

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
AUDIT COMMITTEE MEETING  
MINUTES  
MONDAY, MAY 14, 2018  
BOARD ROOM**

**CALL TO ORDER:** Chair Robinson called the Audit Committee Meeting to order at 10:00 a.m., on Monday, May 14, 2018, 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 Tartre led the Pledge of Allegiance.

**ROLL CALL:**

Present: Committee Members: Lloyd, Robinson (Chair), Schiavoni, Tartre, West

Absent: Committee Members: Hollingworth, Van Sambeek

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

**NON-AGENDA PUBLIC COMMENT:** None.

**NEW BUSINESS:**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the February 12, 2018, regular meeting.

**ACTION: Moved by Committee Member Tartre and seconded by Board Member West to approve staff's recommendation. Motion carried, noting Board Member Schiavoni's ABSTENTION, and Committee Members Hollingworth and Van Sambeek as ABSENT.**

**2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2018:**

David Coleman, Partner, BKD LLP, provided a presentation on the Financial and Compliance Audit for the Fiscal Year-ended June 30, 2018, which included an Overview; Planned Scope; Planned Timing; Approach to Planning; Revisions to Professional Standards; and Consideration of Errors or Fraud.

In response to Chair Robinson's inquiry regarding how to fully determine risk factors in the IT area, Lee Parravano, Chief Auditor, reported that he has already begun communication with BKD staff to see how to best assess IT risk. He stated that after gathering additional input from BKD and Authority IT staff, he will determine how to best approach the scope of work needed, and provide recommendations.

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

**ACTION: Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation. Motion carried, noting Committee Members Hollingworth and Van Sambeek as ABSENT.**

3. **FISCAL YEAR 2018 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 2018 Third Quarter Audit Activities Report and Audit Recommendations issued by the Office of the Chief Auditor, which included a 3<sup>rd</sup> Quarter Report Overview of Audit Activities, Audits in Progress as of March 31, 2018, Recommendation Follow-up, Status of Recommendations with Estimated Implementation Timeframe, Fiscal Year 2018 Measure Outcomes, and Summary of Ethics Inquiries.

In response to Committee Member Tartre regarding what has caused the lower percentage rate of audits completed to date, Mr. Bolger stated that this area was impacted by both the transition in the Chief Auditor position and the delay from documentation received on some of the audits. He stated that more time than anticipated was required for some of the audits; however, he expressed confidence that the Audit Plan completion rate would meet the expected target goal by the end of the fiscal year.

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 West and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried, noting Committee Members Hollingworth and Van Sambeek as ABSENT.**

**4. FISCAL YEAR 2019 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2019 proposed Audit Plan of the Office of the Chief Auditor, which included Risk Assessment Methodology, Audit Activities, Available Audit Resources, Fiscal Year 2019 Audit Coverage, Business Process Audits, Expense Contract Audits, Revenue Contract Audits, Annual Ongoing, Support, and Other Audits, and Audit Hours Summary.

Chair Robinson requested that a copy of the audit report for Swinerton Builders Inc. on the Parking Plaza construction be provided to each member of the Committee.

In response to Board Member West's recommendation that the Audit Plan be enhanced to include a list of previous audits, what transpired from them, and any future plans as a result of the audit, Mr. Parravano stated that staff would revise future Audit Plans and also that staff will provide the Committee additional insight on the audits completed, by including information related to risk assessment and score/rankings used by OCA staff in its decision making process.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed audit plan and forward it to the Board for approval.

**ACTION: Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation. Motion carried, noting Committee Members Hollingworth and Van Sambeek as ABSENT.**

**5. FISCAL YEAR 2019 PROPOSED BUDGET OF THE CHIEF AUDITOR AND FISCAL YEAR 2020 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:**

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2019 Proposed Budget of the Chief Auditor and Fiscal Year 2020 Proposed Conceptual Budget Expense Summary, which included FY2019 Proposed – 2020 Proposed Conceptual Budget Expense Summary, and Major Drivers of FY2019 and FY2020 Proposed Conceptual Budget.

In response to Committee concerns for assessing risks related to IT operations, Mr. Parravano stated that OCA staff will be looking at other airports to gain insight and will also be considering the hiring of an outside consulting firm to do a risk assessment and provide a punch-list of things to consider as high risk areas. He stated that from this feedback, each risk area identified could be further scrutinized and internally evaluated.

**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 2019 Budget process for approval.

**ACTION:** Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation. Motion carried, noting Committee Members Hollingworth and Van Sambeek as ABSENT.

**NON-AGENDA PUBLIC COMMENT:** None

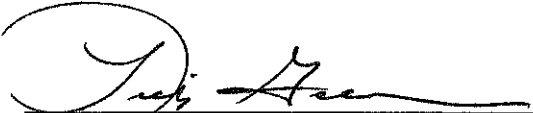
**COMMITTEE MEMBER COMMENTS:** None

**ADJOURNMENT:** The meeting was adjourned at 10:48 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10<sup>th</sup> DAY OF SEPTEMBER, 2018.

  
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LEE PARRAVANO  
CHIEF AUDITOR

ATTEST:

  
\_\_\_\_\_  
for: TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK