

**SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY AUDIT COMMITTEE MEETING
MINUTES
MONDAY, FEBRUARY 11, 2019
BOARD ROOM**

CALL TO ORDER: Chair Robinson called the Audit Committee Meeting to order at 10:04 a.m., on Monday, February 11, 2019, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

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

Absent: Committee Members: Hollingworth, Lloyd, Van Sambeek

Also Present: Kimberly Becker, President/CEO; Amy Gonzalez, General Counsel; Linda Gehlken, Assistant Authority Clerk I; Martha Morales, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 5, 2018 regular meeting, and the November 5, 2018, special meeting.

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

2. FISCAL YEAR 2019 SECOND QUARTER AUDIT ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, reported that completion of the Fiscal Year 2019 Audit Plan is still not where staff would like it to be. He reported that the two primary reasons were, under-staffing in the department until mid-January, and the need to divert audit hours for administrative activities; such as, the revising of both the Audit Committee and the Office of the Chief Auditor (OCA) Charters, the revision of the OCA Policies and Procedures Manual, and the Quality Assurance

Review (QAR) preparation. He stated that the Audit Plan goal should be more attainable by the end of the Fiscal Year.

Fred Bolger, Manager, Audit Services, provided a presentation on the Fiscal Year 2019 Second Quarter Activities Report and Audit Recommendations Issued by the Office of the Chief Auditor that included Audit Activities, Audits in Progress as of December 31, 2018, Recommendation Follow Up, Status of Recommendations with Estimated Implementation Timeframe, Fiscal Year 2019 Performance Measures, and Summary of Ethics Inquiries.

Committee Member Tartre requested providing a footnote in the Performance Measure table noting a weighted average percent of the Audit Plan completed. He also requested parceling out the percentage of audits that are not complex vs. the ones that are and utilizing those figures when calculating the audits that are not completed within budgeted time.

Board Member West requested that the additional footnoted disclosures be added to the Second Quarter Activities Report before it is forwarded to the Board.

Committee Member Tartre suggested that by providing additional details in the Customer Satisfaction Performance Measure information, this would add depth in meaning and increase usefulness.

In response to Committee Member Tartre's request for further clarification regarding issuing a Notice of Default to concessionaires for non-compliance with reporting requirements stipulated in their contract, Lee Parravano, Chief Auditor, stated that, should it be needed, the current penalty amount of \$500 is an inadequate consequence for non-compliance. He stated that he has reached out to General Counsel to evaluate how to incorporate equitable accountability in this area and that additional analysis is needed.

In response to Committee Member Tartre's inquiry regarding the planned handling of the Customer Facility Charges (CFCs) collected by Nevada Lease and Rentals, Inc., dba Payless Car Rental Systems (Audit Report No. 18017), totaling over \$112,000 during the audit period of January 2014 to January 2016, Amy Gonzalez, General Counsel, stated that since the Authority never took possession of the CFCs, the expectation will be for Payless to return the funds to their customers.

Eric Podnieks, Program Manager, Revenue Management, stated that a verification from Payless will be requested to confirm the funds are appropriately refunded.

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

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

CLOSED SESSION: The Committee recessed into Closed Session at 10:35 a.m. to discuss Item 3.

- 3. THREAT TO PUBLIC SERVICES OR FACILITIES:**
Consultation with: Clint Welch, Director Aviation Security and Public Safety;
Jessica Bishop, Director Information Technology Services; John Thomes, Cyber Security Specialist

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 11:35 a.m. There was no reportable action.

NON-AGENDA PUBLIC COMMENT: None

COMMITTEE MEMBER COMMENTS: None

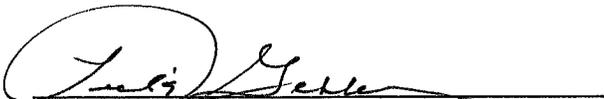
ADJOURNMENT: The meeting adjourned at 11:35 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 13TH DAY OF MAY, 2019.



LEE PARRAVANO
CHIEF AUDITOR

ATTEST:



LINDA GEHLKEN
ASSISTANT AUTHORITY CLERK I