

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

AUDIT COMMITTEE and SPECIAL BOARD MEETING *

AGENDA

Thursday, September 10, 2020
10:00 A.M.

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

Board Members

C. April Boling
Chairman

Catherine Blakespear
Greg Cox
Mark Kersey
Robert T. Lloyd
Paul McNamara
Paul Robinson
Johanna Schiavoni
Mark B. West

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President / CEO

Kimberly J. Becker

This meeting of the Audit Committee of the San Diego County Regional Airport Authority Board will be pursuant to the provisions of California Executive Order N-29-20 which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Board members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Board Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

Comment on Non-Agenda Items

Public comments on non-agenda items must be submitted to the Authority Clerk at clerk@san.org, no later than 4:00 p.m. the day prior to the posted meeting in order to be eligible to be read into the record. The Authority Clerk will read the first 30 comments received by 4:00 p.m. the day prior to the meeting into the record. The maximum number of comments to be read into the record on a single issue will be 16. All other comments submitted, including those received after 4:00 p.m. the day prior and before 8:00 a.m. the day of the meeting, will be provided to the Authority Board and submitted into the written record for the meeting.

Public comments on agenda items received no later than 8:00 a.m. on the day of the meeting will be distributed to the Board and included in the record.

Comment on Agenda Items

If you'd like to speak to the Board live during the meeting, please follow these steps to request to speak:

- **Step 1:** Fill out the online [Request to Speak Form](#) to speak during the meeting via teleconference. The form must be submitted by 4 p.m. the day before the

meeting or by 4:00 p.m. the Friday before a Monday meeting. After completing the form, you'll get instructions on how to call in to the meeting.

- **Step 2:** Watch the meeting via the Webcast located at the following link, <https://stream1.sdcoe.net/wc/sdcraa091020/>
- **Step 3:** When the Board begins to discuss the agenda item you want to comment on, call in to the conference line, you will be placed in a waiting area. ***Please do not call until the item you want to comment on is being discussed.***
- **Step 4:** When it is time for public comments on the item you want to comment on, Authority Clerk staff will invite you into the meeting and unmute your phone. Staff will then ask you to state your name and begin your comments.

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/Audit-Committee>

REQUESTS FOR ACCESSIBILITY MODIFICATIONS OR ACCOMMODATIONS

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or <mailto:clerk@san.org>. The Authority is committed to resolving accessibility requests swiftly in order to maximize accessibility

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. ***Please note that agenda items may be taken out of order.*** 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.

NOTE: Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Board Services/Authority Clerk Department.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

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

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 May 14, 2020, special meeting.

2. FISCAL YEAR 2020 ANNUAL REPORT FROM THE AUDIT COMMITTEE:

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.
(Presented by: Mark Kersey, Audit Committee Chair)

3. FISCAL YEAR 2020 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.
(Requires five (5) affirmative votes of the Audit Committee.)
(Presented by: Lee Parravano, Chief Auditor)

4. ANNUAL REVIEW OF THE CHARTER OF THE AUDIT COMMITTEE:

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed revision and forward this item to the Board for approval.
(Presented by: Lee Parravano, Chief Auditor)

5. ANNUAL REVIEW OF THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed revision and forward this item to the Board for approval.
(Presented by: Lee Parravano, Chief Auditor)

6. REVISION TO THE FISCAL YEAR 2021 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***
(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
SPECIAL AUDIT COMMITTEE
MINUTES
THURSDAY, MAY 14, 2020
BOARD ROOM

CALL TO ORDER: Chair Kersey called the Special Audit Committee Meeting to order at 10:01 a.m., on Thursday, May 14, 2020, electronically and via teleconference, pursuant to Executive Order N-29-20, at the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

ROLL CALL:

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

 Board Members: Robinson, Schiavoni

Absent: Committee Members: None

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: None

NEW BUSINESS:

1. Approval of Minutes:

RECOMMENDATION: Approve the minutes of the February 13, 2020, special meeting.

Committee Member Van Sambeek stated that he would abstain due to not being present at the meeting

ACTION: Moved by Committee Member Kersey and seconded by Board Member McNamara to approve staff's recommendation. Motion carried unanimously, noting Committee Member Tarte as ABSENT and Van Sambeek's ABSTENTION.

Committee Member Tarte joined the meeting at 10:15 a.m.

2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2020:

Danny Martinez, Managing Director, BKD, LLP provided a presentation titled Required Communication to the Audit Committee: Financial and Compliance

Audits for the Fiscal Year Ended June 30, 2020 that included Engagement Team, Overview, Approach to Planning, Planned Scope, Consideration of Errors or Fraud, Revisions to Professional Standards, Planned Timing, Remote Work Strategy, and Additional Discussion Pertaining to Covid-19.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information.

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

3. FISCAL YEAR 2020 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2020 Third 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, Auditor Utilization, Audit Budgets, Auditee Satisfaction, General Audit Activities – Recommendations, General Audit Activities – Ethics, General Audit Activities – Construction, General Audit Activities – Data Analytics, and Audit Spotlight – Off Airport Rental Car Companies.

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

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

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

Lee Parravano, Chief Auditor, provided a presentation titled Revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor that included the topics Tenant Lease Administration & Management Audit, Harbor Police & Advertising, COVID-19 and Audit Intern Staffing.

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

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

5. FISCAL YEAR 2021 RISK ASSESSMENT AND PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2021 Risk Assessment and Proposed Audit Plan of the Office of the Chief Auditor that included Defining the Audit Universe, Identify & Rank Risk, Interpreting the Risk Assessment Results, Audit Plan Development, Audit Resources, Proposed Audits & Hours, Proposed General Audit Activities & Hours, Proposed Administrative Hours, Proposed Contingent Audits & Hours, and Risk Assessment & Audit Plan Combined.

Board Member Blakespear left the meeting at 11:05 a.m.

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 noting Board Member Blakespear as ABSENT.

6. FISCAL YEAR 2021 PROPOSED BUDGET OF THE CHIEF AUDITOR AND FISCAL YEAR 2022 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2021 Proposed Budget of the Chief Auditor and Fiscal Year 2022 Proposed Conceptual Budget Expense Summary that included FY 2021 Proposed Budget – FY 2022 Proposed Conceptual Budget Expense Summary, Major Drivers of FY 2021 & FY 2022 Proposed Budgets, Airport Development Plan, and the Chief Auditor's Budget in relation to the Authority's Budget and Debt considerations.

Board Member Blakespear returned to the meeting at 11:15 a.m.

In response Board Member West's concern regarding temporarily not using interns for audit activities, which is a good source for future talent, Lee Parravano, Chief Auditor, stated that given the current situation, investing in specialized skills, specifically for Information Technology penetration testing, would provide the Authority more return on its spending and additional assurance from risk.

RECOMMENDATION: Staff recommends that the Audit Committee accept the Chief Auditor's proposed budget and forward it to the Board as part of the Authority's Fiscal Year 2021 Budget process that may include debt issuance or refinancing and forward it to the Board with a recommendation for approval.

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

Chairman Kersey announced that this was Committee Member Tarte's last meeting, and led in recognizing and thanking him for his dedicated service on the Audit Committee.

CLOSED SESSION: The Committee recessed into Closed Session at 11:25 a.m. to discuss Item 7.

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
(Government Code Section 54957)
Title: Chief Auditor

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 12:08 p.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 12:08 p.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10th DAY OF SEPTEMBER, 2020.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

AUDIT COMMITTEE

Meeting Date: **SEPTEMBER 10, 2020**

Subject:

Fiscal Year 2020 Annual Report from the Audit Committee

Recommendation:

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

Background/Justification:

The Charter of the Audit Committee was instituted by Board Resolution No. 2003-061 on October 2, 2003, and states the Audit Committee's authority, role, duties, and oversight responsibilities. These duties and responsibilities are further detailed in Authority Policy Article 1, Section 1.50 (5)(c)(ii).

The Charter of the Audit Committee and was most recently revised by Board Resolution No. 2018-0116 on October 4, 2018.

Annually, in accordance with the Charter of the Audit Committee, the Committee shall provide a summary report to the Board on its activities and recommendations covering how it discharged its duties and met its oversight responsibilities during the previous year.

The Audit Committee's Annual Report for Fiscal Year 2020 is presented by the Chair of the Committee for review as Attachment A. Revisions requested by the Audit Committee during its September 10, 2020, meeting, if any, will be incorporated prior to the report's submittal to the Board.

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

Board Members

C. April Boling
Chairman

September 10, 2020

Catherine Blakespear
Greg Cox
Mark Kersey
Robert T. Lloyd
Paul McNamara
Paul Robinson
Johanna S. Schiavoni
Mark B. West

April Boling, Chairman
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138-2776

Dear. Ms. Boling:

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

As required by the Charter of the Audit Committee, the activities and duties performed by the Audit Committee for the period July 1, 2019, through June 30, 2020, are detailed in this Audit Committee Annual Report for Fiscal Year 2020.

President / CEO

Kimberly J. Becker

The Audit Committee met four times during Fiscal Year 2020. All San Diego County Regional Airport Authority (Authority) Board and Audit Committee Meetings are managed by the Authority Clerk and Board Services Department. Particular diligence was required during the third quarter of Fiscal Year 2020 when the COVID-19 pandemic arose, resulting in the necessary transition for Committee meetings to be conducted through the internet and also telephonically. The May 14, 2020, Audit Committee Meeting was successfully run in this manner. In addition, the Audit Committee Members displayed flexibility in their participation while maintaining their commitment to perform their duties.

Meeting minutes for the Authority Board and Committee public sessions are on file with the Authority Clerk's office and may also be found on the San Diego International Airport website www.san.org. Following is a list of the Audit Committee Meetings that took place, or were scheduled to take place, in Fiscal Year 2020.

- September 9, 2019 – *Regular Meeting (Rescheduled)*
- September 12, 2019 – *Special Meeting (Canceled due to lack of quorum)*
- **November 4, 2019 – Regular Meeting**
- **January 16, 2020 –Special Meeting (Selection of Public Members)**
- February 10, 2020 –*Regular Meeting (Rescheduled)*
- **February 13, 2020 –Special Meeting**
- May 11, 2020 – *Regular Meeting (Rescheduled)*
- **May 14, 2020 – Special Meeting**

Audit Committee Members examined numerous documents and reports in preparation for their Committee Meetings, to perform analysis and to safeguard the Authority through their input and guidance.

Following are highlights from the Fiscal Year 2020 Audit Committee Meetings.

September 2019

A September meeting could not be held due to a lack of quorum. Agenda items requiring a quorum include the submission or the revision to an Audit Plan from the Office of the Chief Auditor (OCA), and the proposed budget from the OCA. During September the qualifying number of attendees were not available; therefore, all agenda items were moved to the November meeting.

November 2019

Annually, the November Audit Committee Meeting includes the Committee's review of the Authority's audited financials, an important part of the Audit Committee's responsibilities. In November 2019, the Authority's audited financial statements and other reports for Fiscal Year Ended June 30, 2019, were presented by external auditors BKD, LLP, to the Audit Committee for examination:

- Audited Financial Statements
- Compliance (single audit) Report
- Passenger Facility Charge (PFC) Compliance Report
- Customer Facility Charge (CFC) Compliance Report
- Report to the Audit Committee
- 2019 Comprehensive Annual Financial Report (CAFR)

In addition, an examination of both the Audit Committee Charter and the Charter for the Office of the Chief Auditor were performed. Lastly, changes to Authority Policy 1.50 were reviewed to state term limits for Public Members on the Audit Committee, which did not exist previously.

January 2020

A Special Audit Committee Meeting was held in January 2020 to interview candidates for Public Member vacancies on the Audit Committee. The interviews were a culmination of the solicitation process that began in October 2019 incorporating input and efforts from Authority staff and the Audit Committee Members to ensure a large well-qualified candidate pool. A selection of two new Public Members was made. The Audit Committee has since welcomed Carmen D. Vann and Agnes Wong Nickerson as Public Members. Both are exceptionally experienced in managing construction of large-scale public works projects. Ms. Wong Nickerson is also a professional in the field of public finance and budgeting. The Audit Committee is very fortunate to have them on the Committee and looks forward to their participation.

February 2020

Each year on February 1st, appointments to the Board's standing committees take effect. In 2020, my role as the new Audit Committee Chair commenced. Also two new Board Members joined the Audit Committee with the member rotation. Additionally, a newly appointed Public Member began their term in February, filling a vacant position.

Adhering to Charter of the Audit Committee, Public Utilities Code §170018, and best practice, the rotation of the Authority's external auditor lead partner from BKD, LLP, was one of the agenda items reported upon during the February 2020 Audit Committee Meeting. Renewal of the BKD contract in 2020 precipitated the fresh change in leadership.

May 2020

New procedures and etiquette were followed to hold the May 2020 Audit Committee Meeting due to the federal, state, and county-wide guidance and/or restrictions brought forth by COVID-19. As noted previously, the May Audit Committee Meeting was successfully conducted through the internet and telephonically. Committee Meetings are continuing to be held in this manner indefinitely.

An agenda discussion topic in May related to the OCAs proposed Fiscal Year 2021 budget and the Authority's Airport Development Plan (ADP). To provide the construction auditing required for a project the magnitude of the ADP, the Audit Committee will take under consideration, and make a budget recommendation in the future to the Board, to hire an expert firm in construction auditing for the ADP. The Chief Auditor's Office would hire and oversee the construction auditing firm. Estimated cost for an external construction audit firm is \$1.5M over 3 to 7 years.

Significant to new work being performed by the OCA is their effort directed to utilize data analytics in the performance of audit work. As discussed during the May 2020 Audit Committee Meeting, this work will both increase audit efficiency and enhance the operational performance of the department. The Audit Committee supports this effort and looks forward to the changes to be achieved by the OCA through data analytics.

Each Audit Committee Meeting the Chief Auditor reports on the OCAs activities and on the results of audits that were performed by the department. Authority operations are communicated to the Audit Committee, in part, through the audits performed by the OCA. During Audit Committee meetings held in Fiscal Year 2020, the Committee reviewed, approved, or received as information, on the following reports and presentations:

- Fiscal Year 2019 Annual Report of the OCA
- Fiscal Year 2020 Quarterly Reports and corresponding audit recommendations
- OCA Audit Reports issued during Fiscal Year 2020, totaling 15

Annual Report
from the Audit
Committee

Page 4 of 4

- OCA Recommendations issued during Fiscal Year 2020, totaling 37
- Management's progress in addressing recommendations issued by the OCA and the Authority's external auditor
- Revisions to the Fiscal Year 2020 OCA Audit Plan
- Fiscal Year 2021 Risk Assessment, Audit Plan, and Proposed Budget for the OCA
- Cybersecurity Updates
- Ethics Program and Confidential Hotline Updates
- Public Employee Performance Evaluation Goal Setting for the Chief Auditor

The current COVID-19 environment has affected all of us and has tremendously impacted the Airport Authority. The Audit Committee remains committed to performing its responsibilities throughout its duration and forward, with resilience and steadfastness.

Sincerely,

Mark Kersey
Audit Committee Chair

MK/LP/sro

cc: SDCRAA Board Members
SDCRAA Audit Committee Members
Kimberly J. Becker, President/CEO

AUDIT COMMITTEE

Meeting Date: **SEPTEMBER 10, 2020**

Subject:

Fiscal Year 2020 Annual Report from the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall annually report to the Board pertaining to audits completed, findings identified, corrective actions provided, and the implementation status on recommendations.

Additionally, the Charter for the Office of the Chief Auditor defines the role and requirements of the Office of the Chief Auditor (OCA) and outlines the working relationship and responsibilities of the Chief Auditor to the Audit Committee and to Authority management. The Charter was instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently revised on October 4, 2018, during a regular meeting of the Board, by Resolution No. 2018-0117.

The Fiscal Year 2020 OCA Annual Report is submitted to the Audit Committee as Attachment A. The report provides an account of activities and accomplishments of the OCA during the period July 1, 2019, through June 30, 2020, and includes details on all recommendations completed or in progress during the 4th Quarter of Fiscal Year 2020. In addition, the report provides required disclosures in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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:

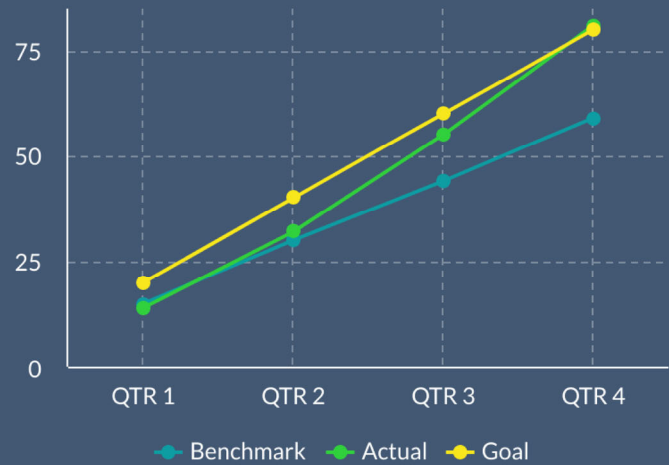
LEE M. PARRAVANO
CHIEF AUDITOR



Audit and Consulting Engagement Progress



Audit and Consulting Engagement Progress vs. Benchmark & Goal



FY 2020 - By the Numbers

37

Recommendations Issued
Rating: 18 High, 13 Medium, 6 Low

4.6

Customer Satisfaction Rating (Out of 5)

59%

Audit and Consulting Engagements Completed within Budget

67%

Auditor Utilization Percentage

100%

Recommendations Accepted by Management





SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

September 10, 2020

Mark Kersey, Chair
Audit Committee
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, California 92138-2776

Dear Mr. Kersey:

Subject: Fiscal Year 2020 Annual Report

The Office of the Chief Auditor (OCA) presents our Fiscal Year 2020 Annual Report that details the activities of the OCA and the results of the Quality Assurance and Improvement Program.

Fiscal Year 2020 was a productive year for the OCA that included issuing 15 audit reports and 37 recommendations. We exceeded our audit and consulting engagement completion goal for the fiscal year, monitored construction activities, began development of a data analytics program, and administered the San Diego County Regional Airport Authority's (Authority) Ethics Program.

Along with the whole Authority the OCA faced new challenges requiring versatility and adjustment when the COVID-19 pandemic arose. The OCA continues to be diligent in meeting its work requirements while aspiring to be an effective contributor to the optimization of the Authority.

Respectfully submitted,

Lee Parravano
Chief Auditor

LP/SE/sro

Attachment

cc: SDCRAA Audit Committee
SDCRAA Board Members
Kimberly J. Becker, President/Chief Executive Officer
Amy Gonzalez, General Counsel
Scott Brickner, Vice President/Treasurer & Chief Financial Officer
Hampton Brown, Vice President Marketing & Innovation (ad interim)
Dennis Probst, Vice President & Chief Development Officer
Angela Shafer-Payne, Vice President & Chief Operating Officer
Matt Harris, Director, Government Relations
Tony Russell, Director, Authority Clerk
Assistants Specified by Board Members and SDCRAA



Fiscal Year 2020

ANNUAL REPORT

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Issue Date: September 10, 2020

OFFICE OF THE CHIEF AUDITOR

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Summary

Executive Summary

The purpose of the Fiscal Year 2020 Annual Report is to provide information regarding the activities performed by the Office of the Chief Auditor (OCA) and to communicate required disclosures in conformance with The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*).

The Fiscal Year 2020 Audit Plan was comprised of 20 audits engagements, 2 consulting engagements, 7 general audit activities, and administrative activities. The 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 a supplemented explanation.

Performance Measures

For Fiscal Year 2020, six major performance measures were developed to evaluate the OCA.¹ The OCAs performance against the selected performance measures is displayed in Figure 1 below and are presented to the Audit Committee/Board quarterly unless noted otherwise.

Figure 1: Status of Performance Measures as of June 30, 2020

#	Performance Measure	Goal	Actual	Benchmark
1	Conduct engagements that add value measured by:			
	a) Customer Satisfaction Ratings from			
	i. Audit Committee/Board (reported annually)	4.0	i) 5.0	4.0
	ii. Executive Management (reported annually)		ii) 4.5	
	iii. Auditee		iii) 4.6	
	b) Number of Recommendations	25	37	25
2	Percentage of audit and consulting engagements completed	80%	81%	59%
3	Percentage of recommendations accepted	95%	100%	83%
4	Provide tools and training for staff measured by:			
	a) Percentage of staff meeting CPE requirements (reported annually)	100%	100%	99%
	b) Percent of staff with at least one professional certification (reported annually)	100%	86%	40%
	c) Number of non-CPE training hours per staff (reported annually)	6	6.1	n/a
5	Percentage of staff time spent on audit and consulting engagements and general audit activities	70%	67% / 70% including/excluding Chief Auditor	70%
6	Percentage of audit and consulting engagements completed within budget	80%	59%	75%

¹ The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually. Appendix D contains historical data on performance measures, including changes implemented by the new Chief Auditor in Fiscal Year 2019.

Customer Satisfaction Rating:

Customer satisfaction surveys were provided and ratings received from three customer categories as follows:

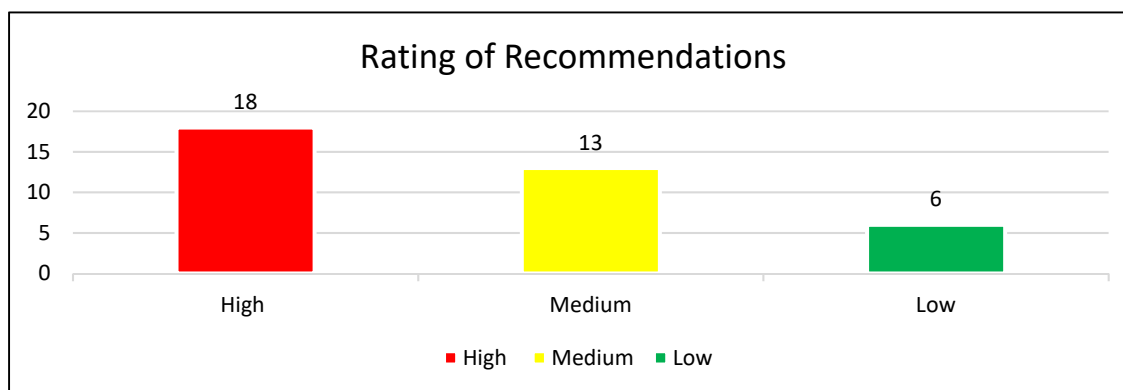
- Authority Board/Audit Committee
- Executive Management
- Auditee

The Authority Board/Audit Committee and Executive Management are surveyed annually and results are reported annually to the Audit Committee. Whereas, surveys are sent to auditees following the completion of each audit (or consulting engagement) to obtain customer satisfaction data and results are presented quarterly to the Audit Committee. The OCA tracks each customer category separately; and, in Fiscal Year 2020 received aggregate scores of 5.0, 4.5, and 4.6, respectively, exceeding the goal of 4.0 for each category.

Number of Recommendations:

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. During the fiscal year, the OCA provided 37 recommendations to management to remediate a risk identified. Each of the recommendations are rated based on a qualitative value of risk, identified as Low, Medium, or High. A summary of the ratings are shown in Figure 2 below.

Figure 2: Rating of Recommendations



Percentage of Audit and Consulting Engagements Completed:

The OCA completed 15 audit reports and 2 consulting engagements, or 81%², of the Fiscal Year 2020 audit and consulting engagements (17/21 = 81%) on the Audit Plan.

An alternative way to calculate the OCAs progress is to acknowledge the hours spent on audit and consulting engagements in progress, but not yet completed. This method uses the total hours expended on all audit and consulting work to date (completed and those in progress) and the total hours expected to complete all audit and consulting engagements in the Fiscal Year 2020 Audit Plan. This calculation results in a completion percentage of 84%. Specifically, the OCA expended 7,272 hours conducting audit and consulting work, and estimates 8,665 total hours will be needed to complete all Fiscal Year 2020 audit and consulting engagements (7,272/8,665 = 84%).

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

² The 81% is equal to (15 completed audits + 2 consulting engagements) / (22 total audit and consulting engagements - 1 audit that was moved to Fiscal Year 2021 – Harbor Police Contract Management). See Appendix A for the Fiscal Year 2020 Audit Plan.

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 issued. In Fiscal Year 2020, management accepted 100% of all audit recommendations.

Percentage of Staff Meeting Continuing Professional Education (CPE) Requirements:

During the year, 100% of staff met their education requirements.

Percentage of Staff with at Least One Professional Certification:

The OCA has six full time auditors. Five of the six full-time auditors have *at least* one professional certification resulting in a percentage of 86%. A listing of the professional certifications held by the OCA are included in the Administrative section of this report.

Number of Non-Continuing Professional Education Training Hours per Staff:

The OCA provides non-CPE training to audit staff to emphasize or enhance skills on a particular topic. In Fiscal Year 2020 the OCA provided 6.1 hours of training per staff. Training has included topics such as confidentiality of working papers, Quality Assurance and Improvements Programs, internal audit software, data analytics, and independence.

Percentage of Staff Time Spent on Audit and Consulting Engagements and General Audit Activities:

This measure tracks the time spent on audit and consulting engagements and general audit activities.³ The OCAs goal for Fiscal Year 2020 is 70%. The OCA spent 67% of time on audit and consulting engagements and general audit activities, which includes the Chief Auditor's time (70% excluding the Chief Auditor's time).

Percentage of Audit and Consulting Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audits and consulting engagements. Specifically, audit staff is responsible for the internally prepared budget hours assigned to each project. In Fiscal Year 2020, the OCA completed 59% of its projects within the budgeted time, which is below the OCAs goal. During the year we encountered numerous projects that were more complicated than originally forecasted in allocated audit hours. Audit hours highly correlate to the number of findings and recommendations issued. As noted above the OCA issued 37 recommendations, resulting in projects exceeding the budget originally established.



Additional Revenue/Cost Savings Identified through Audit and Consulting Engagements:

While the value of an audit or consulting engagement cannot be adequately assessed by this performance measure, it does provide quantifiable values for completed projects. During Fiscal Year 2020, the OCA identified \$34,094 in cost savings/additional revenues. Going forward, as requested by the Audit Committee, the revenue/cost savings identified information will no longer be included as a Performance Measure.

³ Appendix A details all planned activities in these categories for Fiscal Year 2020.

Audit and Consulting Engagements

In total during Fiscal Year 2020, the OCA completed 15 audits, 2 consulting engagements, and issued 37 recommendations. The OCA exceeded its goal by completing 81% of the audit and consulting engagements on the Audit Plan; although, there were five planned audits that were not completed as of June 30, 2020. The OCA is carrying these five audits forward to the Fiscal Year 2021 Audit Plan.⁴

Below are highlights from the audits and consulting engagements completed during the fourth quarter of Fiscal Year 2020. Audits completed in the first three quarters of the fiscal year were provided to the Audit Committee and Board in the OCAs quarterly activity reports.

Tenant Lease Administration and Management: The objective of this audit was to determine if management effectively and efficiently tracks and manages contract and lease requirements within the Revenue Generation and Partnership Development Department (RG&PD). The audit concluded that the current processes to manage leases assigned to RG&PD are ineffective and inefficient. However, the audit noted that management was already in the process of looking at solutions to rectify the issues. The audit provided 13 recommendations.

Change Order Procedures: The objective of this audit was to determine if management's Change Order process aligns with best practices and if management was following best practices. The audit concluded that management has Change Order policies and procedures that align with best practices and is following best practices as well. No recommendations were provided.

Ace Parking Management, Inc. (Ace) Expenditures for Parking Management and Airport Shuttle Services: The objective of this audit was to determine if the payments made to Ace for parking management and shuttle services complied with the agreements. The audit concluded that the payments made to Ace were in compliance with the agreements; however, we noted the Authority was under billed by \$6,790 in shuttle services. The audit provided one recommendation.

Tenant Lease Administration and Management – Best Practices for Contract Terms Managed by Revenue Generation & Partnership Development (RG&PD): The objective of this consulting engagement was to provide advice on contracts managed by RG&PD. The advice was based on historical knowledge and expertise from audits previously performed by the OCA and from an examination of other airport concession contracts.

COVID-19 – Consulting Engagement: The objective of this consulting engagement was to provide assistance to management related to COVID-19. The OCA provided advice on a variety of topics, consultation on grant funding, and other administrative support to management related to COVID-19 matters.

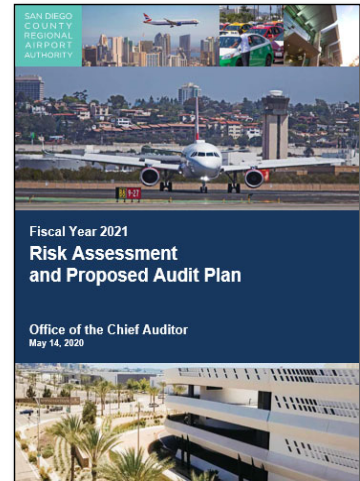
⁴ Subject to approval.

General Audit Activities

In addition to performing audit and consulting engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required⁵ 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 and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. The Fiscal Year 2021 Risk Assessment and Audit Plan process included input from the Board, Audit Committee, Authority management, and staff. The OCA worked with Authority management to identify and rank the likelihood and impact of a risk event occurring for each Key Work Activity within the Authority. In total, 214 Key Work Activities were identified and included in the Risk Assessment. The resulting Fiscal Year 2021 Audit Plan was developed based on the results of the Risk Assessment and discussions with key stakeholders. The Fiscal Year 2021 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 14, 2020, and subsequently approved by the Board on June 4, 2020.



Construction Activities

Throughout Fiscal Year 2020, the OCA continued monitoring the Authority's construction activity. The OCA attended 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.

Additionally, to obtain assurance that the Design Build Agreement related to the Airport Development Plan contained adequate safeguards and best practice language, the OCA hired a construction auditing firm to perform a comprehensive review of the draft contract agreement. Recommendations to strengthen agreement language were provided to both General Counsel and the Airport Design and Construction Department for consideration.

Information Technology Meeting Attendance

Information technology activity for 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 set out this fiscal year to determine the feasibility of developing a data analytics program for rental car concessions. A successful 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

⁵ 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*).

initiated. This audit approach would allow the OCA to objectively select audits. Additionally, data analytic information could be shared with Authority management for their reference and use.

As of the end of the fiscal year, the OCA had collaborated with the Revenue Generation & Partnership Development Department, Information & Technology Services, the Data Analytics team, and other Authority staff. The OCA provided the Data Analytics team sample test data for preliminary analysis. That sample data was utilized by the Data Analytics team to create a preliminary analytics dashboard. In Fiscal Year 2021 the OCA intends to examine the preliminary dashboard, make modifications as necessary, and further develop this program. We continue to be optimistic about the success of the data analytics program for rental car concessions.

Ethics Program Activities

The OCA continues to run the Authority Ethics Program and confidential hotline. During Fiscal Year 2020, 28 total tips/reports were received, one of which was a potential code violation, and was investigated. The Ethics Officer continues to receive and respond to employee-related concerns. The category with the most tips/reports was Workplace Practices and Behavior with a total of 24; none of these were a potential code violation. See Appendix C for a summary of all tips/reports received during Fiscal Year 2020.

Recommendation Follow up

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The OCA tracks the status of recommendations through regular inquiries made to the audited departments or to the owner of the specific recommendation(s). These inquiries allow the OCA to determine how many recommendations have been completed, as well as to obtain the progress being made to implement the recommendations.

During Fiscal Year 2020, the OCA issued 37 recommendations that will be tracked for implementation along with open recommendations issued in prior fiscal years. Appendix B contains a current status on recommendations *Completed* or *In Progress* as of the fourth quarter. The Audit Committee is updated quarterly on the status of recommendations. Recommendations issued in prior quarters that have been remediated by management were presented to the Audit Committee on November 4, 2019, February 13, 2020, and May 14, 2020, of Fiscal Year 2020.

Table 1 below shows the status of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2020, along with the estimated/actual implemetation timeframe based on the audit report issue date. Of the completed recommendations, three were completed within the initial timeframe identified when the recommendations were issued. Of the in progress recommendations, 14 recommendations were still within the initial timeframe identified for implementation.

Table 1: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	2	3	2	7
In Progress	8	6	3	17

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program. Comprehensive details of this General Audit Activity are included under the Quality Assurance and Improvement Program Section of this report.

Audit Committee Support

During Fiscal Year 2020, the Audit Committee met four times, which occurred on:

- November 4, 2019
- January 16, 2020 (Special Meeting – Selection of Public Members)
- February 13, 2020
- May 14, 2020

Before each regular meeting of the Audit Committee the OCA coordinated all activities relating to agenda preparation and materials required.

Administrative

The activities that reside within this classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Qualifications and Training

Proficiency and due care for the OCA are the responsibility of the Chief Auditor. Cumulatively, the OCA has over 102 years of auditing experience. The OCA staff maintain various professional certifications. The types of professional certifications and number of staff with each certification are as follows:

- 5 - Certified Internal Auditors (CIA)
- 2 - Certified Public Accountants (CPA)
- 2 - Certified Construction Auditors (CCA)
- 1 - Certified Information Systems Auditor (CISA)
- 1 - Certified Government Auditing Professional (CGAP)
- 1 - Certification in Risk Management Assurance (CRMA)
- 1 - Chartered Global Management Accountant (CGMA)

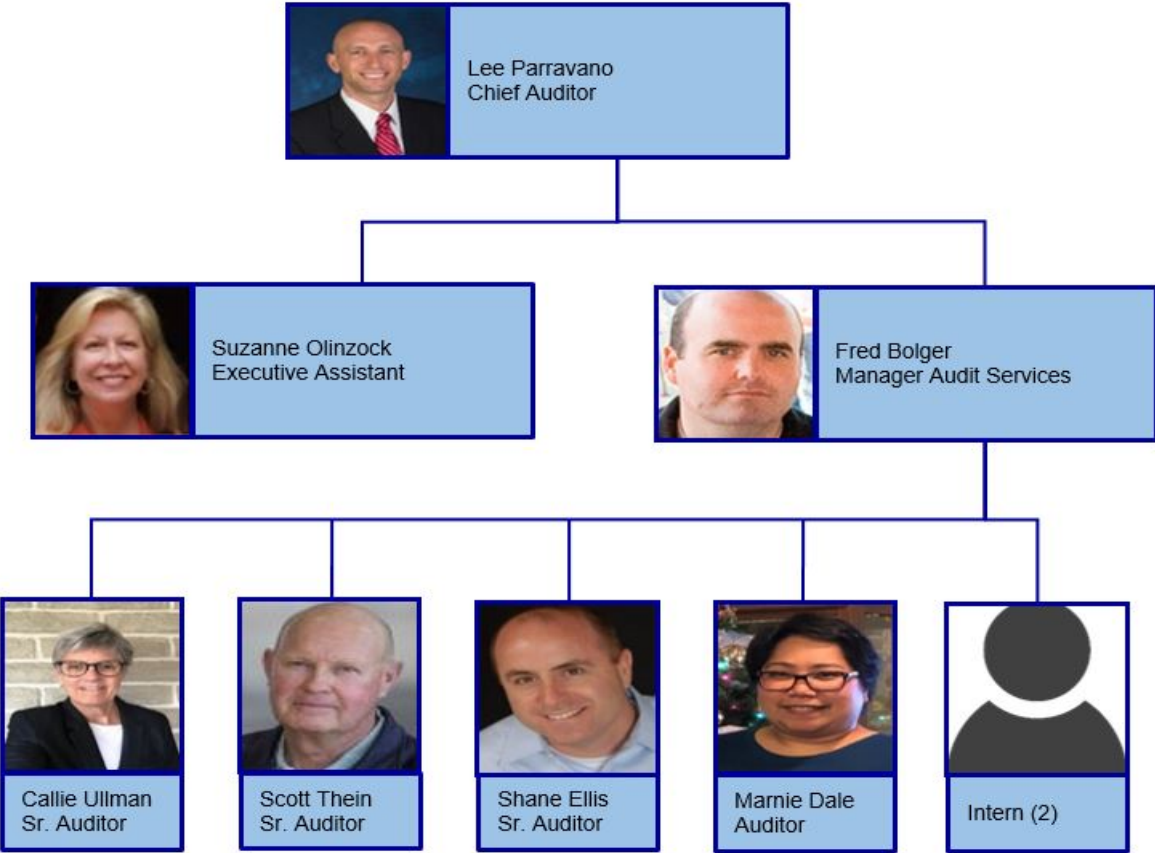


Each of these certifications requires that the holder complete a specified number of hours of CPE. As noted above, all CPE requirements were met for all OCA staff during calendar year 2019.⁶

⁶ Some professional organizations track Continuing Professional Education (CPE) by calendar year, not fiscal year. As such, the OCA verifies CPE compliance on a calendar year basis.

Organization Chart

As of June 30, 2020, the OCA organizational structure was as follows. For Fiscal Year 2021, the Intern positions have been reduced from two to one position.



Quality Assurance and Improvement Program

Background

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*) require the OCA to maintain a Quality Assurance and Improvement Program that includes external assessments and internal (self) assessments.

- External assessments, known as a Quality Assessment Review (QAR), or peer review, must be conducted at least once every five (5) years by an independent assessor or an assessment team from outside the organization that is qualified in the practice of internal auditing as well as the quality assessment process. QAR results are required to be reported to the Board.
- Internal assessments are comprised of two interrelated parts: 1) ongoing monitoring, and 2) periodic self-assessments. The results of a periodic self-assessment and the level of conformance to the *Standards* must be reported to the Board at the completion of the self-assessment. The results of ongoing monitoring are required to be reported to the Board at least annually. The *Standards* also contain other mandatory reporting requirements as documented in Appendix E.

External Assessment - Quality Assessment Review

The most recent external assessment of the OCA was performed by the Association of Local Government Auditors (ALGA) for the five year period from July 1, 2013, through June 30, 2018. The peer review was performed in April 2019, with results presented to the Audit Committee during its May 13, 2019, meeting. The peer review determined that the OCA is providing reasonable assurance of compliance with the *Standards*. This is the highest level of conformance an internal audit function can achieve. The next external assessment will be required for the five year period ending June 30, 2023.

In a companion letter, the peer review team identified areas where the OCA excels, and offered observations and suggestions to enhance the OCAs conformance with the *Standards*. The peer review team noted that the OCA has actively addressed and corrected the observations noted.



Internal Assessment - On-Going Monitoring

In July 2020, the OCA conducted an assessment of its Fiscal Year 2020 operations, as required by the *Standards* for on-going monitoring. The results of our on-going monitoring are provided below.

Scope and Objectives of On-Going Monitoring

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. The scope of this activity included:

1. Performance Measures
2. General Audit Practices
3. Engagement Planning and Supervision
4. Standard Working Practices
5. Work paper Reviews and Sign-offs
6. Report Reviews
7. Feedback from Audit Clients
8. Prior Recommendations

Results of On-Going Monitoring

There are numerous processes in place to ensure that quality is consistently delivered on each audit engagement. There were no items identified that would impact audit report quality. However, we did identify some administrative items to improve our audit process and documentation. Detailed information on performance measures and recommendations identified by the OCA are provided below.

QAIP Recommendations Identified

The QAIP identified three recommendations detailed below.

1. The OCA is required to review the Audit Committee Charter annually and recommend amendments as necessary. The OCA has reviewed the Charter and is recommending minor modifications to the Charter of the Audit Committee.
2. The OCA is required to review the OCA's Charter annually and recommend amendments as necessary. The OCA has reviewed the Charter and is recommending minor modifications to the Charter for the Office of the Chief Auditor.
3. During the QAIP process, the OCA identified opportunities for improving current administrative operations or updating documentation, including the following:
 - Updates to OCA Policy & Procedures manual
 - Improvements to audit work papers and documentation
 - Enhancements to audit planning & entrance conference objectives
 - Improvements to Customer Satisfaction Survey results documentation

OCA Response

Recommendations 1 and 2 will be provided to the Audit Committee for consideration at its September 10, 2020, meeting. The OCA has begun to implement recommendation 3 in Fiscal Year 2021.

Appendix A – Fiscal Year 2020 Audit Plan

#	Activity	Status as of 6/30/2020	Over/Under Budget	No. of Recs.	Revenue / Cost Savings Identified
Audit Engagement					
1	Owner Controlled Insurance Program (OCIP) Management	Completed	Over	-	\$-
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	Completed	Over	13	-
9	Harbor Police Contract Management	In Progress			
10	Account Provisioning and De-Provisioning	Completed	Over	6	-
11	Formal Bidding and Contracting	In Progress			
12	Rental Car Shuttle Service Contract Administration	Completed	Under	-	-
13	Contractor Monitoring - AECOM	Completed	Under	1	-
14	Contractor Monitoring - Turner	In Progress			
15	Tenant Lease Admin. and Management – Nevada Lease and Rental	Completed	Under	3	5,890
16	Tenant Lease Administration and Management – Off-Airport Rental Car Companies	Completed	Under	2	-
17	Change Orders	Completed	Under	-	-
18	Maintenance & Airport Service Requests	Completed	Under	-	-
19	Parking Management Contract Admin–Ace Parking	Completed	Under	1	(\$6,970)
20	Business and Real Estate Agreements – Rental Car Facility Land Lease	In Progress			
	Totals			37	\$34,094
Consulting Engagement					
21	Tenant Lease Admin. and Management – Best Practices for Contract Terms Managed by Revenue Generation & Partnership Development	Completed	Over		
22	COVID-19	Completed	Under		
General Audit					
23	Risk Assessment & Audit Plan	Completed			
24	Construction Meeting Attendance	Completed			
25	Information Technology Meeting Attendance	Completed			
26	Development of Data Analytics	Completed			
27	Ethics Hotline	Completed			
28	Recommendation Follow-up	Completed			
29	Quality Assurance & Improvement Program	Completed			
Administrative					
30	Attendance at Staff/Board/Committee Meetings, Vacation, Holiday Time, Continuing Professional Development, and Other.	Completed			

Appendix B – Status of OCA Recommendations

This appendix contains the status on recommendations awaiting implementation as of the 4th Quarter of Fiscal Year 2020. In general, the OCA is satisfied with the progress that Authority departments are currently making with the implementation, as based upon our inquiries during the tracking process.

Within this report recommendations are classified into the following categories:

Completed: This designation is used for recommendations that the OCA has determined to be adequately implemented or for recommendations where alternate action is taken that adequately addresses the risk identified.

In Progress: These recommendations have been partially addressed or partial corrective action has been taken. This category also includes when there has not been adequate time between report issuance and recommendation follow-up. If adequate progress is not being made, it will be noted as such.

Not Accepted: This designation is used for recommendations that an auditee does not accept; and, therefore, will not implement. This category can represent a failing on the part of the OCA, as all recommendations should be workable and acceptable to the affected departments.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
Completed						
20-10	<p>Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets</p> <p>Department: INFORMATION & TECHNOLOGY SERVICES</p>	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	5/30/2020	I&TS has completed upgrading the Track-it asset management tool to centralize the location of all IT assets and enhance reporting functionality.
19-16	<p>Audit Report 18038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017</p> <p>Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC)</p>	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	7/1/2020	Risk Management continued to attempt to obtain information pertaining to injuries being charged to the Authority; however, the information is unavailable. The Risk team will review the claims as they come in as part of the year end audit data from the Port.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
Completed						
19-19	<p>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</p> <p>Department: GROUND TRANSPORTATION (GT)</p>	Medium	<p>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.</p>	6/30/2019	6/30/2020	<p>Ground Transportation staff reviewed 3 months between June and December 2016. A total of 4 discrepancies were found for a negligible amount of money and taking staff over 25 hours to complete. Importantly, these additional audits triggered a conversation from paper to electronic for all billing, thereby providing staff with better tools, by which to track costs. Further, electronic submittal allows the vendor to complete a scorecard prior to submitting, which allows the vendors to perform a review prior to submitting the invoice. Staff has concluded that additional audits would not produce significant findings and given the work necessary to complete, are not warranted at this time.</p>
20-06	<p>Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc.</p> <p>Department: PLANNING & ENVIRONMENTAL AFFAIRS</p>	Medium	<p>Planning & Environmental Affairs should request that the Accounting Department bill LeighFisher \$35,174 for the reimbursed invoicing expenses.</p>	9/30/2019	4/14/2020	<p>In a Final Dispensation Letter dated 4/14/20, LeighFisher agreed to remit an agreed upon underpayment based on the audit and subsequent information. Additionally, LeighFisher agreed to no longer attempt to invoice the Authority for certain impermissible activities.</p>

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
Completed						
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	4/14/2020	In a Final Dispensation Letter dated 4/14/20, LeighFisher agreed to remit an agreed upon underpayment based on the audit and subsequent information. Additionally, LeighFisher agreed to no longer attempt to invoice the Authority for certain impermissible activities.
20-21	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should request that the Accounting department issue a payment to Nevada in the amount of \$13,703 for the overpayment of concession fees.	5/1/2020	5/1/2020	The tenant has been invoiced the balance due of \$5,890.
20-22	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should request that the Accounting department issue an invoice to Nevada in the amount of \$19,593 for the underpayment of CFCs during the audit period.	5/1/2020	5/1/2020	The tenant has been invoiced the balance due of \$5,890.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
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	7/30/2020	I&TS continues with its inventory of IT assets in use and in storage that have a value exceeding \$5,000. As this requires I&TS to physically inventory the assets in the office and datacenter, more time will be necessary due to the recommendation for distancing.
20-25	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should develop and publish a set of universal procedures for lease administration and management, and take active measures to ensure that the manual is updated to remain current.	11/30/20	11/30/2020	RG&PD will develop and publish a set of universal procedures for lease administration and management. RG&PD will implement an annual process to update the procedures. RG&PD will investigate utilizing E1 for lease administration and the possible implementation of a new or supplemental Real Estate Property Management software.
20-26	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD staff should continue to evaluate the property management software vendors, first by examining the Authority's Real Estate Management Property Management module already in E1, to implement a desired solution.	3/31/22	3/31/2022	RG&PD will investigate utilizing the existing E1 software and determine if other software is needed to more efficiently monitor, maintain, and manage the many tenant lease agreements for which the department is responsible.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
In Progress						
20-27	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Finance & Risk Management Department, should analyze the current security deposits on hand, determine if the security deposits on hand are sufficient to cover the risk to the Authority, make adjustments, and document any exceptions to security deposits, as needed.	3/31/22	3/31/2022	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-28	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Finance & Risk Management Department, should examine the insurance coverage of RG&PD leases, verify if they comply with the insurance requirements, and require the tenants, if needed, to update their insurance to cover the risk to the Authority.	12/31/2020	12/31/2020	RG&PD will work to implement the recommendations with input from the Finance and Risk Management Departments.
20-29	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Accounting Department, should create a system to track and adjust rent amounts that are subject to a Consumer Price Index (CPI) adjustment.	12/31/2020	12/31/2020	RG&PD will work to implement the recommendations with input from Accounting Department.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
In Progress						
20-30	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should create a system to track the submission of reports required and follow up in a timely manner with any tenant who has not submitted the required reports.	12/31/2020	12/31/2020	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-31	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should create a system to timely issue holdover letters. Additionally, RG&PD should confirm the lease status in E1, ensuring all leases assigned to them are accurate and up to date.	3/31/2021	3/31/2021	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-32	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Accounting Department, should review the Minimum Annual Guarantee (MAG) requirements of their leases and adjust the MAG, as applicable.	9/30/2020	9/30/2020	RG&PD will work to implement the recommendations with input from Accounting and Finance Departments.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
In Progress						
20-33	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should perform periodic analysis of revenues reported and billed to ensure that revenues remitted and rates used to calculate revenues are accurate, complete, and comply with the lease. Additionally, RG&PD should consider performing annual reconciliations for prior fiscal years, and as a result of these reconciliations, remit overpayments and bill underpayments as needed. Lastly, RG&PD should perform annual reconciliations going forward; and, as a result of these reconciliations, remit overpayments or bill underpayments, as needed.	3/31/2021	3/31/2021	RG&PD will work to implement the recommendations with input from Accounting and Finance Departments.
20-37	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	Authority Management should review the staff assignments for lease administration duties and ensure that separation of staff duties is sufficient. A review of the staff's system access and authorizations currently held should also be performed to identify possible conflicts and to make adjustments to these as necessary.	11/30/2020	11/30/2020	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
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	9/30/2020	Staff is recommending adjusting Board Policy of ALPR data from two years to six months. Staff will bring this item to a future Board Meeting.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
In Progress						
20-34	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should update the lease information contained in E1 to reflect current information and, in addition, through the coordination of necessary Authority departments, develop a methodology to allow cross-referencing of the different naming conventions in use at the Authority.	2/28/2021	2/28/2021	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-35	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should develop a list of requirements (certificates of insurance, MAGs, security deposits, etc.) that they need from ancillary departments and coordinate with these departments on how to have access to these requirements in the most efficient way.	3/31/2021	3/31/2021	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-36	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	The Authority Credit and Collections team should create a collections process that allows RG&PD asset managers to see efforts taken to collect from their lessee(s).	1/31/2021	1/31/2021	RG&PD will work to implement the recommendations with input from Accounting and Finance Departments.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
In Progress						
20-23	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should consider requesting that the Accounting Department invoice Nevada, in the amount of \$500, for each non-compliance with Article 4.2.2 regarding the annual reports for 2018 and 2019.	5/1/2020	7/31/2020	Tenant notified of non-compliance. Next steps under review.
20-24	Audit Report 20015 Issued: June 23, 2020 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Department: GROUND TRANSPORTATION	Low	Ground Transportation should request Ace bill the Authority for underpaid shuttle expenses in the amount of \$6,970 that resulted from the miscalculation of shuttle hours.	7/31/2020	7/31/2020	Ground Transportation is working with Ace to invoice the Authority for the underpayment.

Appendix C – Ethics Program Summary

	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)
Non Authority Related Concerns					
TSA/Homeland Security Practices and Behavior	1	0	0	n/a	1
Security Issue	1	0	0	n/a	0
Noise	1	0	0	n/a	0
General Workplace Concerns					
Workplace Equitability	1	0	0	n/a	0
Workplace Practices/Behavior	24	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.

Appendix D – Performance Measures Historical Data

Performance Measure	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Customer satisfaction ratings from: i. Audit Committee/Board ii. Executive management iii. Auditee ⁷					i) ii) iii) 4.6	i) 5.0 ii) 4.5 iii) 4.6
Number of recommendations ⁸	29	15	17	28	35	37
Percentage of audit and consulting engagements completed annually	86%	84%	83%	72%	76%	81%
Percentage of audit recommendations accepted ⁹				100%	100%	100%
Percentage of staff meeting educational requirements ¹⁰					100%	100%
Number of non-CPE training hours per staff ¹¹						6.1
Percentage of staff time spent on audit and consulting engagements and general audit activities ¹²					65%	67%
Percentage of audit and consulting engagements completed within budget	81%	83%	86%	52%	45%	59%

⁷ This performance measure was added in Fiscal Year 2019. In Fiscal Year 2020 the OCA implemented Audit Committee/Board and Executive Management surveys.

⁸ This performance measure was added in Fiscal Year 2020. Historical information was available and is comparable to the current performance measure.

⁹ This performance measure was added in Fiscal Year 2019. Historical information was available for FY 2018 and is comparable to the current performance measure.

¹⁰ This performance measure was added in Fiscal Year 2019.

¹¹ This performance measure was added in Fiscal Year 2020.

¹² Beginning in Fiscal Year 2019 all staff hours (audit, consulting, general audit hours, and administrative hours) were tracked, accounted for, and included in this measure. Prior years excluded certain hours and certain staff; therefore, prior years have been excluded as they are not a good comparison.

Appendix E – Disclosures

The following items are being disclosed in conformance with the *Standards*.

Organizational Independence

The OCA must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

The OCA reports to the Audit Committee, which provides the independence necessary for the OCA to adequately perform its job function.

Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed based on the International Professional Practices Framework (IPPF) Standard 1130.

There were no audits or consulting engagements conducted during Fiscal Year 2020 that had any impairment of independence or objectivity in fact or appearance.

Disclosure of Nonconformance

Occasionally, circumstances require the completion of projects/engagements in a manner that is not consistent with applicable standards. When this occurs, the OCA must disclose the non-conformance and the impact to senior management and the Board.

During the 2020 Fiscal Year there were no instances in which projects were performed in a manner that did not comply with the *Standards*.

Resolution of Management's Acceptance of Risks

Each audit engagement can potentially identify items that may pose risks to the Authority's operations. Some items will require management's attention, while others may be situations in which management decides to accept the risk associated with continuing the current practice. The OCA is required to disclose (to senior management and the Board) any situations in which it is believed Authority personnel has accepted a level of residual risk that may not adequately reduce/mitigate the risk of loss.

There were no such instances related to risk during the 2020 Fiscal Year.



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

**Fiscal Year 2020
Annual Report from
the Office of the Chief Auditor**

July 1, 2019, through June 30, 2020

**Audit Committee Meeting
September 10, 2020**

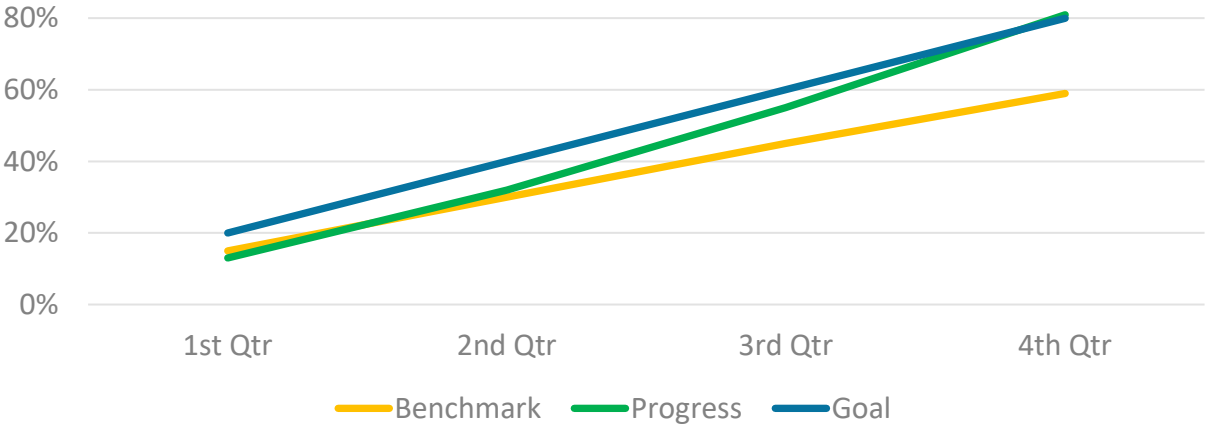
Fiscal Year 2020 Performance Measures

Performance Measure	Goal	Actual	Benchmark
Percentage of Audits & Consulting Engagements Completed	80%	81%	59%
Number of Recommendations	25	37	25
Percentage of Staff Time Spent on Audit and Consulting Engagements and General Audit Activities	70%	67% / 70% including /excluding Chief Auditor	70%
Percentage of Audits/Consulting Engagements Completed within Budget	80%	59%	75%
Percentage of Recommendations Accepted	95%	100%	83%
Auditee Satisfaction Rating	4.0	4.6	4.0

Percentage of Audits & Consulting Engagements Completed

Performance Measure	Goal	Actual	Benchmark
Percentage of Audit & Consulting Engagements Completed	80%	81%	59%

Percentage Completed by Quarter



Audits Completed


Audit Reports Issued During the 4th Quarter



**Ace Parking Management, Inc. –
Expenditures for Parking Management
and Airport Shuttle Services**
Audit Report No. 20015
Issue Date: June 23, 2020

Office of the Chief Auditor

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



**Tenant Lease Administration and
Management**
Audit Report No. 20001
Issue Date: June 25, 2020

Office of the Chief Auditor

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



Change Order Procedures
Audit Report No. 20012
Issue Date: June 22, 2020

Office of the Chief Auditor

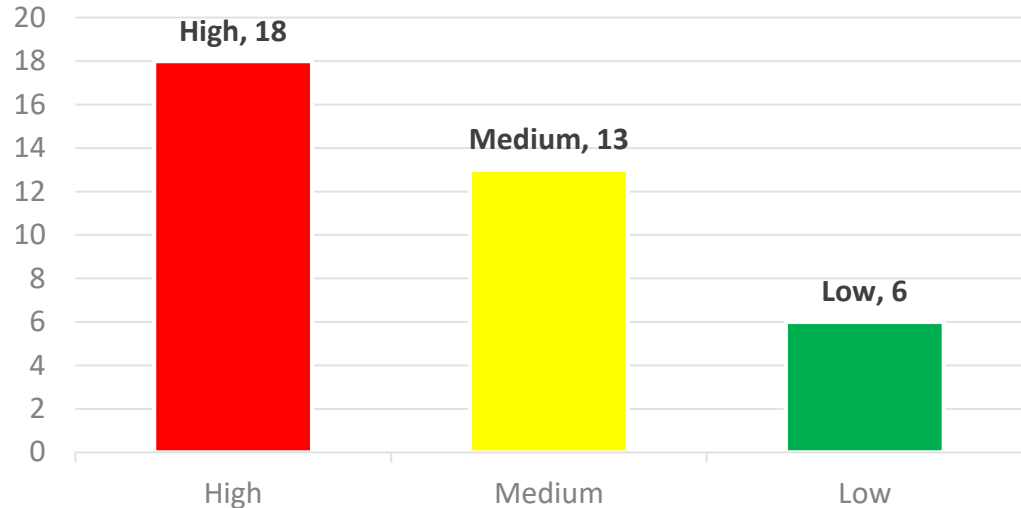
SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Number of Recommendations

Performance Measure	Goal	Actual	Benchmark
Number of Recommendations	25	37	25

Rating of Recommendation

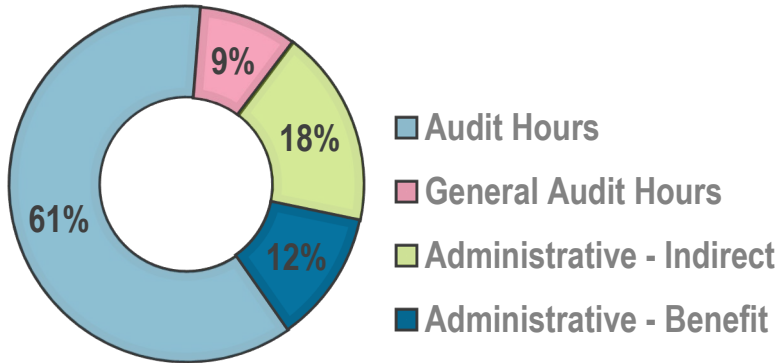
*** All
Recommendations
Accepted by
Management ***



