

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL AUDIT COMMITTEE MEETING
MINUTES
THURSDAY, SEPTEMBER 24, 2009
BOARD ROOM**

CALL TO ORDER:

Chairperson Smisek called the special meeting of the Audit Committee and the Special Board Meeting to order at 2:30 p.m., on Thursday, September 24, 2009, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Committee Members: Smisek, Tartre, Van Sambeek, Watkins
 Board Members: Desmond, Finnilla, Gleason, Panknin

ABSENT: Committee Members: Buck, Young, Zettel

ALSO PRESENT: Thella F. Bowens, President/CEO; Amy Gonzalez, Director, Counsel Services;
 Tony R. Russell, Director, Corporate Services/Authority Clerk; Linda Gehlken,
 Assistant Authority Clerk I

PUBLIC COMMENT: None

NEW BUSINESS:

**1. DISCUSSION REGARDING PROPOSED AMENDMENTS TO AUTHORITY
POLICIES 3.30 AND 3.40 BUSINESS, TRAVEL, AND LODGING EXPENSE
REIMBURSEMENT POLICIES:**

Jeffrey Woodson, Vice President, Administration, provided a presentation on the Proposed Revisions to Reimbursement Policies 3.30 and 3.40, which included Background; Staff Task Force Review; Board Comments Summary; Additional Review by Staff; and Recommended and Proposed Revisions.

Amy Gonzalez, Director, Counsel Services, provided legal clarification regarding reimbursement rates for Business, Travel, Meals, Lodging, and other related expenses. She stated that the Board has to decide whether or not to set specific reimbursement rates, and if rates aren't established, the Internal Revenue Service (IRS) rates in Publication 463 will apply. She also stated that the Board should decide whether or not the specific reimbursement rates would apply to employees.

Board Member Finnila expressed concern that an Executive Committee Member's expenses are being approved by another Executive Committee Member. She suggested that all Board Member expenses be approved by the Executive Committee at a public meeting before the trip. She stated that she supports audit review of all travel reimbursements right after the trip.

Board Member Watkins suggested that there be a detailed report of the trip for pre-approval.

Board Member Panknin stated that meal expenses between employees in the local area should not be reimbursable. He suggested that specific expenses eligible for reimbursement be spelled out in the policy for all consultants and employees. He stated that he would like to see a flat per day per diem rate. He also stated that premium flights and trips should be looked at on a case by case basis.

Committee Member Tartre suggested that the Authority's pre-approved "Out-of-Town Travel" forms be revised to include additional information that is currently on the "Travel Reimbursement" forms.

Board Member Watkins stated that the budgeted expenses for any travel should require increased scrutiny; anticipated expenses should be realistic; and pre-approved as much as possible.

Board Member Gleason suggested using a more objective standard to assist with clarity and transparency. He also suggested looking at other agencies and airports to see how this issue is addressed. He stated that he would support the Executive Committee as a whole approving reimbursement expenses, or one specific individual from the Committee. He also stated that the Board needs to look at premium travel, and that he would like to see it as an exception – not the rule.

Board Member Watkins recommended that individuals charged with the responsibility of approving expenses be more stringent and rigorous.

Committee Member Tarte stated that the pre-approval "Out of Town Travel" form could be expanded upon; and that in his experience, all expense reports of executives were audited at the time of occurrence by the audit group.

Committee Member Van Sambeek suggested that there may be a need to look at the purpose of the trip ahead of time.

Board Member Desmond stated that it is important to ensure that there is balance in the process, and that the nature of the airline business should be the driving force behind the Authority's actions.

Thella F. Bowens, President/CEO, suggested that this issue be moved forward to the Board meeting for further discussion.

Board Member Watkins requested that this item be forwarded to the October 1, 2009, meeting, and asked that staff revise the proposed amendments to Authority Policies 3.30 and 3.40 Business, Travel, and Lodging Expense Reimbursement Policies by incorporating the suggestions from today's Audit Committee Meeting.

Board Member Watkins suggested for consideration having all Board Member's planned travel disclosed on the Board's Consent agenda. He stated that this action would be an aid in transparency.

RECOMMENDATION: Forward the attached revisions to Authority Policies 3.30 and 3.40 to the Board for action.

ACTION: Moved by Board Member Watkins and seconded by Chairperson Smisek to forward this item to the October 1, 2009, Board meeting for discussion. Motion carried unanimously, noting Board Members Young and Zettel, and Committee Member Buck as ABSENT.

CLOSED SESSION:

REPORT OUT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

The meeting was adjourned at 4:00 p.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY THIS 18TH DAY OF NOVEMBER, 2009.



MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK