- Strategic – Internal and external activities that include high-level Authority strategic goals and objectives, management and governance activities, such as industry developments, risk management, IT governance, business continuity, monitoring/ oversight, management accountability/responsibility, Authority image, and legal liability.

Within these categories, other quantitative and subjective variables are considered, including prevention and detection of fraud or loss, relative dollar value, inherent and residual risk, the control environment, complexity of operations, historical operational performance, public sensitivity, efficient allocation of limited audit resources, and the business, industry, regulatory and economic climate.

FISCAL YEAR 2023-2024 AUDIT OBJECTIVES

FINANCIAL-RELATED AUDITS include determining whether financial information is fairly presented and reported in accordance with established or stated criteria, that specific financial compliance requirements have been adhered to, or the internal control structure over financial reporting and/or safeguarding of assets is suitably designed and implemented to achieve control objectives.

Financial-related audits may, for example, include audits of:

- Revenue generated from concessionaires, tenants, and parking operations.
- Payments and/or reimbursed costs to vendors and service providers.
- Internal controls over financial information and reporting for grants and contracts.
- Safeguarding of assets and controls over financial systems.
- Allegations of fraud or mismanagement of assets.

Customer Facility Charges (CFCs)
Objectives: For each onsite rental car provider, verify compliance with the Fourth Amended and Restated Resolution (Fourth Resolution) in regards to collection and remittance of CFCs to the Authority.

Rental Cars
Objectives: Determine whether selected on and off-airport rental car and parking operators accurately computed and reported Gross Receipts and remitted Concession/Percentage Fees and Customer Facility Charges in accordance with concession agreements or the Ground Transportation Rules and Regulations (GTR&Rs).

Concessions and Other Revenue Agreements
Objectives: Determine whether selected concessionaires, operators, or airlines accurately computed, reported, and remitted Concession Fees, rent, and other fees in accordance with applicable agreements. Determine compliance with other relevant contractual provisions.

Major Vendor, Service, or Management Contracts
Objectives: For selected vendor, service, and management contracts, review payments for goods and services, management fees, and reimbursed costs for accuracy. Determine compliance with contractual terms, identify recoveries and cost savings, and review for potential operational efficiencies.

OPERATIONAL/PERFORMANCE AUDITS provide an independent assessment of the performance of a process, activity, or function in order to evaluate operational controls, improve accountability, and facilitate decision making by management. Performance measurement includes assessing formal productivity or performance measures for a department, process, or contract. Performance audits include economy and efficiency audits for process improvement.

Economy and efficiency audits include determining whether the Authority is acquiring, protecting, and using its resources economically and efficiently; determining the cause of uneconomical practices and inefficiencies; and determining compliance with Authority policy on matters of economy and efficiency.

Process improvement includes determining internal and external expectations of an outcome, assessing the current business process and how well it meets internal and external needs, and identifying changes to improve performance.

TNC Reconciliation & Billing Procedures
Objectives: Review internal reconciliation and billing procedures for TNC related transactions. Review amounts received for accuracy.

Parking Revenue Control Procedures
Objectives: Review internal controls related to contract administration over the agreement for the operation and management of parking facilities, as well as controls over monitoring and reconciliation of parking revenue.

Benefits – Flexible Spending Accounts
Objectives: Review internal controls related to contract administration and reconciliation over Flexible Spending Accounts.

Risk Management – Claims Processing
Objectives: Review internal controls over claims processing to include monitoring, approval, processing, and payment of claims.

COMPLIANCE AUDITS include those projects where the primary objective is to determine whether there is reasonable assurance of compliance with laws, regulations, contract terms, or Authority policy. This also includes IT reviews such as physical and logical security, change management, infrastructure, privacy, software licensing, business continuity, and IT governance.

Such projects are generally narrower in scope than financial-related or operational audits. Examples of compliance audits include:

- Insurance and bonding requirements.
- Small business participation (DBE/ACDBE/MWBE/LDB/VBE).
- Policy or regulatory compliance.

Florida Dept. of Highway Safety and Motor Vehicles' (FLHSMV) Database (DAVID)
Objectives: Review internal controls in place over personal data accessed from DAVID in accordance with the Memorandum of Understanding between the Authority and FLHSMV.

Airport Concession Disadvantaged Business Enterprise (ACDBE) Program
Objectives: Review the ACDBE Contract and Worksite Monitoring Plan and assess the Small Business Department's Compliance with the committed corrective actions.

Air Service Incentive Plan (ASIP) (Follow-up Audit)
Objectives: Follow up on management's action steps and state of compliance related to the audit of ASIP (Audit No. 16-04).

Procurement Card Continuous Monitoring
Objectives: Perform analytical routines to identify potential non-compliance with Authority policy.

PCI-DSS Assessment
Objectives: Perform an assessment to identify potential non-compliance with Payment Card Industry (PCI) Data Security Standard (DSS) version 4, which is an information security standard for handling credit cards from major card brands.

User Access and Authentication Reviews
Objectives: Verify the appropriateness of individuals' access rights within the Authority's systems and applications. Review the efficiency and security of granting and revoking user access rights within the Authority's systems and applications. Assess systems' authentication methodology to validate password parameters align with organization's requirements and that there is congruency across systems.

Backup and Recovery Process
Objectives: Review internal controls related to data backup and restoration procedures for significant Financial/Operational applications.

CONSULTING/NON-AUDIT AND SPECIAL PROJECTS include responding to requests for information, assistance, or special projects from the Authority Board, Chief Executive

Officer, Chief of Operations, Chief Financial Officer, Chief Administrative Officer, Vice Presidents, or management to address any areas of interest or concern.

Authority Sponsorships and Memberships
Objectives: Review internal controls over submission, approval, and award of sponsorships and memberships.

GRC Software Procurement
Objectives: Assist the IT department with exploration and evaluation of GRC solutions.

Data Governance Working Group
Objectives: Participate in discussions on strategy and internal controls related to data governance.

Contract Language Reviews and Policy Revisions
Objectives: Review or propose language to preserve the Authority's audit rights and ensure that audit recommendations and findings are specifically addressed in draft requests for proposals, bid invitations, contract specifications, amendments, and the GTR&R with respect to definitions of Gross Receipts, certifications, reimbursements, expenses, reporting, and defaults. Consult as needed with various departments to maintain effective contract administration. Review proposed revisions to Authority policy, as requested.

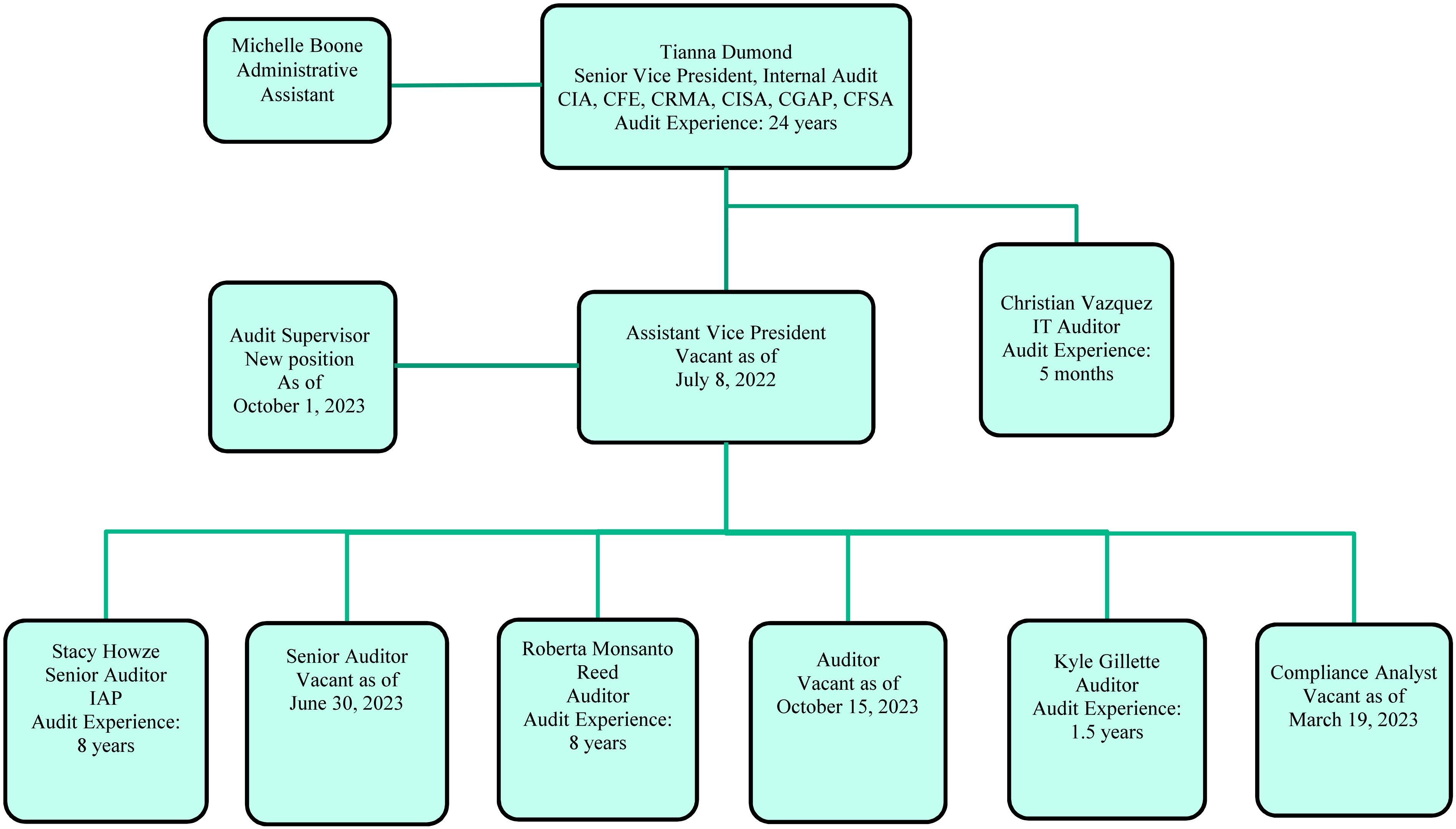
Unannounced, Unplanned, and Outsourced Audits
Objectives: Unannounced audits include unanticipated projects initiated by management or Internal Audit, where advance disclosure would jeopardize the audit's objectives or effectiveness. Unplanned audits provide flexibility to address emerging risks, a changing environment, or opportunities for improvement. Outsourced audits provide capacity, resources, or specialized expertise that would otherwise be too expensive to maintain internally. Outsourced audits may be part of the IT audit work plan. To the extent possible, such engagements are co-sourced to transfer knowledge to Internal Audit staff, raising the level of core competencies.

The Internal Audit department has two Local Developing Business (LDB) audit firms under contract that may be used for outsourcing and co-sourcing of audits. We maintain a continuous budget to allow for use of the firms as needed. The external audit firms have been utilized for both planned audits as well as unanticipated audits.

