SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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Catherine Blakespear
Greg Cox
Mark Kersey
Robert T. Lloyd
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Paul Robinson
Johanna Schiavoni
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Cory Binns
Col. Charles B. Dockery
Gayle Miller

President / CEO
Kimberly J. Becker

SPECIAL AUDIT COMMITTEE
and
SPECIAL BOARD MEETING *

AGENDA

Thursday, February 13, 2020
10:00 A.M.

San Diego International Airport
SDCRAA Administration Building -- Third Floor
Board Room
3225 N. Harbor Drive
San Diego, CA 92101

This Agenda contains a brief general description of each item to be considered. If comments are made to the Board without prior notice, or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in Board Services and are available for public inspection.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. *PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.*

*NOTE: This Committee Meeting also is noticed as a Special Meeting of the Board (1) to foster communication among Board members in compliance with the Brown Act; and (2) to preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Committee Members: Blakespear, Kersey (Chair), McNamara, Tartre,
                          Van Sambeek, Vann, West

NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. Please submit a completed speaker slip to the Authority Clerk. *Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.*

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Committee.

NEW BUSINESS:

1.   **APPROVAL OF MINUTES:**
       RECOMMENDATION: Approve the minutes of the November 4, 2019, regular meeting and the January 16, 2020, special meeting.

2.   **DISCUSSION REGARDING EXTERNAL AUDITOR PARTNER ROTATION:**
       RECOMMENDATION: Receive the information.
       Presented by: Scott Brickner, Vice President/CFO

3.   **FISCAL YEAR 2020 SECOND QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
       RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.
       Presented by: Lee Parravano, Chief Auditor

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.

2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.

3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.

4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**

5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.

6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third floor receptionist for validation.

You may also reach the SDCRAA Building by using public transit via the San Diego Metropolitan Transit System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITEE MEETING
MINUTES
MONDAY, NOVEMBER 4, 2019
BOARD ROOM

CALL TO ORDER: Chair Robinson called the Audit Committee Meeting to order at 10:00 a.m. on Monday November 4, 2019, in the Board Room of the San Diego International Airport Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Robinson led the pledge of allegiance.

ROLL CALL:

Present: Committee Members: Lloyd, Robinson, Schiavoni, Tartre, Van Sambeek, West

Absent: Committee Members: None

Also Present: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Linda Gehlken, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT:

NEW BUSINESS:

2.   **FISCAL YEAR 2019 ANNUAL REPORT FROM THE AUDIT COMMITTEE:**
Chair Robinson provided an overview of the report.

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member West, and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried unanimously.

1.   **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the May 13, 2019, regular meeting.

ACTION: Moved by Committee Member Tarte and seconded by Board Member Schiavoni to approve staff's recommendation. Motion carried noting Committee Member VanSambeek's ABSTENTION.

3.   **EXTERNAL AUDITOR'S FISCAL YEAR ENDED JUNE 30, 2019, REPORTS: A) AUDITED FINANCIAL STATEMENTS, B) SINGLE AUDIT REPORTS, C) PASSENGER FACILITY CHARGE COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) LETTER TO THE BOARD:**
David Coleman, CPA, BKD, LLP, and Nikki Kubly, CPA, BKD, LLP, provided a presentation on the external auditor's Fiscal Year-Ended June 30, 2019; reports that included 2019 Highlights; Future Change in Accounting Principles; Internal Control Considerations, Assets and Deferred Outflows Composition for the Year Ended June 30, 2019, Deferred Inflows and Net Position Composition for the Year Ended June 30, 2019; Liabilities, Total Revenues and Capital Contributions Composition for the Year Ended June 30, 2019; Expense Composition for the Year Ended June 30, 2019, and Trends.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation. Motion carried unanimously.

4.   **REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2019:**
Scott Brickner, Vice President/CFO, provided an overview of the Comprehensive Annual Financial Report (CAFR).

In response to Chair Robinson's request to share our good financial results with the public, Kimberly Becker, President/CEO stated that staff would make a plan to share the news.

Board Member West suggested that information on the financial results have a caveat that it is very important news as the Authority moves forward with the Airport Development Plan.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member West and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously.

5.   **FISCAL YEAR 2019 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2019 Annual Report from the Office of the Chief Auditor (OCA) that included Quality Assurance and Improvement Program, Fiscal Year 2019 Performance Measures,

Percentage of Audit Plan Completed, Audit Activities Completed, Activities Not Started & In Progress, Revenue Identified, Auditor Utilization, Project Budgets, Recommendation Acceptance, Customer Satisfaction, General Audit Activities, Summary of Ethics Inquiries, and Required Disclosures.

In regard to the OCA customer satisfaction survey sent to auditees post-audit, Board Member Schiavoni requested a comparison of six months of survey responses, to see if the revised survey brought any increase in the response rate.

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member West and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried unanimously.

6. **ANNUAL REVIEW OF THE CHARTER OF THE AUDIT COMMITTEE:**
Lee Parravano, Chief Auditor, provided an overview of the staff report. He stated that no revisions were made to the charter at this time.

RECOMMENDATION: Information item only.

7. **ANNUAL REVIEW OF THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**
Lee Parravano, Chief Auditor, provided an overview of the staff report. He stated that no revisions were made to the charter at this time.

RECOMMENDATION: Information item only.

8. **AMEND AUTHORITY POLICY 1.50 – GOVERNANCE AND COMMITTEES:**
Lee Parravano, Chief Auditor, provided an overview of the recommendation to establish term limits for public members on the Audit Committee.

In response to Board Member Schiavoni regarding what is being done to enhance the recruitment process, Tony Russell, Director, Board Services/Authority Clerk, provided a status on the various publications and recruitment outreach efforts to date; stating that he will ensure there is a broad spectrum of applicants being notified of the vacant public member position on the Audit Committee.

RECOMMENDATION: Staff recommends that the Audit Committee request the Board to amend Policy 1.50 to specify the number of terms that public members may serve on the Audit Committee to two full terms, and that the current Audit Committee Public Members are allowed to serve out their current terms through to completion.

ACTION: Moved by Committee Member VanSambeek and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously.

9. **REVISION TO THE FISCAL YEAR 2020 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

   Lee Parravano, Chief Auditor, provided a presentation on the Revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor that included Reasons for Revision, Additional Hours to Finish Fiscal Year 2019 Audit Plan, Reduce Audits Hours on Two Audit Activities, and Removal of Three Audits.

   RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval.

   ACTION: Moved by Committee Member VanSambeek and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously.

10. **FISCAL YEAR 2020 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

    Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2020 First Quarter Report from the Office of the Chief Auditor that included Fiscal Year 2020 Performance Measures, Percentage of Audits Completed, Audits Completed, Number of Recommendations, Revenue/Cost Savings Identified, Auditor Utilization, Audit Budgets, Auditee Satisfaction, and General Audit Activities.

    In response to concern expressed by Committee Member Tartre regarding the progress of performance measure *Percentage of Audits Completed* and how that number could be improved, Mr. Parravano stated that there are several annual administrative activities that need to be completed in the first quarter, which impacts that percentage.

    In response to Committee Member Tartre's concern that the benchmark listed was not best of class and whether other sources could be considered to benchmark this category, Mr. Parravano stated that the benchmarks used are set by the Association of Local Government Auditors (ALGA) and that he would explore other sources.

    Board Member West suggested considering changes to the presentation for this report to the Committee moving forward, so that any adjustments from the new process can be incorporated.

    RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.

    ACTION: Moved by Committee Member Tartre and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 10:52 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY THIS 13th DAY OF FEBRUARY, 2020.

_____
LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

_____
TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL AUDIT COMMITTEE AND
SPECIAL BOARD MEETING
MINUTES
THURSDAY, JANURARY 16, 2020
BOARD ROOM

CALL TO ORDER: Chair Robinson called the Special Audit Committee Meeting to order at 9:06 a.m., on Thursday, January 16, 2020, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Committee Member West led the pledge of allegiance.

ROLL CALL:

Present:	Committee Members:	Robinson, Schiavoni, Tartre, Van Sambeek, West
	Board Members:	Kersey
Absent:	Committee Members:	Lloyd

Also Present: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Dustin Heick, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT:

NEW BUSINESS:

1. **INTERVIEW OF PUBLIC MEMBERS TO FILL A VACANCY ON THE AUDIT COMMITTEE:**
   Paul Robinson, Chair, reported that there is a public member vacancy due to the resignation of Andrew Hollingworth and that this vacancy was noticed consistent with the appointment process for the previous two vacancies. He stated that the appointment will be for the remaining term of Mr. Hollingworth, which expires June 2022. Additionally, he reported that Committee Member Don Tatre's term is due to expire in June 2020, and he is not eligible to be appointed to another term, per Authority Policy 1.50 and that at the discretion of the Committee, Mr. Tatre's upcoming vacancy can be filled as well. He stated that Mr. Tatre's replacement would be appointed to the Audit Committee for a three year term, to commence July 2020, once Committee Member Tatre's term expires.

   The Committee interviewed applicants Nicole DeBerg, Ginger Hitzke, Carmen D. Vann, Carol Lee, Dan McAllister, Agnes Wong Nickerson and Avneet Sidhu.

RECOMMENDATION: Interview applicants and select a primary and alternates to recommend to the Board for appointment to fill a current vacancy on the Audit Committee and select another public member to be appointed to the Audit Committee to commence July 2020.

ACTION: Moved by Committee Member Schiavoni and seconded by Committee Member West to recommend to the Board the appointment of Carmen D. Vann to fill the current vacancy on the Audit Committee and to recommend Ginger Hitzke as an alternate, if the Board does not select Ms. Vann, and Agnes Wong Nickerson as a public member to the Audit Committee to commence July 2020 for a three year term to replace Don Tartre once his term expires. Motion carried unanimously, noting Board member Lloyd as ABSENT.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 10:56 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 13th DAY OF FEBUARY, 2020.

_____
LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

_____
TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

ITEM 2

DISCUSSION REGARDING EXTERNAL AUDITOR PARTNER ROTATION:

THERE ARE NO MATERIALS FOR THIS ITEM AT THIS TIME.

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

STAFF REPORT

Meeting Date: **FEBRUARY 13, 2020**

Subject:

Fiscal Year 2020 Second Quarter Report from the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.

Background/Justification:

The Charter of the Office of the Chief Auditor directs that the Chief Auditor shall annually report to the Board on audits completed, findings discovered, corrective action taken, and the implementation status on outstanding recommendations.

Therefore, an account of activities accomplished by the Office of the Chief Auditor from October 1, 2019, through December 30, 2019, is provided as Attachment A, *Fiscal Year 2020 Second Quarter Report*. A presentation on the Second Quarter activities will be given to the Audit Committee during its February 13 meeting.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

Office of the Chief Auditor
Fiscal Year 2020 Second Quarter Report

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Second Quarter Audit Progress
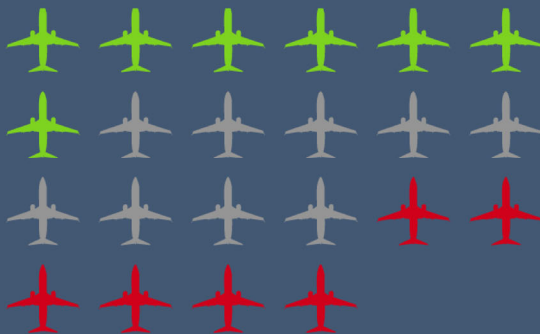
- Completed (31.82%)
- In Progress (40.91%)
- Not Started (27.27%)

