Office of the Chief Auditor
Fiscal Year 2022 Annual Report

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

By The Numbers

37
Recommendations Issued

4.4
Auditee Customer Satisfaction Rating

89%
Audit Engagements Completed Under Budget
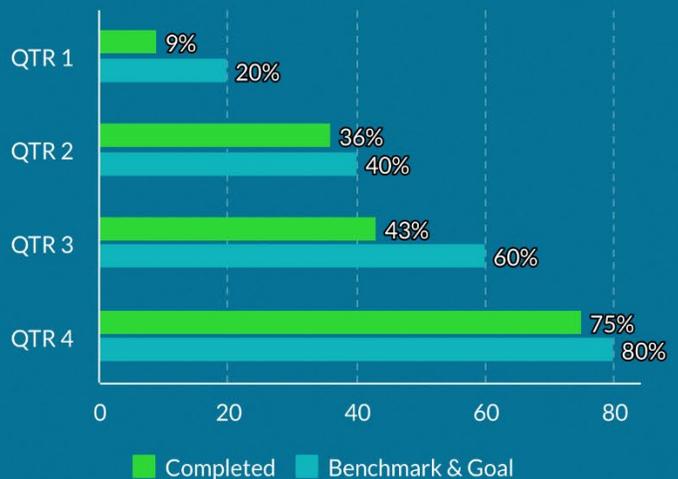
66%
Auditor Utilization Percentage

100%
Recommendations Accepted By Management

Audit Engagement Progress

■ Completed (75%) ■ In Progress (25%)

Audit Engagements Completed vs. Benchmark & Goal

QTR 1: 9% / 20%
QTR 2: 36% / 40%
QTR 3: 43% / 60%
QTR 4: 75% / 80%

0   20   40   60   80

■ Completed   ■ 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 4th 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
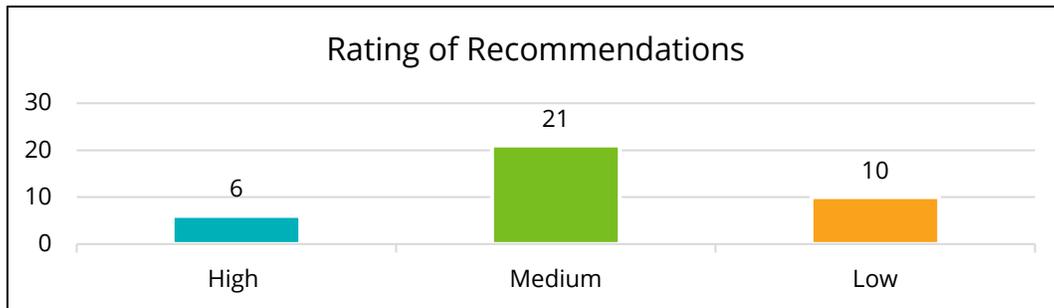
Percentage of Audit and Consulting Engagements Completed

The OCA completed 9 audit reports, or 75%[1], 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.

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[1] 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.[2] 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

	Audit & General Audit Activities	G&A Indirect	G&A Benefit
■ Goal	70%	14%	16%
■ Actual	66%	14%	20%
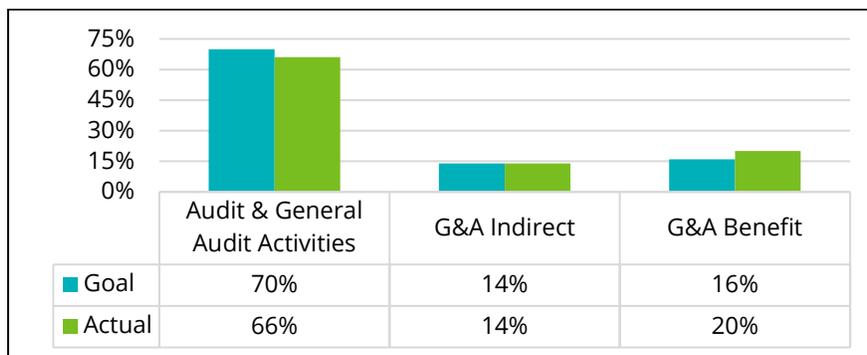
Percentage of Audit and Consulting Engagements Completed within Budgeted Time

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.

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[2] 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[3] 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 risked-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.
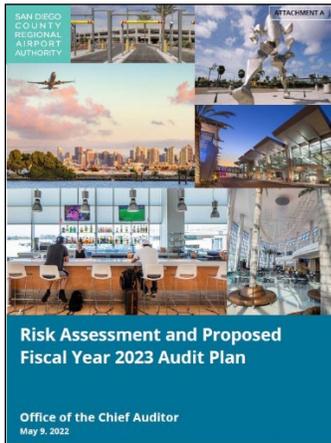
The Griffith Company Pre-Audit Activities

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.

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[3] 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.

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)
Category					
Human Resource, Diversity, and Workplace Respect	17	-	-	-	-
Business Integrity	3[4]	2	-	-	-
Environment, Health and Safety	3[5]	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

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[4] One tip received in this category falls under Authority Code Section 2.16 and is not investigated by the OCA.

