

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



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PRESIDENT/CEO
THELLA F. BOWENS

AUDIT COMMITTEE and SPECIAL BOARD MEETING * AGENDA

Monday, February 10, 2014
10:00 A.M.

San Diego International Airport
Commuter Terminal -- Third Floor
Board Room
3225 N. Harbor Drive
San Diego, CA 92101

This Agenda contains a brief general description of each item to be considered. If comments are made to the Board 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.

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate Services and are available for public inspection.

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.***

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

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Committee Members: Gleason, Hollingworth, Hubbs, Sessom, Smisek, Tartre,
Van Sambeek

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 Committee. 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 Board.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 18, 2013, regular meeting.

2. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2014 SECOND QUARTER, AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

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.

Presented by: Mark Burchyett, Chief Auditor, and Fred Bolger, Manager, Audit Services

3. CONSTRUCTION AUDIT STATUS REPORT:

RECOMMENDATION: Staff recommends that the Audit Committee accept the report.
Presented by: Callie Ullman, Senior Auditor

4. REVISION TO THE FISCAL YEAR 2014 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

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

Presented by: Fred Bolger, Manager, Audit Services

CLOSED SESSION:

REPORT ON CLOSED SESSION:

NON-AGENDA PUBLIC COMMENT:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

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 complete 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 complete 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 limited to eighteen (18) minutes and 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. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 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. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 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.
- 6) 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) 400-2400 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.

For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Commuter Terminal. Bring your ticket to the third floor receptionist for validation.

You may also reach the Commuter Terminal 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.

UPCOMING MEETING SCHEDULE

| <i>Date</i> | <i>Day</i> | <i>Time</i> | <i>Meeting Type</i> | <i>Location</i> |
|-------------|------------|-------------|---------------------|-----------------|
| May 12 | Monday | 10:00 a.m. | Regular | Board Room |
| August 18 | Monday | 10:00 a.m. | Regular | Board Room |
| November 17 | Monday | 10:00 a.m. | Regular | Board Room |

2013, reports that included Auditor Responsibilities; Communications to the Audit Committee; Types of Deficiencies in Internal Control; Specific Findings Applicable to the Authority; Current Assets as of June 30, 2013; Noncurrent & Restricted Assets, and Deferred Outflows of Resources as of June 30, 2013; Current Liabilities as of June 30, 2013; Noncurrent Liabilities as of June 30, 2013; 2011-2013 Total Net Position; 2013 Operating Revenue; 2013 Operating Expenses; Investments as of June 30, 2013; Capital Asset Activity for the Fiscal Year Ended June 30, 2013; Debt Activity for the Fiscal Year Ended June 30, 2013; 2013 Federal Expenditures; and Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) Activity for the Fiscal Year Ended June 30, 2013.

Board Member Gleason requested that the information in Note 1, Notes to Financial Statements, relating to Reclassifications, in the Financial Report (Attachment A), be expanded to include that these were necessary due to changes in State accounting methods and terminology; and the information in Note 11, Lease Commitments, include a notation separating the "Building Lease" information from other Lease Commitments.

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

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

3. REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2013:

Vernon Evans, Vice President, Finance/Treasurer, provided an overview of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2013.

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

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

4. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2014 FIRST QUARTER, AND REPORT ON AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

Fred Bolger, Manager, Audit Services, provided a presentation that included Audit Activities; Audits in Progress; Recommendation Follow Up; Fiscal Year 2014 Performance Measure Outcomes; and Summary of Ethics Inquiries.

In response to Board Member Gleason regarding an update on the Aircraft Rescue & Fire Fighting Expense Billings Audit Report No. 13026, and the amount owed to the Authority from the City of San Diego, Thella F. Bowens, President/CEO, stated that the Authority and the City of San Diego are in the process of finalizing the issue. She stated that the City of San Diego has reviewed and accepted the Audit recommendations from the past audit results, and is expected to generate a letter rescinding the 180 days' notice to cancel the contract.

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 Committee Member Tartre and seconded by Board Member Hubbs to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth as ABSENT.

5. SELECTION OF INDEPENDENT ASSESSOR TO PERFORM QUALITY ASSESSMENT REVIEW OF THE OFFICE OF THE CHIEF AUDITOR:

Mark A. Burchyett, Chief Auditor, provided a presentation that included an overview of the Quality Assessment Review (QAR) Requirement; External QAR Assessor Qualifications; Association of Local Government Auditors (ALGA); ALGA QAR Costs, and a Request for Audit Committee Action.

RECOMMENDATION: Staff recommends that the Audit Committee approve the Quality Assessment Review engagement with the Association of Local Government Auditors.

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

CLOSED SESSION: None

REPORT ON CLOSED SESSION: None

COMMITTEE MEMBER COMMENTS: Board Member Gleason requested that reports be provided to the Committee and/or Board relating to, 1) the expiration of the Commercial Paper Program; and, 2) the terminating contract of the external auditor. He also requested that the Board be provided with a report regarding bond covenants.

ADJOURNMENT: The meeting was adjourned at 10:55 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10TH DAY OF FEBRUARY, 2014.

MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE

Item No.
2

Meeting Date: **FEBRUARY 10, 2014**

Subject:

**Quarterly Audit Activities Report – Fiscal Year 2014 Second Quarter, and
Audit Recommendations Issued by the Office of the Chief Auditor**

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.

