Management Committee Meeting

10/18/2017

Agenda Item: Wigington status

Reported behaviors

1. Failure to disclose content of negotiations or amount of incentives provided to British Airways, which incentives totaling $2.6MM over two years clearly exceed spending authority without Board of Commissioners approval; perception of deliberate manipulation of spending items to avoid spending authority limit set out in by-laws and employment contract.

2. Putting Authority in position of announcing and beginning a $1.2 billion BNA Vision Plan with no Chief Financial Officer, no Chief Legal Officer, and no Chief People Officer with no immediate plan for filling those positions.

3. Termination of CPO, CFO, CLO with no plan for replacement and excessive severance packages.

This has been reported as failure to do succession planning despite warnings as early as 2015.

4. Lack of proper management financial controls.

Current Anti-Fraud Controls Review report lists unclear structures related to fraud reporting, insufficient conflict of interest training, and lack of pro-active fraud risk assessment as current material management failures. These conclusions are listed under the heading "Tone at the Top" define as the "ethical atmosphere created in the workplace by the organization's leadership."

These conclusions are generally consistent with the 2015 Greeley Pond report.

During the three prior fiscal years the Authority has had two serious series of incidents of fraud, including the John Howard embezzlement of some $1.2MM and the theft of some $135,000 worth of cell phones. The CEO was on notice of the problems with internal controls at least as early as July 2014 when the CFO advised of the allegations.

5. Failure to address major employment and management issues.

Complete lack of succession planning as shown by the current open executive slots; salary structure for management badly out of date and pay scale inappropriate to attract and retain needed talent; job descriptions reported out of date in 2015 still not addressed, and perception among employees that CEO is indecisive, uncommunicative and unavailable.

6. Consistent repeated refusal to communicate with Commissioners, follow Board of Commissioners' policy and directives, and perceived concealment of information from Commissioners.

Commissioners first learned of major highly critical audit when in the Sunday newspaper; Commissioners advised of embezzlement scheme only months after first came to management attention and federal prosecutors involved; Audit Committee not briefed concerning cell phone thefts despite clear instruction to CEO when $1.2MM embezzlement came to light; CEO entered legally binding contract with airline for incentives without spending authority, without consulting Commissioners and without including a standard "subject to approval clause." Entered binding severance agreements without conferring with Commissioners and made misleading statements to the Chair about the status of the terminations and hiring replacements. Within hours of being reminded that CEO was on leave without authority to act, issued written instruction telling employee she was promoted and ordering Human Resources to process the promotion immediately.

A perception exists the Commissioners do not know all the things they should know, in accordance with employment contract provisions concerning oversight by the Board and the CEO's obligations to the Commissioners so they can meet their fiduciary obligations to the Authority because of a CEO led culture of secrecy and concealment.