

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY MAY 15, 2017
BOARD ROOM**

CALL TO ORDER: Chair Robinson called the Audit Committee Meeting to order at 10:00 a.m., on Monday, May 15, 2017, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Committee Member Hollingworth led the Pledge of Allegiance.

ROLL CALL:

Present: Committee Members: Gleason, Hollingworth, Robinson (Chair), Schumacher, Tartre

Absent: Committee Members: Sessom, Van Sambeek

Also Present: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Corporate and Information Governance/ Authority Clerk; Martha Morales, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 13, 2017, regular meeting.

ACTION: Moved by Board Member Gleason and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth's ABSTENTION and Board Member Sessom and Committee Member Van Sambeek as ABSENT.

2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2017:

David Coleman, CPA, Director, BKD, LLP, provided a presentation on the Required Communication to Audit Committee on the Financial and Compliance Audit for the fiscal year ended June 30, 2017, which included Engagement Team, Overview, Planned Scope, Planned Timing, Approach to Planning, Revisions to Professional Standards, and Consideration of Errors or Fraud.

In response to Committee Member Hollingworth's inquiry, David Coleman, CPA, Director, BKD, LLP, confirmed that the planned scope included pension funds.

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

ACTION: Moved by Committee Member Tartre and seconded by Board Member Schumacher to approve staff's recommendation. Motion carried unanimously, noting Board Member Sessom and Committee Member Van Sambeek as ABSENT.

3. **FISCAL YEAR 2017 THIRD QUARTER ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:** Fred Bolger, Manager, Audit Services, provided a presentation on the Fiscal Year 2017 Third Quarter Activities Report and Audit Recommendations Issued by the Office of the Chief Auditor, which included Audit Activities, Audits in Progress as of March 31, 2017, Recommendation Follow-Up, Fiscal Year 2017 Measure Outcomes, and Summary of Ethics Inquiries.

Committee Member Tartre stated that it would be helpful if the recommendations that are open or in progress were highlighted, and include a brief status update without having to read the entire document.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information, and provide, if necessary, direction to staff on audit recommendations.

ACTION: Moved by Board Member Gleason and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously, noting Board Member Sessom and Committee Member Van Sambeek as ABSENT.

4. **FISCAL YEAR 2018 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:** Mark Burchyett, Chief Auditor, provided a presentation on the Fiscal Year 2018 Proposed Audit Plan of the Office of the Chief Auditor, which included Risk Assessment Methodology, Audit Activities, Fiscal Year 2018 Audit Coverage, Available Audit Resources, Business Process Audits, Expense Contract Audits, Revenue Contract Audits – Car Rentals, Revenue Contract Audits (Other Lease Contracts), Revenue Contract Audits (Concessions), Annual Ongoing Audits and Support, and Audit Hours Summary.

Committee Member Hollingworth suggested that the Authority consider, as part of its Information Technology program, implementing oversight testing for cyber security that may include sending links to employees that they should not open.

Board Member Gleason recommended that the Audit Committee receive a briefing on the Authority's cyber security protection measures, and if some information is too sensitive, Information and Technology Services work with General Counsel to convey that information in a closed session or an Attorney-Client Communication.

Board Member Robinson agreed that the Committee receive a briefing from Information and Technology Services on cyber security.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed audit plan and forward this item to the Board for approval. *(Requires five (5) affirmative votes of the Audit Committee.)*

ACTION: Moved by Committee Member Tartre and seconded by Board Member Gleason to approve staff's recommendation. Motion carried unanimously, noting Board Member Sessom and Committee Member Van Sambeek as ABSENT.

5. FISCAL YEAR 2018 PROPOSED BUDGET OF THE OFFICE OF THE CHIEF AUDITOR AND FISCAL YEAR 2019 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:

Mark Burchyett, Chief Auditor provided a presentation on the Fiscal Year 2018 Proposed Budget of the Office of the Chief Auditor and Fiscal Year 2019 Proposed Conceptual Budget Expense Summary which included FY 2018 Proposed – 2019 Proposed Conceptual Budget Expense Summary, and Major Drivers of FY 2018 & FY 2019 Proposed Budget.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed budget and forward it to the Board as part of the Authority's Fiscal Year 2018 Budget process for approval.

ACTION: Moved by Board Member Schumacher and seconded by Board Member Gleason to approve staff's recommendation. Motion carried unanimously, noting Board Member's Gleason and Sessom and Committee Member Hollingworth as ABSENT.

CLOSED SESSION: The Committee recessed to Closed Session at 10:47 a.m. to discuss Item 6.

6. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
(Government Code Section 54957)

REPORT ON CLOSED SESSION: The Committee reconvened into Open Session at 11:17 a.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

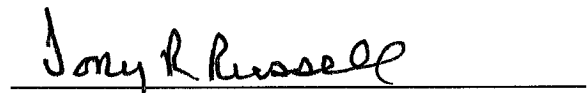
ADJOURNMENT: The meeting adjourned at 11:17 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY THIS 11th DAY OF SEPTEMBER, 2017.



MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:



TONY R. RUSSELL
DIRECTOR OF CORPORATE & INFORMATION
GOVERNANCE/AUTHORITY CLERK