

**GREATER ORLANDO AVIATION
AUTHORITY**

Transparency, Accountability,
and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Authority Board Members and Chief Executive Officer

During the period October 2020 through March 2022, the following individuals served as Greater Orlando Aviation Authority Board members:

M. Carson Good, Chairman
Buddy Dyer, Vice Chairman from 5-19-21 ^a
Ralph Martinez, Vice Chairman to 5-7-21 ^a
Jerry Demings
Dr. John Evans from 3-12-21
Belinda Kirkegard from 7-23-21
Craig Mateer from 3-1-21
Tim Weisheyer from 5-7-21

^a Vice Chairman position vacant from 5-8-21, through 5-18-21.

Phillip Brown served as the Authority Chief Executive Officer (CEO) until 1-21-22, Thomas Draper was Acting CEO from 1-22-22, until 3-20-22; and Kevin Thibault served as CEO from 3-21-22.

The team leader was Jonathan Agnelli, and the audit was supervised by Jacqueline Bell, CPA.

Please address inquiries regarding this report to Derek Noonan, CPA, Audit Manager, by e-mail at dereknolan@aud.state.fl.us or by telephone at (850) 412-2864.

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GREATER ORLANDO AVIATION AUTHORITY

TRANSPARENCY, ACCOUNTABILITY, AND PRIOR AUDIT FOLLOW-UP

SUMMARY

Pursuant to Section 11.45(2)(m), Florida Statutes,¹ this operational audit of the Greater Orlando Aviation Authority (Authority) included an assessment of the Authority's compliance with Section 332.0075, Florida Statutes; Chapter 287, Florida Statutes; and the public records and public meeting laws of Florida. Our audit's assessment of such compliance disclosed the following:

Finding 1: The Authority did not always promptly transcribe Board meeting minutes and make the minutes publicly available, as required by State law.

Pursuant to Section 11.45(2)(j), Florida Statutes, this operational audit also included a follow-up on the findings noted in our operational audit report No. 2021-117. The results of our audit procedures disclosed that the Authority had corrected the four findings noted in that report.

BACKGROUND

In 1957, the Greater Orlando Port Authority was established by State law as an agency of the City of Orlando (City)² and renamed the Greater Orlando Aviation Authority (Authority) in 1978.³ In 1998, previous State laws were repealed and replaced to reestablish the Authority.⁴ The Authority operates the City-owned Orlando International Airport (Airport) pursuant to an agreement⁵ for the accommodation of air commerce and transportation. Under the terms of the agreement, the City transferred to the Authority custody, control, and management of the Airport until September 30, 2065. The agreement may be terminated early under certain conditions or extended by the City and the Authority.

During fiscal year ended September 30, 2022, the Authority served 48.6 million passengers, and for the 2021-22 fiscal year, the Authority reported total revenues of \$921.2 million and total expenses of \$707.8 million. In addition, according to the Federal Aviation Administration, the Airport ranked 8th among United State airports in enplanements for the 2022 calendar year.⁶ As of September 30, 2022, the Authority employed 949 individuals.

The Authority's Board (Board) is composed of seven members, including the City of Orlando Mayor; Orange County Mayor; and five members appointed by the Governor for 4-year terms. The Board elects a Chairman, Vice Chairman, Secretary, and Treasurer from its members. The Board employs a Chief

¹ Section 11.45(2)(m), Florida Statutes, requires that, at least once every 7 years, the Auditor General conduct an operational audit of each large-hub commercial service airport. "Large-hub commercial service airport" is defined as a publicly-owned airport that has at least 1 percent of the annual passenger boardings in the United States as reported by the Federal Aviation Administration.

² Chapter 57-1658, Laws of Florida.

³ Chapter 78-578, Laws of Florida.

⁴ Chapter 98-492, Laws of Florida.

⁵ Amended and Restated Operation and Use Agreement between the Authority and the City of Orlando, dated August 31, 2015.

⁶ The Federal Aviation Administration extracts passenger (enplanement) data from the Air Carrier Activity System (ACAIS), a database that contains passenger boarding data.

Executive Officer who is responsible for the day-to-day administration, management, and operation of the Authority in accordance with policies established by the Board.

The Board's purposes and powers include:

- Coordination of the planning, financing, construction, and operation of the Authority's aviation facilities.
- Promotion of safe and efficient air commerce.
- Correlation of Authority aviation projects with other aviation projects in the region, State, and nation.
- Development of public airports to support and enhance economic development in Orange County, Florida.

This operational audit focused on selected Authority processes and administrative activities, specifically, Authority's transparency and accountability practices.

FINDING AND RECOMMENDATION

Finding 1: Board Meeting Minutes

State law⁷ requires the official Board meeting minutes be promptly recorded and open to public inspection. To ensure that minutes accurately reflect all actions and proceedings of the Board, the minutes of each meeting should be reviewed, corrected if necessary, and approved at a subsequent Board meeting.

Our examination of the minutes for the 21 Board meetings held during the period October 2020 through March 2022 disclosed that the August 18, 2021, transcribed special meeting minutes were not approved and posted to the Authority's Web site for public review until August 17, 2022, or 364 days after the meeting date.

Authority personnel indicated that the delay in the transcription and approval of the minutes was due to employee turnover and oversight. The prompt transcription and posting of approved Board minutes increases the transparency and accountability of the Authority and demonstrates compliance with State law.

Recommendation: The Authority should ensure that all Board meeting minutes are promptly transcribed and posted to the Authority Web site, or otherwise made available to members of the public, as required by State law.

PRIOR AUDIT FOLLOW-UP

As discussed below, our prior audit follow-up procedures disclosed that the Authority had taken corrective actions for the four findings noted in our report No. 2021-117.

⁷ Section 286.011(2), Florida Statutes.

Prior Audit Finding 1: Board Meetings

Previously Reported

During Board meetings, the Board acted on significant issues that were either not included or not clearly described in the respective meeting agendas. In addition, rather than waiting to discuss an upcoming Board action during the course of an open meeting, a Board member communicated, through an e-mail sent to other Board members, his position on the action. Board meeting agendas without sufficient descriptions and communications among Board members outside public meetings may limit opportunity for public dialog and reduce transparency of the Board decision-making process.

We recommended, to promote transparency in Authority operations and encourage community involvement, the Board ensure that:

- Board meeting agendas contain complete and accurate descriptions of significant matters to be discussed and acted on during Board meetings.
- Board member positions on matters coming before the Board only be discussed during the course of an open meeting.

Results Of Follow-Up Procedure

The Authority corrected this finding. Our examination of the minutes for the 21 board meetings held during the period October 2020 through March 2022 disclosed that the Board only voted on matters that were disclosed in the agendas made available to members of the Board and the public prior to the meetings. In addition, the Authority records we reviewed during the performance of our follow-up procedures did not contain any evidence that Board members communicated their respective positions on agenda items outside publicly noticed Board meetings.

Prior Audit Finding 2: Board Meeting Consent Agendas

Previously Reported

The Board approved several consent agenda items with financial impacts greater than \$45 million at Board meetings without Board and public discussion. Such actions limit the Board's ability to adequately and transparently carry out its statutorily required duties.

We recommended that the Board continue efforts to establish policies and procedures that require and ensure that all items with significant financial impacts are classified as new business for Board and public discussion. In addition, we recommended that such efforts require and ensure that the Board properly approves, awards, and ratifies contracts in excess of \$325,000 as a separate line item on the Board meeting agenda and provides a reasonable opportunity for public comment.

Results Of Follow-Up Procedure

The Authority corrected this finding. In September 2020, the Authority updated its policies and procedures⁸ to require Board approval for all contract amendments that, in the aggregate, increase the

⁸ Greater Orlando Aviation Authority Policy and Procedure Manual, Section 450.04, *Purchasing*.

value of any existing contract by more than \$250,000, including any contract amendments previously approved by the Board. Effective October 1, 2020, State law⁹ requires that all contracts executed on behalf of a commercial service airport in excess of \$325,000 be approved, awarded, or ratified as a separate line item on the agenda and, in February 2021, the Authority updated the standard language in Board meeting agendas to note that items under the consent agenda section should be less than \$325,000, pursuant to State law.

To determine whether the Board properly approved, awarded, and ratified contracts in excess of \$325,000 as a separate line item allowing for Board and public discussion and to determine whether amendments of existing contracts exceeding \$250,000, in aggregate, were Board-approved, we examined the agendas and minutes for the 21 Board meetings held during the period October 2020 through March 2022. We noted that the applicable contracts and amendments complied with State law and Authority policies and procedures.

Prior Audit Finding 3: Interim General Counsel Selection

Previously Reported

Authority records did not demonstrate that the Board followed the established competitive selection process when procuring Interim General Counsel services or document justification for not following that process, thereby increasing the risk that the services were not acquired at the lowest price consistent with desired quality.

We recommended that, when the Board deviates from an established request for proposal (RFP) process or procures services differently than the selection requirements established by that process, the Board should maintain records to justify the basis for those actions.

Results Of Follow-Up Procedure

The Authority corrected this finding. During the period October 2020 through March 2022, the Authority incurred 56,304 expenditures totaling \$1.2 billion. To determine whether the Authority followed established RFP processes, or maintained records to justify the basis from deviating from those processes, we selected for examination 15 expenditures totaling \$18.8 million and noted that the 15 expenditures followed established RFP processes.

⁹ Chapter 2020-167, Laws of Florida, created Section 332.0075, Florida Statutes, which requires that a governing body must approve, award, or ratify all contracts executed by or on behalf of a commercial service airport in excess of the threshold amount provided in Section 287.017, Florida Statutes, for a category five purchase as a separate line item on the agenda and must provide a reasonable opportunity for public comment. Such contracts may not be approved, awarded, or ratified as part of a consent agenda. During the October 2020 through May 2022 audit period, the category five threshold established by Section 287.017, Florida Statutes, was \$325,000.

Prior Audit Finding 4: Conflicts of Interest

Previously Reported

As of October 2020, the Authority had not established effective policies and procedures to identify potential conflicts of interest for Board members and employees who participate in purchases of goods and services.

We recommended that the Authority enhance procedures to ensure compliance with the *Greater Orlando Aviation Authority Purchasing Manual (Purchasing Manual)* and other Authority procedure requirements precluding Board member and employee participation in the selection or award of a contract should a potential or actual conflict of interest exist.

Results Of Follow-Up Procedure

The Authority corrected this finding. During the period October 2020 through March 2022, three Authority committees¹⁰ were responsible for evaluating and ranking vendors using Authority competitive selection processes and making recommendations to the Board for the awarding of contracts. Our examination of Authority records and discussion with Authority personnel disclosed that the Authority, in an effort to prevent, identify, and handle potential conflicts of interest, began each of the 137 committee meetings held during the period October 2020 through March 2022 with a question for the committee members regarding conflicts of interest. Additionally, Authority personnel indicated that the General Counsel¹¹ reviews employee's annual financial disclosure forms¹² for potential conflicts of interest.

Our comparison of business interests disclosed on annual financial disclosure forms filed by applicable Authority officials and employees to the Sunbiz Web site¹³ and to Authority vendor expenditure records did not disclose any specific conflicts of interest as contemplated by State law or Authority procedures. However, our review did note that two members of the Concession/Procurement Committee, two members of the Construction Committee, and three members of the Professional Services Committee did not file annual financial disclosure forms. Authority personnel indicated that those committee members were limited to purchases of \$10,000 and were not required to file financial disclosure forms pursuant to State law. However, although we agree that these individuals are not required to file financial disclosure forms, insofar as the committee members have the authority to recommend contracts for CEO approval in amounts up to \$250,000 and for Board approval for any procurement exceeding \$250,000, requiring committee members to complete alternate conflict of interest documentation would assist the Authority in documenting compliance with *Purchasing Manual* provisions and timely detecting potential conflicts of interest.