Background/Justification:

The Charter of the Office of the Chief Auditor (OCA), as approved by the Board, established the roles, responsibilities, and working relationship of the Chief Auditor with the Audit Committee and Authority management. The Charter directs the Office of the Chief Auditor to provide periodic communications and presentations to the Audit Committee with respect to management's systems of control, audit findings, management's responses, and including any steps adopted to resolve a noted issue.

The attached Fiscal Year 2014 Second Quarter Report (Attachment A), hereby filed by the Chief Auditor, summarizes the activities and accomplishments of his office from October 1, 2013, through December 31, 2013.

During the second quarter, the Office of the Chief Auditor completed five (5) audits of the Fiscal Year 2014 Audit Plan and issued three (3) recommendations. The implementation status of audit recommendations issued by the Office of the Chief Auditor is detailed in Appendix C of the activity report.

Fiscal Impact:

None

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

1. This Board action, as an administrative 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.
2. This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not applicable

Prepared by:

MARK A. BURCHYETT
CHIEF AUDITOR



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
OFFICE OF THE CHIEF AUDITOR

FY14 SECOND QUARTER REPORT

January 30, 2014



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

January 30, 2014

FY14 Second Quarter Report

Tom Smisek, Chair
Audit Committee
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, California 92138-2776

Dear Mr. Smisek:

As requested by the Audit Committee, we present our Fiscal Year 2014 Second Quarter Report. The report details the audit and the administrative activities of the Office of the Chief Auditor (OCA) during the second quarter of FY14, and includes the resolutions of past audit findings and information regarding the future plans of the OCA.

The Second Quarter Report will be presented at the next Audit Committee meeting, scheduled for February 10, 2014.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Mark A. Burchyett".

Mark A. Burchyett
Chief Auditor

Audit Results

During the second quarter, the OCA continued to work on audits contained within the FY14 audit plan as authorized by the Audit Committee. In total, during the second quarter, the OCA completed five (5) audits. For the month of December, we issued one (1) audit report, for which an audit snapshot is located in Appendix A. The audit report included one recommendation, bringing the total recommendations issued during the second quarter to three (3). The completed audits are listed in Figure 1 below and the status of recommendations is presented on Page 3.

Figure 1: Audits Completed During the Second Quarter of Fiscal Year 2014

| Audit | Report No. | Date | Type of Audit |
|-----------------------------------|-------------------|-------------|----------------------|
| Bradford Airport Logistics | 14007 | 10/18/2013 | Expense Contract |
| Sky Chefs, Inc. dba LSG Sky Chefs | 14022 | 10/29/2013 | Revenue Contract |
| Landmark Aviation GSO-SAN, LLC | 14021 | 11/15/2013 | Revenue Contract |
| Abadjis Systems, Ltd. | 14010 | 11/22/2013 | Expense Contract |
| DAL Global Services, LLC | 14019 | 12/4/2013 | Revenue Contract |

In addition to the completed audits, the Office of the Chief Auditor had 13 audits in progress as of December 31, 2013, as shown in Figure 2 below:

Figure 2: Audits In-Progress as of December 31, 2013

| Audit | Type of Audit |
|---|----------------------|
| Aircraft Rescue & Fire Fighting (ARFF) | Expense Contract |
| Airport Lost and Found | Internal Process |
| Bi-Annual Airline Landing Fees | Revenue Contract |
| DTG Operations, Inc. | Revenue Contract |
| Human Resources Services Performance | Internal Process |
| Merriwether Williams Insurance Services | Expense Contract |
| Nevada Lease and Rental, Inc. dba Payless Car Rental System | Revenue Contract |
| Porter Novelli, Inc. | Expense Contract |
| San Diego Unified Port District Billing | Expense Contract |
| Simply Wheelz, LLC dba Advantage Rent-A-Car | Revenue Contract |
| Social Media Control and Performance | Internal Process |
| Timekeeping Payroll | Internal Process |
| The Hertz Corporation | Revenue Contract |

Of the 13 in-progress audits above, three (3) draft audit reports had been issued to the affected Departments for review and comment.

Recommendation Follow-Up

To ensure that audit issues are addressed in a timely manner, the OCA tracks the status of its recommendations on an on-going basis. For the last month in the quarter, the OCA tracked the implementation status of 15 recommendations that were issued during FY14, or were outstanding as of June 30, 2013. As shown by Figure 3 below, seven (7) of the recommendations have been completed or implemented and one (1) recommendation wasn't accepted by Management, while seven (7) remain outstanding.

See Appendix C for a complete listing of all outstanding recommendations and their status.

Figure 3: Status of Recommendations as of December 31, 2013

| Recommendations: | | | | |
|-------------------------|------------------|--------------------|-------------|---------------------|
| Tracked | Completed | In Progress | Open | Not Accepted |
| 15 | 7 | 7 | 0 | 1 |

In tracking recommendations the OCA uses the following designations:

- **Completed:** This designation is used for recommendations that the OCA has determined to be adequately implemented or for recommendations where alternate action was taken that adequately addresses the risk identified.
- **In Progress:** These recommendations have been partially addressed or partial corrective action has been taken. If adequate progress is not being made, it will be noted as such.
- **Open:** This category of recommendations have not yet been addressed. Usually, this designation is used when there has not been adequate time between report issuance and recommendation follow-up.
- **Not Accepted:** This designation is used for recommendations that an auditee does not accept and, therefore, will not implement. This category can represent a failing on the part of the OCA, as all recommendations should be workable and acceptable to the affected departments.

