

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MINUTES
MONDAY, FEBRUARY 9, 2015
BOARD ROOM**

CALL TO ORDER:

Vice Chair Hubbs called the meeting of the Audit Committee to order at 10:00 a.m., on Monday, February 9, 2015, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Committee Members: Gleason, Hubbs, Tartre, Van Sambeek
 Board Members: Janney

ABSENT: Committee Members: Hollingworth, Sessom

ALSO PRESENT: Thella F. Bowens, President/CEO; Amy Gonzalez, Senior Director,
 General Counsel; Lorraine Bennett, Assistant Authority Clerk II; Sara
 Real, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 17, 2014, regular meeting.

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

2. FISCAL YEAR 2015 SECOND QUARTER AUDIT ACTIVITIES REPORT, AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

Fred Bolger, Manager, Audit Services, provided a presentation on the Quarterly Audit Activities Report, which included Audit Activities; Audits in Progress as of December 31, 2014; Recommendation Follow-Up; Fiscal Year 2015 Measure Outcomes; and Summary of Ethic Inquiries.

In response to Committee Member Van Sambeek regarding ways to address rental car issues before they occur, Scott Brickner, Vice President, Finance & Asset Management/Treasurer, stated that when there is an audit finding, staff works with the rental car companies to resolve the issue. He stated that in some cases, an audit firm has been retained. He further stated that staff anticipates that this issue will improve with the implementation of the Rental Car Center.

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 Gleason to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth and Board Member Sessom as ABSENT.

3. CONSTRUCTION AUDIT STATUS REPORT:

Callie Ullman, Senior Auditor, provided a presentation on the Construction Audit Status Report, which included On-Going Green Build Audit Activities; On-Going Rental Car Center Audit Activities; and On-Going General Construction Audit Activities.

RECOMMENDATION: Information item only.

ACTION: No action taken.

4. AUTHORITY BOND COVENANTS OVERVIEW AND FORECAST OF NET INCOME:

Michael Sears, Director, Financial Management, and Scott Brickner, Vice President, Finance & Asset Management/Treasurer, provided a presentation on the Authority Bond Covenants Overview and Forecast of Net Income, which included an Update on Bond Covenants; Forecast of Net Income; and Key Performance Indicators to Assess Our Performance as an Airport.

In response to Committee Member Tartre regarding what is the cost per enplaned passenger and how this compares to other airports in the region, Mr. Sears stated that the anticipated cost per enplaned passenger is \$11.37. Regarding comparison information at peer airports, Mr. Brickner stated that staff will provide this information to the Committee Members.

Vice Chair Hubbs requested that staff forward the chart of Debt Service Coverage information to the Audit Committee.

RECOMMENDATION: Information item only.

ACTION: No action taken.

5. REVIEW OF PERFORMANCE AUDITING PROCEDURES:

Mark A. Burchyett, Chief Auditor, provided a presentation on the Review of Performance Auditing Procedures, which included the History of Performance Auditing; Background of the Office of the Chief Auditor (OCA) Performance Auditing; Performance and Internal Audit Defined; Performance Audit Concerns and Analysis; Summary of Conversations; and Recommended OCA Approach Going Forward.

Committee Member Tartre spoke in support of the visibility of performance audit results.

Board Member Gleason requested that staff provide a memorandum to the Board to disclose performance audit concerns and analysis.

Vice Chair Hubbs requested that staff provide joint status reports to the Committee and to the Board regarding the proposed Audit Plan discussed between management and the OCA.

RECOMMENDATION: Information item only.

ACTION: No action taken.

6. REVISION TO FISCAL YEAR 2015 AUDIT PLAN:

Fred Bolger, Manager, Audit Services, provided an overview of the revision to the Fiscal Year 2015 Audit Plan.

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

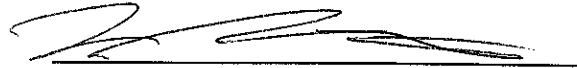
ACTION: Moved by Board Member Gleason and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth and Board Member Sessom as ABSENT.

NON-AGENDA PUBLIC COMMENT: None

COMMITTEE MEMBER COMMENTS: None

ADJOURNMENT: The meeting was adjourned at 10:47 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY THIS 4th DAY OF MAY, 2015.



MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:



LORRAINE BENNETT
ASSISTANT AUTHORITY CLERK II