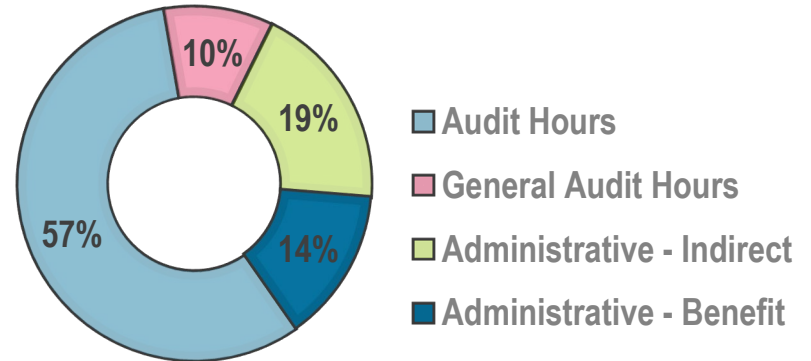
Auditor Utilization

Performance Measure	Goal	Actual	Benchmark
Percentage of Staff Time Spent on Audit and Consulting Engagements and General Audit Activities	70%	67% / 70% including /excluding Chief Auditor	70%

GOAL



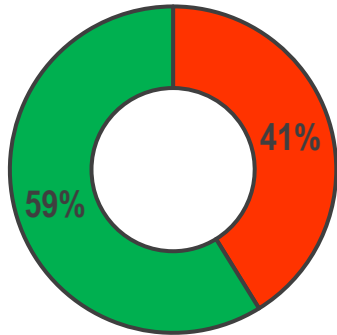
PROGRESS



Budgets

Performance Measure	Goal	Actual	Benchmark
Percentage of Audits/Consulting Engagements Completed within Budget	80%	59%	75%

Audits Completed



- Over Budget
- Under Budget

Audit Hours

Budgeted	5,915
Actual	6,297
Total Hours Over Budget	382

General Audit Activity - Recommendations

Recommendation Follow up

Status as of June 30, 2020			
Completed	In Progress	Not Accepted	Tracked
7*	17**	0	24

* 3 recommendations were completed within the initial timeframe identified for implementation

** 14 recommendations are still within the initial timeframe identified for implementation.

General Audit Activity - Ethics Hotline

July 1, 2019, through June 30, 2020

	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)
Non Ethics Related Concerns					
TSA/Homeland Security Practices and Behavior	1	0	0	n/a	1
Security Issue	1	0	0	n/a	0
Noise	1	0	0	n/a	0
General Workplace Concerns					
Workplace Equitability	1	0	0	n/a	0
Workplace Practices/Behavior	24	1	1	1	0

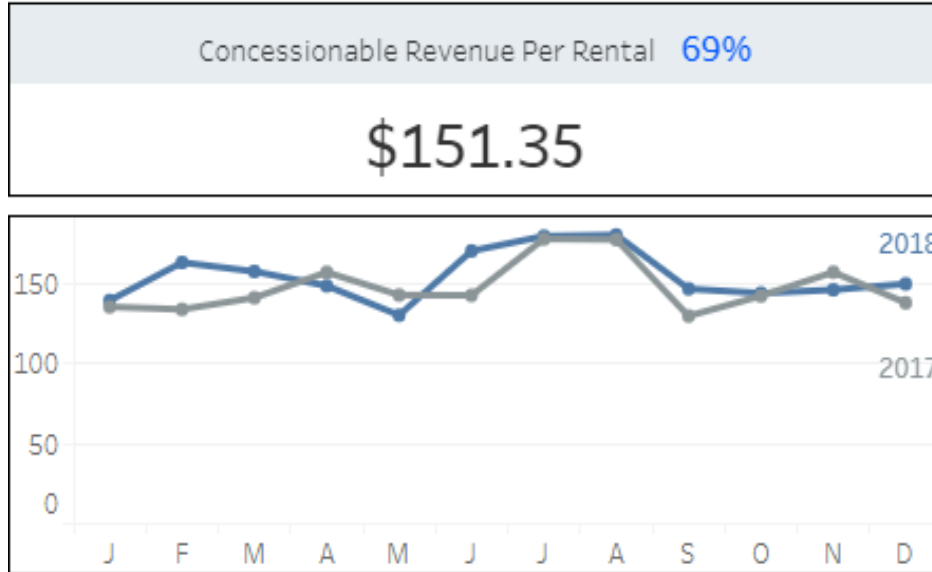
General Audit Activity - Construction



The OCA attended meetings regarding construction projects and facilitated a review of the draft contract agreement for the Airport Development Plan.

The OCA also completed a consulting engagement related to grant funding for construction projects.

General Audit Activity - Data Analytics



The OCA is working with management to develop a data analytics program for auditing rent a car operators.

The OCA has provided sample data to the analytics team, and they have developed a preliminary analytics dashboard.

General Audit Activity - Quality Assurance and Improvement Program

Internal auditing *Standards* require the OCA to maintain a quality assurance and improvement program (QAIP).

One component of a QAIP is examining internal audit processes utilized by the OCA. This is referred to as Ongoing Monitoring.



QAIP Ongoing Monitoring Results

3 Recommendations:

- 1 – Amend the Charter of the Audit Committee
- 2 – Amend the Charter for the Office of the Chief Auditor
- 3 – Implement administrative changes to improve operations or documentation

OCA Response:

Recommendations 1 & 2: These are included on today's Agenda for the Audit Committee's consideration.

Recommendation 3: The OCA is in the process of implementing the changes.

Annual Required Disclosures

Operational Independence

- No independence issues noted

Impairments to Independence or Objectivity

- No impairments

Disclosures of Nonconformance

- No instances noted

Management's Acceptance of Risk

- No items noted



Audit Spotlight - Ace Parking Management - Expenses



Ace Parking Management, Inc. – Expenditures for Parking Management and Airport Shuttle Services

Audit Report No. 20015
Issue Date: June 23, 2020

SAN DIEGO
COUNTY
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AIRPORT
AUTHORITY

Office of the Chief Auditor



Background

Parking Management

- Authority pays reimbursable expenses and a management fee
- \$12,276,878 paid during audit period

Shuttle Services

- Authority pays a per-driver hourly rate
- \$14,006,224 paid during audit period

Audit Spotlight - Ace Parking Management - Expenses

Audit Objective

Determine if expenses complied with the agreements

Audit Scope & Work Performed



Scope

January 1, 2018 -
September 30, 2019



Work

Examination of agreements, P&L
information, expenditure records,
and accounts payable information

Audit Spotlight - Ace Parking Management - Expenses

Conclusion

Expenses paid complied with the Agreements

Results

Finding

Ace under billed the Authority \$6,970



Recommendation

Request Ace bill the Authority for the \$6,970

Strengths Identified

- ✓ Staff is well versed
- ✓ All invoices were paid on a timely basis
- ✓ Electronic payment review process
- ✓ Feedback scorecard provided

QUESTIONS?

AUDIT COMMITTEE

Meeting Date: **SEPTEMBER 10, 2020**

Subject:

Annual Review of the Charter of the Audit Committee

Recommendation:

Staff recommends that the Audit Committee accept the proposed revision and forward this item to the Board for approval.

Background/Justification:

The Charter of the Audit Committee is forwarded to the Audit Committee on an annual basis in accordance with best practices, the Office of the Chief Auditor's Quality Assurance and Improvement Program, and the requirements specified in the Audit Committee's Charter.

The Charter of the Audit Committee describes the Audit Committee's purpose, mandate and authority, including oversight of the internal and external auditors, compliance and regulatory duties; and, provides guidelines and procedures on how the Audit Committee conducts its business.

The Board adopted Resolution No. 2003-061 on October 2, 2003, instituting the Charter of the Audit Committee. Subsequent revisions to the Charter of the Audit Committee took place as follows:

June 13, 2006, the first revision was approved by the Audit and Performance Monitoring Committee; and approved by Board Resolution No. 2006-0080 dated July 6, 2006.

February 8, 2010, the Charter of the Audit Committee was revised during a regular meeting of the Audit Committee to expand upon, update, and to reflect then-current operational practices; and approved by Board Resolution No. 2010-0023 on March 4, 2010.

September 10, 2018, during a regular meeting of the Audit Committee, the Charter of the Audit Committee was revised to incorporate relevant sections of the Public Utilities Code, model pertinent Audit Committee practices, and to reflect the current operational practices. Board Resolution No. 2018-0116 approved these changes on October 4, 2018.

The last review of the Charter of the Audit Committee took place on November 4, 2019, and no revisions were necessary. For the present annual review, staff recommends the following revisions to the Charter of the Audit Committee.

- Update the number of terms a public member of the Audit Committee may serve
- Include details regarding remuneration of Committee members

Page 2 of 2

- Remove duplication
- Include model Audit Committee practices, and make grammatical changes

The proposed revision to the Charter of the Audit Committee, with changes requested, is provided as Attachment A. The Charter of the Audit Committee, with the proposed changes incorporated, is provided as Attachment B.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY CHARTER OF THE AUDIT COMMITTEE

ORGANIZATIONAL PRINCIPLES

Purpose

The purpose of the Audit Committee (Committee) is to provide structured, systematic oversight of the San Diego County Regional Airport Authority's (Authority) governance, risk management, and internal control practices. Public Utilities Code §170018 states that the Committee shall serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations. The Committee assists the Authority's Board of Directors (Board) and management by providing advice and guidance related to the Authority's:

- Values and ethics;
- Governance structure;
- Risk Management;
- Internal control framework;
- Oversight of the Office of the Chief Auditor, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

The Committee reviews each of the items noted above and provides the Authority Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate

The mandate for the establishment of the Committee is contained in Public Utilities Code §§170013 and 170018.

Authority

The ~~Charter of the~~ Audit Committee ~~Charter~~ sets out the authority of the Committee to carry out the responsibilities established for it by the Authority Board.

In discharging its responsibilities, the Committee shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee shall also have unrestricted access to records, data, and reports. The Committee shall interact with these employees and management through the Chief Auditor, or the President/CEO or his/her designee.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Authority's management and staff should cooperate with Committee requests. Committee requests shall be directed to the Chief Auditor, or the President/CEO or his/her designee.

The Committee may engage independent advisor(s), subject to Authority Board approval, that it deems necessary to execute its responsibilities and shall be provided the necessary resources for such purposes.

The Committee is empowered to:

- Recommend to the Authority Board or the appropriate Board committee the appointment and compensation of the external auditor.
- Oversee all audit and non-audit services performed by internal and external auditors.
- Review any disagreements between management and the external auditor regarding financial reporting and other matters.
- Review all auditing and non-auditing services performed by auditors.

Composition of the Committee

The composition of the Committee is specified in Public Utilities Code §§170013 and 170018. Public Utilities Code §170013 states that the Authority Board shall appoint a seven-member Committee consisting of four members of the Authority Board and the three public members appointed pursuant to Public Utilities Code §170018. Each member of the Committee shall be a voting member. The Authority Board shall select the three public members from among the following categories of persons, with no more than one appointee from each category at any one time:

- A professional with experience in the field of public finance and budgeting;
- An architect or civil engineer licensed to practice in this state;
- A professional with experience in the field of real estate or land economics;
- A person with experience in managing construction of large-scale public works projects;
- A person with public or private sector executive level decision making experience;
- A person who resides within the airport influence area of the San Diego International Airport; and
- A person with experience in environmental justice as it pertains to land use.

The Authority Board may appoint other persons to serve as nonvoting, non-compensated, *ex officio* members on the Committee. In appointing the public members to the Committee, the Authority Board shall provide for selection policies, appointment procedures, conflict-of-interest policies, length-of-term policies, and policies for providing compensation, if any.

The Chair and Vice-Chair of the Committee

The Authority Board Chair shall designate the Chair and Vice-Chair of the Committee.

Terms of Office

The public members shall be appointed by the Authority Board for staggered three-year terms. Public members may serve a maximum of two full terms.

Quorum and Voting

Four (4) Committee members are required to be present to have a quorum. Pursuant to Public Utilities Code §170018, an affirmative vote by at least five members of the Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual Audit Plan, and actions recommending or approving debt financing for the Authority.

OPERATIONAL PRINCIPLES

Committee Values

The Committee shall conduct itself in accordance with the code of values and ethics of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2. The Committee expects that management and staff of the Authority shall adhere to these requirements.

Communications

The Committee expects that all communication with management and staff of the Authority as well as with any external assurance providers shall be direct, open, and complete.

Work Plan

The Committee chair shall collaborate with senior management and the Chief Auditor to establish a work plan to ensure that the responsibilities of the Committee are scheduled and carried out.

Meeting Agenda

The Committee chair shall establish agendas for Committee meetings in consultation with Committee ~~m~~Members, management, and the Chief Auditor.

Information Requirements

The Committee shall establish and communicate its requirements for information, including the nature, extent, and timing of information. Information related to or to be discussed at a Committee meeting shall be provided to the Committee at least one week prior to the Committee meeting.

Executive Sessions

The Committee may schedule and hold, if necessary, private sessions with the Chief Auditor, external assurance providers, and others who the Committee may deem appropriate. These Executive Sessions shall be subject to the Ralph M. Brown Act.

Preparation and Attendance

Committee members are obligated to prepare for and participate in Committee ~~m~~Meetings.

Conflict(s) of Interest

Committee members shall adhere to the Authority's Code of ethics and conduct as outlined in Authority Code Article 2. Additionally, it is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee as outlined in Authority Code Section 2.30. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee member should consult with the General Counsel.

Orientation and Training

Committee members shall receive ~~formal~~ orientation training on the purpose and mandate of the Committee and the Authority's objectives. A process of continuing education shall be established.

OPERATIONAL PROCEDURES AND RESPONSIBILITIES

Meetings

The Committee shall meet as often as it determines is necessary, but not less frequently than four times per year. All meetings shall be subject to the Ralph M. Brown Act.

Minutes

Minutes and other relevant documentation of all meetings held shall be prepared in accordance with applicable law and/or other applicable requirements.

Required Attendance

The Chief Auditor or his/her designee is required to attend Committee meetings. Additionally, the Committee may require any officer or employee of the Authority, including the external auditor, to attend any meeting of the Committee, or to meet with any members of, or consultants to, the Committee.

Remuneration of Committee Members

Payment rates and allowances for Committee members' time and/or services are established formally in Authority Policy 1.20.

Responsibilities

Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum:

- (1) Regularly review the Authority's accounting, audit, and performance monitoring processes;
- (2) At the time of contract renewal, recommend to the appropriate committee and the Authority Board its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence;
- (3) Advise the appropriate committee and the Authority Board regarding the selection of the auditor;
- (4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures;
- (5) Be responsible for overseeing the annual audit by the external auditors and any internal audits; and
- (6) Make recommendations to the full Authority Board regarding paragraphs (1) to (5), inclusive.

