

SPACE FLORIDA



**AUDIT AND ACCOUNTABILITY COMMITTEE MEETING
Agenda**

**Tuesday, August 3, 2021
9:00 a.m. ET**

By Teleconference
Call-in Number: 866-528-2256
Guest Code: 4875556#

| Agenda Items | Vote | |
|---|------------|---------------------------------------|
| Call to Order | | Ken Kahn |
| Agenda <ul style="list-style-type: none">• Public Comments• Minutes December 15, 2020• Charter Review• Interim Financials March 31, 2021• Enterprise Risk Assessment | ✓ ✓ | Denise Swanson Howard Haug |
| Closing Remarks/Adjournment | | Ken Kahn |

Minutes December 15, 2020



DRAFT Minutes of a Regular Meeting of the Space Florida Audit & Accountability Committee

A Regular meeting of the Space Florida Audit & Accountability Committee was held by Teleconference on December 15, 2020. The meeting was called to order at 10:35 a.m. EST.

COMMITTEE MEMBERS PRESENT:

Greg Celestan (Chair)
Ken Kahn
Belinda Keiser

SPACE FLORIDA STAFF PRESENT:

Denise Swanson
Frank DiBello
Howard Haug
James Kuzma
Sharon Spratt
Beth Courtney
Ivey Zheng
Elizabeth Loving

Greg Celestan thanked the committee members for attending and called the meeting to order. Ms. Swanson stated that the meeting is being conducted in accordance with the Sunshine and Public Record laws of Florida.

Ms. Swanson reviewed the items on the agenda: The review and approval of the minutes of the meeting held on October 7, 2020, recommendation to the full board for approval interim financial statements for the period ended September 30, 2020.

There were no public comments.

Ms. Swanson stated that the first item was the review and approval of the prior meeting minutes. The motion was made by Ken Kahn, seconded by Greg Celestan, and passed unanimously by the committee to approve the minutes of the October 7, 2020.

Ms. Swanson reviewed the 4th quarter interim financial statements for the period ended September 30, 2020 and stated the positive change in net assets due to operations results will be allocated to the capital reserve fund. The motion was made by Ken Kahn, seconded by Belinda Keiser, and passed unanimously for the committee to recommend that the full Board approve the issuance of the quarterly interim financial statements for the period ended September 30, 2020.

CLOSING REMARKS & ADJOURNMENT

The meeting adjourned at 10:45 a.m. (EST)

Charter Review

Space Florida
Audit and Accountability Committee Charter
Attachment 1

Role

The committee's role is to focus on ensuring financial and internal control integrity of Space Florida.

Membership

The Audit and Accountability Committee shall consist of three or more Directors, each of whom is to be free of any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment. The Audit Committee shall include at least two people who have the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Space Florida's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal control over financial reporting; and (v) an understanding of audit committee functions. The members of the Committee shall be appointed by the Board Chair and will serve for two years. The Board Chair will also recommend the chairperson of this Committee for Board approval.

Operations

The Audit and Accountability Committee will meet at least two times during each year. Additional meetings may occur as the Committee Chair or the Board Chair deem advisable. The Audit and Accountability Committee will keep adequate minutes of all its proceedings, and will report its actions at the next meeting of the Board via consent agenda whenever possible. The Audit and Accountability Committee will be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment) as are applicable to the Board. The Audit and Accountability Committee members will be furnished with copies of the minutes of each meeting.

Authority

The Audit and Accountability Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultant, as it deems appropriate.

Responsibilities

Subject to applicable governance laws, the principal responsibilities and functions of the Audit and Accountability Committee are as follows:

- Review and approve policies and procedures that promote accountability, ethical values, and sound control practices;
- Perform organizational risk management;

- Annually review the internal accounting and financial reporting process, including internal controls with management and the scope and adequacy of internal controls with the independent auditor;
- Approve External Audit Plan;
- Review and approve internal audit reports;
- Review and approve Management Letters;
- Executive session with External Auditors;
- Respond to process breakdown reports.

The Audit and Accountability Committee is a Space Florida Standing Committee and reports directly to the Board of Directors through the Committee Chair or its designee.

Staff Support

Primary staff contact for the Committee is:

Denise Swanson, Chief Financial Officer

Phone: 321-730-5301 Ext. 250

Email: dswanson@spaceflorida.gov

Additional support is provided by:

Howard Haug, Treasurer

Phone: 321-730-5301 Ext. 227

Email: hhaug@spaceflorida.gov

Interim Financials March 31, 2021

SPACE FLORIDA



Total Compiled Statement of Revenues and Expenses
Period Ending March 31, 2021
Unaudited
In 000's

| | Total budget | Q1 Actual | Q2 Actual | Committed | Total Actual and Commitments | Budget Remaining |
|---|---------------------|------------------|------------------|------------------|---|-----------------------------|
| Operations Revenues | | | | | | |
| State Appropriated Revenue - OPS | \$ 11,500 | \$ 2,875 | \$ 2,875 | \$ 5,750 | \$ 11,500 | \$ - |
| Other Revenue | \$ 2,740 | \$ 796 | \$ 1,200 | \$ 1,231 | \$ 3,227 | \$ (487) |
| Total Operations Revenues | \$ 14,240 | \$ 3,671 | \$ 4,075 | \$ 6,981 | \$ 14,727 | \$ (487) |
| Operations Expenses | | | | | | |
| Salaries & Other Related Costs | \$ 7,203 | \$ 1,300 | \$ 1,485 | \$ 3,153 | \$ 5,938 | \$ 1,265 |
| Contract & Subcontract Services | \$ 1,181 | \$ 208 | \$ 194 | \$ 665 | \$ 1,067 | \$ 114 |
| Utilities & Maintenance | \$ 3,564 | \$ 854 | \$ 777 | \$ 1,691 | \$ 3,322 | \$ 243 |
| Travel & Entertainment | \$ 293 | \$ 11 | \$ 16 | \$ 48 | \$ 75 | \$ 217 |
| Business Recruitment/Investment | \$ 361 | \$ 115 | \$ 17 | \$ 67 | \$ 199 | \$ 162 |
| Operating, General & Administrative | \$ 1,639 | \$ 361 | \$ 248 | \$ 390 | \$ 999 | \$ 639 |
| Total Operations Expenses (Excluding Depreciation) | \$ 14,240 | \$ 2,850 | \$ 2,736 | \$ 6,013 | \$ 11,600 | \$ 2,640 |
| Change in Net Assets Due to Operations | \$ 0 | \$ 822 | \$ 1,338 | \$ 967 | \$ 3,127 | |

Enterprise Risk Assessment

Filename: RiskAssessment SPFL

Rundate: 7/26/2021

- Enterprise Risk Management Objectives

- Create and maintain a sustainable program that:
 - Identifies key risks to the Space Florida by considering a spectrum of risk areas
 - Assesses and prioritizes key risks for action, recognizing overall Space Florida strategic direction
 - Develops and implements risk management strategies for top priority risks
 - Monitors and updates risk management strategies as required
 - Communicates risk information and strategies across Space Florida
 - Increase risk awareness and management as part of our culture

| CATEGORY/NAME | DESCRIPTION | (Over Next 12 Months) | | |
|---|--|-----------------------|------------|-----|
| | | RISK ASSESSMENT | | |
| STRATEGIC | | Impact | Likelihood | RME |
| <i>Economy & Locale</i> | | | | |
| 1 Economic cycle | Health of Economy | 5 | 2 | 3 |
| 2 Weather disasters | Hurricanes, Droughts, Freeze | 5 | 4 | 4 |
| 3 State/local business environment | Supportive | 4 | 4 | 3 |
| 4 Federal Budget-Space Components | Stable and Supportive | 3 | 2 | 3 |
| <i>Stakeholder</i> | | | | |
| 5 Clients | Satisfied, Loyal | 3 | 3 | 2 |
| 6 FDOT | Supportive | 5 | 3 | 3 |
| 7 State & Local leadership | Supportive | 5 | 3 | 3 |
| 8 Federal leadership | Supportive | 4 | 2 | 2 |
| <i>Industry</i> | | | | |
| 9 New/disruptive technology | Loss of market relevance, | 3 | 2 | 4 |
| 10 Spaceport Management Model | Self sustainable model under development | 5 | 3 | 3 |
| 11 Negative catastrophic events | Taints industry brand | 3 | 2 | 4 |
| 12 Limiting Regulatory Constraints | Restrictive regulations impairing growth | 5 | 3 | 2 |
| <i>Infrastructure</i> | | | | |
| 13 Required | Unable to support market requirements | 4 | 2 | 4 |
| 14 Replacement | Outdated and aging | 4 | 2 | 4 |
| 15 Space Force/NASA | Resistance to change | 5 | 4 | 2 |
| <i>Industry Marketplace</i> | | | | |
| 16 Service/product penetration | As expected | 3 | 2 | 4 |
| 17 Market competitor pricing | Lower, Aggressive, Not Comparable | 3 | 3 | 3 |
| 18 Service/product substitution | Better value equation | 3 | 3 | 3 |
| <i>Industry Mergers & Acquisitions</i> | | | | |
| 19 Change in entity leadership | Change in operations | 2 | 4 | 2 |
| <i>Competition to Space Florida</i> | | | | |
| 20 Incentives from competition | Greater | 4 | 3 | 3 |

| CATEGORY/NAME | DESCRIPTION | RISK ASSESSMENT | | |
|--------------------------------------|---|-----------------|------------|-----|
| | | Impact | Likelihood | RME |
| 21 Political influence | More effective | 5 | 3 | 2 |
| 22 Location selection bias | Con Florida | 2 | 1 | 1 |
| OPERATIONAL | | | | |
| Human Resources | | | | |
| 23 Skilled Expertise | Demand causes turnover | 3 | 3 | 3 |
| 24 Compensation | Costs increasing | 3 | 4 | 4 |
| 25 Benefit Costs | Costs increasing, Lower coverage | 3 | 4 | 4 |
| 26 Single point of Expertise | Small team size, interruption to function | 4 | 3 | 4 |
| 27 Resizing | Change in needs | 4 | 3 | 3 |
| Information Technology | | | | |
| 28 Architecture costs | Increasing to keep current or replace | 4 | 4 | 4 |
| 29 Hacking | Theft of information, service, access | 5 | 4 | 4 |
| 30 Public Record Information | Identified and accessible | 3 | 2 | 5 |
| 31 Confidential Information | Identified and protected | 5 | 3 | 3 |
| Processes | | | | |
| 32 Accounting | System limits and disaster response | 4 | 2 | 5 |
| 33 Contracts | Documented, approved, compliance | 4 | 2 | 4 |
| 34 Services, Use, and Financing | Priced, billed, collected, booked | 3 | 3 | 4 |
| 35 Fulfillment | Quantity, quality, delivered, accepted | 3 | 3 | 4 |
| Financial | | | | |
| Liquidity | | | | |
| 36 Revenue | Effective revenue generation | 5 | 3 | 3 |
| 37 Cost containment | Increasing or less for same cost | 4 | 4 | 3 |
| 38 Fixed infrastructure costs | Demands use of cash | 4 | 2 | 4 |
| 39 Portfolio | Generate performance metrics | 3 | 2 | 5 |
| Reporting | | | | |
| 40 External, DEO, State requirements | Compliance and Creditable | 4 | 3 | 5 |
| Compliance | | | | |
| Regulatory/Oversight | | | | |
| 41 State Executive | Activity reporting, provides directives | 4 | 2 | 3 |

| CATEGORY/NAME | DESCRIPTION | RISK ASSESSMENT | | |
|--|---|-----------------|------------|-----|
| | | Impact | Likelihood | RME |
| 42 Legislative | Coordinated action | 4 | 3 | 3 |
| 43 Public Officials | Requests outside governance process | 4 | 3 | 3 |
| 44 State and Federal Regulatory Compliance | Reporting and approval requirements | 4 | 2 | 4 |
| 45 Activist | Provoke action by criticism | 4 | 5 | 1 |
| Legal | | | | |
| 46 Statute | Still valid not obsolete | 2 | 2 | 4 |
| 47 State contract performance | Increased complexities and requirements | 3 | 2 | 5 |

| <i>Impact Rating</i> | <i>Financial Impact</i> | <i>Non-Financial Impact considerations (cumulative)</i> |
|-----------------------------|--------------------------------|---|
| 1- Minimal | <\$1,000 in Cash Cost | <ul style="list-style-type: none"> * Local Media Coverage * State Leadership Notice * Event noticeable but easily managed * Limited impact on operations |
| 2- Minor | \$1K-\$10K in Cash Cost | <ul style="list-style-type: none"> * Investigation beyond normal reviews/audits |
| 3- Moderate | \$10K-\$30K in Cash Cost | <ul style="list-style-type: none"> * Litigation * Damage or loss of a significant client * Requires major change in business strategy * Requires careful management attention |
| 4- Significant | \$30K-\$100K in Cash Cost | <ul style="list-style-type: none"> * Event has severe impact on operational performance and creditability |
| 5- Major | >\$100K in Cash Cost | <ul style="list-style-type: none"> * Criminal investigations * Major change to entity strategy |

| Likelihood Rating | Description |
|-------------------|--|
| 1- Rare | Risk may occur in exceptional circumstances <20% probability |
| 2- Unlikely | Risk could occur at sometime 20-40% probability |
| 3- Possible | Risk might occur at some time 40-60% probability |
| 4- Likely | Risk will probably occur in most circumstances 60-80% probability |
| 5- Almost Certain | Risk is expected to occur in most circumstances >80% probability |

| RME Rating | Description |
|-------------------------|---|
| 5- Extremely Effective | <ul style="list-style-type: none"> * Manage all of the causes or effects of the risk * In place management policies, processes, and controls |
| 4- Strong | <ul style="list-style-type: none"> * Manage the majority of the causes or effects of the risk * Risk management gaps are actively addressed and monitored |
| 3- Moderately Effective | <ul style="list-style-type: none"> * Manage about half of the causes or effects of the risk * Risk management objectives tend to be known and monitored |
| 2- Limited | <ul style="list-style-type: none"> * Manage some of the causes or effects of the risk * There are limited formal risk processes * Management somewhat understands the processes and there is at least some ability to comply |
| 1- Minimally Effective | <ul style="list-style-type: none"> * Manage very few or none of the cause or effect of the risk. * There is little to no focus of the risk * Events tend to managed as they arise (reactive in managing the risk) |