Follow up Activities Related to Prior Audit Observations and Recommendations
Objectives: In accordance with the *Standards*, monitor and ensure corrective actions have been effectively implemented related to prior audit findings and recommendations, or ensure that management has accepted the risk of inaction.

Training Activities
Objectives: Provide specialized training and assistance throughout the Authority. Training can include contract compliance, ethics, fraud prevention and awareness, and internal controls.

Internal Audit
Organization Chart
October 1, 2023



GREATER ORLANDO AVIATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
STATUS OF AUDITS
October 1, 2022 - September 30, 2023

Financial Related Audits	Number	Audit Period	Closed Date	Status	Comment/Recovery
Airport Parking, LLC d/b/a Park Bark and Fly	18-07	10/1/2016 - 9/30/2017		Current	Performed by L.F. Harris & Associates
Avis Budget Car Rental	23-03	4/1/2019 - 3/31/2022		Current	
BP-S00193 South Employee Parking Lot	23-06	10/1/2021 - 9/30/2023		Current	Performed by Talson Solutions, LLC
Fox Rent A Car, Inc.	22-04	10/1/2020 - 9/30/2021		Current	
Omni Collective LLC d/b/a Green Motion Car and Van Rental	19-05	10/1/2017 - 9/30/2018		Current	Performed by L.F. Harris & Associates
OPD Review of Reimbursed Costs FY16	15-10	10/1/2015 - 9/30/2016	6/1/2023	Closed	Recovery $2656,233.56
OPD Review of Reimbursed Costs FY17	17-08	10/1/2016 - 9/30/2017	6/1/2023	Closed	Recovery $1,011,732.57
OPD Review of Reimbursed Costs FY18	18-05	10/1/2017 - 9/30/2018	6/1/2023	Closed	Recovery $673,103.89
OPD Review of Reimbursed Costs FY19	19-03	10/1/2018 - 9/30/2019		Current	
OPD Review of Reimbursed Costs FY20	20-01	10/1/2019 - 9/30/2020	6/1/2023	Closed	Recovery $893,055.18
OPD Review of Reimbursed Costs FY21	21-01	10/1/2020 - 9/30/2021	6/1/2023	Closed	Recovery $1,240,333.50
OPD Review of Reimbursed Costs FY22	22-01	10/1/2021 - 9/30/2022		Current	
OPD Review of Reimbursed Costs FY23	23-01	10/1/2022 - 9/30/2023		Current	
OPD Indirect Cost Allocation Plan	21-0f	10/1/2020 - 9/30/2021		Current	
Orlando Rentco LLC d/b/a Advantage Rent a Car	21-02	10/1/2019 - 9/30/2020		Current	Performed by L.F. Harris & Associates
Sixt Rent A Car LLC - Customer Facility Charge (CFC)	21-03	4/1/2020 - 3/31/2021	12/9/2022	Closed	Performed by Covington & Associates Recovery $13,546.05
The Hertz Corporation	17-07	4/1/2016 - 3/31/2017		Current	Performed by L.F. Harris & Associates
Operational/Performance Audits	**Number**	**Audit Period**	**Closed Date**	**Status**	**Comment/Recovery**
Procurement Policy Compliance Examination	22-03	10/1/2019 - 9/30/2021	11/17/2022	Closed	Performed by Covington & Associates
Windows Active Directory Environment	23-05	10/1/2022 - 9/30/2023		Current	
Compliance with Laws, Regulations, Contracts, and Policy	**Number**	**Audit Period**	**Closed Date**	**Status**	**Comment/Recovery**
Follow Up to the Air Service Incentive Plan No. 16-04	23-02	10/1/2021 - 03/31/2023		Defer	

GREATER ORLANDO AVIATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
STATUS OF AUDITS
October 1, 2022 - September 30, 2023

Consulting/Non-Audit and Special Projects	Number	Audit Period	Closed Date	Status	Comment/Recovery
Ad-hoc Committees - FY23	23-Act-03	10/1/2022 - 9/30/2023	9/30/2023	Closed	
Automation - Code of Ethics and Business Conduct Policy	23-0i	10/1/2022 - 9/30/2023		Current	
Continuous Monitoring - Procurement Card	23-0d	10/1/2022 - 9/30/2023	9/30/2023	Closed	
Continuous Monitoring - Authorized Travel	23-0h	10/1/2022 - 9/30/2023		Defer	
Data Governance Working Group	21-0i	10/1/2020 - 9/30/2021		Current	
Ethics Program	19-0h	10/1/2018 - 9/30/2019	9/30/2023	Closed	
Follow-up Review - Auditor General Report	21-0m	1/1/2021 - 6/30/2022	9/30/2023	Closed	
FY23 Whistleblower Reporting Line	23-Act-01	10/1/2022 - 9/30/2023	9/30/2023	Closed	
FY23 Audit Plan and FY22 YE Report	22-0b	10/1/2021 - 9/30/2022	12/5/2022	Closed	
FY24 Audit Plan and FY23 YE Report	23-0a	10/1/2022 - 9/30/2023		Current	
HB 915 Compliance Follow-up Review (FY22)	22-0d	10/1/2021 - 9/30/2022	12/7/2022	Closed	
HR Assistance	23-0m	10/1/2017 - 9/30/2023		Current	
Internal Audit Awareness Month	23-Act-02	10/1/2022 - 9/30/2023	9/30/2023	Closed	
Internal Controls Over Monitoring and Reconciliation of Parking Revenue	23-0k	10/1/2021 - 3/31/2023		Defer	
Recruiting Assistance - Interviews	23-Act-04	10/1/2022 - 9/30/2023	9/30/2023	Closed	
Inventory Controls - BHS & PBB	23-0b	4/1/2021 - 3/31/2023	6/23/2023	Closed	
Invoice and Payment Process for the Operation and Management of Parking Facilities	23-0j	2/1/2022 - 1/31/2023		Defer	
IT Contracts	19-0g	10/1/2017 - 9/30/2019	9/30/2023	Closed	
IT Risk Assessment	23-0n	10/1/2022 - 9/30/2023	9/30/2023	Closed	Performed by CDW Government, LLC
MCO Garage C - RAC Reimbursement	23-0f	10/1/2022 - 9/30/2023		Current	
Orlando Executive Airport (OEA) Crash Fire Rescue Services FY21	22-0g	10/1/2020 - 9/30/2021	12/22/2022	Closed	Due to the City $156,487
Orlando Executive Airport (OEA) Crash Fire Rescue Services FY22	23-0l	10/1/2021 - 9/30/2022		Current	
Peer Review of the Operational Risk Register	23-0o	10/1/2022 - 9/30/2023	9/30/2023	Closed	Performed by Talson Solutions, LLC
Procurement - Automated Workpaper System	23-0c	10/1/2022 - 9/30/2024		Defer	
Procurement - 3rd Party Reporting Line	23-0g	10/1/2022 - 9/30/2024		Current	
Review of Furniture Procurement	20-0g	10/1/2019 - 9/30/2020		Current	
Single/Sole Source Procurement Request Review	21-0j	10/1/2018 - 3/31/2021	9/30/2023	Closed	
TNC Reconciliation & Billing Procedures	23-0e	10/1/2022 - 9/30/2023		Current	