Subsequent to our inquiries, the Board approved a new policy,¹⁴ which requires use of a standard Conflict of Interest Statement form. The form includes the solicitation title, the names of individuals or companies

¹⁰ The three committees were the Concessions/Procurement, Construction, and Professional Services Committees.

¹¹ The Authority's organizational policy for each committee includes legal counsel in an advisory capacity.

¹² Section 112.3145(1) and (2), Florida Statutes, requires certain public officials and specified employees to file an annual financial disclosure form as of July 1 each year.

¹³ Sunbiz.org is the Florida Department of State, Division of Corporations, official business entity index and commercial activity Web site.

¹⁴ Organizational Policies 204.01, *Code of Ethics and Business Conduct*.

that submitted a response to the solicitation, and a signed statement that either the committee member had no conflict of interests or a statement that there is a conflict and that the member will recuse themselves from further participation. To demonstrate that the form was being used as prescribed, Authority personnel provided completed forms dated December 2022, which were signed by the five committee members who evaluated responses for a construction services solicitation.

OBJECTIVES, SCOPE, AND METHODOLOGY

Section 11.45(2)(m), Florida Statutes, provides that, every 7 years, the Auditor General shall conduct an operational audit of each large-hub commercial service airport. The audit is to include, at a minimum, an assessment of compliance with State law,¹⁵ and compliance with the public records and public meetings laws of Florida. The term “large-hub commercial service airport” means a publicly owned airport that has at least 1 percent of the annual passenger boardings in the United States as reported by the Federal Aviation Administration.

Additionally, pursuant to Section 11.45(3)(a), Florida Statutes, we conducted an operational audit of the Greater Orlando Aviation Authority (Authority) and issued our report No. 2021-117 in January 2021. Pursuant to Section 11.45(2)(j), Florida Statutes, an objective of this audit was to perform, no later than 18 months after the release of that report, appropriate follow-up procedures to determine the Authority’s progress in addressing the findings and recommendations contained within report No. 2021-117.

We conducted this audit and follow-up procedures from May 2022 through May 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management’s internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The overall objective focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency

¹⁵ Section 332.0075, Florida Statutes, and Chapter 287, Florida Statutes.

and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the period October 2020 through March 2022, and selected Authority actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

In conducting our audit, we:

- Reviewed applicable laws, rules, Authority policies and procedures, and other guidelines, and interviewed Authority personnel to obtain an understanding of applicable processes and administrative activities.
- Examined minutes of 21 Authority Board (Board) meetings that occurred during the period October 2020 through March 2022 to determine whether:
 - Board meetings were properly noticed.
 - The Board conducted meetings using pre-established agendas in accordance with Authority policies.
 - Board meetings had a quorum.
 - Board meeting minutes were available for public inspection within 7 business days of approval as required by Section 332.0075(2)(b), Florida Statutes.
 - The Board acted on significant items after sufficient discussion in a public forum.
- Examined the Authority's approved budget for the fiscal years ended September 30, 2021, and September 30, 2022, to determine whether the budget was posted to the Authority's Web site within 7 days after the date of adoption as required by Section 332.0075(2)(c), Florida Statutes.
- From the population of 1,058 contract and contract amendments exceeding \$65,000 and executed during our audit period we examined, examined Authority records related to 30 selected contract and contract amendments totaling \$64.7 million to determine whether:
 - The 30 selected contract and contract amendments were posted to the Authority's Web site no later than 7 business day after the Authority executes the contract or contract amendment.
 - The 30 selected contract and contract amendments did not reveal information made confidential or exempt by Section 332.0075, Florida Statutes.
- Evaluated and determined whether the Authority's Board members received required ethics training pursuant to Section 112.3142, Florida Statutes.
- Examined Authority and Commission on Ethics records to determine whether Board members and other officials required to complete financial disclosure forms pursuant to Section 112.3145, Florida Statutes, had completed and filed their financial disclosure forms for the 2020 and 2021 calendar years and had any business relationships that could represent potential conflicts of interest.
- Compared Authority vendor records to the Department of State's Division of Corporations Web site to determine whether Authority Board members and certain Authority personnel had any business relationships that could represent potential conflicts of interest.