Audits Completed vs. Benchmark & Goal

Completed
32%

Benchmark
30%

Goal
40%

FY 2020 Audit Activities - By the Numbers

18	Recommendations Issued
$35,174	Revenue / Savings Identified
4.7	Customer Satisfaction Rating (Out of 5)
43%	Audits Completed within Budget
65%	Auditor Utilization Percentage
100%	Recommendations Accepted by Management

Office of the Chief Auditor
Fiscal Year 2020 Second Quarter Report

Issue Date: February 4, 2020

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Second Quarter Summary

The Fiscal Year 2020 Audit Plan is comprised of 22 audits, seven (7) general audit activities, and administrative activities to be completed in the Fiscal Year. The Office of the Chief Auditor (OCA) tracks its progress relative to the Audit Plan and several key performance measures to gauge the success of the office. Each performance measure is detailed below along with supplemented explanation.

Performance Measures

For Fiscal Year 2020 seven (7) major performance measures were developed to evaluate the OCA.[1] The OCAs performance against the selected performance measures is displayed in Figure 1 below.

Figure 1:   Status of Performance Measures as of December 31, 2019

Performance Measure	Goal	Actual	Benchmark
Percentage of Audits Completed	40%	32%	30%
Number of Recommendations	13	18	13
Revenue/Cost Savings Identified	$330,800	$35,174	$314,160
Percentage of Staff Time Spent on Audit Activities	70%	65% / 69% including/ excluding Chief Auditor	70%
Percentage of Audits Completed within Budget	80%	43%	75%
Percentage of Recommendations Accepted	95%	100%	83%
Auditee Satisfaction Rating	4.0	4.7	4.0

Percentage of Audits Completed:

As of the second quarter, the OCA completed and issued seven (7) audit reports, or 32%, of the audits included in the Audit Plan (7/22=32%). In addition to the seven (7) audits completed, the OCA had nine (9) audits in progress as of the end of the second quarter. A summary of the audits completed in the second quarter is provided in the *Audits* section below.

An alternative way to calculate the OCAs progress is to account for the audit hours spent on the nine (9) audits in progress, but not yet completed. This method uses the total hours expended on audit work to date and the total audit hours expected to complete all audits in the Fiscal Year 2020 Audit Plan. The calculation results in a completion percentage of 43% through December 31, 2019. Specifically, the OCA expended 3,719 hours through December 31, 2019, conducting audit work, and estimates 8,694 total audit hours will be needed to complete all Fiscal Year 2020 audits (3,719/8,694=43%).

The status of all audits in the Fiscal Year 2020 Audit Plan is included in Appendix A.

Number of Recommendations:

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. In Fiscal Year 2020 to date the OCA has provided 18 recommendations to management to remediate a risk identified.

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[1] The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

Revenue/Cost Savings Identified:
While the value of an audit cannot be adequately assessed by this performance measure it does provide quantifiable values for completed audit activities. As of the second quarter of Fiscal Year 2020 the OCA identified $35,174 in cost savings/additional revenues as detailed in Appendix A.

Percentage of Staff Time Spent on Audit Activities:
This measure helps ensure that the OCA spends an adequate amount of time on audit activities[2] rather than administrative activities. The OCAs goal for Fiscal Year 2020 is 70%. The OCA actually spent 65% of time on audit activities, which includes the Chief Auditor's time (69% excluding the Chief Auditor's time).

Percentage of Audits Completed within Budget:
This category monitors the efficiency of audit staff in performing audits. Every audit has an internally prepared budget that the audit staff is held accountable to uphold. However, we recognize that budgets may need adjustment(s) as additional facts become known during an audit. In Fiscal Year 2020, the OCA completed 3 out of 7 audits under budget, or 43%. The seven audits completed had a budget of 1,375 hours. The total hours expended were actually 1,527 or 152 total hours over budget. While over budget, in total by approximately 11%, this is considered by the OCA to be a minor amount due to the complexity and number of recommendations issued for these audits.

Percentage of Recommendations Accepted:
This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations provided to management. As of the end of the second quarter, management accepted 100% of all audit recommendations.

Auditee Satisfaction Rating:
Post audit surveys are sent to auditees after the completion of an audit to obtain customer satisfaction data. The OCAs goal for auditee satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date we have achieved a score of 4.7.

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[2] Audit activity time consists of hours spent on audits and general audit activities. Appendix A details all planned Audits and General Audit Activities.

Audits

Issued

During the second quarter, the Office of the Chief Auditor (OCA) issued a total of four (4) audit reports, as described below.

AECOM Technical Services, Inc.: The objective of this audit was to determine if the agreement with AECOM Technical Services (AECOM) was administered appropriately. The audit concluded that AECOM generally complied with the agreement requirements. However, the audit did identify one recommendation to strengthen internal controls, by having an enhanced final review of each invoice prior to payment and by verification that amounts billed are within the approved budget and time period.

Acquisition & Implementation of Information Technology Assets: The objective of this audit was to determine if the controls, compliance, and performance related to the Authority's Information Technology (IT) acquisition and implementation are adequate. The audit concluded that procedures are adequate for the acquisition and implementation of desktop computers, warranties, and software licenses. However, the audit identified four recommendations directed to improve centralization of IT inventory and regarding purchases made without the Information & Technology Services department approval.

Transportation Network Company Trip Fees: The objective of this audit was to determine if the Transportation Network Companies (TNC) operating at the Authority are accurately reporting pick-ups, drop offs, vehicle make/models, and remitting the proper amount of trip fees. The audit concluded that the TNCs accurately reported pick-ups, drop offs, and correct vehicle make/models, and remitted the proper amount of trip fees. No recommendations were identified.

Active Directory Listing Management: The objective of this audit was to determine if computer network user account provisioning and deprovisioning are performed timely related to the Authority's Active Directory Listing. The audit concluded that Information & Technology Services' management of the Authority's Active Directory was appropriate regarding internal Active Directory Listing users. However, the audit identified six recommendations to strengthen controls related to internal and external user accounts and to the management and documentation of the Active Directory Listing.

In Progress

At the close of the second quarter there were a total of nine (9) audits in progress, representing 41% of the audits on the Fiscal Year 2020 Audit Plan. Of those, one (1) audit was in the reporting/ review stage and eight (8) were in the fieldwork stage or the preliminary survey stage.

General Audit Activities

In addition to performing audits, the OCA is involved in other audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required[3] to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.

Risk Assessment & Audit Plan
The Risk Assessment & Audit Plan is a document presented in May of each year to the Audit Committee that includes the proposed Audit Plan for the coming fiscal year. It is the culminating result of data gathering, management discussions, surveys, and data analysis.   Information gathering occurs throughout the year; however, the majority of the hours executing this activity take place January through May.

Construction Meeting Attendance
Construction audit activity for the second quarter of Fiscal Year 2020 consisted of attending meetings regarding the Federal Inspection Service project, the airport support facilities, the Airport Development Program, and other airport construction projects. The OCA remains involved with issues identified by the Airport Design and Construction team and Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction activity.

Information Technology Meeting Attendance
Information technology activity for the second quarter of Fiscal Year 2020 consisted of attending meetings, reading contract documents, and providing updates when appropriate regarding information technology risk assessments and the National Institute of Standards and Technology (NIST) cybersecurity framework.

Development of Data Analytics
The OCA is determining the feasibility of developing a data analytics program for rental car concessions. If successful, the data analytics program would provide real-time insight regarding rental car company activity at the San Diego International Airport. The OCA would utilize this information to identify possible risks early on and to determine if an audit should be initiated. This audit approach would reduce staff hours spent on non-value-added audits. Additionally, data analytic information could be shared with Authority Management for their reference and use.

As of the end of the second quarter, the OCA had collaborated with the Revenue Generation & Partnership Development Department, Information & Technology Services, Data Analytics team, and other Authority staff. The OCA has provided the Data Analytics team sample test data for preliminary analysis. We are optimistic about the success of a data analytics program for rental car concessions.

Ethics Program
The OCA continues to run the Authority's Ethics Program and confidential reporting hotline. During the second quarter of Fiscal Year 2020, eight (8) reports were received, one of which was a potential code violation and was investigated. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate. A summary of the tip(s)/report(s) received during the second quarter of Fiscal Year 2020 is shown in Figure 2 below.

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[3] Requirements are dictated by the Office of the Chief Auditor Charter, Charter for the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing (*Standards*).

Additionally, as a result of the ethics training provided to employees in Fiscal Year 2019, four (4) ethics questions regarding conflicts of interest were received by the Ethics Officer in the second quarter of Fiscal Year 2020.

Figure 2:   Ethics Hotline

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)*	Response (email or phone to non-anonymous reports)
General Workplace Concerns					
Workplace Practices/Behavior	8	1	1	1	0

*As required by the Charter for the Office of the Chief Auditor, any fraud or illegal acts that the Chief Auditor becomes aware of are communicated to the Chair of the Audit Committee, General Counsel, and the President/CEO.

Number of Tips / Reports Received: The total number of tips or reports received through the confidential hotline, direct phone line, e-mail, inter-office mail, or direct contact.

Preliminary Investigation Required: The number of tips or reports that required a preliminary investigation.

Full Investigation Initiated: Following a preliminary investigation, we determined that the tip necessitated a full investigation.

Investigation Results Supported Coded Violation: Based on an investigation, these are the tips/reports that were found to have been a Code violation.

Response: This column represents the number of responses back to the original non-anonymous tipper/reporter.

Recommendation Follow-up
The OCA tracks the status of its recommendations on an on-going basis in order to determine the progress of their implementation. Appendix B contains a detailed list of each recommendation and its status as of December 31, 2019. Figure 3 below shows the status of recommendations that were *Completed* or *In Progress* during the second quarter of Fiscal Year 2020. The estimated/actual implementation timeframes are based on the audit report issue date.

Figure 3:   Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	2	1	-	3
In Progress	11	3	2	16

Completed: This designation is used for recommendations that the OCA determined to be adequately implemented or for recommendations where alternate action is taken that adequatley addresses the risk identified. Of the completed recommendations, two (2) or 66% were completed within the initial timeframe identified when the recommendations were issued.

In Progress: These recommendations have been partially addresed or partial corrective action has been taken. This category also includes recommendations from newly issued audit reports, when there has not been adequate time between report issuance and follow-up.

The non-completion of the In Progress recommendations should not have a material adverse effect on the Authority, and adequate progress is being made with all of the tracked recommendations.

Quality Assurance & Improvement Program

The International Standards for the Professional Practice of Internal Auditing (*Standards*) require the OCA to maintain a Quality Assurance and Improvement Program that includes internal (self) assessments, on-going monitoring, and external assessments (required every 5 years). The objective of ongoing monitoring is to provide assurance that the processes in place are working effectively to ensure that quality is derived on an audit-by-audit basis.

During the first quarter of Fiscal Year 2020, the OCA completed on-going monitoring of its audit activities and operations performed during Fiscal Year 2019. The results were presented in the Fiscal Year 2019 OCA Annual Report. In the second quarter, the OCA continues to examine its practices and procedures to improve efficiencies and to ensure that quality is delivered.

