

Minutes of the Meeting of the MNAA & MPC Audit & Compliance Committees



Date: December 11, 2019 Place: Nashville International Airport Board Room
Nashville, Tennessee

Time: 10:45 a.m.

Committee Members Present: Nancy Sullivan, Chair; John Doerge, Vice Chair; and Jimmy Granbery;

Committee Members Absent: Christy Smith

Others Present: Doug Kreulen; Cindy Barnett; and Angela Edwards

I. Call to Order

Chair Sullivan called the meeting of the MNAA Audit Committee to order at 10:47 a.m. pursuant to Public Notice dated December 6, 2019.

II. Approval of Minutes

Chair Sullivan called for a motion to approve the minutes of the July 10, 2019 Audit Committee Meeting. A motion was made by Vice Chair Doerge and seconded by Commissioner Granbery. The motion carried by vote of 3 to 0.

III. Chair's Report

Chair Sullivan had no Chair's Report but thanked Ms. Lisa Lankford, AVP, Special Assistant to the President, for all the hard work her team put into the audit and for the fantastic results.

IV. Items for Approval

None

V. Information Items

A. Fraud Reporting Update

Ms. Lisa Lankford, AVP, Special Assistant to the President, briefed the Committee on this item. Ms. Lankford reported there had been two calls to the red flag reporting hotline. One was for favoritism and inappropriate management practices, and has been closed with no evidence to establish favoritism and inappropriate management practices occurred. The second item reported was for potential theft of a storage cabinet which is currently still under investigation. An update on this item will be reported at the next Audit Committee meeting and staff will keep Chair Sullivan updated with findings. Follow up training has been conducted on the red-flag reporting system.

There are only 43 remaining open audit findings. Staff has made significant progress getting the corrective actions and preventive actions in place. There were no new audit findings in the first quarter FY20.

Of the 43 open findings, finance has closed five. When the travel policy is issued, the majority of the remaining items in finance will be closed. Commercial Development has closed three findings, Information Technology (IT) closed three findings and Operations closed one findings. IT has closed 178 findings in the past three quarters, primarily through obtaining PCI compliance.

This item was presented for information purposes only with no action required.

B. External Audit Update

Ms. Lisa Lankford introduced Mark H. Nicolas and Stuart Voges of Dixon Hughes Goodman LLP (DHG). DHG, an independent CPA firm licensed to practice in Tennessee, is under contract to conduct the annual independent audit of the financial affairs of the Authority, in accordance with the bylaws. DHG presented the members of the Committee with copies of the Report to the Audit Committee, Financial Statements and Required Supplementary Information on the MNAA Retirement Plan for Employees and the Comprehensive Annual Financial Report (CAFR) for FY19. There were no material weaknesses or significant deficiencies identified and no audit findings disclosed. All prior year findings had been corrected.

DHG discussed the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, schedules of collections and expenditures of passenger facility charges, and retirement plan for employees.

Chair Sullivan congratulated everyone on the great results of the report.

This item was presented for information purposes only with no action required.

C. PCI Compliance Update

David Greenwell and Nandor Csonka of CompliancePoint presented an update on MNAA's compliance with the Payment Card Industry (PCI) Data Security Standard (DSS). In September 2018, 65% of PCI's controls were not being met at BNA. As of October 2019, the project was completed, with all matters remediated and controls in place. Remediation accomplishments include:

- Updated 20 different procedure documents
- Conducted internal penetration testing
- Standardized administrative access rights, including vendor accesses
- Conducted network segmentation to reduce PCI scope and secure systems
- Implemented unified security platform:
 - File Integrity Monitoring
 - Security Incident Event Management
 - Vulnerability Scanning
 - Multi-Factor Authentication

BNA is now completely PCI compliant. This item was presented for information purposes only with no action required.

D. Public Safety Update

Mr. David Griswold, Chief of Police, AVP, Public Safety, updated the Committee on this item. Chief Griswold reported the Law Enforcement and Airport Communications Center (ACC) inspections are underway for the Commissioner on Accreditation for Law Enforcement Agencies (CALEA). The Law Enforcement's prior inspection was conducted in November 2017 and was awarded the Meritorious CALEA Accreditation. The ACC was last inspected in January 2019 with all standards in compliance.

Chief Griswold then updated the Committee on fuel safety inspections. BNA's Department of Public Safety conducts quarterly inspections and the surveillance of fueling activities are ongoing. BNA has 70 fueling vehicles, 28 storage tanks, and 113 fueling personnel. FY20Q1 results were 39 written violations.

Of those violations, 23 Notices of Violation were issued. These are written warnings with correction dates. 3 fuel citations were issued to fueling operators and 13 fuel citations were issued to fueling companies. The FY20Q2 inspection is currently in progress.

Chief Griswold reported on TSA Regulatory Compliance. This is an annual comprehensive audit. FY19 Comprehensive Inspection Findings resulted in 5 test failures. All were by non-MNAA employees. Those failures were two instances of identification media swap, two instances of piggybacking and one unauthorized access. There were 7 audit findings. The overall score was 92 which was considered outstanding.

Key actions taken were:

- Improved monitoring of badge-holders (Prowatch)
- Increased piggybacking testing by ASC and DPS
- Limited access to doors K38S, T38, K35S, T35
- Implemented recognition program for proper challenging
- Holding quarterly meetings with FBO Managers and tenants
- Implemented monthly review of Airport Security Manual
- Trained back-up personnel for ASC
- Implemented random key audits

This item was presented for information purposes only with no action required.

VI. Adjourn

There being no further business brought before the Audit Committee, Chair Sullivan adjourned the meeting at 11:21 a.m.


Amanda C. Farnsworth, Board Secretary