Values and Ethics

To obtain reasonable assurance with respect to the Authority's values and ethics practices, the Committee shall:

- Review and assess the policies, procedures, and practices established by the Authority to monitor compliance with the code of conduct and ethical policies by all employees of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2;

- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all employees of the Authority; and
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

ORGANIZATIONAL GOVERNANCE

To obtain reasonable assurance with respect to the Authority's governance process, the Committee shall review and provide advice on the governance process established and maintained within the organization and the procedures to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the Authority's risk management, the Committee shall:

- Periodically review the Authority's risk profile;
- ~~Provide~~ Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by management and the Authority Board
- Provide oversight of the adequacy of the combined assurance being provided; and
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Authority's procedures for the prevention and detection of fraud, the Committee shall:

- Oversee management's arrangements for the prevention and deterrence of fraud;
- Ensure that appropriate action is taken against known perpetrators of fraud; and
- Inquire with management and internal and external auditors to ensure the Authority has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected; ~~and~~ and
- The Committee shall oversee a process for the confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters; as maintained and carried out through the Office of the Chief Auditor.
- ~~Establish procedures for the receipt, retention, investigation, and treatment of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters. The Committee shall maintain a process for the confidential, anonymous submission of such complaints by Authority employees and other individuals.~~

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Authority's controls in responding to risks within the Authority's governance, operations, and information systems, the Committee shall:

- Consider the effectiveness of the Authority's control framework, including information technology security and control;

- Review and provide advice on the controls within the Authority; and
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to management and the Authority Board.

Compliance

The Committee shall:

- Review the effectiveness of the systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance; and
- Review the observations and conclusions of internal and external auditors and the findings of regulatory agencies.

OVERSIGHT OF THE INTERNAL AUDIT FUNCTION

Office of the Chief Auditor

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor, the Committee shall provide the following oversight functions:

Office of the Chief Auditor Charter and Resources

- Review, and forward to the Authority Board for approval, the Charter of the Office of the Chief Auditor at least annually. The Charter should be reviewed to ensure that it accurately reflects the Office of the Chief Auditor's purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditors' (IIA) International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the Authority and reflects developments in the professional practice of internal auditing; and
- Advise the Authority Board about increases and decreases to the requested resources to achieve the internal Audit Plan and evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

Chief Auditor Performance

- Advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor;
- Provide input to the Authority Board or the Executive Personnel and Compensation Committee related to evaluating the performance of the Chief Auditor; and
- Recommend, as needed, to the Authority Board or the Executive Personnel and Compensation Committee the appropriate compensation of the Chief Auditor.

Internal Audit Strategy and Plan

- Review and provide input on the Office of the Chief Auditor's strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based proposed Audit Plan and make recommendations concerning internal audit special request audits, investigations, and the internal audit resources necessary to achieve the [Audit Plan](#); and
- Review the Office of the Chief Auditor's performance relative to its Audit Plan.

Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to management;

CHARTER OF THE AUDIT COMMITTEE

- Review and track management's action plans to address the results of audits performed by internal audit;
- Review and advise management on the results of any special investigations;
- Inquire of the Chief Auditor, or others, whether any internal audit engagements or non-audit engagements have been completed, but not reported to the Committee; if so, inquire whether any matters of significance arose from such work; and
- Inquire of the Chief Auditor, or others, whether any evidence of fraud has been identified during internal audits or consulting engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Inquire of the Chief Auditor about steps taken to ensure that the Office of the Chief Auditor conforms to The IIA's International Standards for the Professional Practice of Internal Auditing (Standards);
- Ensure that the Office of the Chief Auditor has a quality assurance and improvement program, and that the results of these periodic assessments performed are presented to the Committee;
- Ensure that the Office of the Chief Auditor has an external quality assurance review performed every five years;
- Review the results of the independent external quality assurance review, and monitor the implementation of the Office of the Chief Auditor's action plans to address any recommendations; and
- Advise the Authority Board about any recommendations s for the continuous improvement of the Office of the Chief Auditor.

OVERSIGHT OF THE EXTERNAL AUDIT FUNCTION AND OTHER EXTERNAL ASSURANCE PROVIDERS

To obtain reasonable assurance with respect to the work of the external assurance providers, the Committee shall meet with the external assurance providers during the planning phase of the audit engagement, the presentation of the audited financial statements, and the discussion of the results of audit engagements and recommendations for management.

The Committee shall:

- Advise the Authority Board on the engagement of each external auditor;
- Review the external auditors' proposed audit team composition, audit scope and approach, including coordination of audit efforts with the Office of the Chief Auditor;
- Provide input with regard to audit engagement fees and terms, as well as all non-audit engagements with the external auditor;
- Review the performance of the external auditors;
- Inquire with the external auditors about their relationships with the Authority, including non-audit services provided to the Authority. The Committee is responsible for discussing the information with the external auditors to review and confirm their independence;
- Hold regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters. These meetings are subject to the Ralph M. Brown Act;
- ~~Review the reasonableness of fees, the quality of any prior audits, the composition of the audit team; evaluate the experience and qualifications of the external auditor's lead partner and the senior members of the audit team;~~

- ~~examine the results of the audit firm's last internal quality control or peer review, any issues raised by the annual auditor's report, the status of any significant regulatory or litigation problems that may affect the external auditor, and the amount of non-audit services provided by the audit firm;~~
- Advise the Authority Board when ~~any major staffing change occurs in the audit firm engaged as the principal external auditor, when any other~~ significant development or action occurs with respect to the external auditor, or when it is determined it is necessary to do so to protect and preserve the interests of the Authority;
 - Monitor management's progress on action plans;
 - ~~Review the external auditor's most recent internal quality control or peer review report. The external auditor shall report any steps taken to deal with issues identified in the internal quality control or peer review report. The external auditor shall also submit such a report to the Committee promptly after any review, inquiry, or investigation referred to it by the Committee, any Authority Board member, or the President/CEO; and~~
 - Consider at least every three (3) years whether there should be a rotation of the lead audit partner or the audit firm itself.

To obtain reasonable assurance that management has acted on the results of internal and external audit engagements, the Committee shall regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

Financial Statements and Public Accountability Reporting

The Committee is responsible for the oversight of the independent audit of the Authority's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory, compliance, and ethics.

The Committee shall:

- Review the scope of audits, including obtaining assurances from the external auditor that the specific audit was conducted in a manner consistent with generally accepted accounting standards;
- Review with management and the external auditors the results of audit engagements, including difficulties encountered;
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional regulatory pronouncements, and understand their impact on the financial statements;
- Review the annual financial statements, Comprehensive Annual Financial Report (CAFR), and other reports issued and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- ~~Review other financial reports, as necessary, issued by the Authority in accordance with generally accepted accounting and/or audit standards and the corresponding external auditor's reports; and~~
- ~~Review internal control reports (management letters) submitted by the external auditor; and~~

- ~~Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards, including but not limited to, any difficulties encountered in the course of the work, any restriction on the scope of the external auditor's activities, or on access to requested information, and any significant disagreements with management.~~

OTHER DUTIES AND RESPONSIBILITIES

In addition, the Committee shall:

- Perform other activities related to this Charter as requested by the Authority Board;
- Institute special investigations as needed;
- Regularly evaluate its performance and that of its individual members; and
- Review, at least annually, its Charter and recommend any proposed changes to the Authority Board for approval.

REPORTING REQUIREMENTS

The Committee shall report to the Authority Board annually, summarizing the Committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Authority Board or during a regularly scheduled meeting of the Authority Board.

The report should include:

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- A summary of management's progress in addressing the results of internal and external audit reports;
- Details of meetings, including the number of meetings held during the relevant period; and
- Information required, if any, by new or emerging governance developments.

The Committee may report to the Authority Board at any time regarding any other matter it deems of sufficient importance.

CHARTER OF THE AUDIT COMMITTEE

| [Amended by Resolution No. 2020-XXXX dated XXXXber X, 2020]

[Amended by Resolution No. 2018-0116 dated October 4, 2018]

[Amended by Resolution No. 2010-0023 dated March 4, 2010]

| [Amended by Resolution No. 2006-0080 dated July 6, 2006]

[Adopted by Resolution No. 2003-061 dated October 2, 2003]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY CHARTER OF THE AUDIT COMMITTEE

ORGANIZATIONAL PRINCIPLES

Purpose

The purpose of the Audit Committee (Committee) is to provide structured, systematic oversight of the San Diego County Regional Airport Authority's (Authority) governance, risk management, and internal control practices. Public Utilities Code §170018 states that the Committee shall serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations. The Committee assists the Authority's Board of Directors (Board) and management by providing advice and guidance related to the Authority's:

- Values and ethics;
- Governance structure;
- Risk Management;
- Internal control framework;
- Oversight of the Office of the Chief Auditor, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

The Committee reviews each of the items noted above and provides the Authority Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate

The mandate for the establishment of the Committee is contained in Public Utilities Code §§170013 and 170018.

Authority

The Charter of the Audit Committee sets out the authority of the Committee to carry out the responsibilities established for it by the Authority Board.

In discharging its responsibilities, the Committee shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee shall also have unrestricted access to records, data, and reports. The Committee shall interact with these employees and management through the Chief Auditor, or the President/CEO or his/her designee.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Authority's management and staff should cooperate with Committee requests. Committee requests shall be directed to the Chief Auditor, or the President/CEO or his/her designee.

The Committee may engage independent advisor(s), subject to Authority Board approval, that it deems necessary to execute its responsibilities and shall be provided the necessary resources for such purposes.

The Committee is empowered to:

- Recommend to the Authority Board or the appropriate Board committee the appointment and compensation of the external auditor.
- Oversee all audit and non-audit services performed by internal and external auditors.
- Review any disagreements between management and the external auditor regarding financial reporting and other matters.
- Review all auditing and non-auditing services performed by auditors.

Composition of the Committee

The composition of the Committee is specified in Public Utilities Code §§170013 and 170018. Public Utilities Code §170013 states that the Authority Board shall appoint a seven-member Committee consisting of four members of the Authority Board and the three public members appointed pursuant to Public Utilities Code §170018. Each member of the Committee shall be a voting member. The Authority Board shall select the three public members from among the following categories of persons, with no more than one appointee from each category at any one time:

- A professional with experience in the field of public finance and budgeting;
- An architect or civil engineer licensed to practice in this state;
- A professional with experience in the field of real estate or land economics;
- A person with experience in managing construction of large-scale public works projects;
- A person with public or private sector executive level decision making experience;
- A person who resides within the airport influence area of the San Diego International Airport; and
- A person with experience in environmental justice as it pertains to land use.

The Authority Board may appoint other persons to serve as nonvoting, non-compensated, *ex officio* members on the Committee. In appointing the public members to the Committee, the Authority Board shall provide for selection policies, appointment procedures, conflict-of-interest policies, length-of-term policies, and policies for providing compensation, if any.

The Chair and Vice-Chair of the Committee

The Authority Board Chair shall designate the Chair and Vice-Chair of the Committee.

Terms of Office

The public members shall be appointed by the Authority Board for staggered three-year terms. Public members may serve a maximum of two full terms.

Quorum and Voting

Four (4) Committee members are required to be present to have a quorum. Pursuant to Public Utilities Code §170018, an affirmative vote by at least five members of the Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual Audit Plan, and actions recommending or approving debt financing for the Authority.

OPERATIONAL PRINCIPLES

Committee Values

The Committee shall conduct itself in accordance with the code of values and ethics of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2. The Committee expects that management and staff of the Authority shall adhere to these requirements.

Communications

The Committee expects that all communication with management and staff of the Authority as well as with any external assurance providers shall be direct, open, and complete.

Work Plan

The Committee chair shall collaborate with senior management and the Chief Auditor to establish a work plan to ensure that the responsibilities of the Committee are scheduled and carried out.

Meeting Agenda

The Committee chair shall establish agendas for Committee meetings in consultation with Committee members, management, and the Chief Auditor.

Information Requirements

The Committee shall establish and communicate its requirements for information, including the nature, extent, and timing of information. Information related to or to be discussed at a Committee meeting shall be provided to the Committee at least one week prior to the Committee meeting.

Executive Sessions

The Committee may schedule and hold, if necessary, private sessions with the Chief Auditor, external assurance providers, and others who the Committee may deem appropriate. These Executive Sessions shall be subject to the Ralph M. Brown Act.

Preparation and Attendance

Committee members are obligated to prepare for and participate in Committee meetings.

Conflict(s) of Interest

Committee members shall adhere to the Authority's Code of ethics and conduct as outlined in Authority Code Article 2. Additionally, it is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee as outlined in Authority Code Section 2.30. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee member should consult with the General Counsel.

Orientation and Training

Committee members shall receive orientation training on the purpose and mandate of the Committee and the Authority's objectives. A process of continuing education shall be established.

OPERATIONAL PROCEDURES AND RESPONSIBILITIES

Meetings

The Committee shall meet as often as it determines is necessary, but not less frequently than four times per year. All meetings shall be subject to the Ralph M. Brown Act.

Minutes

Minutes and other relevant documentation of all meetings held shall be prepared in accordance with applicable law and/or other applicable requirements.

Required Attendance

The Chief Auditor or his/her designee is required to attend Committee meetings. Additionally, the Committee may require any officer or employee of the Authority, including the external auditor, to attend any meeting of the Committee, or to meet with any members of, or consultants to, the Committee.

Remuneration of Committee Members

Payment rates and allowances for Committee members' time and/or services are established formally in Authority Policy 1.20.

Responsibilities

Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum:

- (1) Regularly review the Authority's accounting, audit, and performance monitoring processes;
- (2) At the time of contract renewal, recommend to the appropriate committee and the Authority Board its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence;
- (3) Advise the appropriate committee and the Authority Board regarding the selection of the auditor;
- (4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures;
- (5) Be responsible for overseeing the annual audit by the external auditors and any internal audits; and
- (6) Make recommendations to the full Authority Board regarding paragraphs (1) to (5), inclusive.

Values and Ethics

To obtain reasonable assurance with respect to the Authority's values and ethics practices, the Committee shall:

- Review and assess the policies, procedures, and practices established by the Authority to monitor compliance with the code of conduct and ethical policies by all employees of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2;

- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all employees of the Authority; and
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

ORGANIZATIONAL GOVERNANCE

To obtain reasonable assurance with respect to the Authority's governance process, the Committee shall review and provide advice on the governance process established and maintained within the organization and the procedures to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the Authority's risk management, the Committee shall:

- Periodically review the Authority's risk profile;
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by management and the Authority Board
- Provide oversight of the adequacy of the combined assurance being provided; and
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Authority's procedures for the prevention and detection of fraud, the Committee shall:

- Oversee management's arrangements for the prevention and deterrence of fraud;
- Ensure that appropriate action is taken against known perpetrators of fraud;
- Inquire with management and internal and external auditors to ensure the Authority has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected; and
- The Committee shall oversee a process for the confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters; as maintained and carried out through the Office of the Chief Auditor.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Authority's controls in responding to risks within the Authority's governance, operations, and information systems, the Committee shall:

- Consider the effectiveness of the Authority's control framework, including information technology security and control;
- Review and provide advice on the controls within the Authority; and
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to management and the Authority Board.

Compliance

The Committee shall:

- Review the effectiveness of the systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance; and
- Review the observations and conclusions of internal and external auditors and the findings of regulatory agencies.

OVERSIGHT OF THE INTERNAL AUDIT FUNCTION

Office of the Chief Auditor

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor, the Committee shall provide the following oversight functions:

Office of the Chief Auditor Charter and Resources

- Review, and forward to the Authority Board for approval, the Charter of the Office of the Chief Auditor at least annually. The Charter should be reviewed to ensure that it accurately reflects the Office of the Chief Auditor's purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditors' (IIA) International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the Authority and reflects developments in the professional practice of internal auditing; and
- Advise the Authority Board about increases and decreases to the requested resources to achieve the internal Audit Plan and evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

Chief Auditor Performance

- Advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor;
- Provide input to the Authority Board or the Executive Personnel and Compensation Committee related to evaluating the performance of the Chief Auditor; and
- Recommend, as needed, to the Authority Board or the Executive Personnel and Compensation Committee the appropriate compensation of the Chief Auditor.

Internal Audit Strategy and Plan

- Review and provide input on the Office of the Chief Auditor's strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based proposed Audit Plan and make recommendations concerning internal audit special request audits, investigations, and the internal audit resources necessary to achieve the Audit Plan; and
- Review the Office of the Chief Auditor's performance relative to its Audit Plan.

Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to management;
- Review and track management's action plans to address the results of audits performed by internal audit;
- Review and advise management on the results of any special investigations;

- Inquire of the Chief Auditor, or others, whether any internal audit engagements or non-audit engagements have been completed, but not reported to the Committee; if so, inquire whether any matters of significance arose from such work; and
- Inquire of the Chief Auditor, or others, whether any evidence of fraud has been identified during internal audits or consulting engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Inquire of the Chief Auditor about steps taken to ensure that the Office of the Chief Auditor conforms to The IIA's International Standards for the Professional Practice of Internal Auditing (Standards);
- Ensure that the Office of the Chief Auditor has a quality assurance and improvement program, and that the results of these periodic assessments performed are presented to the Committee;
- Ensure that the Office of the Chief Auditor has an external quality assurance review performed every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the Office of the Chief Auditor's action plans to address any recommendations; and
- Advise the Authority Board about any recommendations for the continuous improvement of the Office of the Chief Auditor.

OVERSIGHT OF THE EXTERNAL AUDIT FUNCTION AND OTHER EXTERNAL ASSURANCE PROVIDERS

To obtain reasonable assurance with respect to the work of the external assurance providers, the Committee shall meet with the external assurance providers during the planning phase of the audit engagement, the presentation of the audited financial statements, and the discussion of the results of audit engagements and recommendations for management.

The Committee shall:

- Advise the Authority Board on the engagement of each external auditor;
- Review the external auditors' proposed audit team composition, audit scope and approach, including coordination of audit efforts with the Office of the Chief Auditor;
- Provide input with regard to audit engagement fees and terms, as well as all non-audit engagements with the external auditor;
- Review the performance of the external auditors;
- Inquire with the external auditors about their relationships with the Authority, including non-audit services provided to the Authority. The Committee is responsible for discussing the information with the external auditors to review and confirm their independence;
- Hold regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters. These meetings are subject to the Ralph M. Brown Act;
-
- Advise the Authority Board when any significant development or action occurs with respect to the external auditor, or when it is determined it is necessary to do so to protect and preserve the interests of the Authority;
- Monitor management's progress on action plans;

- Consider at least every three (3) years whether there should be a rotation of the lead audit partner or the audit firm itself.

To obtain reasonable assurance that management has acted on the results of internal and external audit engagements, the Committee shall regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

Financial Statements and Public Accountability Reporting

The Committee is responsible for the oversight of the independent audit of the Authority's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory, compliance, and ethics.

The Committee shall:

- Review the scope of audits, including obtaining assurances from the external auditor that the specific audit was conducted in a manner consistent with generally accepted accounting standards;
- Review with management and the external auditors the results of audit engagements, including difficulties encountered;
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional regulatory pronouncements, and understand their impact on the financial statements;
- Review the annual financial statements, Comprehensive Annual Financial Report (CAFR), and other reports issued and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- Review other financial reports, as necessary, issued by the Authority in accordance with generally accepted accounting and/or audit standards and the corresponding external auditor's reports; and
- Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards.

OTHER DUTIES AND RESPONSIBILITIES

In addition, the Committee shall:

- Perform other activities related to this Charter as requested by the Authority Board;
- Institute special investigations as needed;
- Regularly evaluate its performance and that of its individual members; and
- Review, at least annually, its Charter and recommend any proposed changes to the Authority Board for approval.

REPORTING REQUIREMENTS

The Committee shall report to the Authority Board annually, summarizing the Committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Authority Board or during a regularly scheduled meeting of the Authority Board.

The report should include:

CHARTER OF THE AUDIT COMMITTEE

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- A summary of management's progress in addressing the results of internal and external audit reports;
- Details of meetings, including the number of meetings held during the relevant period; and
- Information required, if any, by new or emerging governance developments.

The Committee may report to the Authority Board at any time regarding any other matter it deems of sufficient importance.

[Amended by Resolution No. 2020-XXXX dated XXXXber X, 2020]

[Amended by Resolution No. 2018-0116 dated October 4, 2018]

[Amended by Resolution No. 2010-0023 dated March 4, 2010]

[Amended by Resolution No. 2006-0080 dated July 6, 2006]

[Adopted by Resolution No. 2003-061 dated October 2, 2003]



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

Annual Review of the Charter of the Audit Committee

Audit Committee Meeting
September 10, 2020

Background & Purpose for Review



The Charter of the Audit Committee governs the work of the Audit Committee



The Charter of the Audit Committee describes the Committee's purpose, authority, and responsibilities



Charter of the Audit Committee requires an annual review

Purpose for Amending

1

State the number of terms a Public Member may serve

2

Include details on Audit Committee member remuneration

3

Remove duplication

4

Include model Audit Committee practices

QUESTIONS?

AUDIT COMMITTEE

Meeting Date: **SEPTEMBER 10, 2020**

Subject:

Annual Review of the Charter for the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee accept the proposed revision and forward this item to the Board for approval.

Background/Justification:

The Charter for the Office of the Chief Auditor (OCA) is reviewed by the Audit Committee on an annual basis in accordance with best practices, the OCAs Quality Assurance and Improvement Program, and requirements included in the Charter of the Audit Committee and Charter for the OCA.

The Charter for the OCA establishes the purpose, authority, and responsibilities of the OCA. The Charter was first adopted on October 2, 2003, by Board approved Resolution No. 2003-062. The Charter for the OCA has subsequently been amended as follows:

June 1, 2004, the Audit and Performance Monitoring Committee revised the Charter for the OCA pertaining to the Committee's approval authority of the external auditor's work program and to define the Chief Auditor's role in reviewing both the draft and the final submission of the external auditor's annual financial statements.

March 4, 2010, per Board Resolution No. 2010-0022R, the Charter for the OCA was amended to reflect operational practices covering the review and approval of amendments to the OCA Audit Plan, the retention of audit work papers, the request to access Authority information and records, and the process for handling responses to audit recommendations, amongst others.

September 4, 2014, per Board Resolution No. 2014-0089, the Charter for the OCA was amended to reflect operational practices and to incorporate recommendations provided by an External Quality Control Review related to consulting services performed by the OCA.

September 10, 2018, during a regular meeting of the Audit Committee, the Charter for the OCA was revised to incorporate model Charter practices and to reflect current operational procedures. Board Resolution No. 2018-0117 approved these changes on October 4, 2018.

The last Audit Committee review of the Charter for the Office of the Chief Auditor took place on November 4, 2019, and no revisions were necessary. For the present annual review, staff recommends the following revisions to the Charter:

Page 2 of 2

- Include a requirement for the OCA to communicate the results of the Quality Assurance and Improvement Program.
- Perform grammatical title changes.

The proposed revision to the Charter for the Office of the Chief Auditor, with changes requested, is provided as Attachment A. The Charter for the Office of the Chief Auditor, with the proposed changes incorporated, is provided as Attachment B.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose and Mission

The purpose of the San Diego County Regional Airport Authority's (Authority) Office of the Chief Auditor is to provide independent objective assurance and consulting services designed to add value and improve the Authority's operations. The Mission of the Office of the Chief Auditor is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of the Chief Auditor helps the Authority accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Authority

The Chief Auditor shall be accountable to the Board of Directors (hereinafter "the Board") under Public Utilities Code §170026, and pursuant to his/her employment agreement.

The Chief Auditor will report directly to the Board through the Audit Committee.

To establish, maintain, and assure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Audit Committee will:

- Review, and forward to the Board for approval, the Office of the Chief Auditor Charter.
- Review, and forward to the Board for approval, the risk-based Internal Audit Plan.
- Review, and forward to the Board for approval, the Office of the Chief Auditor's budget and resource plan.
- Receive communication from the Chief Auditor on the Office of the Chief Auditor's performance relative to its Audit Plan and other matters.
- Provide recommendations to the Board regarding the appointment and removal of the Chief Auditor.
- Make appropriate inquiries of Authority management and the Chief Auditor to determine whether there is inappropriate or scope limitations pertaining to the Chief Auditor's Office.

The Chief Auditor will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including private meetings without management present.

The Audit Committee authorizes the Office of the Chief Auditor to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement except for legally privileged and/or legally confidential information. All contracts with outside contractors and subcontractors shall provide for auditor access to all relevant personnel, financial and performance-related records, property, and equipment where Authority funds were expended or Authority facilities were used.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- Obtain assistance from the necessary personnel of the Authority, as well as other specialized services from within or outside the Authority, in order to complete the audit engagement, subject to budget limitations and the contracting policies of the Authority. A contractor performing an audit should have no financial or other interests in the affairs of the Authority, any member of the Board, or its officers.

Standards for the Professional Practice of Internal Auditing

The Office of the Chief Auditor will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Chief Auditor will report periodically to the Authority's Audit Committee and executive management regarding the Office of the Chief Auditor's conformance to the Code of Ethics and the *Standards*.

Independence of the Chief Auditor

The Chief Auditor will ensure that the Office of the Chief Auditor remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Auditor determines that independence or objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively, and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement matters to others.

The Office of the Chief Auditor will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the Office of the Chief Auditor will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair his/her judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties.
- Initiating or approving transaction(s) external to the Office of the Chief Auditor.
- Directing the activities of any Authority employee not employed by the Office of the Chief Auditor, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Office of the Chief Auditor has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The Chief Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the Office of the Chief Auditor.

The Chief Auditor will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Authority. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Authority's strategic objectives are appropriately identified and managed.
- The actions of the Authority's officers, directors, employees and contractors are in compliance with Authority policies, procedures and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Authority.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have credibility.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Chief Auditor will report periodically to the Audit Committee and Authority executive management regarding:

- The Office of the Chief Auditor's purpose, authority, and responsibility.
- The Office of the Chief Auditor's Audit Plan and performance relative to its Audit Plan.
- The Office of the Chief Auditor's conformance with the Institute of Internal Auditor's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audits, consulting services, ~~engagements~~ or other activities.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- Resource requirements.
- Any response to risk by management that may be unacceptable by the Authority.

The Chief Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

The Chief Auditor will assist the Audit Committee to ensure its responsibilities listed in the ~~Audit committee Charter~~Charter of the Audit Committee are met.

The Office of the Chief Auditor may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Office of the Chief Auditor does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during audits or consulting engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Chief Auditor has the responsibility to:

- Submit, at least annually, a risk-based internal Audit Plan for review to Authority executive management. The risk-based internal Audit Plan will also be submitted to the Audit Committee for review and forwarded to the Board for approval.
- Communicate to the Audit Committee and Authority executive management the impact of resource limitations on the Audit Plan, if applicable.
- Communicate any fraud or illegal acts that the Chief Auditor becomes aware of that could affect the Authority. The Chief Auditor shall report the irregularities to the Chair of the Audit Committee, the General Counsel, and the President/Chief Executive Officer. Where one or more of the aforementioned persons is or is believed to be a responsible or culpable party, the Chief Auditor shall report the matter to the full Board in Closed Session called for that purpose in accordance with the requirements of the Ralph M. Brown Act. The process for a confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters shall be carried out through the Office of the Chief Auditor.
- Review and adjust the nature of the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.
- The Audit Plan may be adjusted to accommodate for special requests by the Audit Committee or Authority management.
- Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.
- Communicate to the Audit Committee and Authority executive management any significant interim changes to the Audit Plan.
- Ensure that each engagement contained in the Audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

adequately supervised resources, the documentation of work programs and testing results, and the communication of recommendation(s) to appropriate parties.

- Follow up on audit engagement findings and the corrective actions taken, and report periodically to the Audit Committee and Authority executive management any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements ~~of~~in the Charter for the Office of the Chief Auditor-~~Charter~~.
- Ensure trends and emerging issues that could impact the Authority are considered and communicated to the Audit Committee and Authority executive management as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to the Office of the Chief Auditor's Policies and Procedures ~~Manual/Desk Office~~ Manual designed to guide the Office of the Chief Auditor.
- Ensure adherence to the Authority's relevant policies and procedures, unless such policies conflict with the Charter for the Office of the Chief Auditor-~~Charter~~.
- Ensure conformance with the IIA *Standards*.

Quality Assurance and Improvement Program

The Office of the Chief Auditor will maintain a quality assurance and improvement program that covers all aspects of the Office of the Chief Auditor. The program will include an evaluation of the Office of the Chief Auditor's conformance with the IIA *Standards* and an evaluation of whether internal auditors apply The Institute of Internal Auditor's Code of Ethics in their conduct. The program will also assess the efficiency and effectiveness of the Office of the Chief Auditor and identify opportunities for improvement.

The Office of the Chief Auditor will communicate to executive management and the Audit Committee on the Office of the Chief Auditor's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Authority.