[5] 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 implemetation 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 recommendaitons 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)

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.[6]

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[6] 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
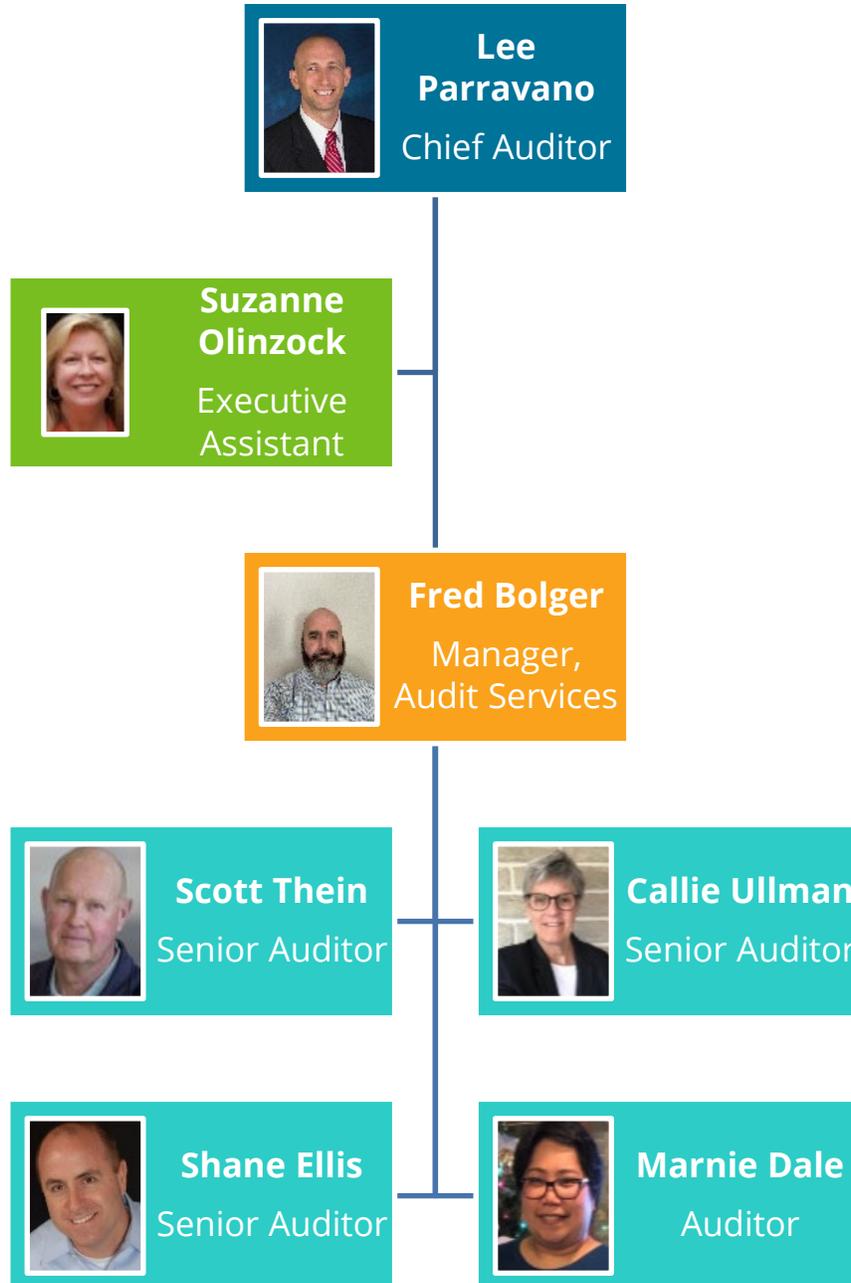- February 7, 2022
- May 9, 2022

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.

Lee Parravano
Chief Auditor

Suzanne Olinzock
Executive Assistant

Fred Bolger
Manager, Audit Services

Scott Thein
Senior Auditor

Callie Ullman
Senior Auditor

Shane Ellis
Senior Auditor

Marnie Dale
Auditor

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.

The Association of Local Government Auditors
Awards this

Certificate of Compliance

to

San Diego County Regional Airport Authority Office of the Chief Auditor

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the *International Standards for the Professional Practice of Internal Auditing* for assurance and consulting engagements during the period July 1, 2013, through June 30, 2018.

Paul Geib
ALGA Peer Review Committee Chair

Kristine Adams-Wannberg
ALGA President

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.
Audit Engagement				
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[7]		
14	Terminals and Roadway Validation Phase Cost Controls	In Progress[7]		
15	Tenant Lease Administration & Management – Food & Beverage 2% Surcharge	In Progress[7]		
	Totals			**37**
Consulting Engagement				
16	Grant, PFC & CFC Administration – Grant Funding	In Progress[7]		n/a
General Audit				
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			
Administrative				
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		

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[7] Engagement was not planned to be completed in Fiscal Year 2022. It has been carried forward to the FY 2023 Audit Plan.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			Completed			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			Completed			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			Completed			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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 receieved, 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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
In Progress						
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
**In Progress**
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2022
			In Progress			
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[8]
			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[9]		100%	100%	100%	100%	100%
Percentage of staff meeting educational requirements[10]			100%	100%	100%	100%
Number of non-CPE training hours per staff[11]				6.1	6.1	6.1
Percentage of staff time spent on audit and consulting engagements and general audit activities[12]			71%	70%	71%	66%
Percentage of audit and consulting engagements completed within budget	86%	52%	45%	59%	86%	89%

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[8] 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.

[9] This performance measure was added in Fiscal Year 2019. Historical information was available for FY 2018 and is included for reference.

[10] This performance measure was added in Fiscal Year 2019.

[11] This performance measure was added in Fiscal Year 2020.

[12] Beginning in Fiscal Year 2019 all staff hours (audit, consulting, general audit hours, and administrative hours) 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

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