GREATER ORLANDO AVIATION AUTHORITY

Orlando International Airport
One Jeff Fuqua Boulevard
Orlando, Florida 32827-4392

MEMORANDUM

TO: Members of the Finance Committee

FROM: Kathleen M. Sharman, Chief Financial Officer

DATE: December 13, 2023

ITEM DESCRIPTION

Presentation of the Aviation Authority's Fiscal Year 2024 Budget Report (Draft) for the Distinguished Budget Presentation Award by the Government Finance Officers Association

BACKGROUND

The Authority was awarded the Distinguished Budget Presentation Award for the fiscal year ending September 30, 2023. The Distinguished Budget Award is the highest form of recognition in budgeting, and its attainment represents a significant accomplishment by a government and its management. This represents the fifth year that this certificate has been awarded to the Authority.

ISSUES

The Aviation Authority's Finance Department has prepared a draft budget presentation for the fiscal year ending September 30, 2024, for submission in consideration of the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA). The fiscal year 2024 budget presentation will be submitted to GFOA by the required deadline of December 27, 2023, (90 days from legal adoption).

ALTERNATIVES

None.

FISCAL IMPACT

None.

RECOMMENDED ACTION

This is for information only. A copy of the budget presentation is on file with the Recording Secretary.

GREATER ORLANDO AVIATION AUTHORITY

Orlando International Airport
One Jeff Fuqua Boulevard
Orlando, Florida 32827-4392

MEMORANDUM

TO: Members of the Finance Committee

FROM: Tianna Dumond, Senior Vice President of Internal Audit

DATE: December 13, 2023

ITEM DESCRIPTION

Internal Audit Annual Report for the fiscal year ended September 30, 2023

BACKGROUND

The Annual Report sets forth the accomplishments of the Internal Audit department for the year ended September 30, 2023. The report highlights audit reports issued, completed projects and activities, and trend data on recoveries and direct effort.

RECOMMENDED ACTION

No action is required. This report is for information purposes only.

INFORMATION ITEM – B –

MEMORANDUM

TO: Kevin Thibault, Chief Executive Officer

FROM: Tianna Dumond, Senior Vice President, Internal Audit

CC: Kathleen Sharman, Chief Financial Officer

DATE: November 30, 2023

SUBJECT: 2023 Annual Report and 2023-2024 Annual Audit Plan

I am pleased to submit our Annual Report reflecting Internal Audit's accomplishments for the fiscal year ended September 30, 2023. Internal Audit completed 42 audits, projects and activities. Our 5-year total revenue recovery and cost savings is $15,915,006.11.

Also enclosed is the proposed 2023-2024 Annual Audit Plan. The Annual Audit Plan is a dynamic tool that can be amended throughout the year in response to emerging risks and management requests. Internal Audit will continue reviewing a wide range of contractual relationships to identify revenue recoveries and cost savings. Collectively, staff have 42 years of experience in the auditing profession and hold 7 licenses/certifications. We will objectively monitor financial, operational, and compliance controls and the efficiency and effectiveness of operational processes in the coming year.

The Annual Report and the proposed Annual Audit Plan will be submitted to the Finance Committee at its next meeting. Please do not hesitate to contact me if you have any questions or comments. We appreciate your continued support and the opportunity to serve the Greater Orlando Aviation Authority.