[Amended by Resolution No. 2020-XXXX dated XXXXber X, 2020]

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

[Amended by Resolution No. 2018-0117 dated October 4, 2018]

[Amended by Resolution No. 2014-0089 dated September 4, 2014]

[Amended by Resolution No. 2010-0022R dated March 4, 2010]

[Adopted by Resolution No. 2003-062 dated October 2, 2003]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose and Mission

The purpose of the San Diego County Regional Airport Authority's (Authority) Office of the Chief Auditor is to provide independent objective assurance and consulting services designed to add value and improve the Authority's operations. The Mission of the Office of the Chief Auditor is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of the Chief Auditor helps the Authority accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Authority

The Chief Auditor shall be accountable to the Board of Directors (hereinafter "the Board") under Public Utilities Code §170026, and pursuant to his/her employment agreement.

The Chief Auditor will report directly to the Board through the Audit Committee.

To establish, maintain, and assure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Audit Committee will:

- Review, and forward to the Board for approval, the Office of the Chief Auditor Charter.
- Review, and forward to the Board for approval, the risk-based Internal Audit Plan.
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CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- Obtain assistance from the necessary personnel of the Authority, as well as other specialized services from within or outside the Authority, in order to complete the audit engagement, subject to budget limitations and the contracting policies of the Authority. A contractor performing an audit should have no financial or other interests in the affairs of the Authority, any member of the Board, or its officers.

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CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

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CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

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CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

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- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements in the Charter for the Office of the Chief Auditor.
- Ensure trends and emerging issues that could impact the Authority are considered and communicated to the Audit Committee and Authority executive management as appropriate.
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- Establish and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.
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- Ensure conformance with the IIA *Standards*.

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[Amended by Resolution No. 2020-XXXX dated XXXXber X, 2020]

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[Amended by Resolution No. 2010-0022R dated March 4, 2010]

[Adopted by Resolution No. 2003-062 dated October 2, 2003]



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

Annual Review of the Charter for the Office of the Chief Auditor

Audit Committee Meeting
September 10, 2020

Background & Purpose for Review



The Charter for the Office of the Chief Auditor governs the work of the Office of the Chief Auditor



The Charter for the Office of the Chief Auditor establishes the purpose, authority, and responsibilities of the Office of the Chief Auditor



The Charter for the Office of the Chief Auditor is required to have an annual review

Main Purpose for Amending

1

Include a requirement for the Office of the Chief Auditor to communicate the results of the Quality Assurance and Improvement Program

2

Make Grammatical Title Changes

QUESTIONS?

AUDIT COMMITTEE

Meeting Date: **SEPTEMBER 10, 2020**

Subject:

Revision to the Fiscal Year 2021 Audit Plan of the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 4, 2018, per Board Resolution No. 2018-0117, defines the role and requirements of the Office of the Chief Auditor (OCA).

As directed in the Charter, the Chief Auditor shall submit, at least annually, a risk-based Audit Plan to the Audit Committee and to Authority executive management, and shall review and adjust the Audit Plan, as necessary, responding to changes in business risks, operations, special requests, programs, systems, and controls. All changes to an Audit Plan shall be communicated to the Audit Committee prior to being submitted to the Board for approval.

Additionally, International Standards for the Professional Practice of Internal Auditing require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs proposed Audit Plan for Fiscal Year 2021 was approved by the Audit Committee during its May 14, 2020, meeting and was subsequently approved on June 4, 2020, by Board Resolution No. 2020-0066. The Fiscal Year 2021 Audit Plan approved in May included the anticipated audit hours necessary to complete audits still in work from the Fiscal Year 2020 Audit Plan.

During the first quarter of Fiscal Year 2021 a review of the Audit Plan was undertaken by the OCA. A revision to adjust the allocation of audit hours to reflect the OCAs current operational requirements is requested at this time. The proposed changes include:

- 1) ADD audit hours required to finish the Fiscal Year 2020 Audit Plan.
- 2) ADD consulting engagement hours related to COVID-19 and to the Calculation and Reconciliation of Concession Rents and Fees.
- 3) REDUCE Audit Plan discretionary hours.

The proposed revision to the Fiscal Year 2021 Audit Plan is provided to the Audit Committee for review, with changes requested, in Attachment A. The Fiscal Year 2021 Audit Plan, with the proposed changes incorporated, is provided as Attachment B.

Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2021 and conceptually approved budget for Fiscal Year 2022 meet the allotted budget requirements for the proposed revision to the Fiscal Year 2021 Audit Plan.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

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 2021 Audit Plan
Proposed September 10, 2020

ATTACHMENT A

Key Work Activity	Objective ¹	Original Estimated Hours	Change Requested	Revised Hours
Audit Engagement Hours				
Business and Real Estate Agreements ²	To determine if the RCC land lease is administered appropriately.	-	20	20
Contractor Monitoring ²	To determine if the contract with Turner is administered appropriately.	-	75	75
Small Business Development Management ²	Review controls, compliance, and performance related to Small Business Development management.	-	100	100
Internal Controls in Place While Staff is Working Remotely	To determine if the key internal controls in place are adequate or appropriate when staff is working remotely.	325	-	325
Formal Bidding and Contracting ²	To determine if bidding procedures align with best practices and/or Authority needs and if bidding procedures are being administered effectively and efficiently.	350	50	400
System Security	To determine the level of compliance with the Authority's information security policies.	495	-	495
System Security	To evaluate the Authority's security posture by performing penetration testing.	250	-	250
Harbor Police Contract Management ²	To determine if Harbor Police costs and services are appropriate and equitable.	500	-	500
Parking Management Contract Administration ²	To determine if the amounts paid by the Authority for the shuttle and parking contracts administered by Ace are in accordance with the agreements.	150	(150)	-
Emergency & Single Source Purchases	To determine if purchases made during an emergency or from sole sources are appropriate and reasonable.	425	-	425
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	450	-	450
Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service operations are administered appropriately.	450	-	450
Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine the adequacy and accuracy of the Gate Keeper system.	450	-	450
Contractor Monitoring	To determine if the contract with Sundt is administered appropriately.	500	-	500
Accounts Payable	To determine if the internal controls in the procurement to pay cycle are adequate and appropriate.	475	-	475
Employee Benefits	To determine if the processes and controls in place for employee benefit payments are adequate and appropriate.	450	-	450
Arts Program Administration	To determine if the Authority's Arts Program is administered appropriately.	475	-	475

¹ Objective may change based on the preliminary survey performed by the OCA.

² Audit Activity has been carried forward from Fiscal Year 2020.

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Proposed September 10, 2020

ATTACHMENT A

Key Work Activity	Objective ¹	Original Estimated Hours	Change Requested	Revised Hours
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	737	(545)	192
	Total Audit Engagement Hours	6,482	(450)	6,032
Consulting Engagement Hours				
COVID-19	To provide assistance to management related to COVID-19. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	-	150	150
Calculation and Reconciliation of Concession Rents and Fees	To provide assistance to management related to the calculation and reconciliation of the rents and fees of Airport Food and Beverage and Retail Concessionaires for Fiscal Year 2020. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	-	300	300
	Total Consulting Engagement Hours	-	450	450
General Audit Hours				
Construction Meeting Attendance & External Service Provider Procurement and Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments, and initiate audits if needed. Additionally, evaluate OCA construction auditing expertise needed for Airport Development Plan. Procure services as needed.	380	-	380
Development of Data Analytics	Develop a data analytics program for rental car concessions and potentially in-terminal concessions.	600	-	600
Ethics Hotline ³	To review ethics policies, provide training, and investigate reported incidents.	330	-	330
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	130	-	130
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) reciprocal requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180	-	180
Quality Assurance & Improvement Program ³	To assess OCAs conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and to allow for the identification of improvement opportunities.	300	-	300
Recommendation Follow-up ³	To verify that internal and external audit recommendations have been implemented as intended.	140	-	140

³ Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
 Fiscal Year 2021 Audit Plan
 Proposed September 10, 2020

ATTACHMENT A

Key Work Activity	Objective ¹	Original Estimated Hours	Change Requested	Revised Hours
Risk Assessment and Audit Plan	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	225	-	225
	Total General Audit Hours	2,285	-	2,285
Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other.	2,145	-	2,145
Administrative - Benefit	Vacation, Holiday Time, and Other Leave/Time Off.	2,008	-	2,008
	Total Administrative Hours	4,153	-	4,153
	Total Hours	12,920	-	12,920

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Proposed September 10, 2020

ATTACHMENT A

Key Work Activity	Objective ¹	Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Manage the Business Continuity Plan	To determine if the Business Continuity Plan adequately addresses risks and contains an adequate response plan.	450	-	450
TNC Contract Administration & Revenue Collection	To determine if the Transportation Network Company (TNC) Contract is administered appropriately.	475	-	475
Advertising	To determine if the marketing program for concessions is administered appropriately.	425	-	425
Pension Funding	To determine if the census data sent to SDCERS is accurate and if the retirement plan is administered appropriately by the Authority.	500	-	500
Accounts Receivable / Collections	To evaluate the deferral of revenues related to the COVID-19 pandemic.	400	-	400
Management of ALUC, Board, and Standing Board Committee Meetings	To determine if the processes and technology utilized for Board, Airport Land Use Commission (ALUC), and Committee meetings are efficient and appropriate.	400	-	400
Maintenance Service Contracts Oversight	To determine if the processes and controls in place for labor compliance are adequate and appropriate.	450	-	450
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	375	-	375
	Total Contingent Audit Hours	3,475	-	3,475

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Proposed September 10, 2020

ATTACHMENT B

Key Work Activity	Objective ¹	Hours
Audit Engagement Hours		
Business and Real Estate Agreements ²	To determine if the RCC land lease is administered appropriately.	20
Contractor Monitoring ²	To determine if the contract with Turner is administered appropriately.	75
Small Business Development Management ²	Review controls, compliance, and performance related to Small Business Development management.	100
Internal Controls in Place While Staff is Working Remotely	To determine if the key internal controls in place are adequate or appropriate when staff is working remotely.	325
Formal Bidding and Contracting ²	To determine if bidding procedures align with best practices and/or Authority needs and if bidding procedures are being administered effectively and efficiently.	400
System Security	To determine the level of compliance with the Authority's information security policies.	495
System Security	To evaluate the Authority's security posture by performing penetration testing.	250
Harbor Police Contract Management ²	To determine if Harbor Police costs and services are appropriate and equitable.	500
Parking Management Contract Administration ²	To determine if the amounts paid by the Authority for the shuttle and parking contracts administered by Ace are in accordance with the agreements.	-
Emergency & Single Source Purchases	To determine if purchases made during an emergency or from sole sources are appropriate and reasonable.	425
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	450
Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service operations are administered appropriately.	450
Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine the adequacy and accuracy of the Gate Keeper system.	450
Contractor Monitoring	To determine if the contract with Sundt is administered appropriately.	500
Accounts Payable	To determine if the internal controls in the procurement to pay cycle are adequate and appropriate.	475
Employee Benefits	To determine if the processes and controls in place for employee benefit payments are adequate and appropriate.	450
Arts Program Administration	To determine if the Authority's Arts Program is administered appropriately.	475
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	192
Total Audit Engagement Hours		6,032
Consulting Engagement Hours		
COVID-19	To provide assistance to management related to COVID-19. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	150

¹ Objective may change based on the preliminary survey performed by the OCA.

² Audit Activity has been carried forward from Fiscal Year 2020.

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Proposed September 10, 2020

ATTACHMENT B

Key Work Activity	Objective ¹	Hours
Calculation and Reconciliation of Concession Rents and Fees	To provide assistance to management related to the calculation and reconciliation of the rents and fees of Airport Food and Beverage and Retail Concessionaires for Fiscal Year 2020. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	300
	Total Consulting Engagement Hours	450
General Audit Hours		
Construction Meeting Attendance & External Service Provider Procurement and Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments, and initiate audits if needed. Additionally, evaluate OCA construction auditing expertise needed for Airport Development Plan. Procure services as needed.	380
Development of Data Analytics	Develop a data analytics program for rental car concessions and potentially in-terminal concessions.	600
Ethics Hotline ³	To review ethics policies, provide training, and investigate reported incidents.	330
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	130
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) reciprocal requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180
Quality Assurance & Improvement Program ³	To assess OCAs conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and to allow for the identification of improvement opportunities.	300
Recommendation Follow-up ³	To verify that internal and external audit recommendations have been implemented as intended.	140
Risk Assessment and Audit Plan	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	225
	Total General Audit Hours	2,285
Administrative Hours		
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other.	2,145
Administrative - Benefit	Vacation, Holiday Time, and Other Leave/Time Off.	2,008
	Total Administrative Hours	4,153
	Total Hours	12,920

³ Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
 Fiscal Year 2021 Contingent Audit Activities
 Proposed September 10, 2020

Key Work Activity	Objective	Hours
Contingent Audit Hours		
Manage the Business Continuity Plan	To determine if the Business Continuity Plan adequately addresses risks and contains an adequate response plan.	450
TNC Contract Administration & Revenue Collection	To determine if the Transportation Network Company (TNC) Contract is administered appropriately.	475
Advertising	To determine if the marketing program for concessions is administered appropriately.	425
Pension Funding	To determine if the census data sent to SDCERS is accurate and if the retirement plan is administered appropriately by the Authority.	500
Accounts Receivable / Collections	To evaluate the deferral of revenues related to the COVID-19 pandemic.	400
Management of ALUC, Board, and Standing Board Committee Meetings	To determine if the processes and technology utilized for Board, Airport Land Use Commission (ALUC), and Committee meetings are efficient and appropriate.	400
Maintenance Service Contracts Oversight	To determine if the processes and controls in place for labor compliance are adequate and appropriate.	450
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	375
	Total Contingent Audit Hours	3,475



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

Revision to the
Fiscal Year 2021 Audit Plan of
the Office of the Chief Auditor

Audit Committee Meeting
September 10, 2020

Reasons for Revision

+ 95 hours

Add hours to finish audit engagements from Fiscal Year 2020

+ 450 hours

Add hours to perform two consulting engagements

(545) hours

Reduce Audit Plan discretionary hours

Add Hours to Finish FY20 Audit Engagements

95 hours

Requested to finish audit engagements from Fiscal Year 2020

Key Work Activity	Original Hours	Change Requested	Revised Hours
Harbor Police	500	-	500
Business and Real Estate Agreements	-	20	20
Contractor Monitoring - Turner	-	75	75
Small Business Development Management	-	100	100
Formal Bidding and Contracting	350	50	400
Parking Management Contract Administration	150	(150)	-
Total	1,000	95	1,095

Add Hours for Two Consulting Engagements

450 hours

Requested to complete two consulting engagements

150
hours

COVID-19 Consulting Engagement

300
hours

Consulting engagement for the Calculation and Reconciliation of Concessionaire Rents and Fees

Reduce Discretionary Hours

(545) hours

Reallocated (95 + 450 = 545)

Key Work Activity	Original Hours	Change Requested	Revised Hours
To Be Determined. These hours are set aside to initiate audit/consulting services at the discretion of the Chief Auditor.	737	-545	192
Total	737	-545	192

192
hours

Remain unallocated

QUESTIONS?