- Verified that the Authority's Board submitted required airport related information to the Florida Department of Transportation.
- From the population of 56,304 expenditures totaling \$1.2 billion during the audit period, examined Authority records related to 15 selected expenditures totaling \$18.8 million to determine whether all 15 selected expenditures were adequately documented; made in accordance with applicable laws, rules, contract terms, policies and procedures, and good business practices; and properly authorized.
- Examined Authority records, including Board meeting minutes, for the period October 2020 through March 2022, and inquired of Authority personnel, to determine if any construction or electrical projects with estimated or actual costs exceeding the thresholds specified in Section 255.20, Florida Statutes, were performed using Authority services, employees, and equipment.
- Reviewed Authority records and inquired of Authority personnel to determine whether the Authority made any expenditures or entered into any contracts utilizing the authority granted by an applicable state of emergency.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report, and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



**GREATER ORLANDO
AVIATION AUTHORITY**

September 6, 2023

Ms. Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building
Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

We received the Auditor General's preliminary and tentative audit findings and recommendations on August 7, 2023 resulting from your operational audit of the Greater Orlando Aviation Authority (Aviation Authority). We appreciate your team's diligence throughout the audit process. We are pleased that the audit concluded that the Aviation Authority followed established competitive selection procurement processes and that we have corrected all four prior audit findings. Further, we appreciate the audit concluded that the applicable contracts and amendments requiring board approval complied with State law and Aviation Authority policies and procedures.

A focus of my chairmanship, which began in August 2020, is to continuously improve the effectiveness of our operations. We remain committed to strong leadership, maintaining fiscal responsibility, and operating a safe and secure world-class facility to promote The Orlando Experience®, while upholding the highest level of integrity and transparency.

The Board and Aviation Authority management have thoroughly reviewed the singular audit finding and recommendation made by the Auditor General pertaining to promptly transcribing and posting the minutes for one (1) Aviation Authority Special Board meeting, out of 21 regular and special board meetings, during the audit period. We agree to remain committed to prompt approval and posting of all minutes from Sunshine Meetings. As such, the Aviation Authority has established expected timeframes for the completion of minutes, resulting in prompt approval and posting in compliance with Florida Statute.

We note that the minutes identified for the August 18, 2021 Special Board meeting were, in fact, posted timely after approval as required by Florida Statute Section 332.0075(2)(b). Although final approval was delayed due to operational circumstances at that time, the Aviation Authority maintained full transparency, as audio recordings were readily available upon request. Recordings of the Special Board meeting in question were offered to the Auditors during this review. The level of transparency adopted by the Aviation Authority, by maintaining an audio recording, far surpasses meeting minutes that are transcribed in a summary fashion. In addition, Aviation Authority Board meetings are live-streamed and archived in full on the publicly available website for Orange County Government, for Florida.

In footnote 7 of your report, you cite Section 286.011, Florida Statutes. Contrary to your recommendation, this section does not include a requirement to "publish" or "post" minutes. Section 286.011 requires only that minutes are "recorded" and "open to public inspection." We note that Section 286.011's language about meeting minutes has remained unchanged since 1967. Immediate, verbatim, fully accessible digital recordings are extraordinarily transparent when compared to the 56-year-old standard for writing or typing minutes.

Lastly, the Aviation Authority agrees with your confirmation that the four previously reported findings have been corrected. We thank you for your team's diligence throughout the audit process.

Sincerely,



for

M. Carson Good
Chairman, Greater Orlando Aviation Authority

Attachment

c: Kevin J. Thibault, Chief Executive Officer