It appears that adequate progress is being made with the majority of recommendations, and the OCA will continue its monthly updates of their status. Specifically, the non-completion of the "In Progress" recommendations should not have a material adverse effect on the Authority.

Non-Audit Activities

Along with the audit activities detailed above, the OCA continues its involvement in several non-audit projects and activities. Specifically, during the second quarter of FY14 the OCA was involved in the following:

Audit Committee:

The Audit Committee met on November 18, 2013. At that meeting the external auditor's audit reports were presented on the Authority's financials for the Fiscal Year ended 2013. Additionally, the Committee received an update on the Construction Audit activity and the OCA's annual activity report, and presented the Audit Committee's annual report. The next meeting is scheduled for February 10, 2014.

Construction Audit Activity:

For the second quarter of Fiscal Year 2014, the OCA continued its Construction Audit activity separate from its Annual Audit Plan. The R. W. Block Consulting, Inc. contract was extended until May 2014 to provide additional advice and guidance as needed. Roy Block presented an overview of all the consulting work completed under the contract to the Capital Improvement Program Oversight Committee (CIPO) on January 21, 2014.

During the quarter, the OCA Construction Auditor continued reviewing the Turner-PCL-Flatiron contract with the concentration of audit work on the compliance with the requirements of the related FAA grants and the Other Transaction Agreement with the Department of Homeland Security. Through attendance at the Capital Improvement Committee meetings and the Northside Development Stakeholder meetings, the OCA Construction Auditor provides assistance in ensuring compliance with Federal requirements through continuing auditing of ongoing and planned projects.

The OCA Construction Auditor remains involved with issues identified by the Airport Design and Construction team and Authority Management, giving assistance and attending meetings specific to the aspects of the Authority's construction activity. A formal update is presented to the Audit Committee and the Capital Improvement Program Oversight Committee during regularly scheduled meetings.

Ethics Compliance Program:

The OCA continues to man the Authority hotline system including e-mail and voicemail. See Appendix B, Ethics Hotline Call Summary, for a listing of calls received during the quarter.

Staffing:

In December, the new Auditor focusing on airport concessions began working for the OCA. He has already developed an initial audit program for the auditing of airport concessionaires and will begin audit projects in January.

Performance Measures

The OCA establishes performance measures each year to provide a benchmark to gauge its success. The five (5) performance measures for FY14, along with their current status, are detailed below in Figure 4.

Figure 4: Status of Performance Measures as of December 31, 2013

| Performance Measure | Goal | Progress as of December 31, 2013 |
|---|------------------|----------------------------------|
| Percentage of the audit plan completed annually | 100% | 39% |
| Additional revenue/cost savings identified through audits | n/a | \$489,096 |
| Percentage of staff time spent on audit activities | 80% ¹ | 86% |
| Percentage of audits completed within budgeted time | 80% | 78% |
| Implementation of Recommendations | 90% | 64% |

Percentage of the audit plan completed annually: This measure provides information on what has been accomplished regarding the planned audit projects for the year. To date the OCA has completed 39% of the plan and an additional 32% of the audit plan is currently in-progress. We also have established quarterly goals for the completion of our audit plan. For the second quarter, we had a completion goal of 55% of the audit plan. We fell short of this goal as the result of initiating two (2) time consuming audits ahead of schedule and prior to completing some in-progress audits. Regardless, we should be able to meet our third quarter goal of completing 76% of the plan by March 31, 2014.

Additional revenue/cost savings identified: While the value of an audit cannot be adequately assessed by this performance measure, it does provide quantifiable values for completed audits. During the first two quarters we identified a net total of \$489,096 as shown in the figure below and the Soft Savings estimate as of December 31, 2013, in Figure 6.

Figure 5: Additional Revenue and Cost Savings Identified through Audit Activity

| Audit Report | Title | Amount Identified |
|--------------|--|-------------------|
| 13026 | Aircraft Rescue & Fire Fighting Expense Billings – FY 2011 and FY 2012 | \$430,408 |
| 13033 | San Diego Unified Port District Billings - FY 2012 | \$56,109 |
| 14021 | Landmark Aviation GSO-SAN, LLC | \$2,579 |
| Total | | \$489,096 |

¹ This percentage is the percentage of time staff spends on audit projects, construction audit activities, training, and the ethics program, vs. total staff time worked.

Figure 6: Soft Savings Estimate as of December 31, 2013

| Audit | Savings | Comments | Status |
|---|------------------|--|--|
| <p>AECOM Expense Review</p> <p>Report #: 13030 Type: Annual</p> | <p>\$231,270</p> | <p>Twenty-eight (28) staff continue to work as consultants in FDD under the three new on-call program management and support service providers. Of these, twelve (12) consultants have been working at the Authority for more than five years, two of which have been employed since the Authority split from the San Diego Unified Port District on January 1, 2003. Assuming the 3 positions that have been contracted out since 2003 could be transitioned to Authority employees, at a savings of \$77,090² per year, the total annual savings would be \$231,270 (3 * \$77,090).</p> | <p>Management is evaluating this observation, but there are no plans or actions being taken to date.</p> |
| <p>San Diego Unified Port District Billings – FY12</p> <p>Report #: 13033 Type: Annual</p> | <p>\$37,000</p> | <p>We recommended that the Authority contract with a local mechanic to perform the service and maintenance needed on the Harbor Police Department (HPD) Airport vehicles. The maintenance and repair services provided by the District's General Services personnel at the rate of \$137 per hour appear to be excessive, and should be discontinued in favor of an external service provider. Assuming 1,000 hours of maintenance, and assuming that services could be obtained at a rate of \$100 per hour, cost savings would be \$37,000 ($[(137-100) * 1,000]$).</p> | <p>The Aviation Security & Public Safety Department will research the cost/ benefit of contracting with a local mechanic to perform the maintenance needed on HPD Airport vehicles to determine potential cost savings, as well as repair/ maintenance quality and timeliness.</p> |

² In previous audits we noted that the cost savings of Authority employees versus various Consultants was between \$4,938 and \$149,242 per position, resulting in an average savings per position of \$77,090.

| Audit | Savings | Comments | Status |
|--|---------------------------------------|---|---|
| <p>ASIG – Aircraft Service International Group, Inc. (Special Request)</p> <p>Report #: 13036 Type: On-Time</p> | <p>\$2,620</p> | <p>Aircraft Service International Group, Inc. (ASIG) inquired with the AvCom Department regarding possible errors in the calculations of license and fuel flowage fees during 2010, 2011, and 2012. AvCom requested the OCA conduct an audit to verify accuracy of fees paid during the 3-year period. After preliminary audit work and records requests from the OCA to ASIG, ASIG did not pursue the claim of overpayments made and did not provide the financial reports and supporting documentation. Therefore, OCA did not conduct any further work on the special request audit.</p> | <p>OCA considers the special request audit completed, and ASIG has dropped its claim.</p> |
| <p>Abadjis Systems Ltd.</p> <p>Report #: 14010 Type: Expense Contract</p> | <p>\$564,676³ annually</p> | <p>We noted that many of the employees working for Abadjis had been working at the Authority for several years. We noted that nothing in Authority Policy limits the length of time contractors may work at the Authority, and that contractors may work at the Authority indefinitely, if contracts are renewed or extended, at rates higher than Authority staff. We recommend that Management consider amending Authority Policy to limit the amount of continuous time an individual contractor may work at the Authority. The limit could be by time, contract, and/or project. The limit could provide an opportunity to evaluate whether the contractor's services are required on a temporary or permanent basis.</p> | <p>The current Program Management put in place in May of 2011 uses 3 firms to provide staff support for the Authority's Capital Improvement Program (CIP). This approach enables the Authority to mobilize or demobilize staff to meet the demands of the CIP program. FDD identified 7 positions that are intended as long-term type Authority positions slated to replace consultant positions. These positions are: 1 Senior Program Manager, 3 Project Managers, 1 Cost Analyst, and 2 Labor Compliance Specialists (Technician I and II). FDD will continuously evaluate the staffing needs in support of the implementation of the CIP by evaluating the projects' manpower, and by evaluating the department staffing needs six months prior to the expiration date of contracts, to determine whether the positions should be retained by the Authority or be augmented by the consultants.</p> |
| <p>Total Soft Savings:</p> | <p>\$835,566</p> | | |

³ Calculation: Average cost saving from 5 positions (417.66/hour) * 2080 hours * 65% utilization.

Percentage of staff time spent on audit activities: This measure helps ensure that the OCA spends an adequate amount of time on audit activities rather than administrative activities. To date, the OCA is over its current goal of 80%.

Percentage of audits completed within budgeted time: This category monitors how efficient audit staff is in performing their audits. Specifically, audit staff is held accountable to the internally prepared audit budgets for each project. However, it recognizes that budgets may need adjustment(s) as additional facts become known during an audit. For the fiscal year to date, the OCA has completed 78% of its projects within the budgeted amount of time.

Implementation of Recommendations: This goal measures the value that the OCA is providing to the Authority by measuring how audit recommendations have impacted the Authority. For the fiscal year, 16 of 25 recommendations were implemented. Additionally, two (2) recommendations have been deemed “Not Accepted by Management” during the fiscal year. While the percentage of implemented recommendations appears under our goal, we are on track to achieve the goal, because we aim to have 90% of our recommendations implemented within the year.

Going Forward

For completion during the third quarter of FY14, the OCA has targeted all of the audits currently in progress, as well as two (2) additional audits. The completion of these audits will result in the accomplishment of 76% of the FY14 audit plan. Figure 7 identifies the audits scheduled for completion in the third quarter.

Figure 7: Audits Scheduled for Completion in the Third Quarter of Fiscal Year 2014

| Audit | Type of Audit |
|---|------------------|
| Aircraft Rescue & Fire Fighting (ARFF) | Expense Contract |
| Airport Lost and Found | Internal Process |
| Bi-Annual Airline Landing Fees | Revenue Contract |
| DTG Operations, Inc. | Revenue Contract |
| Emergency Medical Technician-Paramedic Services | Expense Contract |
| Host International, Inc. (FSP 1) | Revenue Contract |
| Human Resources Services Performance | Internal Process |
| Merriwether Williams Insurance Services | Expense Contract |
| Nevada Lease and Rental, Inc. dba Payless Car Rental System | Revenue Contract |
| Porter Novelli, Inc. | Expense Contract |
| San Diego Unified Port District Billing | Expense Contract |
| Simply Wheelz, LLC dba Advantage Rent-A-Car | Revenue Contract |
| Social Media Control and Performance | Internal Process |
| Timekeeping Payroll | Internal Process |
| The Hertz Corporation | Revenue Contract |

DAL Global Services, LLC

Report Number 14019, December 2013

Background

The San Diego County Regional Airport Authority (Authority) entered into a Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling & Airline Support Services (License) at San Diego International Airport (SDIA) with DAL Global Services, LLC (DGS) that has a five (5) year term from January 1, 2013, through December 31, 2017. The License allows DGS to provide various services and products to tenants at SDIA. In exchange for offering services at SDIA, the License requires DGS to pay a license fee to the Authority that is the greater of a monthly minimum of \$250 or eight (8) percent of gross income from all of DGS's operations within or from SDIA. During the audit period from July 1, 2007, through September 30, 2013, DGS paid \$1,171,248 in license and late fees. The Aviation and Commercial Business Department (AvCom) manages all Licenses for the Authority.