Attachments

GREATER ORLANDO AVIATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
SUMMARY OF RECOVERIES AND COST SAVINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Recovery	Interest	Total
Sixt Rent a Car, LLC	$ 10,185.00	$ 3,361.05	$ 13,546.05
OEA FY2021 Crash Fire Rescue Services	$ (156,487.00)		$ (156,487.00)
OPD FY2016	$ 656,253.56		$ 656,253.56
OPD FY2017	$ 1,011,732.57		$ 1,011,732.57
OPD FY2018	$ 673,130.89		$ 673,130.89
OPD FY2020	$ 893,055.18		$ 893,055.18
OPD FY2021	$ 1,240,333.50		$ 1,240,333.50
			$ 4,331,564.75
Fiscal Year 2022			$ 7,830,870.65
Fiscal Year 2021			$ 489,893.00
Fiscal Year 2020			$ 724,208.49
Fiscal Year 2019			$ 2,538,469.22
Rolling 5-Year Total Cost Recovery			$ 15,915,006.11

GREATER ORLANDO AVIATION AUTHORITY

INTERNAL AUDIT DEPARTMENT

ANNUAL REPORT

OCTOBER 1, 2022 – SEPTEMBER 30, 2023

Submitted by:
Tianna Dumond, CIA, CFE, CRMA, CISA, CGAP, CFSA
Senior Vice President, Internal Audit

GREATER ORLANDO AVIATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
FISCAL YEAR 2022-2023 ANNUAL REPORT

MISSION STATEMENT AND GOALS

Internal auditing is an independent, objective assurance activity and consulting/non-audit service designed to add value and improve an organization's operations. The mission of the Internal Audit department is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of business risk management, control, and governance processes.

The Internal Audit department assists all levels of the Authority in the achievement of the Authority's mission, goals, and objectives by serving as a positive, independent, and objective resource, which directly impacts the efficiency and effectiveness of all functions.

In alignment with best practices and Authority Organizational Policy Section 150.01 Internal Audit (Policy), we establish a flexible, risk-based annual audit plan to provide management with reasonable assurance regarding:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operational information, goals, and objectives;
- Safeguarding of assets;
- Compliance with policies and procedures, applicable laws, regulations, and contracts; and
- Revenue recovery and/or cost savings.

The Audit Plan is a dynamic tool that is amended throughout the year in response to emerging risk and management requests.

HIGHLIGHTS OF AUDIT REPORTS AND ACTIVITIES

Report on the Limited Scope Review of Reimbursable Costs for the OPD Airport Division for Fiscal Years 2016-2018
Audit Nos. 15-10, 17-08, and 18-05
October 1, 2016 through September 30, 2018

We completed a limited scope review of reimbursable costs for the Orlando Police Department (OPD) Airport Division for fiscal years ended September 30, 2016, 2017, and 2018. The objectives of the review were to determine if the amounts reimbursed by the Greater Orlando Aviation Authority (Authority) were accurate and appropriate, in compliance with the Operation and Use Agreement, and reconcile the year-end true-up.

An annual true-up of all expenses, including appropriate supporting documentation to substantiate amounts invoiced, and any final payments owed by the Authority, is required to be submitted by the City within 60 days after the end of each fiscal year (FY).

The FY2016, FY2017, and FY2018 budgets for the Airport Division were $11,954,780, $14,315,411, and $14,759,035 respectively. Invoices, calculations, and supporting records were reviewed during the audit. The total amount due to the Authority per the City's year-end true-up for the three-year period was $2,584,747. In April 2019, the City issued Credit Memoranda to the Authority amounting to $1,938,210 related to their true-up calculation for the FY2016, FY2017, and FY2018 pension expense and a share of the contributions they received from the State of Florida (per Florida Statute Chapter 185), which helps fund pension benefits for Police Officers. Net audit adjustments decreased the amount due to the Authority by $243,631. The final amount due to the Authority for the three-year period is $402,907.45. The City concurred with the audit findings and issued a Credit Memorandum in full on May 11, 2023. The final cost of services rendered (as adjusted) for the three-year period was $11,335,218, $12,247,199, and $13,302,115 respectively.

Report on the Limited Scope Review of Reimbursable Costs for the OPD Airport Division for FY2020
Audit No. 20-01
October 1, 2019 through September 30, 2020

We completed a limited scope review of reimbursable costs for the OPD Airport Division for the fiscal year ended September 30, 2020. The City timely submitted the annual true-up for FY2020 on November 19, 2020, however subsequent adjustments were submitted on June 11, 2021.

The total FY2020 budget for the Airport Division was $16,842,234. Invoices, calculations, and supporting records were reviewed during the audit. The amount due to the Authority per the City's year-end true-up for the period was $668,907. On October 29, 2020, the City issued a Credit Memorandum to the Authority amounting to $263,962 for a share of the contributions they received from the State of Florida (per Florida Statute Chapter 185), which helps fund pension benefits for Police Officers. Net audit adjustments increased the amount due to the Authority by $224,148 ($10,328 of which was related to services performed in FY2019 that were invoiced in FY2020). The final amount due to the Authority for the period is $629,093.22. The City concurred with the audit findings and issued a Credit Memorandum in full on May 11, 2023. The final cost of services rendered (as adjusted) for FY2020 was $13,955,821.

Report on the Limited Scope Review of Reimbursable Costs for the OPD Airport Division for FY2021
Audit No. 21-01
October 1, 2020 through September 30, 2021

We completed a limited scope review of reimbursable costs for the OPD Airport Division for the fiscal year ended September 30, 2021. The FY2021 true-up from the City was received on December 16, 2021, which exceeded the 60-day deadline of November 29, 2021.

The total FY2021 budget for the Airport Division was $17,208,632. Invoices, calculations, and supporting records were reviewed during the audit. The amount due to the Authority per the City's year-end true-up for the period was $881,931. On November 5, 2021, the City issued a Credit Memorandum to the Authority amounting to $262,796 for a share of the contributions they received from the State of Florida (per Florida Statute Chapter 185), which helps fund pension benefits for Police Officers. Net audit adjustments increased the amount due to the Authority by $358,403. The final amount due to the Authority for the period is $977,537.56. The City concurred with the audit findings and issued a Credit Memorandum in full on May 11, 2023. The final cost of services rendered (as adjusted) for FY2021 was $15,276,900.