Administrative Activities

Tracking Budget and Expenses
The OCA expenses totaled approximately $565,000 through the end of the second quarter, which represents 46% of the Fiscal Year 2020 budget. No unexpected or large outlays occurred within the department during the first or second quarter, and we expect to remain on budget through the fiscal year-end.

Continuing Professional Development
OCA staff continues to obtain Continuing Professional Education credits as required by their various certifications. During the second quarter, staff attended training on topics that included information technology, cybersecurity, audit risks, privacy, data analytics, leadership, outsourcing, fixed assets, accounts receivables, and dashboards.

Procedural/Supervisory
One Audit Committee meeting took place on November 4, 2019. This meeting contained all of the regularly scheduled November agenda items as well as the agenda items from the cancelled September Audit Committee meeting.

Until mid-December 2019, the OCA had both Audit Intern positions filled. At the end of the second quarter one Audit Intern position was open. The OCA continues to examine the Intern position and potentially filling the vacancy.

Appendix A - Fiscal Year 2020 Audit Plan Progress

#	Audit / Activity	Status as of 12/31/19	Over/ Under Budget	No. of Recom.	Revenue / Cost Savings Identified
Audits					
1	Owner Controlled Insurance Program (OCIP) Management	In Progress			
2	IT Asset Acquisition & Implementation	Completed	Over	4	-
3	Capital and Maintenance Project Selection and Planning	Completed	Under	-	-
4	Transportation Network Company (TNC) Reviews and Assistance	Completed	Over	-	-
5	Small Business Development Management	In Progress			
6	Automated License Plate Reader (ALPR) System – Ace Parking	Completed	Over	5	-
7	Leigh Fisher & Associates	Completed	Under	2	$35,174
8	Tenant Lease Admin. and Management – Revenue Generation & Partnership Development Contract and Agreement Requirements	In Progress			
9	Harbor Police Contract Management	In Progress			
10	Account Provisioning and De-Provisioning	Completed	Over	6	-
11	Formal Bidding and Contracting	Not Started			
12	Rental Car Shuttle Service Contract Administration	In Progress			
13	Contractor Monitoring - AECOM	Completed	Under	1	-
14	Contractor Monitoring - Turner	In Progress			
15	Tenant Lease Admin. and Management – Nevada Lease and Rental	Not Started			
16	Advertising- Concessions	Not Started			
17	Tenant Lease Administration and Management – Non Rental Car Facility	In Progress			
18	Change Orders	Not Started			
19	Terminal Maintenance & Airport and Tenant Service Requests	In Progress			
20	Tenant Lease Admin. and Management – Best Practices for Contract Terms Managed by Revenue Generation & Partnership Development	In Progress			
21	Parking Management Contract Admin–Ace Parking	Not Started			
22	Business and Real Estate Agreements – Rental Car Facility Land Lease	Not Started			
	Totals			**18**	**$35,174**
General Audit Activities					
23	Risk Assessment & Audit Plan	In Progress			
24	Construction Meeting Attendance	In Progress			
25	Information Technology Meeting Attendance	In Progress			
26	Development of Data Analytics	In Progress			
27	Ethics Hotline	In Progress			
28	Recommendation Follow-up	In Progress			
29	Quality Assurance & Improvement Program	In Progress			
Administrative Activities					
30	Attendance at Staff/Board/Committee Meetings, Vacation, Holiday Time, Continuing Professional Development, and Other.	In Progress			

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019
			Completed		
19-27	Audit Report 19019 Issued: March 27, 2019 Title: NewZoom, Inc. dba ZoomSystems Department: REVENUE GENERATION & BUSINESS DEVELOPMENT	Medium	Internal controls over the monitoring of the requirements of the Lease agreement needs to be strengthened, and the penalties for failure to follow the requirements of the Lease should be assessed to ensure continued compliance by the concessionaire.	6/30/2019	The lease requirement identified has been determined to be not applicable for this concessionaire.
20-08	Audit Report 20006 Issued: October 3, 2019 Title: AECOM Technical Services, Inc. Department: AIRPORT DESIGN & CONSTRUCTION	Low	Airport Design & Construction should evaluate and update all internal controls surrounding the review and approval of invoices and supporting documentation, including personnel authorizations and task authorizations. We suggest an enhanced final review of the invoice prior to payment. The monthly report from AECOM should accompany the invoice in order to verity that all of the personnel authorizations and/or task authorizations billed are within the approved maximum amounts payable and budgeted amounts, and within the approved time period.	4/30/2020	Improvements that were made after the audit findings of October 3, 2019, include a new emphasis and focus on processes. Key data from each Task Authorization and Personnel Authorization are summarized in a spreadsheet, including start/end dates, rates, job classifications, total funds authorized, and balance remaining. • Each invoice is analyzed against the applicable TA and/or PA spreadsheet • Hours billed must match the key data on the spreadsheets. Discrepancies are resolved prior to payment. • Reimbursables require complete backup, and the invoices are segregated by PA and TA number. • Payments are tracked by TA and PA number. • Each invoice payment is given a detailed QA, and then a final review by the Sr. Program Manager. A new TA process has been implemented, beginning in November, 2019. AECOM now prepares a Billing Rate Matrix with the following information: • The employee name • Job classification • TA number(s) • Rate AECOM uses that matrix to QA its invoices. Cost Control then uses that matrix as a cross-reference to aid in its analysis of the invoice. If the job classification and rate don't match the referenced TA, Cost Control rejects the invoice and requests a correction. AECOM also creates a monthly report, which will be put into PMWeb. Each report is validated against the previous month's invoice, as approved, and that data will be used in future process improvements.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019
			Completed		
20-12	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	Low	Information & Technology Services (I&TS) should define what is considered "computer related hardware, software, and accessory or telecom equipment" and work with the Procurement Department to include that definition within the Procurement Card Program Procedures & Regulations Manual. In addition, I&TS should determine a dollar threshold for Information Technology (IT) related purchases by P-Card holders that do not require I&TS approval.	1/31/2020	The Procurement Card Program Procedures & Regulations Manual has been updated to clarify what is considered "computer related hardware, software, and accessory or telecom equipment". All IT related purchases will require I&TS approval regardless of dollar value.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
				In Progress		
20-09	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct an inventory of all Information Technology (IT) assets currently in use and in storage, which exceed the Authority's dollar threshold, to verify accuracy of I&TSs asset list and the general ledger fixed asset report. Additionally, on a periodic basis, a physical inventory of all IT assets should take place.	6/1/2020	Over the next 3 months, I&TS will inventory IT assets in use and in storage that have a value exceeding $5,000. Triennially, a physical inventory of all IT assets exceeding $5,000 will take place.	5/1/2020
20-10	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should implement and utilize the updated version of Track-it to consolidate and centralize all Information Technology (IT) asset databases and maintain a perpetual inventory of all IT assets. In addition, I&Ts should determine the type of information to track for each IT asset.	3/1/2020	I&TS is in the process of upgrading the Track-it asset management tool to centralize the location of all IT assets and enhance reporting functionality. Each asset will include the PO number, location, project and tag number.	3/1/2020
20-11	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should develop a capital asset tagging system for all newly acquired Information Technology (IT) assets that exceed the Authority's dollar threshold. In addition, I&TS should consider the cost/benefit of tagging historical IT assets currently in use given the level of effort needed to tag all historical assets.	4/1/2020	Currently all new capital assets exceeding $5,000 are being documented by our Management Analyst and will be imported into Track-it once the upgrade has been completed. I&TS is in the process of asset tagging all mobile devices including laptops, surfaces, iPads and cell phones.	4/30/2020

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
			In Progress			
20-13	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct periodic reviews on all internal and external user accounts in the Active Directory Listing (ADL) to determine if access is warranted.	2/1/2020	I&TS will conduct quarterly audits of internal and external users listed in Active Directory to determine if access is warranted. Accounts that are no longer needed will be removed from Active Directory.	2/1/2020
20-14	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services should review the Active Directory Listing (ADL) on a periodic basis, and consider removing all users in the ADL that are either disabled, have never logged in, or have not logged in in over 90 days.	2/1/2020	I&TS will conduct quarterly audits of internal and external users listed in Active Directory to identify accounts that have never logged in or not done so within 90 days and accounts that are disabled. Accounts that are no longer needed will be removed from Active Directory.	2/1/2020
20-15	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct a review of all external Active Directory (AD) user accounts to determine if any user accounts and/or passwords have been classified to "never expire". Additionally, I&TS should enforce the policy that requires password changes after a specified time (i.e., 90 days) for all user accounts.	2/1/2020	I&TS has deleted or disabled all external AD user accounts classified to "never expire". I&TS will enforce a policy that does not allow user accounts and passwords to be configured to never expire.	2/1/2020

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
			In Progress			
20-16	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should review all users in the Active Directory Listing (ADL) and delete any generic accounts. Additionally, consider implementing a new policy that requires all Active Directory (AD) users to be a unique individual (i.e., no generic AD user accounts).	2/1/2020	I&TS has reviewed all users in the ADL and deleted any generic accounts. I&TS will enforce a policy that requires all AD user accounts assigned to employees and contractors to be a unique individual (i.e., no generic AD user accounts).	2/1/2020
19-16	Audit Report 18038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017 Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC)	Medium	We recommend that Authority Management, together with the Port, review and decide on the criteria and process of the classification of Workers' Compensation claims by considering the location, type of loss, and the labor hours the employee worked. In addition, Authority Management should request the Port to provide the Authority with a list of claims that include their pertinent information and their corresponding classification, as soon as the claims are reported by HPD Officers/staff, for the Authority to have a better understanding of the nature of the claims and how they should be classified.	6/30/2019	We continue to work with the Port Risk Management and Finance teams for a process by which we receive quarterly updates on the ongoing monetary total for work comp claims by "shared" HPD officers.	7/1/2020

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
				In Progress		
19-19	Audit Report 18010R Issued: March 11, 2019 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Agreements, and Ground Transportation's Administration of the Parking Card Program Department: GROUND TRANSPORTATION (GT)	Medium	We recommended that GT consider reviewing the expenses submitted by Ace for reimbursement during the audit period January 1, 2016, to December 31, 2017, in order to verify that all expenses submitted for reimbursement are allowable per the agreements and have the appropriate supporting documentation. GT should consider the level of effort, cost of the review, and the monetary value of any potential disallowed expenses. GT should request Ace to refund any disallowed expenses as a result of the review.	6/30/2019	GT will work with the Office of Chief Auditor and Accounting to identify the areas of expense with the highest potential risk. Once these areas are identified, several months of contract data in these risk areas will be sampled and examined. If substantial misstatements or potential contract savings are identified, then the scope of the exam will be broadened. If there are no substantial misstatements or potential contract savings identified, then staff will not examine further. Either way, these potential risk areas will be more closely examined on an ongoing basis by GT staff with the assistance of the accounting team. GT Staff will report back on progress by April 30, 2020.	4/30/2020
20-02	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	Annual ALPR specific training should be provided to all staff with access to the ALPR information. Evidence of this training should be maintained.	10/31/2019	**(1)** The Authority will designate Ace Parking Management, Inc. as the ALPR training administrator. **(2)** Authority employees with access to ALPR data will attend catch-up training to be provided by Ace before 02/29/2020. **(3)** After that, Authority employees will attend all regularly scheduled ALPR training sessions provided by Ace in June and December each year. **(4)** Ace will provide the training and a training roster, which Authority employees will sign. **(5)** Ace will provide the training roster to the Authority Contract Administrator to be saved in ECMS. **(6)** Authority personnel who do not attend training will have their ALPR access removed. **(7)** Ace and the Authority will review users with ALPR database access and training records in June and December each year to ensure that ONLY users who have attended training are allowed access to ALPR data. **(8)** GT will develop a formal, documented SOP to ensure compliance with both Ace and Authority ALPR Policy requirements.	4/30/2020

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
				In Progress		
20-03	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	ALPR data should be retained for the length of time indicated on the Authority's Data Retention Schedule.	10/31/2019	**(1)** Due to cost and network server capacity issues, Option 1 is the preferred option - Adjusting the Authority Policy on retention of ALPR data from two years down to six months. **(2)** GT will bring this change request to the Board at the 03/05/2020 Authority Board meeting. **(3)** Updated status will be provided by 03/31/2020. **(4)** GT will also develop the new formal documented SOP, in alignment with the new Board Policy, to ensure compliance with both Ace and Authority ALPR Policy requirements by 03/31/2020.	4/30/2020
20-04	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	Management should review on a periodic basis the list of users with access to ALPR data to determine if the listing is correct, and to ensure that all staff with access meet the requirements of either Authority or Ace policy, depending on the individual user. Additionally, this review of approved users should contain analysis to determine if they have utilized the system and if their access is still needed. Furthermore, having an accurate list of users will help ensure that all users will receive the required training.	9/30/2019	**(1)** The Authority will designate Ace Parking Management, Inc. as the ALPR database administrator. **(2)** Ace will review, on a quarterly basis, the list of users with access to ALPR data. **(3)** Ace will ensure that only users requiring access will have active login credentials. **(4)** Ace will also maintain the list of active users to determine **a)** if the listing is correct, **b)** that all staff with access meet the requirements of either the Ace or Authority ALPR policy, **c)** all staff with access have received the appropriate ALPR training, **d)** any staff that have not received training have their access removed, and **e)** that all ALPR training records are up to date and in good order. **(5)** Ace will positively remove the access of any users who no longer require access, and mark them with a "Z" next to their name in the system, signifying their inactive status. **(6)** Ace will ensure that the Sentry/Skidata system is automatically inactivating users who have not accessed the system for 90 days. **(7)** The Ace review of the list of active users will contain documented analysis to determine if authorized users have accessed the system in the past 90 days. **(8)** GT will develop a formal, documented SOP to ensure compliance with both Ace and Authority ALPR Policy requirements.	4/30/2020

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
			In Progress			
20-06	Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc. Department: PLANNING & ENVIRONMENTAL AFFAIRS	Medium	Planning & Environmental Affairs should request that the Accounting Department bill LeighFisher $35,174 for the reimbursed invoicing expenses.	9/30/2019	On November 11, Planning & Environmental Affairs held a conference call with Leigh Fisher (per their request) to review the Authority's demand letters, answer any of their questions, and hear their initial findings. On December 30, Planning & Environmental Affairs received a formal response letter from Leigh Fisher, which staff is now evaluating in concert with the General Counsel's Office.	2/28/2020
20-07	Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc. Department: PLANNING & ENVIRONMENTAL AFFAIRS	Medium	Planning & Environmental Affairs should require that LeighFisher provide detailed support for each of the charges that were for invoicing and another activity. Upon receipt of that support, Planning should evaluate and determine if the activities charged were allowed under the Agreement. If the charges are impermissible, Planning should request that the Accounting Department bill LeighFisher for those activities.	12/30/2019	On November 11, Planning & Environmental Affairs held a conference call with Leigh Fisher (per their request) to review the Authority's demand letters, answer any of their questions, and hear their initial findings. On December 30, Planning & Environmental Affairs received a formal response letter from Leigh Fisher, which staff is now evaluating in concert with the General Counsel's Office.	2/28/2020
20-17	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	Medium	Information & Technology Services (I&TS) should implement/enforce a policy that requires a NARF or VPN form for all ADL changes. In addition, I&TS should ensure that the NARF and VPN forms are completed in full, including both the requesting department and the I&TS sections.	3/1/2020	I&TS will implement and enforce a policy that requires a NARF for all AD changes. The VPN form will be removed and the content combined into the NARF form. We will remove the sections to be manually completed by I&TS in the NARF and include these sections in the TrackIT work order. We will streamline the process of submitting the NARF by automatically creating a work order when the NARF is submitted.	3/1/2020

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of December 31, 2019	Revised / Current Estimated Completion Date
			In Progress			
20-18	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	Medium	Talent, Culture and Capability (TCC) should notify Information & Technology Services (I&TS) of any planned off-boarding of an employee to allow adequate time to deactivate the internal user from the Active Directory Listing (ADL).	2/1/2020	TCC will notify I&TS three business days prior to any planned off-boarding of an employee to allow adequate time to deactivate the internal user from the ADL.	2/1/2020