The objective of the audit was to ensure that DGS was properly reporting, calculating, and remitting the correct license fees to the Authority as required by the License and to ensure that DGS was operating in full compliance with the terms of the License.

Finding #1: Security Deposit Amount is Not Sufficient

DGS's current security deposit amount is \$40,000 in the form of an irrevocable standby letter of credit (LOC). Section 7 of the Ground Handling License states:

"A security deposit in the sum of \$1,000 or an amount equal to three (3) months license fees, whichever is greater, shall be provided to the Authority by Licensee concurrently with Licensee's execution of this License."

DGS's monthly sales have been steadily increasing during calendar years 2012 and 2013. As a result, DGS's twelve (12) month average license fees paid to the Authority from October 2012, through September 2013 is \$65,700. Therefore, the current security deposit amount of \$40,000 is \$25,700 short of the current LOC amount.

Recommendation #1: The Aviation and Commercial Business Department (AvCom) should request that DGS increase the Letter of Credit amount by at least \$25,700 to a total of \$65,700 to comply with Section 7 of the Ground Handling License.

Recommendation Status: *Completed*

**Ethics Hotline Call Summary
October - December, 2013**

| | Number of Reports Received | Number Received Anonymously | Details Support Potential Code Violation (Ethics or Workplace) | Investigation of Concern | Response (email or phone to non-anonymous reports) |
|------------------------------------|----------------------------|-----------------------------|--|--------------------------|--|
| Code of Ethics Concerns | | | | | |
| Potential Misuse of Public Funds | | | | | |
| <i>New Construction</i> | 17 | 6 | 0 | n/a | 11 |
| <i>Advertising</i> | 9 | 4 | 0 | n/a | 5 |
| <i>Terminal 2 Gala</i> | 3 | 3 | 0 | n/a | 0 |
| Potential Misuse of Resources | | | | | |
| <i>Timekeeping</i> | 1 | 1 | 1 | Yes (1) | 0 |
| Employee Holiday Party - Funds | 12 | 12 | 0 | n/a | 0 |
| Non Ethics Related Concerns | | | | | |
| Aircraft Noise | 9 | 7 | 0 | n/a | 2 |
| ATO Practices and Behavior | 8 | 5 | 0 | n/a | 3 |
| TSA Practices and Behavior | 4 | 2 | 0 | n/a | 2 |
| Workplace Concerns | | | | | |
| United Way | 29 | 21 | 0 | n/a | 8 |
| Workplace Practices/Behavior | 7 | 6 | 0 | n/a | 1 |
| Workplace Equitability | 6 | 5 | 0 | n/a | 1 |
| Volunteer Opportunity Emails | 6 | 6 | 0 | n/a | 0 |

(1) Issue still under investigation.

| Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2013 | OCA's Assessment | Estimated Completion Date |
|----------------------------------|--|------------|---------------------------------------|---|--|--------------------|---------------------------|
| GROUND TRANSPORTATION DEPARTMENT | Audit Report #11032 dated February 4, 2011, Taxicab Cost Recovery Program | 20 | Impact: 10 Probability: 10 | To ensure the accurate recording of all ground transportation activities at SDIA, the Ground Transportation Department should upgrade or replace the Automated Vehicle Identification (AVI) system. Once the AVI system is updated or replaced, the trip fee payment process should be automated. The AVI system data would be uploaded daily to a website accessible to the taxicab operators to allow them to track and download the trip data per taxicab. Monthly, the Ground Transportation Department would lump sum bill the activity to the taxicab companies. This would eliminate an unnecessary risk of misappropriation of Authority assets and the reliance on LPI employees to properly record and account for the collections. | The AVI system has been designed. It should be installed in either Q4 2014 or in Q1 2015 and operational in the following quarter. | In Progress | 1Q 2015 |
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #13026 dated July 1, 2013, Aircraft Rescue & Fire Fighting Expense Billings - FY2011 and FY2012 | 18 | Impact: 9 Probability: 9 | We recommend that Airside Ops require the City of San Diego to provide the supporting documentation annually with the Cost Allocation Plan (CAP). Airside Ops can then analyze the costs to ensure those included in the CAP meet the standards of the FAA Policy in a more timely manner. | Airside Operations will request that the City provide the CAP along with the annual cost allocation plan. | Completed | N/A |
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #13026 dated July 1, 2013, Aircraft Rescue & Fire Fighting Expense Billings - FY2011 and FY2012 | 18 | Impact: 10 Probability: 8 | We recommend that Airside Ops notify the City of San Diego concerning the Fiscal Years 2011 and 2012 over-billings for overhead costs and determine the most appropriate method to receive the \$430,408 owed to the Authority. | The credit has been invoiced to the City and will be applied upon completion of the FY 13 ARFF audit currently being conducted by the OCA. | In Progress | Feb-14 |

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

| Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2013 | OCA's Assessment | Estimated Completion Date |
|-------------------------------|--|------------|--------------------------------------|---|--|--------------------|---------------------------|
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #11024 dated December 5, 2012, Aircraft Rescue & Fire Fighting Expense Billings - FY 2010 | 17 | Impact: 10 Probability: 7 | We recommend that the Airside Operations Department (OPS) notify the City concerning the Fiscal Year 2010 over-billing for ARFF services and determine the most appropriate method for the Authority to receive the additional \$222,823 owed to the Authority. | The credit has been invoiced to the City and will be applied upon completion of the FY 13 ARFF audit currently being conducted by the OCA. | In Progress | Feb-14 |
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #11024 dated December 5, 2012, Aircraft Rescue & Fire Fighting Expense Billings - FY 2010 | 16 | Impact: 9 Probability: 7 | We recommend that the Airside Operations Department (OPS) notify the City concerning the Fiscal Year 2010 over-billing for overhead costs and determine the most appropriate method for the Authority to receive the \$160,139 owed to the Authority. | The credit has been invoiced to the City and will be applied upon completion of the FY 13 ARFF audit currently being conducted by the OCA. | In Progress | Feb-14 |
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #13026 dated July 1, 2013, Aircraft Rescue & Fire Fighting Expense Billings - FY2011 and FY2012 | 16 | Impact: 8 Probability: 8 | Airside Ops should obtain a detailed explanation of the calculation of the benefit rate for each level of ARFF personnel used for billing purposes each year. Due to the variances noted in the FY 2011 and FY 2012 audit, we recommend this rate should be compared to the actual cost of the ARFF personnel for at least one invoice every six months to determine the reasonableness of the rate for the hours billed compared to the actual cost of the benefits. | The City provided this information to the Authority on October 25, 2013, and the Authority Office of the Chief Auditor (OCA) is reviewing the calculations. Once agreed to by the OCA and the City, this rate will be used in future ARFF invoices. At least once every six months, this rate will be compared to the actual costs to determine reasonableness of the rate for hours billed compared to the actual cost of benefits. | Completed | N/A |

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

| Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2013 | OCA's Assessment | Estimated Completion Date |
|-----------------------------------|--|------------|-----------------------------|--|--|------------------|---------------------------|
| AVIATION SECURITY & PUBLIC SAFETY | Audit Report #13033 dated August 26, 2013, San Diego Unified Port District Billings - Fiscal Year 2012 | 16 | Impact: 8 Probability: 8 | We recommend that the Aviation Security & Public Safety Department notify District staff concerning the Fiscal Year 2012 under-billing for Harbor Police Department services and determine the most appropriate method for the Authority to remit the additional \$747,237 owed to the District. | The Authority paid the Port District for the underbilling in December 2013. | Completed | N/A |
| GROUND TRANSPORTATION DEPARTMENT | Audit Report #12001 dated April 25, 2012, Public Parking | 15 | Impact: 8 Probability: 7 | Policies and procedures should be developed and instituted by Ground Transportation, the Planning and Operations division, and the Finance Division regarding all areas of public parking management. | The policies and procedures are in development. Currently, they are in a draft form. | In Progress | June 2014 |

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

| Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2013 | OCA's Assessment | Estimated Completion Date |
|---|--|------------|-----------------------------|--|---|------------------|---------------------------|
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #13026 dated July 1, 2013, Aircraft Rescue & Fire Fighting Expense Billings - FY2011 and FY2012 | 14 | Impact: 7 Probability: 7 | We recommend that Airside Ops require the City of San Diego to maintain an accurate TeleStaff Report for the ARFF station on a daily basis. This report should be submitted monthly with the ARFF services invoice as supporting documentation of the actual staffing for which the City is billing. | ARFF staffing is documented on a daily basis. The documentation is reviewed on a monthly basis for each ARFF invoice period. The hourly wages, overtime and labor load for each staff position is also provided by the City on an annual basis. Airside Operations uses this documentation to verify the monthly ARFF labor reimbursements. Airside Operations does not have access to, or any authority over the City TeleStaff system and, as such, cannot establish management requirements for this City system and associated records. | Completed | N/A |
| AVIATION & COMMERCIAL BUSINESS DEPARTMENT | Audit Report #13025 dated April 23, 2013, GAT Airline Ground Support Services, Inc. | 13 | Impact: 6 Probability: 7 | The Aviation and Commercial Business Department should initiate a request to Accounting to invoice GAT for \$42,737 for underpayment of license fees due to underreporting of revenue from July 2007 through April 2008. | GAT remitted payment for the full amount of the audit finding. | Completed | N/A |

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

| Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2013 | OCA's Assessment | Estimated Completion Date |
|---|--|------------|-------------------------------------|---|--|--------------------------------|---------------------------|
| FACILITIES DEVELOPMENT DEPARTMENT | Audit Report #14010 dated November 22, 2013, Abadjis Systems, Ltd. | 13 | Impact: 7 Probability: 6 | We recommend that Management consider amending Authority Policy to limit the amount of continuous time an individual contractor may work at the Authority. The limit could be by time, contract, and/or project. The limit could provide an opportunity to evaluate whether the contractor's services are required on a temporary or permanent basis. | - | - | - |
| AVIATION & COMMERCIAL BUSINESS DEPARTMENT | Audit Report #13025 dated April 23, 2013, GAT Airline Ground Support Services, Inc. | 12 | Impact: 5 Probability: 7 | The Aviation and Commercial Business Department should initiate a request to Accounting to invoice GAT for \$9,164 for underpayment of license fees due to revenue adjustments identified by GAT for the length of the audit period. | GAT remitted payment for the full amount of the audit finding. | Completed | N/A |
| AIRSIDE OPERATIONS DEPARTMENT | Audit Report #13026 dated July 1, 2013, Aircraft Rescue & Fire Fighting Expense Billings - FY2011 and FY2012 | 11 | Impact: 6 Probability: 5 | We recommend that the Operations Division consider adding a Senior Contract Administrator/Analyst position specifically dedicated to management of the local government contracts. | The Operations Division stated that current staff could handle the management of local government contracts. | Not accepted by auditee | N/A |
| AVIATION AND COMMERCIAL BUSINESS DEPARTMENT | Audit Report #14019 dated December 4, 2013, DAL Global Services, LLC | 11 | Impact: 6 Probability: 5 | AvCom should request that DAL Global Services increase the Letter of Credit amount by at least \$25,700 to a total of \$65,700 to comply with Section 7 of the License. | The DAL Letter of Credit was increased to \$65,700 on 12/30/13. | Completed | N/A |
| AVIATION AND COMMERCIAL BUSINESS DEPARTMENT | Audit Report #14021 dated November 15, 2013, Landmark Aviation GSO-SAN, LLC | 10 | Impact: 5 Probability: 5 | The Aviation and Commercial Business Department (AvCom) should request that Accounting send an invoice to landmark in the Amount of \$2,579 for underpayment of landing fees due for the period from May 2012 through June 2013. | Landmark was invoiced for the underpayment but has yet to remitt payment. | In Progress | Unknown |

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

San Diego County Regional Airport Authority

Quarterly Audit Activities Report

—

Fiscal Year 2014 Second Quarter Audit Activities Report and Audit Recommendations Issued by the Office of the Chief Auditor

October 1, 2013, through December 31, 2013



Presentation Overview

2nd Quarter Report

- Audit Activities
- Recommendation Follow-up
- Performance Measures
- Non-Audit & On-going Activities



Audit Activities

- Completed 5 Audits
 - Expenditure Contract: 2
 - Revenue Contract: 3
- Thirteen (13) audits were in progress as of December 31, 2013
- Audit Results
 - Issued 3 Recommendations during the 2nd Quarter



Audits In Progress

As of December 31, 2014

| Audit | Type of Audit | Status as of February 10, 2014 |
|---|---------------|--------------------------------|
| Aircraft Rescue & Fire Fighting (ARFF) | Expense | Draft Report |
| Airport Lost and Found | Internal | Report Issued |
| Bi-Annual Airline Landing Fees | Revenue | Draft Report |
| DTG Operations, Inc. | Revenue | Fieldwork |
| Human Resources Services Performance | Internal | Fieldwork |
| Merriwether Williams Insurance Services | Expense | Draft Report |
| Nevada Lease and Rental, Inc. dba Payless Car Rental System | Revenue | Fieldwork |
| Porter Novelli, Inc. | Expense | Draft Report |
| San Diego Unified Port District Billing | Expense | Draft Report |
| Simply Wheelz, LLC dba Advantage Rent-A-Car | Revenue | Report Issued |
| Social Media Control and Performance | Internal | Report Issued |
| Timekeeping Payroll | Internal | Fieldwork |
| The Hertz Corporation | Revenue | Draft Report |



Recommendation Follow-up

Status as of December 31st :

| Tracked | Completed | In Progress | Open | Not Accepted |
|---------|-----------|-------------|------|--------------|
| 15 | 7 | 7 | 0 | 1 |



FY14 Performance Measure Outcomes

| Performance Measure | Goal | Progress |
|---|------|-----------|
| Percentage of the audit plan completed annually | 100% | 39% |
| Percentage of the audit plan completed during 2 nd Quarter | 55% | 39% |
| Additional revenue/cost savings identified through audits | n/a | \$489,096 |
| Percentage of staff time spent on audit activities | 80% | 86% |
| Percentage of audits completed within budgeted time | 80% | 78% |
| Implementation of Recommendations | 90% | 64% |



Summary of Ethics Inquiries

| | Number of Reports Received | Number Received Anonymously | Details Support Potential Code Violation (Ethics or Workplace) | Investigation of Concern | Response (email or phone to non-anonymous reports) |
|---|----------------------------|-----------------------------|--|--------------------------|--|
| Code of Ethics Concerns | | | | | |
| Potential Misuse of Public Funds | | | | | |
| New Construction | 17 | 6 | 0 | n/a | 11 |
| Advertising | 9 | 4 | 0 | n/a | 5 |
| Terminal 2 Gala | 3 | 3 | 0 | n/a | 0 |
| Potential Misuse of Resources | | | | | |
| Timekeeping | 1 | 1 | 1 | Yes (1) | 0 |
| Employee Holiday Party - Funds | 12 | 12 | 0 | n/a | 0 |
| Non Ethics Related Concerns | | | | | |
| Aircraft Noise | 9 | 7 | 0 | n/a | 2 |
| ATO Practices and Behavior | 8 | 5 | 0 | n/a | 3 |
| TSA Practices and Behavior | 4 | 2 | 0 | n/a | 2 |
| Workplace Concerns | | | | | |
| United Way | 29 | 21 | 0 | n/a | 8 |
| Workplace Practices/Behavior | 7 | 6 | 0 | n/a | 1 |
| Workplace Equitability | 6 | 5 | 0 | n/a | 1 |
| Volunteer Opportunity Emails | 6 | 6 | 0 | n/a | 0 |
| (1) Issue still under investigation. | | | | | |



Questions



San Diego County Regional Airport Authority

Construction Audit Status Report

Presented by:
Office of the Chief Auditor

Audit Committee Meeting
February 10, 2014

Major Activities Performed

RWBC performed the following major activities:

1. Greenbuild Program Diagnostic Review (2010)
2. Greenbuild Program Lookback Audit (2011)
3. TSA/AIP Compliance Report (2011)
4. Funding Compliance Report (2013)

RWBC was not tasked with validating implementation of recommendations.