Report on the Limited Scope Review of Costs for the Orlando Executive Airport Crash Fire Rescue Services
Audit No. 22-0g
October 1, 2020 through September 30, 2021

We completed a limited scope review of the Orlando Executive Airport (OEA) Crash Fire Rescue Services for the one year period ended September 30, 2021. The City of Orlando Fire Department (City) provides complete crash/structural/fire rescue coverage and fire protection to tenants, aircraft, civilians, and industries located at OEA. The Authority remits payment for services through an "ARFF Fee," which is paid in equal monthly installments. At the end of the one year period ended September 30, 2021, the City calculated the actual cost incurred in providing services as compared to the amounts paid by the Authority for such services (considered a True-up) and submitted it to the Authority. Upon inquiry with the City, the Authority received the True-up for the period on August 30, 2022. Payroll reports, calculations, and supporting records were reviewed during the audit. Per the True-up, the actual cost of services was $737,865 as compared to $587,858 paid by the Authority during the period, leaving an amount due to the City of $150,007. Net audit adjustments increased this amount by $6,480. The final amount due to the City is $156,487. The City concurred with the audit findings and the Authority remitted payment in full on January 18, 2023. The final costs of services rendered (as adjusted) was $744,345.

Agreed-Upom Procedures – Report on Sixt Rent a Car, LLC
Audit No. 21-03
July 1, 2020 through March 31, 2021

Covington and Associates, CPAs, Inc. (Covington) was engaged by the Authority to perform Agreed-Upon Procedures for Customer Facility Charges (CFCs) collected and remitted by Sixt Rent a Car, LLC (Sixt) for the nine month period ended March 31, 2021. The objective was to determine if Sixt properly calculated and remitted CFCs to the Authority.

The review identified miscalculations of CFCs submitted to the Authority during the nine month period ended March 31, 2021. Sixt started charging CFCs to their customers and reporting to the Authority when they came on-site at Orlando International Airport in July 2020. A schedule of CFCs is included in the report showing total CFCs of $402,685.50, which should have been submitted to the Authority compared to CFCs of $392,500.50, which was reported by Sixt in their Annual Certification of Fees for the period. The miscalculation of CFCs resulted in a net amount due to the Authority of $10,185, plus interest, all of which totals $13,546.05. Sixt remitted payment in full in November 2022.

Procurement Policy Compliance Examination
Audit No. 22-03
October 1, 2020 through September 30, 2021

Covington Associates, CPAs Inc. (Covington) performed an examination of the Authority's compliance with procurement policies and procedures for Fiscal Years 2020 and 2021. The objective was to determine compliance with the following Authority policies and procedures (Policy):

450.01	Purchasing Introduction and Definitions
450.02	Competitive Procurements
450.03	Non-Competitive Procurements
450.04	General Procedures and Approval Authorizations
450.041	Contract Documentation and Changes

Covington issued an unmodified opinion. The Authority complied, in all material respects, with Policy. One observation for improvement was identified during the review and was provided in the Independent Accountant's Observation Letter. Management's response, addressing the observation, is incorporated in the Report.

State of Florida, Auditor General – Audit Assistance
Project No. 21-0m
October 1, 2020 through September 30, 2021

In April 2022, the State of Florida, Auditor General initiated a follow-up review of their findings and recommendations from their operational audit (report issued in January 2021). Additionally, in May of 2022, the Auditor General initiated an operational audit of select areas of the Authority's operations, in accordance with Florida Statute Sec. 11.45(2)(m). The audit included an assessment of compliance with Section 332.0075, Florida Statutes, including compliance with Florida Statute Chapter 287 and public records and public meetings laws. The audit period was October 2020 through March 2022.

At management's request, we became the primary liaison for the audit, receiving all requests for information and records and facilitated responses from Authority management and staff. The audit report on both matters was issued by the Auditor General in September 2023 and concluded that the Authority followed established competitive selection procurement processes, applicable contracts and amendments requiring board approval complied with State law and Authority policies and procedures, and that all prior findings have been corrected. Management's response addressing a finding regarding prompt transcription of minutes from a singular meeting, is included in the report. No other findings were identified and the Authority complied with posting requirements under Florida Statute.

Management Requests and Other Projects

Other projects, as well as activities, which provided management with timely and critical information and analyses without the requirement of an audit include:

- Assisted the Aircraft Rescue and Firefighting (ARFF) department with fuel reconciliation process improvements. Established a monthly process for submission to and review by the Finance department.
- Reviewed internal controls over parts for the Baggage Handling System and Passenger Boarding Bridges and recommended process improvements.
- Participated in the implementation of the Authority's Travel & Expense system, SAP Concur, by reviewing system controls and related processes.
- Continued assistance with the Authority's ACDBE Pandemic Grant Fund Program.
- Facilitated the third-party Whistle-Blower Reporting Line to prevent fraud, waste, and abuse.
    - Primarily responsible for receipt and distribution of all communications, education, and awareness.
    - Tracked and facilitated resolution of reports received.
    - Performed research and investigations as needed.
- Facilitated a Peer Review of the Authority's Operational Risk Register for construction projects.
- Facilitated an IT Risk Assessment to assess the current state of the IT environment an aid in the audit planning process.
- Performed continuous monitoring procedures over the Procurement Card (P-Card) and corresponding policy, which include:
    - Ran monthly data analytics for the Finance department using audit query software to identify potential split-purchase violations of the P-Card policy.
    - Reviewed transactions that utilized the Amazon Business Account.
    - Reviewed card limits and transactions as requested.
- Proposed revisions and participated in discussions regarding various policies, procedures, and agreements, which included but were not limited to, the Code of Ethics and Business Conduct, Whistle-Blower, Debarment, No Harassment/Retaliation, Procurement, Authorized Travel Expense & Subsistence, Use of Technology Resources, Ground Transportation Rules and Regulations, various concession and commercial properties agreements, IT Standards and Procedures, and Lost & Found Procedures.
- Fielded questions on general contract management from various departments to ensure contract compliance.
- Collaborated in the development of procurement training for committee members and subject matter experts.
- Facilitated quarterly Ground Transportation (GT) meetings with Finance, Concessions, Parking Operations, and GT Services departments.
- Participated on hiring panel interviews for key Authority positions as requested.
- Participated in Material Control's Annual Inventory.
- Served on various Ad-hoc Committees or staff review committees as requested throughout the year.
- Served on the Authority's Ease Team (Customer Experience), Family Assistance Working Group, and the Workplace Safety Group.

A Summary of Internal Audit's Direct Effort by project type as well as a Summary of Recoveries and Cost Savings for FY2023 are attached.

Audit Standards, Independence, and Objectivity

The Internal Audit department governs itself by adherence to the mandatory elements of The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards),* and the Definition of Internal Auditing. The *Standards* provide a framework for conducting high quality audits with competence, integrity, objectivity, and independence. The Internal Audit department is independent of, and does not have, direct responsibility, control, or authority over the activities audited. Internal Auditors are expected to maintain independence of mental attitude in the conduct of all assigned work; to be objective, fair, and impartial; and to conduct themselves so that the Authority and third parties will view the Internal Auditor and the Internal Audit department in this way. Annually, each Internal Auditor submits an independence statement noting potential conflicts of interest and attestation to abide by The IIA's Code of Ethics and *Standards* and also submits it for each assigned engagement.

Quality Assurance and Improvement Program

The *Standards* require us to maintain a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the department. The QAIP is an ongoing program intended to increase the quality and value of the internal audit function. The QAIP monitors this through both an internal and external assessment which includes an evaluation of our conformance with the *Standards* and an evaluation of whether Internal Auditors apply the Code of Ethics. The QAIP should also assess the efficiency and effectiveness of the department and identify opportunities for improvement. The Senior Vice President of Internal Audit is required to communicate on the department's QAIP, including results of internal and external assessments.

Internal assessments consist of ongoing monitoring and periodic self-assessments. Our ongoing monitoring entails continuous improvement of the departmental Audit Manual, improving procedures for purposes of effectiveness and efficiency, completing a quality assurance checklist for each audit engagement where the Lead Auditor validates their work aligns with the *Standards*, and a periodic secondary review by the Senior Vice President of Internal Audit for a sample of audit engagements in their entirety to validate compliance with the *Standards* and departmental procedures. Our ongoing monitoring program did not identify any incidents of noncompliance with either the *Standards* or departmental procedures during FY2023.

The Internal Audit department had an external assessment completed through the Association of Local Government Auditors (ALGA), with the report issued on September 1, 2022. The qualified external assessment team reviewed our internal quality control system and conducted tests to determine if it operated to provide reasonable assurance of conformance with the *Standards*. Results of the external assessment indicated the Internal Audit department's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with the *Standards* for assurance and consulting engagements.

Monitoring Progress

Standard 2500 requires the Chief Audit Executive (which equivalent to the Senior Vice President of Internal Audit at the Authority) to establish and maintain a system to monitor the disposition of results communicated to management and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. All higher risk findings noted during our engagements have been addressed by management.

Experience and Professional Certifications

Members of the Internal Audit department collectively have 42 years of audit experience (see organizational chart attached to the Annual Audit Plan). The Internal Audit department emphasizes professional development to improve core competencies, effectiveness, and efficiency. Department staff members are highly credentialed and continue to pursue certifications. Staff currently hold the following professional certifications:

- (1) Certified Fraud Examiner (CFE)
- (1) Certified Internal Auditor (CIA)
- (1) Certified Information Systems Auditor (CISA)
- (1) Certified Government Auditing Professional (CGAP)
- (1) Certification in Risk Management Assurance (CRMA)
- (1) Certified Financial Services Auditor (CFSA)
- (1) Internal Audit Practitioner

Continuing Professional Education

Standard 1230 requires each staff member to enhance their knowledge, skills, and other competencies through professional education and development. Additionally, continuing professional education is a requirement to maintain licenses and/or credentials. Professional education and development includes seminars and conferences at the local and national level as well as webinars on a variety of technical, industry, and business related topics. Training throughout the year ensures the department is knowledgeable about current trends, audit techniques, and emerging technologies and risk, which assist in the successful accomplishment of audit objectives. Staff continue to train on the use of technology-based audit query tools to expand audit coverage while increasing efficiency and effectiveness. Department staff attended over 273 hours of continuing professional education in FY2023, which included specialized training on airport related auditing topics (general aviation reliever airports; fuel usage; parking, concessions, and rental car revenue; lost and found; and airport compliance with regulatory authorities) as well as general professional topics such as the current state of the Internal Audit profession; risk assessment and management; IT and security; fraud awareness, prevention and detection; internal controls; business continuity; construction auditing; governmental auditing; environmental, social, and governance auditing; data analytic techniques; audit planning and management; effective communication; leadership; strategies to enhance audit performance and value; auditing and accounting standards; report writing; and ethics.