Fiscal Year 2020
Second Quarter Report
from the
Office of the Chief Auditor
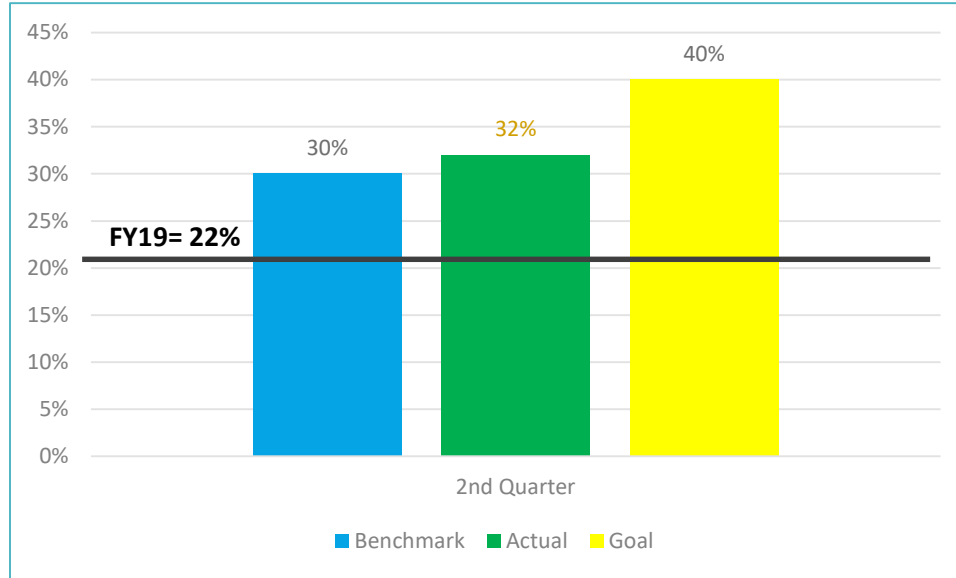
October 1, 2019, through December 31, 2019

Audit Committee Meeting
February 13, 2020

Fiscal Year 2020 Performance Measures

Performance Measure	Goal	Progress	Benchmark
Percentage of Audits Completed	40%	32%	30%
Number of Recommendations	13	18	13
Revenue/Cost Savings Identified	$330,800	$35,174	$314,160
Percentage of Staff Time Spent on Audit Activities	70%	65% / 69% including /excluding Chief Auditor	70%
Percentage of Audits Completed within Budget	80%	43%	75%
Percentage of Recommendations Accepted	95%	100%	83%
Auditee Satisfaction Rating	4.0	4.7	4.0

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Percentage of Audits Completed

Performance Measure	Goal	Progress	Benchmark
Percentage of Audits Completed	40%	32%	30%

Audits Completed

As of December 31, 2019 - Audit Reports Completed: 32%
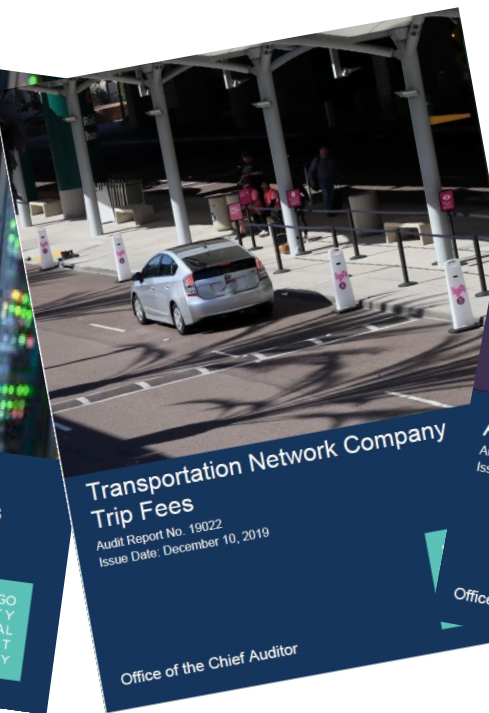

AECOM Technical Services, Inc.
Audit Report No. 20006
Issue Date: October 3, 2019

Office of the Chief Auditor

Acquisition & Implementation of Information Technology (IT) Assets
Audit Report No. 19006
Issue Date: November 27, 2019

Office of the Chief Auditor

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Transportation Network Company Trip Fees
Audit Report No. 19022
Issue Date: December 10, 2019

Office of the Chief Auditor

Active Directory Listing Management
Audit Report No. 20003
Issue Date: December 16, 2019

Office of the Chief Auditor

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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Number of Recommendations

Performance Measure	Goal	Progress	Benchmark
Number of Recommendations	13	18	13

*** All Recommendations Accepted by Management ***

Revenue/Cost Savings Identified

Performance Measure	Goal	Progress	Benchmark
Revenue/Cost Savings Identified	$330,800	$35,174	$314,160

Activity	Revenue Identified
LeighFisher, Inc.	$35,174
Total	**$35,174**

Auditor Utilization

Performance Measure	Goal	Progress	Benchmark
Percentage of Staff Time Spent on Audit Activities	70%	65% / 69% including /excluding Chief Auditor	70%

Category	Hours		%	
	Including Chief	Excluding Chief	Including Chief	Excluding Chief
Audit Hours	3,753	3,510	56%	62%
General Audit Hours	652	384	9%	7%
G&A Time	2,327	1,782	35%	31%
Total	**6,732**	**5,676**	**100%**	**100%**

Audit Budgets

Performance Measure	Goal	Progress	Benchmark
Percentage of Audits Completed within Budgeted Time	80%	43%	75%

Number of Audits Completed	Over Budget	Under Budget	% Within Budget	Budgeted Hours	Actual Hours Spent	Hours Over Budget
7	4	3	43%	1,375	1,527	152

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Auditee Satisfaction

Performance Measure	Goal	Progress	Benchmark
Auditee Satisfaction Rating	4.0	4.7	4.0

General Audit Activities

Recommendation Follow up

Status as of December 31, 2019			
Completed	In Progress	Not Accepted	Tracked
3	16	0	19

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General Audit Activities

Ethics Program Summary - October 1, 2019, through December 31, 2019

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)*	Response (email or phone to non-anonymous reports)
General Workplace Concerns					
Workplace Practices/Behavior	8	1	1	1	0

*As required by the Charter for the Office of the Chief Auditor, any fraud or illegal acts the Chief Auditor becomes aware of are communicated to the Chair of the Audit Committee, General Counsel and the President/CEO.

QUESTIONS?