Key Opportunities for Improvement

1. Alignment of funding & scope
2. Pre-approval for AIP/TSA-funded elements and change orders
3. CM (acting as PM) contract value and performance period
4. Formalization of process & procedures
5. Missing supporting documentation for submitted costs and incomplete pay files which are not structured for review

Implementation Activities

1. Funding source eligibility checklists were employed to review the eligibility of expenditures
2. The appropriate Federal agencies were contacted for approval of the project elements for which funding approval was not clear in the agreements
3. Concurrence for use of Federal funds for PM/CM costs was obtained from the FAA
4. New procedures were developed and implemented
5. Review of the payment documentation was performed and new procedures were instituted to ensure all payments were supported with proper support which can be reviewed

A wide-angle photograph of a city skyline. In the background, there are several tall, modern skyscrapers with glass facades. The most prominent one has a distinctive triangular top. Behind the city, a range of mountains is visible under a clear blue sky. In the foreground, there is a large, modern airport terminal building with a curved, glass facade. A large commercial airplane is parked at a gate in front of the terminal. The overall scene is bright and clear, suggesting a sunny day.

Questions?



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE

Item No.
4

Meeting Date: **FEBRUARY 10, 2014**

Subject:

Revision to the Fiscal Year 2014 Audit Plan of the Office of the Chief Auditor

Recommendation:

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

Background/Justification:

The Office of the Chief Auditor's (OCA) Annual Audit Plan for Fiscal Year 2014 was approved by the Audit Committee during its May 13, 2013, meeting.

Pursuant to Section 4 and Section 5 of the Charter of the Office of the Chief Auditor, amendments for unplanned and special request audits may be performed after review and consultation with the Audit Committee.

The Fiscal Year 2014 Audit Plan requires a revision due to circumstances identifying the addition, or the deletion, of the following list of projects or vendors, per requests made by the Information Technology Department and the AvCOM Department to postpone the audit of Cloud Management and Performance and SSP America:

Delete: Cloud Management and Performance
Add: Request for Proposal Threshold Compliance

Delete: SSP America, Inc.
Add: High Flying Foods

The revised Fiscal Year 2014 Audit Plan is presented in Attachment A.

Fiscal Impact:

No fiscal impact.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

1. This Board action, as an administrative 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.
2. This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not applicable

Prepared by:

MARK A. BURCHYETT
CHIEF AUDITOR

San Diego County Regional Airport Authority

OFFICE OF THE CHIEF AUDITOR

Fiscal Year 2014 Audit Plan

REVISED 2/10/14

BUSINESS PROCESS AUDITS

- 1 Debt Service Management
- 2 ~~Cloud Management and Performance~~
Request for Proposal Threshold Compliance
- 3 Human Resources Services Performance
- 4 Airport Lost and Found
- 5 Timekeeping Payroll
- 6 Social Media Control and Performance

EXPENSE CONTRACT AUDITS

- 7 Bradford Airport Logistics
- 8 Leigh Fisher & Associates
- 9 SOLPAC Construction, Inc., dba Soltek Pacific Construction Company
- 10 Abadjis Systems, Ltd.
- 11 Ace Parking Management, Inc.
- 12 Kimley-Horn and Associates, Inc.
- 13 Porter Novelli, Inc.
- 14 AMEC Environmental and Infrastructure, Inc.

REVENUE CONTRACT AUDITS

- 15 Budget Rent A Car Systems
- 16 DTG Operations, Inc. dba Thrifty & Dollar
- 17 Nevada Lease and Rental, Inc. dba Payless Car Rental System
- 18 Simply Wheelz, LLC dba Advantage Rent-A-Car
- 19 DAL Global Services, LLC
- 20 Elite Line Services, Inc.
- 21 Landmark Aviation GSO-SAN, LLC
- 22 Sky Chef, Inc. dba LSG Sky Chefs
- 23 Host International, Inc.
- 24 ~~SSP America, Inc.~~
High Flying Foods
- 25 Smarte Carte, Inc.

ANNUAL ONGOING AUDITS AND SUPPORT

- 26 Aircraft Rescue & Fire Fighting (ARFF)
- 27 Board Member Expenditures
- 28 CONRAC Fund Review
- 29 Procurement Card Program
- 30 Agreements with Expenditure Limits Not to Exceed \$100,000
- 31 Bi-Annual Airline Landing Fees
- 32 Emergency Medical Technician-Paramedic Services
- 33 San Diego Unified Port District Billing

34 **Special Request Audits**

Aircraft Service International Group (ASIG)

35 **QUALITY ASSESSMENT REVIEW**

36 **ETHICS PROGRAM ACTIVITY**

37 **CONSTRUCTION AUDIT AND MONITORING ACTIVITY**