

## Audit Committee and Special Board Meeting

**Monday, September 12, 2022**  
**10:00 A.M.**

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

### Board Members

Gil Cabrera (Chair)  
Mary Casillas Salas (Vice Chair)  
Catherine Blakespear  
Paul McNamara  
Paul Robinson  
Johanna Schiavoni  
James Sly  
Nora E. Vargas  
Marni von Wilpert

### Ex-Officio Board Members

Col. Thomas Bedell  
Gustavo Dallarda  
Gayle Miller

### President/CEO

Kimberly J. Becker

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. If comments are made to the Committee 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. ***Please note that agenda items may be taken out of order.***

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

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

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

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

Monday, September 12, 2022

## CALL TO ORDER:

## PLEDGE OF ALLEGIANCE:

## ROLL CALL:

Committee Members: Blakespear, Casillas Salas, Newsom, Schiavoni, Sly, Vann (Chair),  
Wong 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 Board. 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 9, 2022, regular meeting.

### 2. **FISCAL YEAR 2022 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: Carmen Vann, Audit Committee Chair

### 3. **FISCAL YEAR 2022 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; Callie Ullman, Senior Auditor; Tony Ollmann, Partner, Baker Tilly

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

RECOMMENDATION: Information item only.

Presented by: Lee Parravano, Chief Auditor

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

RECOMMENDATION: Information item only.

Presented by: Lee Parravano, Chief Auditor

Monday, September 12, 2022

**6. REVISION TO THE FISCAL YEAR 2023 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

**7. AUDIT COMMITTEE TRAINING:**

RECOMMENDATION: Information item only.

Presented by: Lee Parravano, Chief Auditor; David Coleman, Relationship Partner, FORVIS; Rachel Ormsby, Director & Lead Audit Engagement Executive, FORVIS; Josh Findlay, Audit Manager, FORVIS

**COMMITTEE MEMBER COMMENTS:**

**ADJOURNMENT:**

Monday, September 12, 2022

## 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 submit 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 submit 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.

**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) 400-2550 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](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly to the East of the Administration Building across Winship Lane. 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 MTS System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**AUDIT COMMITTEE MEETING**  
**MINUTES**  
**MONDAY, MAY 9, 2022**  
**BOARD ROOM**

**CALL TO ORDER:** Chair Vann called the Audit Committee Meeting to order at 10:03 a.m., on Monday, May 9, 2022, electronically and via teleconference pursuant to the provisions of California Assembly Bill 361 and Resolution No. 2022-0045 at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

**ROLL CALL:**

Present: Committee Members: Blakespear, Casillas Salas, Newsom, Schiavoni, Vann (Chair)

Absent: Committee Members: Sly, Wong Nickerson

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

**NON-AGENDA PUBLIC COMMENT:** None

**NEW BUSINESS:**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the February 7, 2022, regular meeting.

**ACTION: Moved by Board Member Casillas Salas and seconded by Committee Member Newsom to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson and Board Member Sly as ABSENT.**

**2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2022:**

Elizabeth Stewart, Director, Accounting and Danny Martinez, CPA, CGFM, Managing Director, BKD, LLP, provided a presentation on the Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2022, that included Planned Timing and Scope; Revisions to Professional Standards; Consideration of Error or Fraud; and Industry Topics. Mr. Martinez also announced that BKD has merged with another financial accounting firm, and effective June 1, 2022, would be known as FORVIS and that their financial audit to be issued in October will be under the new name.

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

**ACTION: Moved by Committee Member Newsom and seconded by Board Member Casillas Salas to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson and Board Member Sly as ABSENT.**

**3. FISCAL YEAR 2022 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2022 Third Quarter Report from the Office of the Chief Auditor that included Performance Measures; and General Audit Activities.

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

**ACTION: Moved by Committee Member Newsom and seconded by Board Member Schiavoni to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson and Board Member Sly as ABSENT.**

**4. REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor that included Reasons for Revision – (both) Non-Construction and Construction.

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.)***

**ACTION: Moved by Board Member Schiavoni and seconded by Committee Member Newsom to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson and Board Member Sly as ABSENT.**

**5. RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2023 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Risk Assessment and Proposed Fiscal Year 2023 Audit Plan of the Office of the Chief Auditor that included Defining the Audit Universe; Interpreting the Risk Assessment Results; Audit Plan Development; Audit Resources (Internal); Proposed Audit Plan and Hours; Top Risks by Division; Proposed Audit Hours by Department, and Proposed Contingent Audits and Hours.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed Audit Plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***

**ACTION: Moved by Committee Member Newsom and seconded by Board Member Casillas Salas to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson and Board Member Sly as ABSENT.**

- 6. FISCAL YEAR 2023 PROPOSED BUDGET OF THE CHIEF AUDITOR AND FISCAL YEAR 2024 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:**  
Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2023 Proposed Budget of the Chief Auditor and Fiscal Year 2024 Proposed Conceptual Budget Expense Summary that also included the Major Drivers of the Fiscal Year 2023 and 2024 Proposed Budgets.

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 2023-2024 Budget process that may include debt issuance or refinancing, with a recommendation for Board approval.

***(Requires five (5) affirmative votes of the Audit Committee.)***

**ACTION: Moved by Committee Member Newsom and seconded by Board Member Blakespear to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson and Board Member Sly as ABSENT.**

**COMMITTEE MEMBER COMMENTS:** None.

**CLOSED SESSION:** The Committee recessed into Closed Session at 11:12 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 11:49 a.m. There was no reportable action.



**ADJOURNMENT:** The meeting adjourned at 11:49 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY THIS 12<sup>th</sup> DAY OF SEPTEMBER 2022.

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LEE PARRAVANO  
CHIEF AUDITOR

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

## Audit Committee Report

Meeting Date: September 12, 2022

### Subject:

**Fiscal Year 2022 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).

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 Charter of the Audit Committee was most recently revised by Board Resolution No. 2021-0108 on October 7, 2021.

During its September 12 meeting, the Chair of the Audit Committee will present the Fiscal Year 2021 Annual Report from the Audit Committee (Attachment A) for review by the Committee Members. Any revisions requested by the Audit Committee will be incorporated prior to the report's submittal to the Board during a regularly scheduled Board meeting.

### Fiscal Impact:

None

## Authority Strategies/Focus Areas:

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

### Strategies

- Community Strategy    Customer Strategy    Employee Strategy    Financial Strategy    Operations Strategy

### Focus Areas

- Advance the Airport Development Plan    Transform the Customer Journey    Optimize Ongoing Business

### Environmental Review:

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

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

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

### Application of Inclusionary Policies:

Not Applicable

### Prepared by:

Lee M. Parravano  
Chief Auditor

**Board Members**

Gil Cabrera (Chair)  
Mary Casillas Salas  
(Vice Chair)  
Catherine Blakespear  
Paul McNamara  
Paul Robinson  
Johanna Schiavoni  
James Sly  
Nora E. Vargas  
Marni von Wilpert

**Ex-Officio Board  
Members**

Col. Thomas M. Bedell  
Gustavo Dallarda  
Gayle Miller

**President/CEO**

Kimberly J. Becker

September 12, 2022

Gil Cabrera, Board Chair  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego, CA 92138-2776

Dear Chair Cabrera:

As required by the Charter of the Audit Committee, the following is an annual summary to the Authority Board on the Audit Committee's activities for the period July 1, 2021, through June 30, 2022. The Audit Committee fulfilled its responsibilities while attending committee meetings virtually throughout Fiscal Year 2022, as COVID-19 continued to affect our community and the Airport Authority.

**WORK PERFORMED**

One of the principal responsibilities of the Audit Committee is to annually review the Authority's audited financial reports from the external auditor. The financial audit results are presented to the Audit Committee prior to full review by the Board. On November 15, 2021, during a regular meeting of the Audit Committee, the external auditor BKD, LLP, gave a detailed presentation to the Audit Committee on the Fiscal Year June 30, 2021, reports listed below for the Committee's review and discussion. All reports were accepted by the Audit Committee and were then forwarded to the Board.

- Audited Financial Statements
- Single Audit Report
- Passenger Facility Charge (PFC) Compliance Report
- Customer Facility Charge (CFC) Compliance Report
- Letter to the Board
- Annual Comprehensive Financial Report (ACFR)

During the May 9, 2022, Audit Committee Meeting the BKD, LLP Partner informed Committee Members that BKD had merged with another financial accounting firm; and, effective June 1, 2022, they would be known as FORVIS (short for “forward vision”). Therefore, the financial audit, which is expected to be issued in October 2022 will be under the new name.

In addition to the required communications presented annually by the external auditor, the Audit Committee Members examined numerous documents and reports pertaining to internal audit from the Office of the Chief Auditor (OCA). The Authority’s Chief Auditor provided the Committee with updates each quarter that included activities performed and the results of audit recommendations issued by the department.

In Fiscal Year 2022, Audit Committee Members reviewed, approved, or received as information the following reports and presentations from the Office of the Chief Auditor:

- Fiscal Year 2021 Annual Activities Report.
- Fiscal Year 2022 Quarterly Reports and corresponding audit findings and recommendations.
- OCA Audit Reports issued during Fiscal Year 2022, totaling 9.
- OCA recommendations issued during Fiscal Year 2022, totaling 37.
- Management’s progress implementing recommendations issued by the OCA.
- Revisions to the Fiscal Year 2022 OCA Audit Plan.
- Fiscal Year 2023 Risk Assessment, Audit Plan, and proposed budget for the OCA.
- Cybersecurity updates.
- Status on construction audit services.
- Ethics Program and confidential hotline updates.

#### MONITORING OF AUDIT RECOMMENDATIONS

Regular communication with the Chief Auditor and semiannual meeting attendance by the external auditor are key resources assisting the Audit Committee in monitoring the Authority’s operations.

Throughout the year, the Audit Committee receives Audit Reports issued by the OCA at the conclusion of each audit. Scrutiny is given to those Audit Reports that contain findings and recommendations. As part of the Audit Committee's monitoring responsibilities the Chief Auditor presents the status on audit report recommendations, specifically, whether implementation is still pending, and for how long, or whether the recommendation was completed. In Fiscal Year 2022, management implemented 24 recommendations issued by the OCA.

#### MEETINGS HELD

Four Audit Committee Meetings took place in Fiscal Year 2022, which were held virtually. The teleconferencing protocols were managed by the Authority Clerk in the Board Services Department. Audit Committee Meeting dates were as follows:

- September 13, 2021 – *Regular Meeting*
- November 15, 2021 – *Regular Meeting*
- February 7, 2022 – *Regular Meeting*
- May 9, 2022 – *Regular Meeting*

The Audit Committee Meeting Minutes are on file with the Authority Clerk's office and may also be found on the San Diego International Airport website [www.san.org](http://www.san.org).

#### GOVERNANCE DEVELOPMENTS

On January 6, 2022, upon Board Resolution, new committee assignments were established. The Audit Committee welcomed two new Authority Board Members on February 7, 2022, as part of the regular rotation.

As a required oversight function of the Audit Committee, the Charter for the Office of the Chief Auditor and the Charter of the Audit Committee underwent an annual review by the Audit Committee on September 13, 2021. This supervision ensures that any changes in Authority governance processes, financial, risk management, or developments in internal auditing practices, etc. are accurately reflected and that the Charters are revised as needed. The

Annual Report  
from the Audit  
Committee

*Page 4 of 4*

review this year resulted in updating terminology in the Charters to be gender-neutral and inclusive.

In closing, the Audit Committee had a very successful year and I thank each Committee Member for fulfilling their responsibilities with professionalism and commitment. I look forward to the year ahead together.

Sincerely,

Carmen Vann  
Audit Committee Chair

CV/LP/sro

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

## Audit Committee Report

Meeting Date: September 12, 2022

### Subject:

**Fiscal Year 2022 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 communicate to the Authority's Audit Committee and executive management on the performance relative to the Office of the Chief Auditor's (OCA) Audit Plan, results of audit engagements or other activities completed, and to report any risk exposures or control issues identified.

Additionally, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (*Standards*) requires the Office of the Chief Auditor to make disclosures to the Audit Committee and Board at least annually.

The Fiscal Year 2022 Annual Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and accomplishments of the OCA during the period July 1, 2021, through June 30, 2022, and includes details on all recommendations completed or in progress during the 4th Quarter of Fiscal Year 2022.

In addition, the report provides required disclosures in conformance with the *Standards* or as required in the Charter for the Office of the Chief Auditor.

Staff requests that the Audit Committee review the Fiscal Year 2022 Annual Report and forward the report to the Board for acceptance.



# Audit Committee Report

Meeting Date: September 12, 2022

## 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

# Office of the Chief Auditor Fiscal Year 2022 Annual Report

ATTACHMENT A

SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY



## By The Numbers



Recommendations Issued



Auditee Customer Satisfaction Rating



Audit Engagements Completed Under Budget

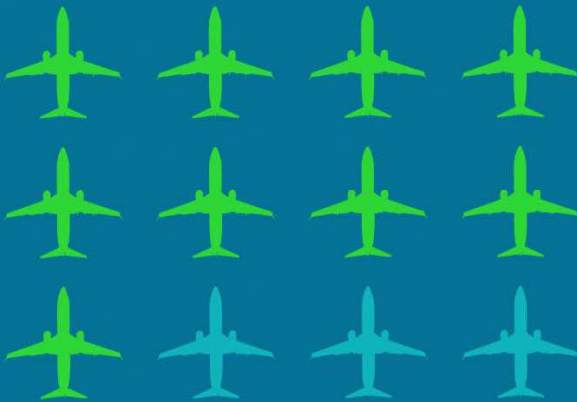


Auditor Utilization Percentage



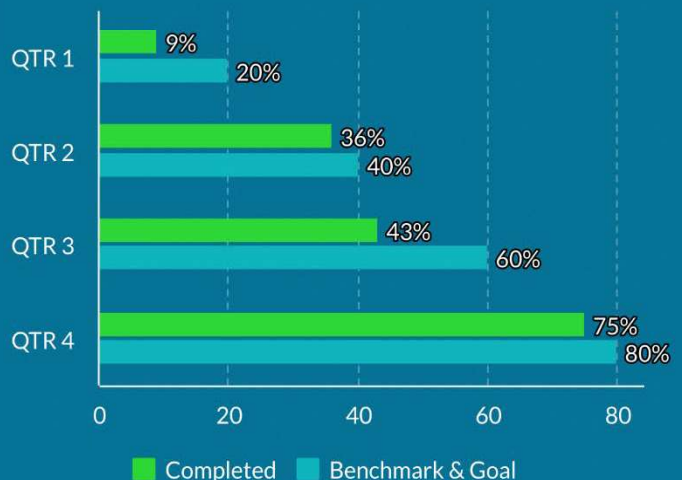
Recommendations Accepted By Management

### Audit Engagement Progress



■ Completed (75%) ■ In Progress (25%)

### Audit Engagements Completed vs. Benchmark & Goal





# Fiscal Year 2022

## ANNUAL REPORT

SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

**Issue Date: September 12, 2022**

**OFFICE OF THE CHIEF AUDITOR**

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## Summary

### Executive Summary

The purpose of the Fiscal Year 2022 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*).

Fiscal Year 2022 was a very productive year for the OCA even with the numerous challenges posed by the continued coronavirus pandemic. Aside from the continued audit assurances, the OCA had several notable accomplishments in the year. In Fiscal Year 2022 we began working in partnership with the outside construction auditing firm Baker Tilly to provide assurances related to the New Terminal 1, we successfully transitioned from a data analytics concept to a data collection and analysis phase for auditing rental car companies, and we increased the number of professional certifications held by the OCA by adding the Certified Fraud Examiner designation.

### Performance Measures

For Fiscal Year 2022, six major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1 below and are presented to the Audit Committee/Board quarterly unless noted otherwise.

*Table 1: Status of Performance Measures as of June 30, 2022*

#	Performance Measure	Goal	Actual	Benchmark
1	Conduct engagements that add value measured by: a) Customer Satisfaction Ratings from i. Audit Committee/Board (reported annually) ii. Executive Management (reported annually) iii. Auditee	4.0	i) 4.8 ii) 5.0 iii) 4.4	4.0
	b) Number of Recommendations	25	37	25
2	Percentage of audit and consulting engagements completed.	80%	75%	80%
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%	83%	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%	66%	70%
6	Percentage of audit and consulting engagements completed within budget.	80%	89%	75%

*Customer Satisfaction Rating*

The OCA sends surveys to the following three customer categories:

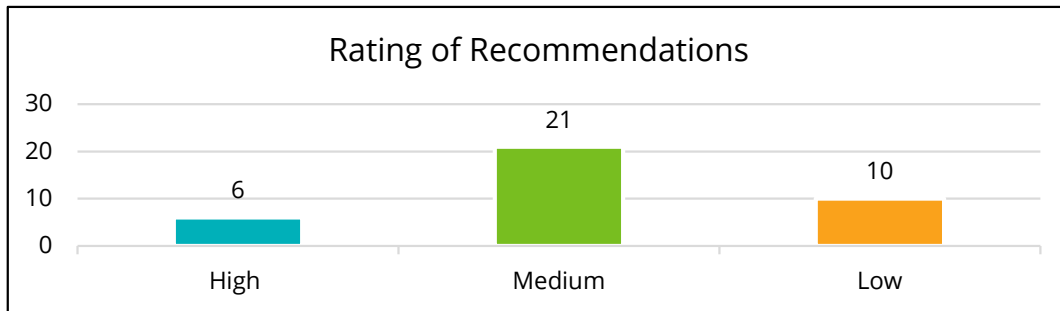
- Authority Board/Audit Committee
- Executive Management
- Auditee

Each survey response provides constructive feedback on the function of the OCA and is a gauge on the performance of audits and activities completed. Annually, in the 4<sup>th</sup> Quarter, the Authority Board, Audit Committee, and the Authority's Executive Management are surveyed. Following the completion of each audit (or consulting engagement) auditees are sent a "post-audit" survey questionnaire. Survey results from the auditees are presented quarterly to the Audit Committee and Board. The OCA tracks each customer category separately. For Fiscal Year 2022 aggregate category scores of 4.8, 5.0, and 4.4, respectively, were received, which exceeded 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 is shown below in Table 2.

*Table 2: Rating of Recommendations*



*Percentage of Audit and Consulting Engagements Completed*

The OCA completed 9 audit reports, or 75%<sup>1</sup>, of audit and consulting engagements on the Fiscal Year 2022 Audit Plan.

For the status of all Fiscal Year 2022 Audit Plan activities on June 30, 2022, see Appendix A.

<sup>1</sup> The 75% is equal to 9 completed audits divided by 12 (16 total audit and consulting engagements minus 4 that were approved to be completed in Fiscal Year 2023: 1.) Tenant Lease Administration & Management – All Rent A Car Companies, 2.) Terminals & Roadway Validation Phase Cost Controls, 3.) Tenant Lease Administration & Management Food & Beverage 2% Surcharge, and 4.) Grant, PFC & CFC Administration – Grant Funding).

*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 2022, management accepted 100% of all audit recommendations.

*Percentage of Staff that Meet 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 83%. A listing of the professional certifications held by the OCA are included in the Administrative section of this report.

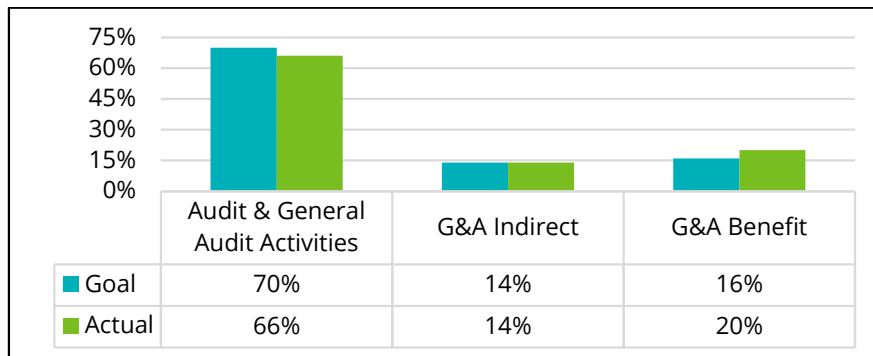
*Number of Non-Continuing Professional Education Training Hours per Staff*

The OCA provides non-CPE training to audit staff to emphasize or enhance skills on a particular topic. In Fiscal Year 2022 the OCA provided 6.1 hours of training per staff. Training included topics such as Cybersecurity, Quality Assurance and Improvements Programs, Construction, Risk Assessments, and Ethics.

*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.<sup>2</sup> The OCAs goal for Fiscal Year 2022 was 70%. The OCA actually spent 66% of time on audit and consulting engagements and on general audit activities. The OCA was under its goal largely due to staff using accrued vacation time that had not been utilized due to the COVID-19 pandemic. As shown in Table 3, 20% of staff time was recorded as “G&A Benefit” time, which includes vacation time used by staff, and exceeds the amount planned by 4%.

*Table 3: Percent of Staff Time Spent on Audit Activities*



*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 audit or consulting engagement. In Fiscal Year 2022, the OCA completed 89% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal.

<sup>2</sup> Appendix A details all planned activities in these categories for Fiscal Year 2022.

## Audit and Consulting Engagements

The Fiscal Year 2022 Audit Plan had 16 total audit and consulting engagements that were to be initiated. Of these, four engagements were not anticipated to be completed in the fiscal year due to the reporting deadline requirements of the auditee or when an engagement is added later in the fiscal year. These four engagements are included in the Fiscal Year 2023 Audit Plan. This left 12 engagements for the OCA to complete.

During Fiscal Year 2022, the OCA initiated work on all of the 12 engagements and completed 9. This resulted in the OCA completing 75% of engagements, falling just short of its 80% goal. The three remaining audits carry over to the Fiscal Year 2023 Audit Plan for completion. An agenda item included in the September 12, 2022, Audit Committee meeting will add the audits to the Fiscal Year 2023 Audit Plan.

Below are highlights from the audits completed by the OCA during the fourth quarter of Fiscal Year 2022. Audits completed in the first three quarters were provided to the Audit Committee and Board in the OCAs quarterly activity reports. Also, when completed audit reports are distributed electronically by the OCA to specified recipients.

**Employee Training & Development:** The objective of this audit was to evaluate the administration and management of Authority employee training and professional development. The audit concluded that the administration of employee training and development is functioning based upon the training needs identified by the Talent Culture and Capability department and the other individual departments within the Authority. However, we identified improvements to better administer the program. The audit provided four recommendations, all of which were accepted by management.



**Turner-Flatiron, a Joint Venture, Direct Labor During Validation Phase:** The objective of this audit was to determine if labor billed by Turner-Flatiron and consultants during the audit period complied with contract terms. The audit concluded that Turner-Flatiron and its consultants were generally compliant with the terms of the contract. However, we did identify opportunities to improve the efficiency of direct labor contract administration. The audit furnished nine recommendations, which were all accepted by management. This audit was done in partnership with an on-call construction audit consultant Baker Tilly.

**Turner-Flatiron, a Joint Venture, Payment Applications During Validation Phase:** The objective of this audit was to determine if the amounts billed by Turner-Flatiron were reasonable, accurate, appropriately supported, and properly reviewed by the Airport Design & Construction Department. The audit concluded that the costs submitted were generally accurate and properly supported by documentation. The audit identified four recommendations, which were all accepted by management.

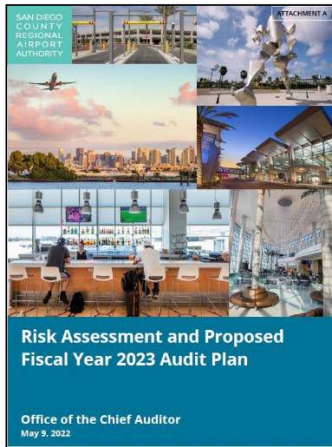


## General Audit Activities

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 required<sup>3</sup> 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. See Appendix A for a listing of all General Audit Activities.

### Risk Assessment and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. Performing the Fiscal Year 2023 Risk Assessment included obtaining input from the Board, Audit Committee, Authority Management, and staff. During Fiscal Year 2022, 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. The resulting Fiscal Year 2023 Audit Plan was then developed, based on the results of the Risk Assessment process and the discussions with key stakeholders. The Fiscal Year 2023 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 9, 2022, and subsequently approved by the Board on June 2, 2022.



### The Griffith Company Pre-Audit Activities

The Griffith Company is performing the airfield improvements related to the New T1 project. The OCAs efforts related to these activities consisted of obtaining relevant contract documents, creating abstracts, and attending meetings related to the project. These efforts will be used in future fiscal years to create risk assessments and audit programs.

### Sundt Construction Pre-Audit Activities

Sundt Construction is constructing the new administration building related to the New T1 project. The OCAs efforts related to these activities consisted of obtaining relevant contract documents, creating abstracts, and attending meetings related to the project. These efforts will be utilized in fiscal year 2023 to create the risk assessment and audit program for the audit on the Fiscal Year 2023 Audit Plan specific to “Construction Monitoring”. The preliminary objective of this audit is to determine if the construction of the new administration building is properly managed.

<sup>3</sup> Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing.

### **Construction Activities**

Construction audit activities for Fiscal Year 2022 consisted of attending meetings regarding the New T1 Terminal & Roadway, the Airport Administration Building, the Airside Improvements, and other airport construction projects. Audits of the Direct Labor Billings and the Payment Applications of the Validation Phase of the agreement between Turner-Flatiron, a Joint Venture, were completed as part of the Fiscal Year 2022 OCA Audit Plan. The Direct Labor Billings audit was completed in partnership with Baker Tilly, the on-call construction audit consultant. Additionally, an audit of the Validation Phase Cost Controls of the agreement with Turner-Flatiron, a Joint Venture, was initiated and will be completed as part of the Fiscal Year 2023 OCA Audit Plan.

The OCA Construction Auditor continues to work closely with the Airport Design & Construction team to address any issues with the increase in personnel and with processes, as construction on the New T1 project ramps up. The OCA remains involved with any issues identified by Authority Management, provides assistance, and attends meetings specific to the aspects of the Authority's construction activities.

### **Information Technology Meeting Attendance**

Information technology's central role to Authority operations makes meeting attendance on this subject a vital activity for the Chief Auditor. Fiscal Year 2022 activity consisted of attending meetings related to the security assessment for Aviation Security (AVSEC) and a previously planned san.org website audit.

### **Development of Data Analytics**

The OCA successfully transitioned its data analytics audit work from an envisioned concept to a data collection and analysis phase. This effort was in collaboration with Authority Management and key departments that included Revenue Generation & Partnership Development, Information & Technology Services, and the Data Analytics team.

The OCA is currently working with the Data Analytics team to import rental car data into an interactive data visualization software. The OCA anticipates issuing an audit report in Fiscal Year 2023 on rental car companies that relied on utilizing data analytics for the audit.

The OCA is planning to use the efforts related to the rental car company data analytics project to develop future audits.

### **Ethics Program Activities**

The OCA continues to run the Authority's Ethics Program that includes a confidential reporting hotline. During Fiscal Year 2022, there were 23 tips/reports received. Three required a preliminary investigation and one required a full investigation. The investigation results supported a Code violation (Ethics or Workplace). Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

## FISCAL YEAR 2022 ANNUAL REPORT

The hotline also allows individuals to ask questions about possible ethics matters, thus allowing individuals to make an informed and ethical decision. During Fiscal Year 2022, two questions were received. The OCA appreciates the efforts made by these individuals whose goal was to ensure ethical decisions are reached. A summary of the tips/reports received in Fiscal Year 2022 is shown in Table 4 below.

*Table 4: Ethics Program Tips/Reports Received in Fiscal Year 2022*

	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)
<b>Category</b>					
Human Resource, Diversity, and Workplace Respect	17	-	-	-	-
Business Integrity	3 <sup>4</sup>	2	-	-	-
Environment, Health and Safety	3 <sup>5</sup>	1	1	1	-
Total	23	3	1	1	-

\*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.

### 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 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 status on progress being made to implement the recommendations.

During Fiscal Year 2022, the OCA issued 37 recommendations that are being tracked for implementation along with any open recommendations issued during prior fiscal years. Appendix B contains a current status on recommendations *Completed* or *In Progress* as of the fourth quarter (Note, recommendations in confidential audit reports are not tracked

<sup>4</sup> One tip received in this category falls under Authority Code Section 2.16 and is not investigated by the OCA.

<sup>5</sup> One tip received in this category falls under Authority Code Section 2.16 and is not investigated by the OCA.

publicly.) The Audit Committee is updated each quarter on the status of recommendations. The recommendations that have been remediated by management in prior quarters of Fiscal Year 2022 were presented to the Audit Committee on the following Committee Meeting dates: November 15, 2021, February 7, 2022, and May 9, 2022.

Table 5 below shows the number of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2022, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, 3 were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, 19 recommendations were still within the initial timeframe identified for implementation. Additionally, 17 of the 31 In Progress recommendations were issued in the fourth quarter of Fiscal Year 2022.

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.

*Table 5: Recommendations with Estimated/Actual Implementation Timeframe*

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	-	3	2	5
In Progress	1	17	13	31

**Quality Assurance and Improvement Program**

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

**Peer Review Participation**

A QAIP requires that the OCA undergo an external Quality Assurance Review (QAR) at least every five years by a qualified, independent, assessor or assessment team from outside the organization to determine if the OCA conforms to the *Standards*. The Association of Local Government Auditors (ALGA) conducted the most recent external QAR in 2019. ALGA is a professional organization committed to improving government auditing and is comprised of audit groups from various government jurisdictions throughout the United States.

The 2019 QAR peer review performed by ALGA contains a reciprocal provision that requires the OCA to volunteer two audit staff to serve on future QAR peer reviews in other organizations within a five-year period. The OCA has been in communication with ALGAs peer review coordinator to satisfy this requirement. One OCA staff is scheduled to perform on a peer review in the fall of 2022, and the other staff member has yet to be assigned by the peer review coordinator. The OCA is committed to fulfilling this requirement when requested by ALGA.

*Administrative*

The activities that reside within the Administrative classification of the Fiscal Year 2022 Audit Plan include meeting attendance 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 110 years of auditing experience. The OCA staff maintains 14 professional certifications. During the year an OCA staff member successfully passes the Certified Fraud Examiners (CFE) exam. Having a CFE on staff assists the Authority in preventing, detecting, and investigating fraud. 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)
- 1 – Certified Fraud Examiner (CFE)



Certified Information Systems Auditor.  
An ISACA® Certification



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 2021.<sup>6</sup>

<sup>6</sup> Some professional organizations track Continuing Professional Education (CPE) by calendar year, not fiscal year. The OCA verifies CPE compliance on a calendar year basis.

### **Audit Committee Support**

During Fiscal Year 2022, the Audit Committee met four times for regularly scheduled meetings on the following dates:

- September 13, 2021
- November 15, 2021
- February 7, 2022
- May 9, 2022

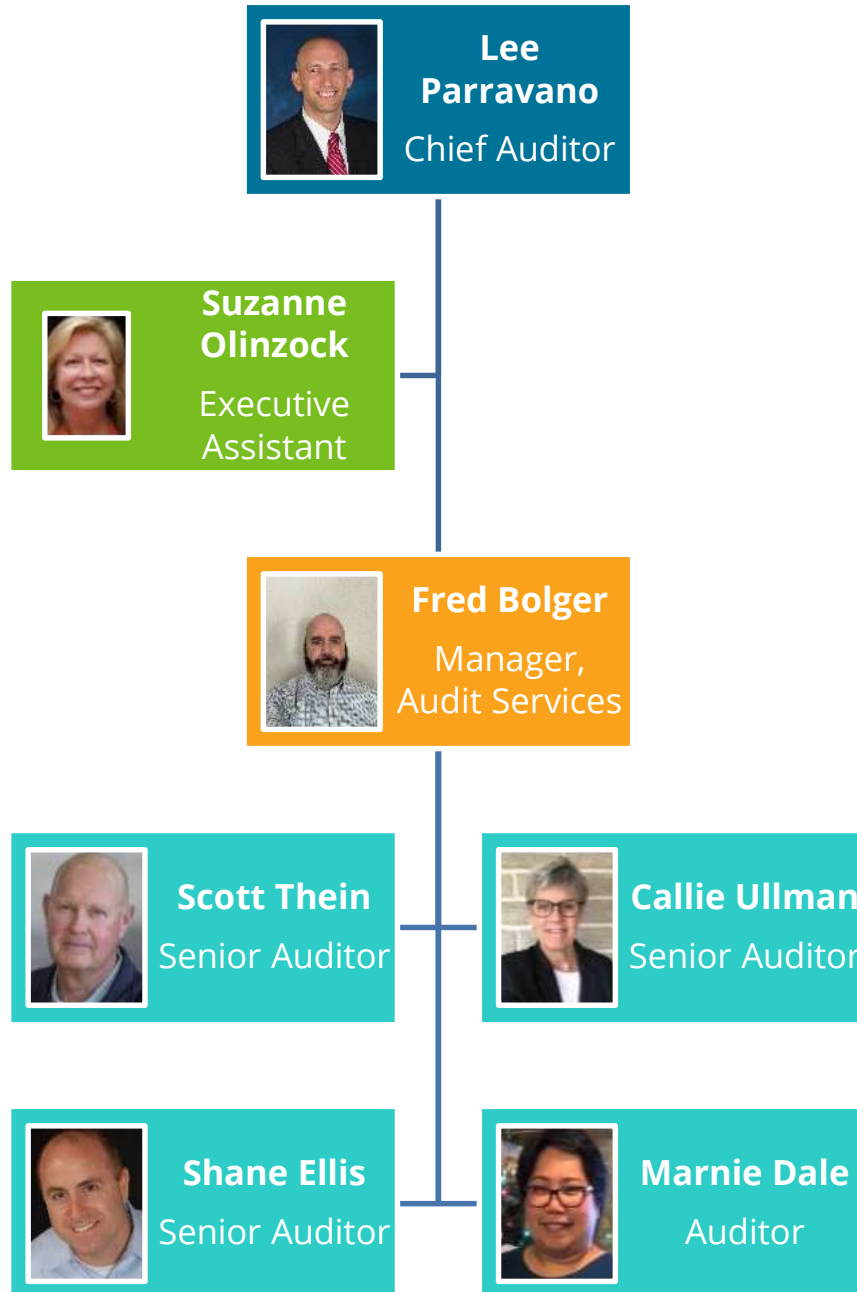
Before each meeting of the Audit Committee the OCA coordinated all activities with the Committee Chair and the Board Services Department relating to agenda preparation and materials required.

### **Outside Activities**

In addition to the services provided to the San Diego County Regional Airport Authority, OCA staff are involved in various audit related organizations and activities in their personal time. As of June 30, 2022, one OCA staff serves as an Audit Committee Member for the San Diego Girl Scouts, and another staff serves on the Board of Directors for the Association of Airport Internal Auditors.

**Organization Chart**

As of June 30, 2022, the OCA organizational structure was as follows.



## 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 Assessment:** Known as a Quality Assessment Review (QAR), or peer review; must be conducted at least once every five 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 Assessment:** 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 D.

### 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.

### Internal Assessment - Ongoing Monitoring

In July 2022, the OCA conducted an assessment of its Fiscal Year 2022 operations, as required by the *Standards* for ongoing monitoring. The results of our ongoing monitoring are provided below.



### Scope and Objectives of Ongoing Monitoring

The objective of ongoing monitoring is to provide assurance that the processes in place, within the OCA, are working effectively to ensure that quality is derived on an audit-by-audit basis. The scope of this activity included an examination of the following:

- Performance Measures
- Engagement Planning and Supervision
- Work Paper Reviews and Sign-offs
- Feedback from Audit Clients
- General Audit Practices
- Standard Working Practices
- Audit Report Reviews
- Prior Recommendations

### Results of Ongoing Monitoring

There are numerous processes in place to ensure that quality is consistently delivered on each audit engagement. There were no items identified within the OCA that would impact audit report quality.

### QAIP Recommendations Identified

As stated above, the QAIP did not identify any items that would impact audit report quality. However, the OCA did note the following items during our examination of selected Authority Codes and Policies:

1. Authority Policy 1.50 titled “Governance and Committees” establishes the principles and practices for the governance of the Authority, including standing committees of the Board. Policy 1.50 specifies the roles for both the Audit Committee and the Finance Committee. In general, the Finance Committee is responsible for *overseeing* the financial performance of the Authority, while the Audit Committee is responsible for *review* of the financial performance. Limiting the Board Members that serve concurrently on both the Audit Committee and the Finance Committee reduces any conflicts that may arise in the performance of their duties as members of those Committees.

[The OCA is collaborating with other departments to amend Policy 1.50 to limit the number of Board Members that are appointed to serve on both the Audit Committee and Finance Committee at the same time, to the extent possible.](#)

2. Authority Code 2.16 titled “Ethics and Conduct – Enforcement” describes procedures for ethics complaints that are lodged against Board Members, the President/CEO, General Counsel, or the Chief Auditor. Currently, Code 2.16 requires the Board to either form an ad hoc committee or to retain an outside independent party to investigate all allegations.

However, Code 2.16 does not give consideration to performing a preliminary review of an allegation prior to forming an ad hoc committee or retaining an outside independent party. A preliminary review of a complaint would determine, amongst other items, if the allegation is even plausible and not frivolous, or if the allegation involves the official duties of the accused.

[The OCA is collaborating with other departments to amend Authority Code 2.16 to clarify procedures related to ethics complaints.](#)

Appendix A – Fiscal Year 2022 Audit Plan

#	Activity	Status as of 6/30/2022	Over/Under Budget	No. of Recs.
<b>Audit Engagement</b>				
1	Harbor Police Contract Management – Appropriateness of Costs FY 2018, 2019, and 2020	In Progress		
2	System Security – AVSEC Penetration Test	Completed	Under	2
3	Records Management	Completed	Under	7
4	Accounts Receivable / Collections – Revenue Abatement	Completed	Under	2
5	Contractor Monitoring – Engineered Materials Arresting System	Completed	Under	-
6	Harbor Police Contract Management – FY 2020 True Up	In Progress		-
7	Employee Training and Development	Completed	Under	4
8	Tenant Lease Administration and Management – Terminal Space	Completed	Under	5
9	Terminal Maintenance – Fire Extinguishers	Completed	Under	4
10	Turner-Flatiron Validation Phase Payment Applications	Completed	Over	4
11	Turner-Flatiron Direct Labor Validation Phase	Completed	Under	9
12	Tenant Lease Administration & Management – Avis-Budget	In Progress		-
13	Tenant Lease Administration & Management – All Rent A Car Companies	In Progress <sup>7</sup>		
14	Terminals and Roadway Validation Phase Cost Controls	In Progress <sup>7</sup>		
15	Tenant Lease Administration & Management – Food & Beverage 2% Surcharge	In Progress <sup>7</sup>		
	<b>Totals</b>			<b>37</b>
<b>Consulting Engagement</b>				
16	Grant, PFC & CFC Administration – Grant Funding	In Progress <sup>7</sup>		n/a
<b>General Audit</b>				
17	Risk Assessment & Audit Plan	Completed		
18	The Griffith Company Pre-Audit Activities	Completed		
19	Sundt Construction Pre-Audit Activities	Completed		
20	Construction Meeting Attendance	Completed		
21	Information Technology Meeting Attendance	Completed		
22	Development of Data Analytics	Completed		
23	Ethics Program	Completed		
24	Recommendation Follow-up	Completed		
25	Quality Assurance & Improvement Program	Completed		
26	Peer Review Participation			
<b>Administrative</b>				
26	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	Completed		
27	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	Completed		

<sup>7</sup> Engagement was not planned to be completed in Fiscal Year 2022. It has been carried forward to the FY 2023 Audit Plan.

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, 2022
<b>Completed</b>						
21-15	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process  Department: ACCOUNTING/ FINANCE	High	A) We recommend that the A/P Accountant role in the Authority’s E1 financial system be removed from the Accounting Manager.  B) In addition, we recommend that the Authority determine if E1 has the ability to require that when any changes are made to the VMF, they be approved by another individual.	9/30/2021	6/30/2022	A)Accounting has removed the AP Accountant role in the Authority’s E1 financial system from the Accounting Manager’s menu. B)The Accounting and I&TS teams worked together to test functionality in E1 that is designed to require that changes to VMF data fields must be approved in E1 prior to the vendor being paid. We found issues that negated the reliability of the function. The issues were reported to Oracle, who acknowledged them and indicated that they would work to resolve them in a future update. It has been determined that, at this time, E1 does not have the ability to require changes to the VMF be approved by another individual. We will continue to use the alternative procedures to verify that changes made to the VMF are valid.
22-12	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	The numbers attached to terminal doors, as identifiers, should be incorporated in E1 Plat Management and GIS Space Manager plat reporting.	10/3/2022	6/30/2022	Airport Operations determines door identifiers and the priority given to numbering doors which may not be currently numbered. No further effort is likely to be expended to add identifiers to existing T1, while T2 numbering is largely captured.

**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, 2022
<b>Completed</b>						
22-9	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority staff should determine the information fields in E1 Plat Management that are critical and that should be populated and imported to GIS Space Manager for data accuracy and consistency between the two systems. In addition, staff should clearly distinguish the differences between unit statuses (e.g. active, occupied) to avoid inconsistencies.	12/1/2022	6/30/2022	ADC currently has the lead role for this effort. Active and inactive (closed) locations have been updated.
22-8	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Five Authority departments (i.e. ADC Tech Services Team, the Accounting Department, the Finance Department, RG&PD, and Airline Relations) should coordinate, develop, and publish a set of universal procedures for SDIA space management, and take active measures to ensure that the procedures are updated to remain current. The procedures should establish a process for making changes to terminal space that include steps to require the Asset Manager requesting any change to verify that the change was processed timely and accurately in both E1 Plat Management and GIS Space Manager.	12/1/2022	6/30/2022	ADC has developed a procedure to assure that space management is uniform across the various platforms, and this procedure is now being followed.

**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, 2022
<b>Completed</b>						
21-17	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process  Department: ACCOUNTING/ FINANCE	Medium	A) We recommend that the Accounting Manager run and review the Vendor Set-Up Verification Report concurrent with the check run process to capture any vendor changes and to verify that these changes are legitimate.  B) In addition, we recommend that the Authority develop a report that captures changes made in E1 to banking information related to employee and Board/Committee Member reimbursements, thus enabling staff to conduct a review of that report concurrent with the check run process.	9/30/2021	6/30/2022	A)The procedure to run the vendor setup verification report has been added to the check run procedures. B)The Accounting and I&TS teams worked together and were unable to develop a report that accurately captures changes made in E1 related to employee and Board/Committee Member banking information. We will continue to use the alternative procedures to verify that changes made to the VMF are valid and accurate.

**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, 2022
<b>In Progress</b>						
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	12/31/2022	The Property Management Software system has been selected and final negotiations with the vendor have taken place. Board review anticipated on September 1, 2022. Implementation estimated to occur October 2022.
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	12/31/2022	The new property management software will provide trigger dates for review of security deposits. Since most relevant leases will expire in the next 12-24 months, a working group is currently addressing potential amended language regarding security deposit reviews.

**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, 2022
<b>In Progress</b>						
21-31	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	High	GT should coordinate with COSD to identify the cause of the \$54,687 in underpayments and the \$26,082 in duplicate fees charged, and work to ensure that the issues are corrected and that the Authority is properly paid for their citations issued.	9/30/2021	9/30/2022	(1) GT will attempt to reconcile the the cause of the \$54,867 in underpayments and \$26,082 in duplicate fees charged. (2) GT will examine the current process and include reconciliation steps in the monthly reconciliation SOP to prevent errors in the future. (3) GT will use the monthly reconciliation SOP to analyze the average amount of deficient citation revenue received, and compare that to fees charged for processing, payment plan, NSF, State of CA Fees, etc. (4) Going forward, GT will use the monthly reconciliations and KPI examinations to identify trends in citation revenue deficiencies. (5) GT will examine the option to move to a different processor who can specifically identify citation revenue and charges and provide accurate reconciliations.
21-32	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	High	GT should coordinate with COSD to obtain detailed support of the gross figures provided monthly by COSD and reconcile the amounts of citations paid against the amount remitted to the Authority.	9/30/2021	9/30/2022	GT/ATO staff is communicating with CoSD to see what citation reporting detail is available. GT requisitioned new citation devices/software compatible with CoSD systems. Once rolled-out, reports can be configured to address this issue.

**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, 2022
<b>In Progress</b>						
22-29	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC work with the JV to develop a process to ensure all billing rate submissions are accurate to facilitate the payment application review process by the JV and ADC. This could include limiting the billing rate information to when a current employee receives a rate change or a new employee is added to the project.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will set JV's billing rates in accordance with the contract. ADC will work with JV to reconcile for both over-charges and under-charges, and to re-establish consistent record keeping methodology. For JV consultants, ADC will work with JV to establish an annual date for billing rate changes from each consultant, such that the only approvals outside of the annual rate changes will be for when a new staff member is required to be added.
22-30	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV concerning the over-billing based on the actual payroll hours and determine the most appropriate method to receive the \$37,525 incorrectly billed to the Authority.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will notify the JV of billing discrepancies and work with JV to receive reimbursement for over-billing.



**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, 2022
<b>In Progress</b>						
22-32	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend ADC require the JV to specifically review all future payment applications for inappropriate billing of holiday or paid time-off hours prior to submission.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will notify the JV of the overcharges for JV staff and determine the most appropriate method for recovering the over-billing. For JV consultants, ADC will first verify with the JV for their consultant’s billing rate policies, if burden is included in payment for holidays and vacation/PTO time. If consultant’s burden rate does include holidays and PTO in the billing rates than ADC will request reimbursement for the over-billing of those instances.
22-33	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV of the \$4,814 overcharge for holiday and paid time-off for the JV staff and the \$12,917 overcharge for the consultants to determine the most appropriate method to receive the total incorrectly billed to the Authority.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will notify the JV of the overcharge for holiday and paid time-off to determine the most appropriate method to receive reimbursement for cost incorrectly billed to the Authority.

**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, 2022
<b>In Progress</b>						
21-25	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop written procedures for all components of the automobile citation process. Specifically, GT should develop written procedures for the export/upload process, reconciliations, and appeals process.	9/30/2021	9/30/2022	GT requisitioned new citation devices/software compatible with CoSD systems. GT is in the process of rolling out the new Citation software and devices. GT is also updating the citation process flowchart based on this new methodology. a) SOP have been completed for the Issuance Process and Export/Import Process. Still working on SOP for Monthly reconciliations, Appeals process, and Quarterly management review. b) SOPs are currently being updated in alignment with the new software workflow.
21-26	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop KPIs to measure performance of the automobile citation process, and measure actual performance against KPIs on a regular basis.	9/30/2021	9/30/2022	GT will develop the following KPIs: (A) % of citations uploaded on time, (B) % of citations with errors, (C) % of citations appealed, (D) # of citations successfully appealed, (E) \$ amount of citations issued each month, (F) Type and amount of citations issued each month, (G) List of citation infraction type, (H) List of upload errors and troubleshooting by citation device, (I) Additional KPIs will be developed and reported as identified and warranted.

**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, 2022
<b>In Progress</b>						
21-28	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop a methodology to reconcile citations issued by the Authority, transferred to the COSD, and citations charged a processing fee; and, implement the reconciliation to be performed monthly and any discrepancies be corrected.	9/30/2021	9/30/2022	(1) As part of the monthly reconciliation SOP, GT will establish a requirement and methodology to reconcile: (A) Monthly citations issued by the Authority to those received by CoSD, (B) Monthly \$ amount of citations issued by the Authority to those received by CoSD, (C) Monthly \$ amount of citation fees charged by CoSD to number of citations received by CoSD.
21-30	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop and implement a methodology to review citation fine amounts periodically and adjust the amounts as appropriate.	9/30/2021	9/30/2022	(1) As part of the citation issuance SOP, GT will specify that citation amounts are reviewed annually and benchmarked against other County of San Diego agencies and other California Airports. (2) The initial review will occur by September 30, 2022. (3) Subsequent annual review and benchmarking examinations will occur in April each year thereafter.
22-10	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority staff should cleanup E1 Plat Management and GIS Space Manager for mismatched or incorrect data and perform regular maintenance, review, and reconciliation of the data between E1 Plat Management and GIS Space Manager.	1/2/2023	6/30/2023	While work with ADC Technical Services team and Finance is continuing, there will be a need for an additional clean up in conjunction with implementation of the new property management software, Civix.

**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, 2022
<b>In Progress</b>						
22-11	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority Management should perform a physical inventory of plats throughout Terminal 2, and the New Terminal 1 when completed, to ensure that the reported attributes of space in the E1 Plat Management and GIS Space Manager reports reflect the physical space in the terminals. Any discrepancies should be timely corrected. Additionally, the written	12/1/2022	6/30/2023	The physical inventory of Terminal 2 is complete with the exception of some near-term anticipated changes. Changes to plats are infrequent. The new property management software can be programmed to flag for the need of inventory on a periodic basis.
22-13	Audit Report 22007 Issued December 29, 2021 Title: Fire Extinguisher Compliance  Department: FACILITIES MANAGEMENT	Medium	FMD should develop and maintain a listing of all Authority fire extinguishers and their locations. This listing could be included in a computer application such as the Geographic Information System to produce and maintain a map of the Authority that shows all fire extinguisher locations.	2/28/2022	12/4/2022	FMD compiled a detailed list of all existing handheld fire extinguishers to show the last date of inspection in Month/Day/Year format. A map of each extinguisher will be developed pinpointing the exact location of each. FMD is working with Technical Services to try and achieve a layer for fire extinguishers in the Authority's existing GIS application.
22-31	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV concerning the underbilling based on the actual payroll register pay rates and determine the most appropriate method to address the \$1,750 that was not billed to the Authority.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will immediately notify JV to reconcile actual payroll rates.

**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, 2022
<b>In Progress</b>						
22-35	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC require the JV to specifically review all future payment applications for inappropriate billing of professional staff lacking Authority approved billing rates.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will notify the JV to specifically review all future payment applications for inappropriate billings of professional staff with billing rates that are not approved by the Authority, and communicate those future charges, for unapproved staff, will be rejected.
22-36	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV of the charges for professional staff who did not have approved billing rates and communicate that future charges for unapproved professional staff will be rejected until ADC receives and approves the required documentation.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will immediately notify the JV to specifically review all future payment applications for inappropriate billings of professional staff with billing rates that are not approved by the Authority, and communicate those future charges for unapproved staff will be rejected until ADC receives and approves the required documentation.
22-37	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC require the JV to provide the applicable billing rate information for the employees identified without approved rates to allow ADC to determine the appropriateness of the rates charged.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will immediately require the JV to provide information on the employees identified without approved rates, to allow ADC to determine the appropriateness of the rate charged.

**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, 2022
<b>In Progress</b>						
21-03	Audit Report 20004 Issued October 28, 2020 Title: Formal Bidding/Contracting Process  Department: PROCUREMENT	Low	We recommend that Authority Management evaluate and update Authority Policies 5.01 and 5.02 where necessary.	10/15/2021	9/30/2022	Recommended updates and revisions have been submitted to General Counsel and the ELT for final review.
21-27	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Low	GT should establish a written goal to upload all citations within a specified time period (e.g., 24 or 48 hours). Further, GT should implement a system to measure upload time, identify issues with citation uploads, and troubleshoot issues.	9/30/2021	9/30/2022	Partially Completed: a) Current citation process addresses uploading citations within 48 hours b) New citation software will automatically address reporting on % of citations uploaded daily. c) GT has requisitioned new citation/devices and is in the process of rolling these out and SOPs are currently being updated in alignment with the new software workflow.
21-33	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Low	GT should implement a formal documented approval of all decisions reached within the appeals process.	9/30/2021	9/30/2022	GT staff is currently drafting the Appeals Process SOP.

**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, 2022
<b>In Progress</b>						
22-21	Audit Report 22004 Issued: May 25, 2022 Title: Employee Training & Development  Department: TALENT, CULTURE & CAPABILITY	Low	TCC should update the Career Development Standard to meet the operational needs and current practices of the Authority.	12/31/2022	12/31/2022	TCC is in the process of implementing this recommendation.
22-22	Audit Report 22004 Issued: May 25, 2022 Title: Employee Training & Development  Department: TALENT, CULTURE & CAPABILITY	Low	The training hours contained in the Sustainability Report (or other public documents) should aggregate both internal and external trainings completed by employees. Additionally, management should determine if the new LMS365 will be used by TCC to track both internal and external training completed by employees.	12/31/2022	12/31/2022	TCC is in the process of implementing this recommendation.
22-23	Audit Report 22004 Issued: May 25, 2022 Title: Employee Training & Development  Department: TALENT, CULTURE & CAPABILITY	Low	TCC should evaluate and track the results of trainings completed to determine if they were effective in meeting the need identified and for which the training was developed.	12/31/2022	12/31/2022	TCC is in the process of implementing this recommendation.

**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, 2022
<b>In Progress</b>						
22-24	Audit Report 22004 Issued: May 25, 2022 Title: Employee Training & Development  Department:  TALENT, CULTURE & CAPABILITY	Low	TCC should provide guidance on mandatory trainings. The guidance should include the steps needed for a training to be deemed “mandatory”, how attendance is tracked, and the repercussion for non-attendance.	12/31/2022	12/31/2022	TCC plans on working towards implementation of this recommendation, but, has not yet begun.
22-25	Audit Report 22008 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Payment Applications During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend that ADC ensure their internal controls over review of the payment applications are continually operating effectively.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it would ensure that internal controls are implemented consistently.
22-26	Audit Report 22008 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Payment Applications During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend that ADC request submission of all missing supporting documentation and seek reimbursement of any unsupported amounts paid.	11/1/2022	11/1/2022	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC indicated that it had already requested substantiation for missing documentation and will request reimbursement for any amounts that the JV is unable to substantiate.



**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, 2022
<b>In Progress</b>						
22-27	Audit Report 22008 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Payment Applications During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend ADC consider charging the JV the audit costs in the amount of \$46,810 if supporting documentation cannot be obtained for the five charges noted above.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will consider requesting reimbursement of audit costs in the future. If subsequent audit findings reveal similar issues ADC will charge them appropriately.
22-28	Audit Report 22008 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Payment Applications During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend that ADC verify the fee calculations on all future payment applications to ensure the JV has accurately billed the Authority.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it will notify the JV of the under-billing of the fee and will verify the fee calculation on all future payment applications to ensure JV has accurately billed the Authority.
22-34	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase  Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend that ADC consider charging the JV for the audit costs in the amount of \$87,804.	2/1/2023	2/1/2023	This audit was issued on the last day of the quarter and, therefore, no follow-up activity was performed. However, at the time of report issuance ADC stated that it would, with Management concurrence, consider requesting reimbursement of audit costs in the future. If subsequent audit findings reveal similar issues, ADC will charge them appropriately.

Appendix C – Performance Measures Historical Data

Performance Measure	Fiscal Year					
	2017	2018	2019	2020	2021	2022
Customer satisfaction ratings from: i. Audit Committee/Board ii. Executive Management iii. Auditee <sup>8</sup>			i) ii) iii) 4.6	i) 5.0 ii) 4.5 iii) 4.6	i) 4.4 ii) 4.3 iii) 4.6	i) 4.8 ii) 5.0 iii) 4.4
Number of recommendations	17	28	35	37	33	37
Percentage of audit and consulting engagements completed annually	83%	72%	76%	81%	88%	75%
Percentage of audit recommendations accepted <sup>9</sup>		100%	100%	100%	100%	100%
Percentage of staff meeting educational requirements <sup>10</sup>			100%	100%	100%	100%
Number of non-CPE training hours per staff <sup>11</sup>				6.1	6.1	6.1
Percentage of staff time spent on audit and consulting engagements and general audit activities <sup>12</sup>			71%	70%	71%	66%
Percentage of audit and consulting engagements completed within budget	86%	52%	45%	59%	86%	89%

<sup>8</sup> This performance measure was added in Fiscal Year 2019. In Fiscal Year 2020 the OCA began sending surveys to the Audit Committee/Board and to Executive Management.

<sup>9</sup> This performance measure was added in Fiscal Year 2019. Historical information was available for FY 2018 and is included for reference.

<sup>10</sup> This performance measure was added in Fiscal Year 2019.

<sup>11</sup> This performance measure was added in Fiscal Year 2020.

<sup>12</sup> Beginning in Fiscal Year 2019 all staff hours (audit, consulting, general audit hours, and administrative hours) are tracked and accounted for. In prior years certain hours were excluded. Therefore, prior year data has been omitted, as it is not comparable to this performance measure. Percentage excludes the Chief Auditor’s hours.

## Appendix D – Disclosures

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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 directly to the Board through the Audit Committee, which provides the independence necessary for the OCA to adequately perform its function, separate from the Airport Authority organization.

### 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 2022 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 the *Standards*. When this occurs, the OCA must disclose the non-conformance and the impact to senior management and the Board.

- ✓ During Fiscal Year 2022 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 may 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 2022 Fiscal Year.

### Use of Report

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority's (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

- Board Members
- President/Chief Executive Officer
- General Counsel
- Vice Presidents
- Director, Authority Clerk
- Director, Government Relations
- Assistants specified by Board Members and SDCRAA

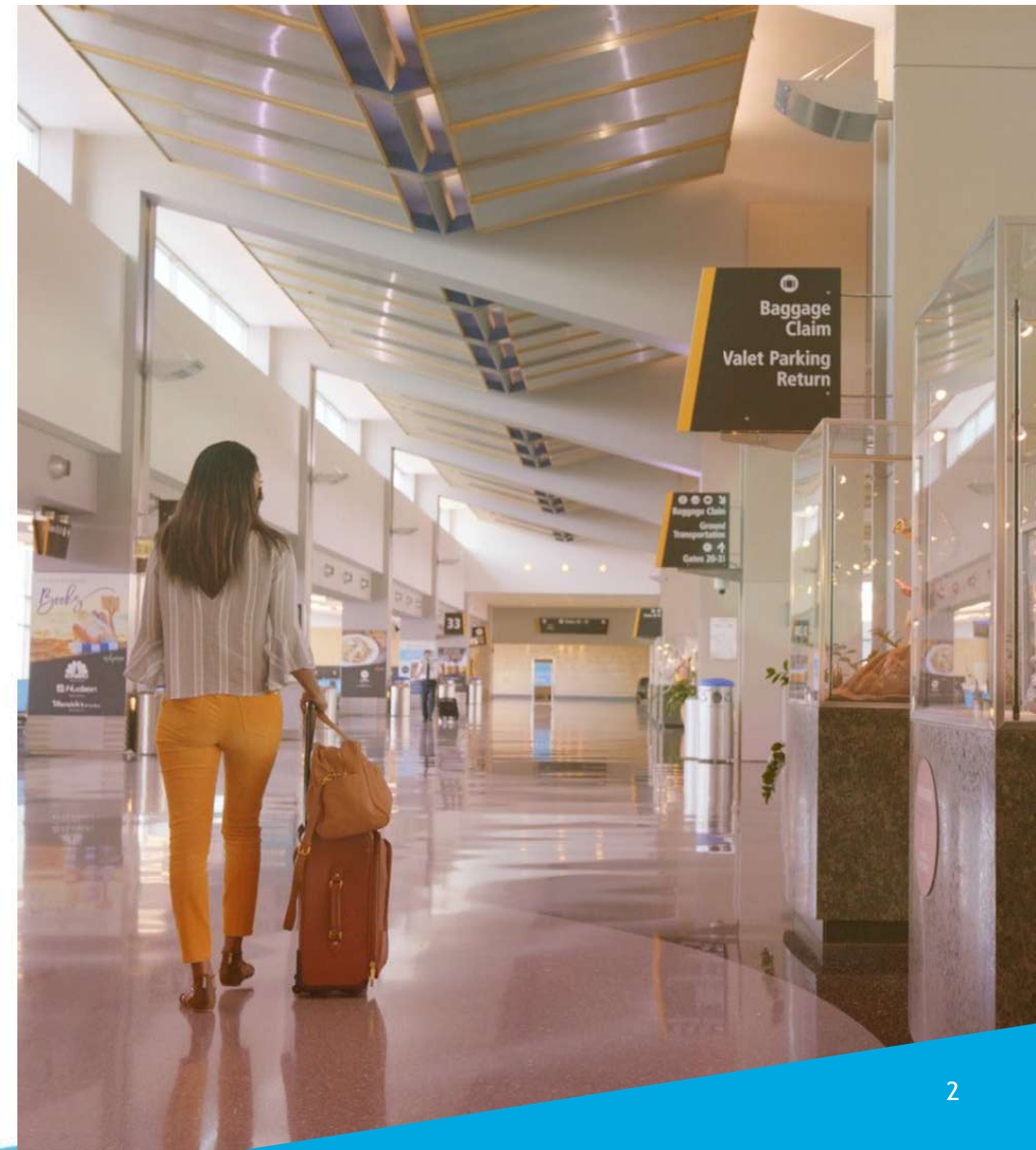
# Fiscal Year 2022 Annual Report from the Office of the Chief Auditor

July 1, 2021, through June 30, 2022

Audit Committee Meeting September 12, 2022

# Agenda

- Fiscal Year 2022 Performance Measures
- Engagements Completed in 4<sup>th</sup> Quarter
- General Audit Activities
  - Recommendation Follow-Up
  - Ethics
  - Quality Assurance and Improvement Program (QAIP)
- Audit Spotlight: Direct Labor Billing During Validation Phase
- Required Disclosures

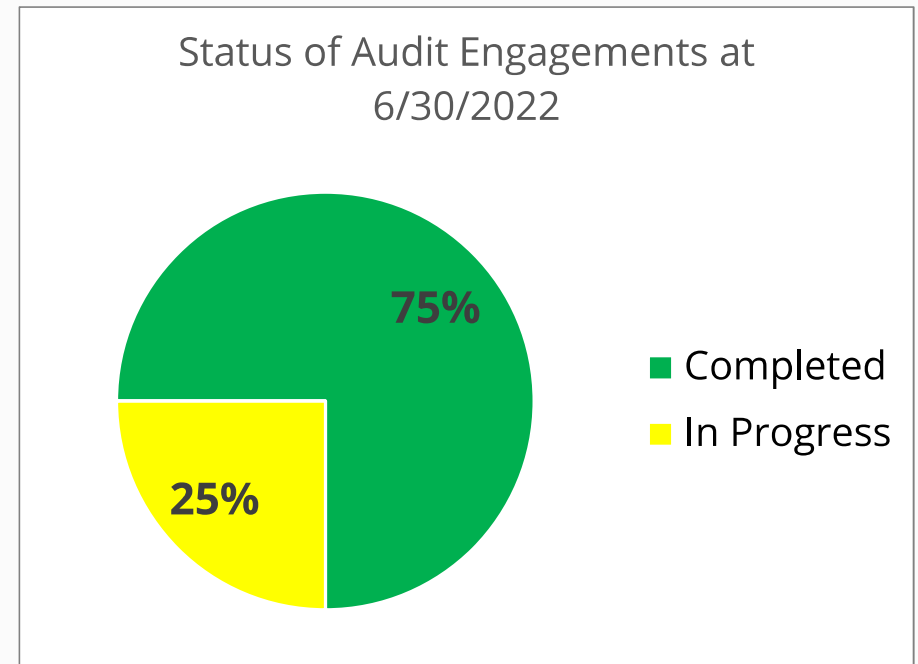
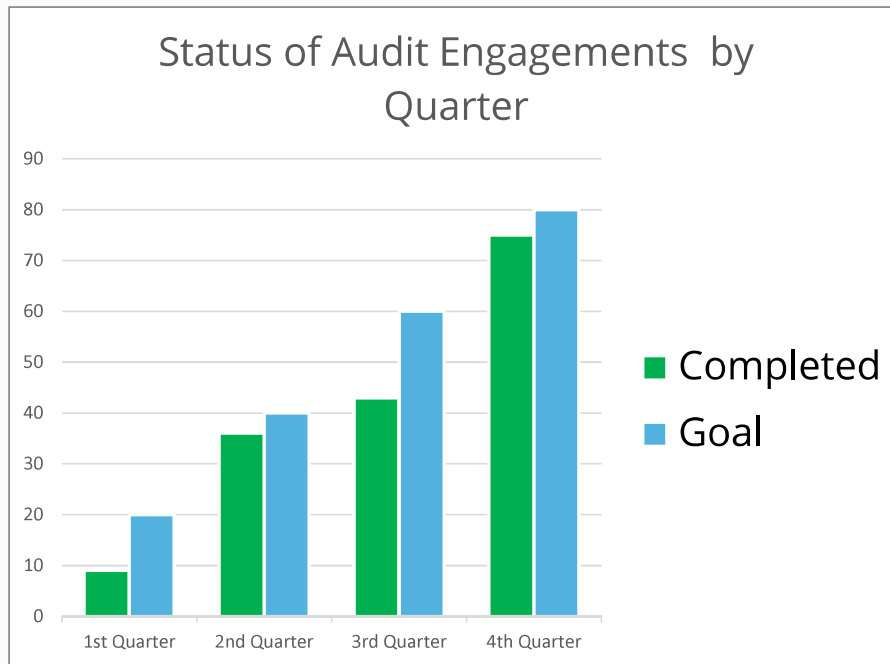


# Fiscal Year 2022 Performance Measures

Performance Measure	Goal	Actual	Benchmark
Percentage of Audits & Consulting Engagements Completed	80%	75%	80%
Number of Recommendations	25	37	25
Percentage of Staff Time Spent on Audit and Consulting Engagements and General Audit Activities	70%	66%	70%
Percentage of Audits/Consulting Engagements Completed within Budget	80%	89%	75%
Percentage of Recommendations Accepted	95%	100%	83%
Auditee Satisfaction Rating	4.0	4.4	4.0

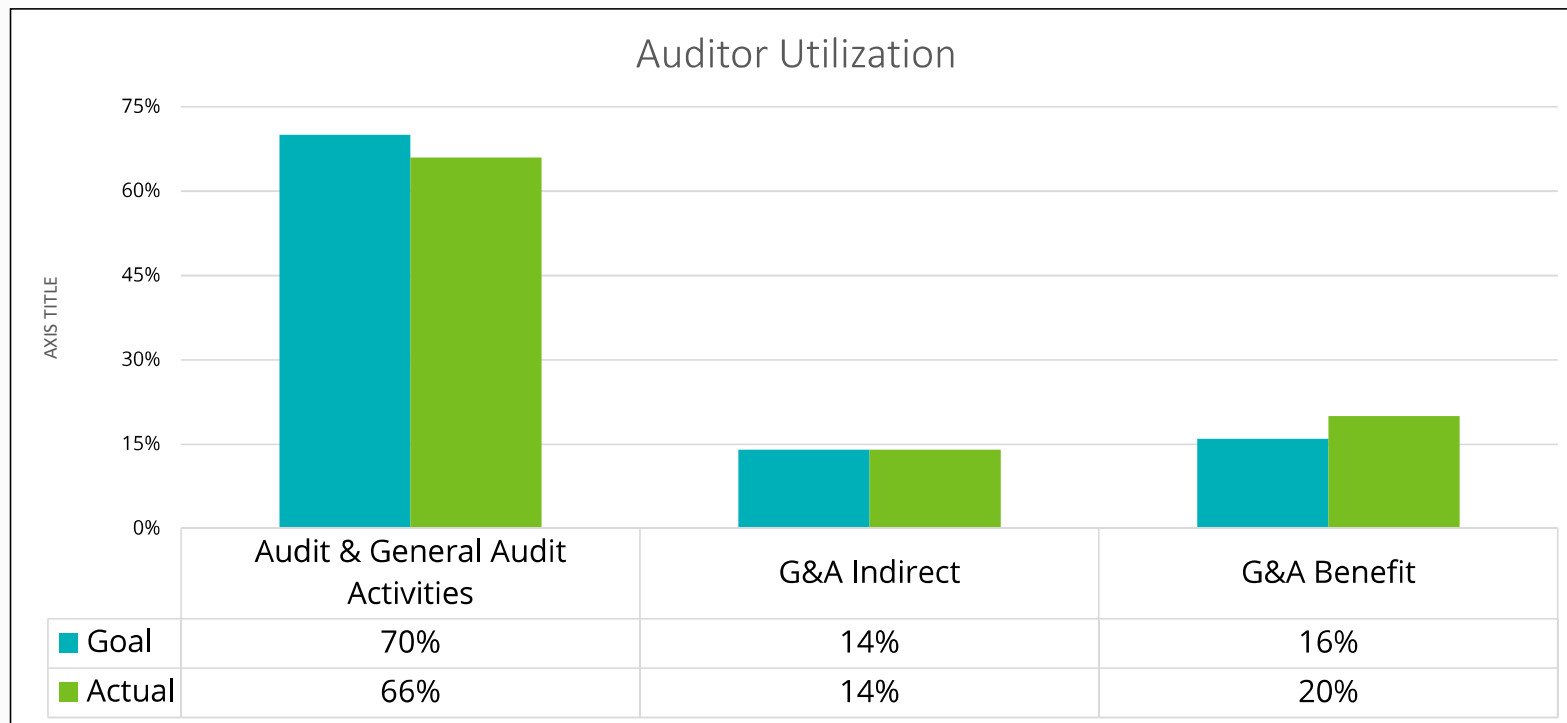
# Performance Measures - Additional Details

## Percentage of Audit Engagements Completed



# Performance Measures - Additional Details

## Percentage of Staff Time Spent on Audit Engagements and General Audit Activities





# Engagements Completed in 4<sup>th</sup> Quarter

**Office of the Chief Auditor**  
Employee Training & Development  
Audit Report No. 22004  
Issue Date: May 25, 2022



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**Board Members:**  
Gil Cabrera  
Chair

Catherine Blakepear  
Mary Castillas Salas  
Paul McManera  
Paul Robinson  
Johanna Schiavoni  
James Sly  
Nora E. Vargas  
Marni von Wilpert

**Ex-Officio Board Members:**  
Col. Thomas M. Bedell  
Gustavo Dallarda  
Gayle Miller

**President / CEO:**  
Kimberly J. Becker

**Audit Committee:**  
Carmen D. Vann  
Chair

Catherine Blakepear  
Mary Castillas Salas  
Gretchen Newson  
Johanna Schiavoni  
James Sly  
Agnes Wong Nickerson

**Office of the Chief Auditor:**  
Lee Parravano  
Chief Auditor

Fred Bolger  
Manager,  
Audit Services

Marnie Dale  
Auditor

Shane Ellis  
Senior Auditor

Scott Thien  
Senior Auditor

Callie Ullman  
Senior Auditor

Suzanna Olmstead  
Executive Assistant

*Lee Parravano*  
Lee Parravano  
Chief Auditor

**Office of the Chief Auditor**  
Turner-Flatiron, a Joint Venture,  
Direct Labor Billing During Validation Phase  
Audit Report No. 22010  
Issue Date: June 30, 2022



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**Board Members:**  
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Chair

Catherine Blakepear  
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Paul McManera  
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*Lee Parravano*  
Lee Parravano  
Chief Auditor

**Office of the Chief Auditor**  
Turner-Flatiron, a Joint Venture,  
Payment Applications During  
Validation Phase  
Audit Report No. 22008  
Issue Date: June 30, 2022



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**Board Members:**  
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Chair

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Mary Castillas Salas  
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# General Audit Activities - Recommendation Follow-Up

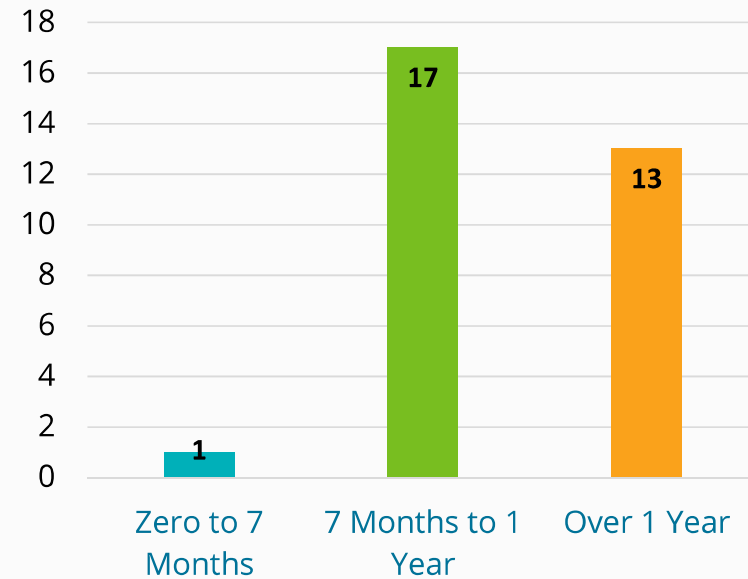
## Recommendation Follow Up

Status as of June 30, 2022			
Completed	In Progress	Not Accepted	Tracked
5*	31**	-	36

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

\*\* 19 recommendations are still within the initial timeframe identified for implementation.

## Estimated Implementation Timeframe for In Progress Recommendations



# General Audit Activities - Ethics

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)	Response (to non-anonymous reports)
<b>Category</b>					
Human Resource, Diversity, and Workplace Respect	17	-	-	-	-
Business Integrity	3	2	-	-	-
Environment, Health and Safety – Noise	3	1	1	1	-
<b>Total</b>	<b>23</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>-</b>

# General Audit Activities - QAIP

Internal auditing *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP). The OCAs Audit Plan contains hours allocated for a QAIP under General Audit Activities.

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

- Results of Ongoing Monitoring must be communicated annually.



# General Audit Activities - QAIP (Cont.)

## Results:

The QAIP did not identify any items that would impact audit quality.

### Two Recommendations:

1. Amend Policy 1.50 – Governance & Committees: Limit the number of Board Members serving concurrently on the Audit Committee and the Finance Committee.
2. Amend Code 2.16 – Ethics and Conduct – Enforcement: Clarify procedures related to ethics complaints.

### *OCA Response:*

1. The OCA is collaborating with other departments to amend Policy 1.50.
2. The OCA is collaborating with other departments to amend Code 2.16.

# General Audit Activities - QAIP (Cont.)

## Annual Required Disclosures

### Operational Independence

- ✓ No independence issues noted

### Impairments to Independence or Objectivity

- ✓ No impairments noted

### Disclosures of Nonconformance

- ✓ No instances noted


### Management's Acceptance of Risk

- ✓ No items noted

# Audit Spotlight - Direct Labor

## Background

Office of the Chief Auditor  
Turner-Flatiron, a Joint Venture,  
Direct Labor Billing During Validation Phase  
Audit Report No. 22010  
Issue Date: June 30, 2022



*Lee Parravano*  
Lee Parravano  
Chief Auditor

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**Board Members**  
Gil Cabrera  
Chair  
Catherine Blakespear  
Mary Cullins Sellen  
Paul Michamada  
Paul Robinson  
Johanna Schiavoni  
James Sly  
Nora S. Merges  
Marri von Wilpert

**Ex-Officio Board Members**  
Col. Thomas M. Bittel  
Gustavo Dallarda  
Gayle Miller

**President / CEO**  
Kimberly J. Becker


**Audit Committee**  
Carmen D. Varrin  
Chair  
Catherine Blakespear  
Mary Cullins Sellen  
Gretchen Nielson  
Johanna Schiavoni  
James Sly  
Agnes Wong Nickerson

**Office of the Chief Auditor**  
Lee Parravano  
Chief Auditor  
Fred Bolger  
Manager,  
Audit Services  
Mamie Dale  
Auditor  
Shane Ellis  
Senior Auditor  
Scott Thein  
Senior Auditor  
Callie Ullman  
Senior Auditor  
Suzanne Olmstead  
Executive Assistant

- The Authority entered into a contract with Turner-Flatiron for the Terminals & Roadways Project.
- The Terminals & Roadways project includes a Validation Phase where Turner-Flatiron performs validation and design work to develop the Maximum Contract Price.
- The Validation Phase has an amount not to exceed \$158,000,000.

# Audit Spotlight - Direct Labor


## Collaboration




SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

OCA

Review & Approval



 **bakertilly**

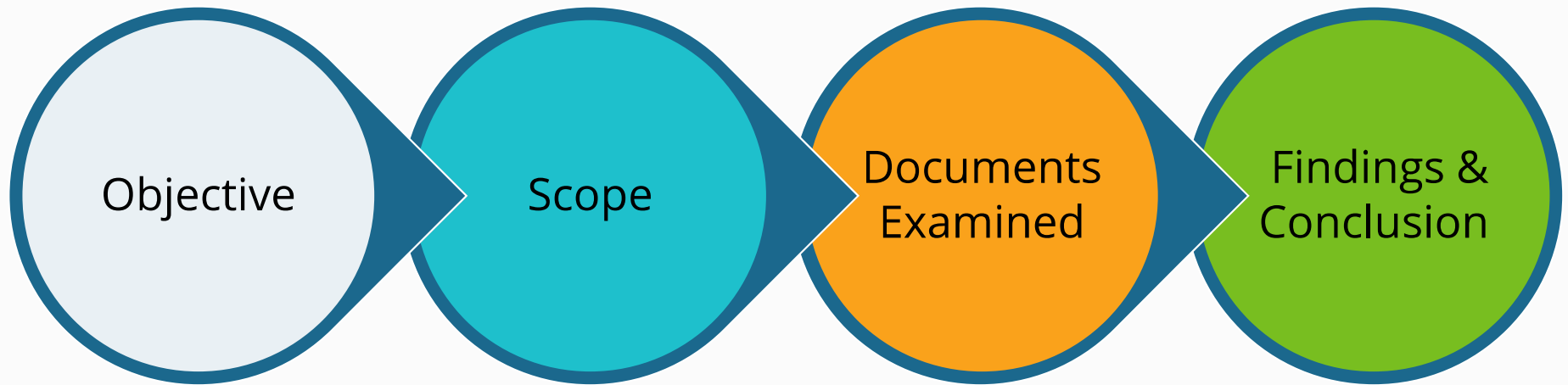
Baker Tilly

Performance of Major  
Audit Work



# Audit Spotlight - Direct Labor

## Objective & Scope



- Determine if labor billed complied with the Contract terms

- September 2020 – September 2021

- 100 + Turner-Flatiron personnel billing rates
- 300 + consultant billing rates
- 25,000 + hours of billed timesheets

# Audit Spotlight - Direct Labor

## Findings

### Billing Rate Listing

(Findings # 1 & 5)

- Inconsistent Billing Rates and Effective Dates
- Staff Billed did not have Approved Rates

### Hours Billed

(Finding #2)

- More Hours were Billed to the Authority than the Actual Payroll Hours Paid to Employees

### Rates Billed

(Finding #3)

- Hourly Rates Billed to the Authority were Less than Actual Payroll Rates

### Holiday & Paid Time Off

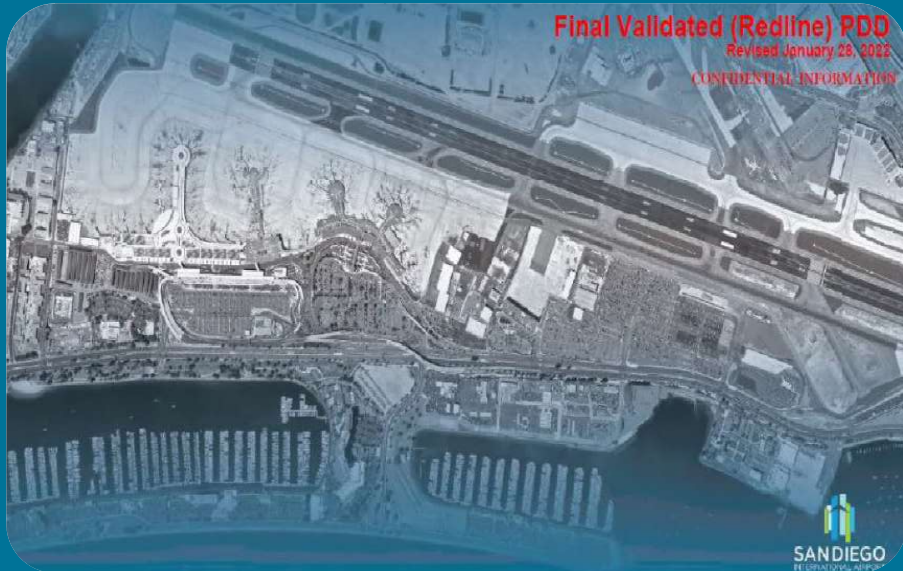
(Finding #4)

- Holiday Hours and Paid Time Off Already included in the Billing Rates were Billed to the Authority

5 Total Findings - All Accepted by Management

# Audit Spotlight - Direct Labor

## Conclusion



### Conclusion

Labor billed generally complied with the terms of the contract.

### Strength Noted

The Authority has a robust review process for payment applications, including labor hours submitted by the contractors and consultants.

Questions?

## Audit Committee Report

Meeting Date: September 12, 2022

### Subject:

#### Annual Review of the Charter of the Audit Committee

#### Recommendation:

Information item only.

#### Background/Justification:

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.

Board Resolution No. 2003-061 was adopted on October 2, 2003, and instituted the Charter of the Audit Committee. Subsequent revisions to the Charter were made in order to reflect changes in operating practices and to meet guidelines for best practices.

The Charter of the Audit Committee is annually reviewed by the Audit Committee 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 last revision to the Charter of the Audit Committee was performed in September 2021 and subsequently approved by Board Resolution No. 2021-0108 on October 7, 2021. Changes included updating terminology within the Charter for it to be gender-neutral and inclusive.

The annual review performed by staff this year has determined that no changes were necessary.

The Charter of the Audit Committee is provided in Attachment A for your reference.

# Audit Committee Report

Meeting Date: September 12, 2022

## 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 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, the President/CEO, or a 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, the President/CEO, or a 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 the Chief Auditor's 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, Annual Comprehensive Financial Report (ACFR), 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:

- 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. 2021-0108 dated October 7, 2021]

[Amended by Resolution No. 2020-0097 dated October 1, 2020]

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

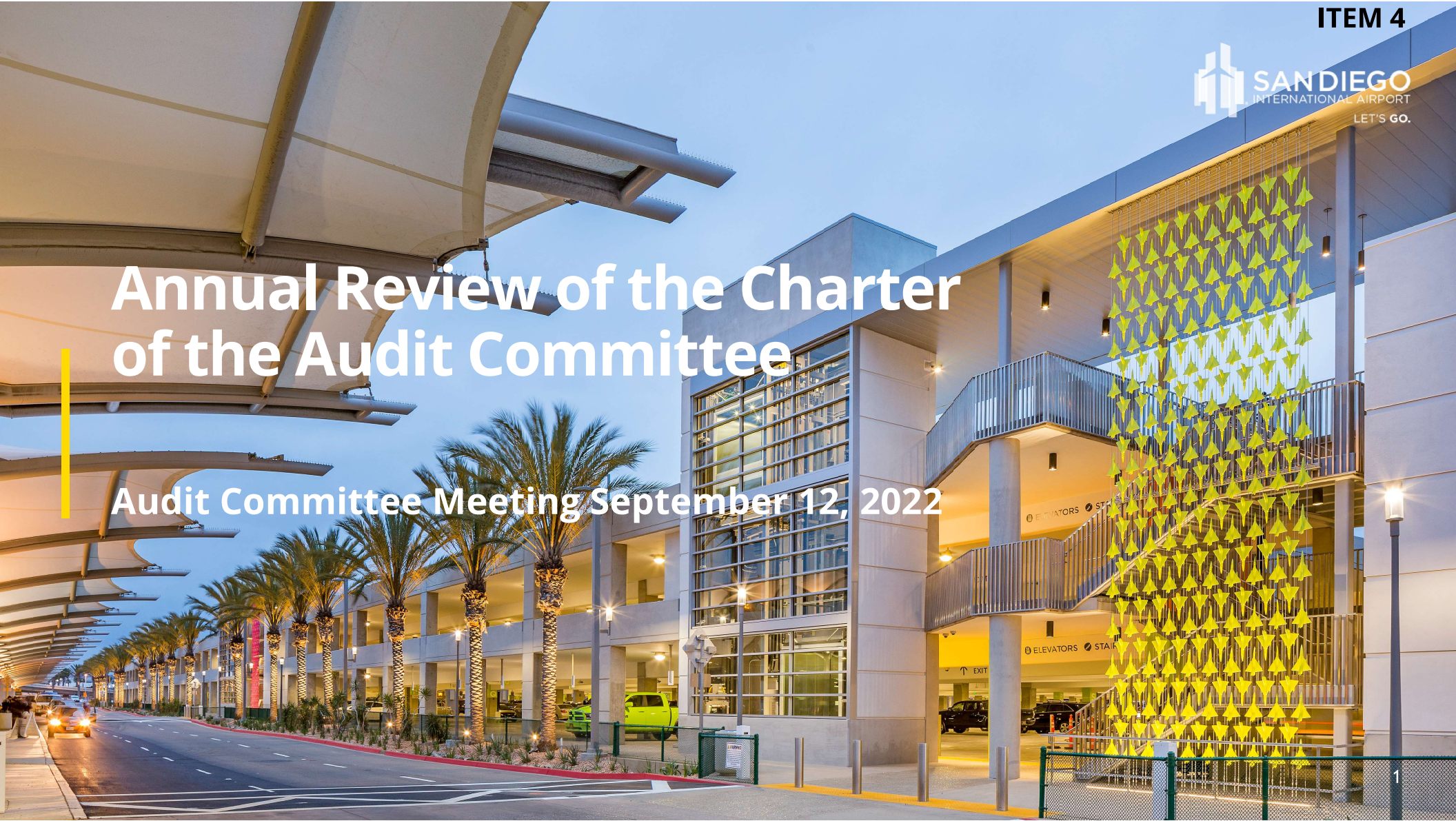
[Amended by Resolution No. 2010-0023 dated March 4, 2010]

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


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

# Annual Review of the Charter of the Audit Committee

Audit Committee Meeting September 12, 2022



# Annual Review of the Charter of the Audit Committee

 **QUALITY**  
Quality Excellence

### Model Audit Committee Charter

**PURPOSE**  
To assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.

**AUTHORITY**  
The audit committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and non-audit services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it deems necessary.
- Meet with the auditor in private sessions without the presence of management.

**Model Charter**

**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 information related to the Authority's:

- Values and
- Governance

**Authority Charter**

## Annual Review Required

The Charter of the Audit Committee requires an annual review.

### Compare Charter of the Audit Committee to Model Charter

- No changes identified

### Review for Other Changes

- No changes identified

Questions?

## Audit Committee Report

Meeting Date: September 12, 2022

### Subject:

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

### Recommendation:

Information item only.

### Background/Justification:

The Charter for the Office of the Chief Auditor establishes the purpose, authority, and responsibilities of the Office of the Chief Auditor (OCA). The Charter was first adopted on October 2, 2003, by Board approved Resolution No. 2003-062.

An annual review of the Charter for the Office of the Chief Auditor is done in accordance with best practices, the OCAs Quality Assurance and Improvement Program, and requirements that are included in the Charter of the Audit Committee and the Charter for the OCA.

The most recent revision to the Charter for the Office of the Chief Auditor was approved by Board Resolution No. 2021-0109 on October 7, 2021. Changes were incorporated to make Charter language inclusive and reflect diversity.

The annual review performed by staff this year has determined that no changes were necessary at this time.

The Charter for the Office of the Chief Auditor is provided in Attachment A for your reference.

### 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 the Chief Auditor's 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.
- 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 objectivity, 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 an auditor's 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.
- 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:

## CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- 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, or other activities.
- 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 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 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 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.
- 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 / 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.
- 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.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

[Amended by Resolution No. 2021-0109 dated October 7, 2021]

[Amended by Resolution No. 2020-0098 dated October 1, 2020]

[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]

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

Audit Committee Meeting September 12, 2022



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

## Annual Review Required

The Charter for the Office of the Chief Auditor requires an annual review.

### Compare Charter for the OCA to Model Charter

- No changes identified

### Review for Other Changes

- No changes identified

#### 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 the Chief Auditor's employment contract.

Charter for the OCA



#### Supplemental Guidance

##### Model Internal Audit Activity Charter

The Model Internal Audit Activity Charter is designed to illustrate common practices typically set out in an internal audit activity charter. The generic nature of this draft is intended to encourage customization.

This document may not reflect all legal or regulatory requirements that exist in the user's jurisdiction. Additionally, regulatory requirements may influence the inclusion or omission of certain practices.

In drafting an internal audit activity charter, the chief audit executive should exercise care to customize the charter, problem areas and controls, taking into account the user's situation, reflects the user's situation.

Model Charter

Questions?



## Audit Committee Report

Meeting Date: September 12, 2022

### Subject:

#### Revision to the Fiscal Year 2023 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 7, 2021, per Board Resolution No. 2021-0109, 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 the 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 Audit Plan for Fiscal Year 2023 was approved by the Audit Committee during its May 9, 2022, meeting, and was subsequently approved on June 2, 2022, by Board Resolution No. 2022-0056. This initial Fiscal Year 2023 Audit Plan estimates the hours required to complete new audits and estimates which audits from the Fiscal Year 2022 Audit Plan will be issued by Fiscal Year-end June 30, 2022, or will carry forward to the Fiscal Year 2023 Audit Plan.

During the first quarter of Fiscal Year 2023 a review of the Audit Plan was undertaken by the OCA and a revision is requested at this time. The proposed revision precisely accounts

for the audits that carried over from Fiscal Year 2022 and adjusts the allocation of audit hours to reflect the OCAs current operational requirements.

Staff requests that the Audit Committee accept the proposed revision to the Audit Plan and forward it to the Board for subsequent approval. The proposed revision to the Fiscal Year 2023 Audit Plan is provided as Attachment A. The Fiscal Year 2023 Audit Plan with all changes incorporated is provided as Attachment B.

## Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2023 and conceptually approved budget for Fiscal Year 2024 have been sufficiently funded to meet the allotted budget requirements for the proposed revision to the Fiscal Year 2023 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.

# Audit Committee Report

Meeting Date: September 12, 2022

Page 3 of 3

## Application of Inclusionary Policies:

Not Applicable

## Prepared by:

Lee M. Parravano  
Chief Auditor

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT A

Key Work Activity	Objective <sup>1</sup>	Original Estimated Hours	Change Requested	Revised Hours
<b>Audit Hours</b>				
Tenant Lease Administration and Management <sup>2</sup>	To determine if fiscal year 2022 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for all Airport Rental Car Companies.	375	50	425
Terminals and Roadway Validation Phase Cost Controls <sup>2</sup>	To determine if the controls surrounding the Validation Phase costs are adequate and operating as designed. <sup>3</sup>	100	250	350
Tenant Lease Administration and Management <sup>2</sup>	To determine if the food and beverage concessionaire surcharge is administered appropriately.	125	(25)	100
Tenant Lease Administration and Management <sup>4</sup>	To determine if fiscal year 2023 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for all Airport Rental Car Companies.	500	-	500
Tenant Lease Administration and Management <sup>2</sup>	To determine if Avis Budget Car Rental, LLC accurately paid concession fees and Customer Facility Charges for the period July 1, 2018, through June 30, 2021.	-	75	75
Harbor Police Contract Mgmt. <sup>2</sup>	To determine if Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020.	-	400	400
Harbor Police Contract Mgmt. <sup>2</sup>	To determine if controls surrounding the Accounting Department's review of the Fiscal Year 2020 True-up of Harbor Police costs are appropriate.	-	25	25
System Security	To evaluate the Authority's security posture by performing penetration testing of the Authority's web facing sites.	400	(100)	300
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2021.	425	-	425
Contractor Monitoring	To determine if the construction of the new administration building is properly managed.	450	-	450
Employee Benefits	To determine if employee payroll deductions are administered appropriately.	550	-	550

<sup>1</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>2</sup> Audit activity has been carried forward from fiscal year 2022.

<sup>3</sup> This audit is being performed in partnership with the external construction audit firm, Baker Tilly. The hours listed are the hours for OCA staff only and do not include the hours for Baker Tilly.

<sup>4</sup> Audit activity will continue into fiscal year 2024. Fiscal year 2024 audit hours are estimated at approximately 200 hours. Total hours for this audit are estimated at 700.

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT A

Key Work Activity	Objective <sup>1</sup>	Original Estimated Hours	Change Requested	Revised Hours
Records Management	To determine if official records and electronic signatures meet Authority requirements.	500	-	500
Parking Management Contract Admin.	To determine if requirements of the Ace Parking contract are in compliance with agreement.	600	-	600
Small Business Management	To determine if commitments to small businesses are met and reported.	500	-	500
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	1,100	(400)	700
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	474	(323)	151
	<b>Total Audit Hours</b>	<b>6,099</b>	<b>(48)</b>	<b>6,051</b>
<b>Consulting Hours</b>				
Grant, PFC, & CFC Administration <sup>5</sup>	To provide management assistance with grant funding. Assistance is anticipated to be limited to items such as research, interpretation, and application of the federal requirements regarding procurement.	75	-	75
	<b>Total Consulting Hours</b>	<b>75</b>	<b>-</b>	<b>75</b>

<sup>5</sup>Consulting activity has been carried forward from Fiscal Year 2022.

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT A

Key Work Activity	Objective <sup>1</sup>	Original Estimated Hours	Change Requested	Revised Hours
<b>General Audit Hours</b>				
Risk Assessment and Audit Plan <sup>6</sup>	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	232	-	232
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	380	-	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits, if needed.	40	-	40
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180	-	180
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200	-	200
Ethics Program <sup>6</sup>	To review ethics policies, perform training, and investigate reported incidents.	300	-	300
Recommendation Follow-up <sup>6</sup>	To verify that internal and external audit recommendations have been implemented as intended.	160	-	160
Quality Assurance & Improvement Program <sup>6</sup>	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	320	-	320
<b>Total General Audit Hours</b>		<b>1,812</b>	<b>-</b>	<b>1,812</b>
<b>Administrative Hours</b>				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,390	-	2,390
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,104	48	2,152
<b>Total Administrative Hours</b>		<b>4,494</b>	<b>48</b>	<b>4,542</b>
<b>Total Hours</b>		<b>12,480</b>	<b>-</b>	<b>12,480</b>

<sup>6</sup> Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT A

Key Work Activity	Objective <sup>7</sup>	Original Estimated Hours	Change Requested	Revised Hours
<b>Contingent Audit Hours</b>				
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400	-	400
Airport Ground Transportation Operations Management	To determine if the privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system are adequate.	500	-	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450	-	450
Accounts Payable	To determine if the controls related to the Accounts Payable automated payment files are appropriate.	450	-	450
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450	-	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
Contractor Monitoring	To determine if the AECOM contract is administered appropriately.	500	-	500
Asset Management	To determine if computer imaging is administered appropriately.	500	-	500
Curfew Violations	To determine if curfew violations are administered appropriately	450	-	450
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475	-	475
Employee & Parking Card and Policy Administration	To determine if Parking Cards are administered appropriately.	550	-	550
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
<b>Total Contingent Audit Hours</b>		<b>5,900</b>	<b>-</b>	<b>5,900</b>

<sup>7</sup> Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT B

Key Work Activity	Objective <sup>1</sup>	Revised Hours
<b>Audit Hours</b>		
Tenant Lease Administration and Management <sup>2</sup>	To determine if fiscal year 2022 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for all Airport Rental Car Companies.	425
Terminals and Roadway Validation Phase Cost Controls <sup>2</sup>	To determine if the controls surrounding the Validation Phase costs are adequate and operating as designed. <sup>3</sup>	350
Tenant Lease Administration and Management <sup>2</sup>	To determine if the food and beverage concessionaire surcharge is administered appropriately.	100
Tenant Lease Administration and Management <sup>4</sup>	To determine if fiscal year 2023 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for all Airport Rental Car Companies.	500
Tenant Lease Administration and Management <sup>2</sup>	To determine if Avis Budget Car Rental, LLC accurately paid concession fees and Customer Facility Charges for the period July 1, 2018, through June 30, 2021.	75
Harbor Police Contract Mgmt. <sup>2</sup>	To determine if Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020.	400
Harbor Police Contract Mgmt. <sup>2</sup>	To determine if controls surrounding the Accounting Department's review of the Fiscal Year 2020 True-up of Harbor Police costs are appropriate.	25
System Security	To evaluate the Authority's security posture by performing penetration testing of the Authority's web facing sites.	300
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2021.	425
Contractor Monitoring	To determine if the construction of the new administration building is properly managed.	450
Employee Benefits	To determine if employee payroll deductions are administered appropriately.	550
Records Management	To determine if official records and electronic signatures meet Authority requirements.	500
Parking Management Contract Admin.	To determine if requirements of the Ace Parking contract are in compliance with agreement.	600
Small Business Management	To determine if commitments to small businesses are met and reported.	500

<sup>1</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>2</sup> Audit activity has been carried forward from fiscal year 2022.

<sup>3</sup> This audit is being performed in partnership with the external construction audit firm, Baker Tilly. The hours listed are the hours for OCA staff only and do not include the hours for Baker Tilly.

<sup>4</sup> Audit activity will continue into fiscal year 2024. Fiscal year 2024 audit hours are estimated at approximately 200 hours. Total hours for this audit are estimated at 700.



Office of the Chief Auditor  
 Fiscal Year 2023  
 Proposed Audit Plan September 12, 2022

ATTACHMENT B

Key Work Activity	Objective <sup>1</sup>	Revised Hours
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	700
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	151
	<b>Total Audit Hours</b>	<b>6,051</b>
<b>Consulting Hours</b>		
Grant, PFC, & CFC Administration <sup>5</sup>	To provide management assistance with grant funding. Assistance is anticipated to be limited to items such as research, interpretation, and application of the federal requirements regarding procurement.	75
	<b>Total Consulting Hours</b>	<b>75</b>

<sup>5</sup>Consulting activity has been carried forward from Fiscal Year 2022.

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT B

Key Work Activity	Objective <sup>1</sup>	Revised Hours
<b>General Audit Hours</b>		
Risk Assessment and Audit Plan <sup>6</sup>	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	232
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits, if needed.	40
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200
Ethics Program <sup>6</sup>	To review ethics policies, perform training, and investigate reported incidents.	300
Recommendation Follow-up <sup>6</sup>	To verify that internal and external audit recommendations have been implemented as intended.	160
Quality Assurance & Improvement Program <sup>6</sup>	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	320
	<b>Total General Audit Hours</b>	<b>1,812</b>
<b>Administrative Hours</b>		
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,390
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,152
	<b>Total Administrative Hours</b>	<b>4,542</b>
	<b>Total Hours</b>	<b>12,480</b>

<sup>6</sup> Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor  
Fiscal Year 2023  
Proposed Audit Plan September 12, 2022

ATTACHMENT B

Key Work Activity	Objective <sup>7</sup>	Revised Hours
<b>Contingent Audit Hours</b>		
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400
Airport Ground Transportation Operations Management	To determine if the privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system are adequate.	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450
Accounts Payable	To determine if the controls related to the Accounts Payable automated payment files are appropriate.	450
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650
Contractor Monitoring	To determine if the AECOM contract is administered appropriately.	500
Asset Management	To determine if computer imaging is administered appropriately.	500
Curfew Violations	To determine if curfew violations are administered appropriately	450
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Employee & Parking Card and Policy Administration	To determine if Parking Cards are administered appropriately.	550
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525
	<b>Total Contingent Audit Hours</b>	<b>5,900</b>

<sup>7</sup> Objective may change based on the preliminary survey performed by the OCA.

# Revision to the Fiscal Year 2023 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting September 12, 2022

# Reasons for Revision



Description	Hours
Tenant Lease Admin. & Management - FY 2022 All Rental Car Companies	50
Terminals & Roadways Cost Controls	250
Tenant Lease Admin. & Management - Avis Budget Car Rental, LLC	75
Harbor Police - FY 2018, 2019, 2020	400
Harbor Police - Authority's Review of Costs	25
Administrative - Benefit	48
<b>Total</b>	<b>848</b>

Description	Hours
Tenant Lease Admin. & Management - Concessionaire Surcharge	(25)
System Security - Web facing sites	(100)
To Be Determined - Construction	(400)
To Be Determined	(323)
<b>Total</b>	<b>(848)</b>

Questions?

# FORVIS

## **San Diego County Regional Airport Authority Audit Committee Training: Role of an Audit Committee Member**

# AGENDA

- Introductions and Firm Background of FORVIS
- What Does It Mean To Be an Audit Committee Member?
- Understanding the Airport Authority's Mission, Vision, and Values
- Conduct Financial Oversight Responsibilities
- Oversee Risk Management Policies, Procedures, and Strategies
- Adhering to Good Governance Standards



# Introductions



**David Coleman, CPA**  
Relationship Partner



**Rachel Ormsby, CPA**  
Director & Lead Audit  
Engagement Executive



**Josh Findlay, CPA**  
Audit Manager

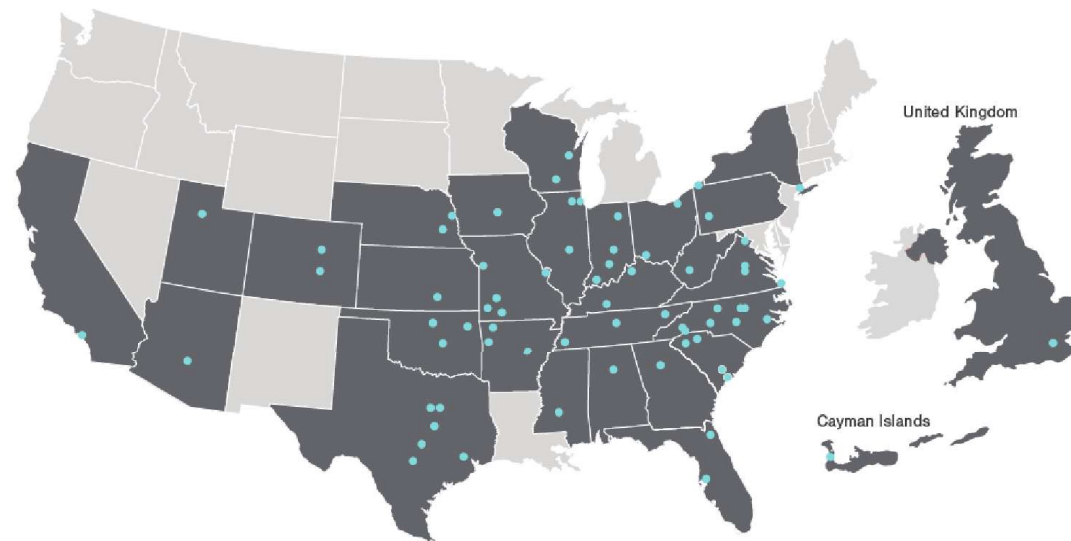
# Firm Background

- FORVIS, LLP ranks among the nation's top 10 professional services firms
- Created by the merger of equals of BKD, LLP and Dixon Hughes Goodman, LLP (DHG)
- Approximately 5,400 dedicated professionals who serve clients in all 50 states
- FORVIS is driven by our commitment to use our forward vision to deliver unmatched client experiences

**FORVIS**

# Firm Background

**As a top 10 firm with true national coverage, we're now exponentially stronger—for the benefit of our clients, our people, and the market of the future.**



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# What Does It Mean To Be an Audit Committee Member?

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# Role As an Audit Committee Member

- Purpose of the Audit Committee
  - Provide structured, systematic oversight of the Authority's governance, risk management, and internal control practices
  - Serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the following:
    - + Internal controls
    - + Financial reporting obligations
    - + Operating efficiencies
    - + Ethical behavior
    - + Attention to cash flows, capital expenditures, regulatory compliance, and operations

# Role As an Audit Committee Member

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

Financial statements  
and public  
accountability  
reporting

# Role As an Audit Committee Member: Operational Responsibilities

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- Meetings, Minutes, and Required Attendance

- Regularly review the Authority's accounting, audit, and performance monitoring processes

- Recommend nomination for an external auditor and compensation and consider at least every 3 years whether there should be a rotation of audit firm or lead partner to ensure continuing auditor independence

- Responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures

- Responsible for overseeing the annual audit by external auditors and any internal audits

- Make recommendations to full Authority Board regarding accounting, audit, and performance monitoring, including external and internal audits

# Role As an Audit Committee Member: Operational Responsibilities

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- Institute special investigations as needed

- Review (at least annually) the Audit Committee Charter and recommend any proposed changes to the Authority Board for approval

- Report to the Authority Board on an annual basis:

Summary of the work the Committee performed during preceding year

Summary of management's progress in addressing results of internal and external audit reports

Details of meetings, including number of meetings held

Information required, if any, by new or emerging governance developments



# Role As an Audit Committee Member: Oversight of the Internal Audit Function



# Understanding the Airport Authority's Mission, Vision, and Values

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# Airport Authority's Mission and Vision

## Mission

- We will plan for and provide air transportation services to the region with safe, effective facilities that exceed our customer expectations. We are committed to operating San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.

## Vision

- Mastering the Art of Airports

# Airport Authority's Values

We recognize the needs of our customers come first

We pursue excellence in all our business processes

We conduct our affairs with honesty and integrity

We provide a safe, secure, quality-oriented, highly efficient environment

We foster an informed, productive, diverse, enthusiastic work force

We believe that continuous learning and personal involvement are job responsibilities

We believe that everyone counts and we count on everyone

# Airport Authority's Strategies

Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner

Achieve the highest level of internal and external customer satisfaction

Be a trusted and highly responsive regional agency

Ensure the highest level of employee commitment and performance

Enhance the financial position of the Airport Authority

# Conduct Financial Oversight Responsibilities

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# Financial Statements and Public Accountability Reporting

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, Annual Comprehensive Financial Report (ACFR), 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

Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards.

# Overview of Annual Comprehensive Financial Report (ACFR)

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information

Statistical Section



# Upcoming GASB Pronouncements

*GASB 87, Leases*  
(Effective for FY2022)

*GASB 94, Public-Private and  
Public-Public Partnerships &  
Availability Payment  
Arrangements*  
(Effective FY2023)

*GASB 96, Subscription-Based  
Information Technology  
Arrangements*  
(Effective FY2023)

# Upcoming GASB Pronouncements – GASB Statement 87, *Leases*

## Summary

- Provides a new framework for accounting for leases under the principle that leases are financings.
- No longer will leases be classified between capital and operating.
- GASB 87 is effective for the Authority's 2022 fiscal year – requiring restatement of earliest period presented, which is as of 7/1/20.

## Potential Impact

- Lessees will recognize an intangible asset and a corresponding liability.
- Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset.
- Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

# Upcoming GASB Pronouncements – GASB Statement 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Agreements (APAs)*

## Summary

- Provides guidance on reporting PPPs and APAs:
  - PPPs: arrangement where government contracts with an operator to provide public services by conveying right to an asset
  - APAs: arrangement where a government compensates an operator for services such as designing, constructing, financing, maintaining or operating an asset
- GASB 94 language and concepts closely mirror the lease guidance provided in GASB 87
- GASB 94 is effective for the Authority's 2023 fiscal year.

## Potential Impact

- Report a PPP asset and a corresponding PPP liability
- Disclose essential information about the arrangement

# Upcoming GASB Pronouncements – GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITA)*

## Summary

- Provides a new framework for accounting for cloud-based computing agreements
- GASB 96 language and concepts closely mirror the lease guidance provided in GASB 87
- GASB 96 is effective for the Authority's 2023 fiscal year.

## Potential Impact

- Recognize a right-to-use IT asset and corresponding subscription liability for SBITA
- Disclose essential information of the arrangement
- Contracts that contain subscription and nonsubscription components will need to be separated so each component is accounted for accordingly

# Oversee Risk Management Policies, Procedures, and Strategies

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# Risk Management Responsibilities



# Cybersecurity

- Continuous Cybersecurity Education
- Business Continuity Plan
- Internal Audits specifically related to IT and Cyber Threats

# Adhering to Good Governance Standards

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# Governance Standards



# Additional Insights and Complimentary CPE

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# FORsights: Complimentary CPE throughout the Year

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ARTICLE

Jun 27, 2022

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### **GASB 87: Leases, What You Need to Know**

Since GASB issued Statement 87, Leases, in June 2017, there have been several updates and one effective date delay. This article provides details.

Tags: [GASB](#), [Assurance](#), [Higher Education](#), [Public Sector](#)



ARTICLE

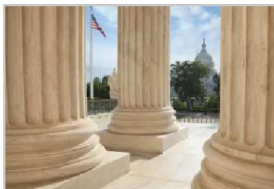
Jun 13, 2022

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### **GASB Issues 2022 Technical Accounting Updates**

This article provides details on a variety of topics addressed with the issuance of GASB Statement 99, Omnibus 2022, in April 2022.

Tags: [GASB](#), [Assurance](#), [Higher Education](#), [Public Sector](#)



WEBINAR

Apr 27, 2022

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ALERT

Mar 31, 2022

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### **GASB 87: Breaking Down Implementation for Airports**

Given the number of leases they enter into each year, airports have a number of items to consider as they prepare to implement GASB 87, Leases.

Tags: [GASB](#), [Assurance](#), [Public Sector](#), [Transportation & Logistics](#), .

# Questions & Answers

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# Thank you!

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