Memberships

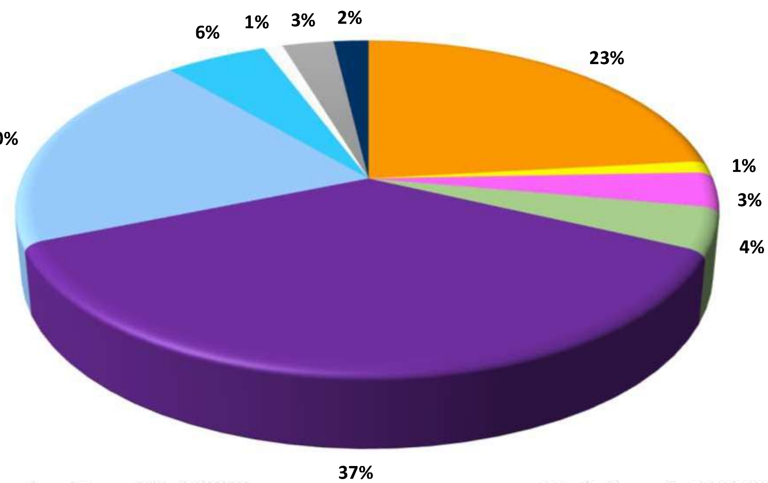
Active involvement with professional organizations ensures Internal Auditors have access to updated technical guidance, sharing of valuable knowledge and ideas with peers, and professional networking opportunities that are crucial to professional development. We are active in leadership and/or committee positions in professional organizations which include The IIA, Information Systems Audit and Control Association (ISACA), the Association of Airport Internal Auditors (AAIA), and the Florida Audit Forum (FAF). Additional professional memberships include the ALGA, the Association of Certified Fraud Examiners, and the Florida Government Finance Officers Association.

The Senior Vice President of Internal Audit currently serves as President of the AAIA and continues to Chair the AAIA's Governance Committee. Our IT Auditor currently serves on the IT Committee of the AAIA. The Senior Vice President is also a past President of the Central Florida Chapter of the IIA (CFIIA) and currently serves on the Board of Directors. She also serves as Vice-Chair of the FAF and is on the Board of Directors for the Central Florida Chapter of ISACA.

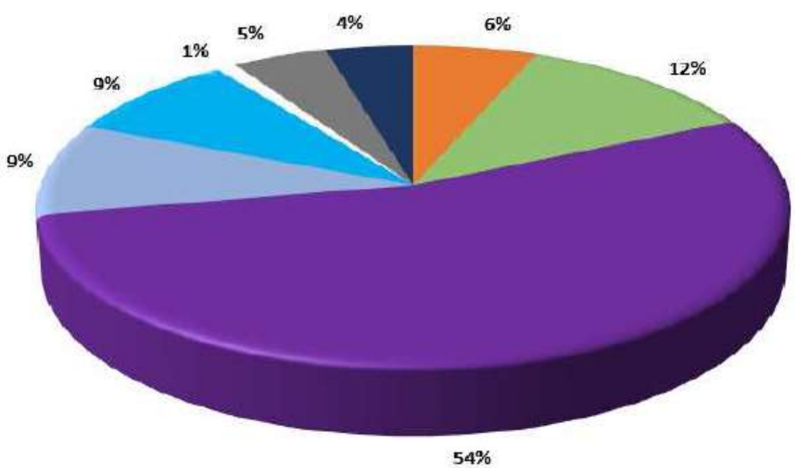
The Senior Vice President of Internal Audit is a voting member of the Authority's Retirement Benefits Committee, serves on the Business Continuity Leadership team, as well as various Ad-hoc Committees and working groups as requested by the Board Chairman and/or the Chief Executive Officer throughout the year.

GREATER ORLANDO AVIATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
SUMMARY OF DIRECT EFFORT

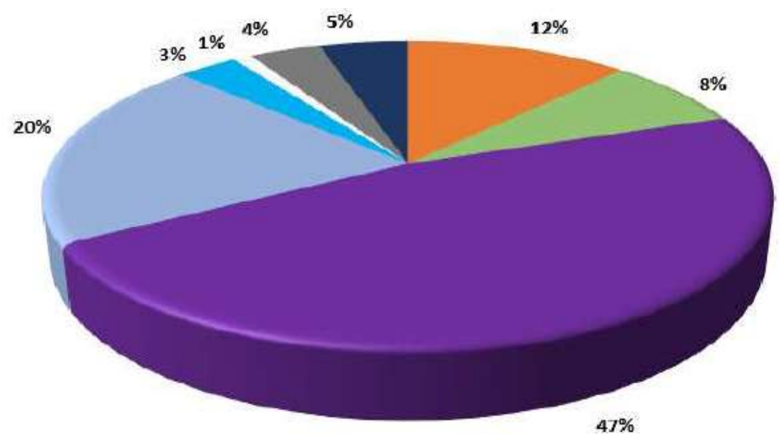
October 1, 2022 - September 30, 2023



October 1, 2021 - September 30, 2022



October 1, 2020 - September 30, 2021



- Special Projects - Requested by Management
- Financial Audits - Construction
- IS- Application Reviews
- Special Projects - Agreements/Other
- Financial - Professional Services/Vendors
- Financial - Revenue/Concessions/RACs
- Compliance - Policy/Regulation
- Compliance - Information Systems/Data Analytics
- Process Improvement/Re-engineering
- Operational - Internal Controls