

Audit Committee and Special Board Meeting

Monday, February 7, 2022
10:00 A.M.

San Diego International Airport
SDCRAA Administration Building
3225 N. Harbor Drive
San Diego, California 92101

Board Members

Gil Cabrera (Chair)
Paul Robinson (Vice Chair)
Catherine Blakespear
Mary Casillas Salas
Paul McNamara
Johanna Schiavoni
James Sly
Nora E. Vargas
Marni von Wilpert

Ex-Officio Board Members

Col. Thomas Bedell
Gustavo Dallarda
Gayle Miller

President/CEO

Kimberly J. Becker

This meeting of the Audit Committee of the San Diego County Regional Airport Authority will be conducted pursuant to the provisions of California Assembly Bill 361 which suspends certain requirements of the Ralph M. Brown Act. On February 3, 2022, the San Diego County Regional Airport Authority Board adopted Resolution No. 2022-0021 finding that as a result of the continuing State of Emergency and the fact that local officials have recommended measures to promote social distancing and a finding that meeting in person continues to present imminent risks to the health and safety of attendees, it is in the best interest of the Authority and the public to continue to conduct meetings of the Board's standing committees virtually pursuant to AB 361. Therefore, in the interest of public health, all Members will be participating in the meeting electronically. In accordance with Assembly Bill 361 and Authority Board Resolution No. 2022-0021, there will be no members of the public in attendance at the Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

Public Comment during Board/Committee Meetings

If you'd like to speak to the Committee live during the meeting, please follow these steps to request to speak:

- **Step 1:** Watch the meeting via the live Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/Audit-Committee?EntryId=15004>
PLEASE NOTE: There is approximately 20 seconds of lag time between the meeting and the Webcast.
- **Step 2:** When the Chair introduces the item that you would like to comment on, (*or indicates that it is time for Non-Agenda Public Comment*), call into the public comment line by following the following directions:
REMINDER: Please do not call until the item you want to comment on is being discussed.

Monday, February 7, 2022

1. **Dial 1-619-737-2396**
2. **When prompted, input Conference ID: [975 134 211#](#)**
3. **You will then hear: "If you're the meeting organizer, press star now. You are now joining the meeting." Ignore this message.**
4. **After a few seconds, you will hear: "Please wait for the leader to admit you into the meeting, thank you for your patience." This is an indication that you are in the waiting room, Authority staff will admit you into the meeting when it is your time to speak.**
5. **After being admitted into the meeting, your microphone will be live, please turn off your webcast to avoid feedback. Staff will then ask you to state your name and begin your comments.**

Written Non-Agenda Public comment and/or Public Comment on agenda items may also be submitted to the Authority clerk at clerk@san.org. Comments received no later than 8:30 a.m. on the day of the meeting will be distributed to the Board or Committee and included in the record.

How to Watch the Meeting

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/Audit-Committee?EntryId=15004>

Requests for Accessibility Modifications or Accommodations

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or clerk@san.org. The Authority is committed to resolving accessibility requests swiftly in order to maximize accessibility.

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. **Please note that agenda items may be taken out of order.** 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 Board Services and are available for public inspection.

Note: Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Board Services/Authority Clerk Department.

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CALL TO ORDER:

ROLL CALL:

Committee Members: Blakespear, Casillas Salas, Newsom, Schiovoni, Sly, Vann (Chair), Wong Nickerson

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.***

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Committee.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 15, 2021, regular meeting.

2. FISCAL YEAR 2022 SECOND QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.
(Presented by: Lee Parravano, Chief Auditor)

3. CONSTRUCTION AUDIT UPDATE:

RECOMMENDATION: Information item only.
(Presented by: Lee Parravano, Chief Auditor; Callie Ullman, Senior Auditor)

4. REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***
(Presented by: Lee Parravano, Chief Auditor)

Audit Committee Agenda

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CLOSED SESSION:

5. THREAT TO PUBLIC SERVICES OR FACILITIES:

Consultation with Clint Welch, Director, Aviation Security and Public Safety; Jessica Bishop, Director, Information & Technology Services; and John Thomes, Cyber Security Specialist

REPORT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

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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 submit an email to the Clerk at clerk@san.org 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 submit an email 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 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.
- 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.
- 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.

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) 400-2550 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 Administration Building. Bring your ticket to the third-floor receptionist for validation.

You may also reach the SDCRAA Building 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.

- 2. EXTERNAL AUDITOR'S FISCAL YEARS ENDED JUNE 30, 2021 REPORT: A) AUDITED FINANCIAL STATEMENTS, B) SINGLE AUDIT REPORTS, C) PASSENGER FACILITY CHARGES COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) LETTER TO THE BOARD:** Scott Brickner, Vice President/CFO and Danny Martinez, CPA, CGFM, Managing Director, BKD, LLP provide a presentation on Financial Statements and Compliance Audit Year Ended June 30, 2021 that included Audit Results for the Year Ended June 30, 2021; Areas of Audit Emphasis; Financial Highlights; FAA CARES Act Funding; Tenant Lease Receivable, Net; Other Note Disclosures; Required Communications; Findings; and Industry Developments Affecting the Airport Authority.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***

ACTION: Moved by Committee Member Wong Nickerson and seconded by Board Member Vargas to approve staff's recommendation. Motion carried unanimously, noting Board Member Lloyd as ABSENT.

- 3. REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2021:**

Scott Brickner, Vice President/CFO provided an overview of the Annual Comprehensive Financial Report.

Committee Member Newsom pointed out an error on Page vi of the report where it states that *"the largest cities in the county are San Diego (42%), Chula Vista (3 percent), Oceanside (5 percent)..."*. She stated that the percent for Chula Vista should be 13% of the San Diego County population.

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

ACTION: Moved by Committee Member Newsom and seconded by Board Member Vargas to approve staff's recommendation. Motion carried unanimously as amended to correct the percentage of the County's population for Chula Vista, noting Board Member Lloyd as ABSENT.

4. FISCAL YEAR 2022 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2022 First Quarter Report from the Office of the Chief Auditor that included Fiscal Year 2022 Performance Measures; Audit Spotlight – Enterprise Content Management System Access Controls; and General Audit Activity – Recommendation Follow-up.

Board Member Vargas left the meeting at 11:01 a.m.

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

ACTION: Moved by Committee Member Newsom and seconded by Board Member Blakespear to approve staff's recommendation. Motion carried unanimously noting Board Members Lloyd and Vargas as ABSENT.

5. REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation on the Revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor that included Reasons for Revision and Rental Car Companies Audit Additional Details.

RECOMMENDATION: Staff recommends that the Audit Committee accept the revised Audit Plan and forward it to the Board with a recommendation for approval. *(Requires five (5) affirmative votes of the Audit Committee.)*

ACTION: Moved by Board Member Casillas Salas and seconded by Committee Member Newsom to approve staff's recommendation. Motion carried unanimously, noting Board Members Lloyd and Vargas as ABSENT.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 11:24 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY THIS 7th DAY OF FEBRUARY, 2022.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

Staff Report

Meeting Date: February 7, 2022

Subject:

Fiscal Year 2022 Second Quarter Report from the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate to the Authority's Audit Committee and executive management on the performance relative to the Office of the Chief Auditor's (OCA) Audit Plan, results of audit engagements or other activities completed, and to report any risk exposures or control issues identified.

The Fiscal Year 2022 Second Quarter Report from the OCA (Attachment A) is submitted to the Audit Committee to provide an account of activities and undertakings of the OCA during the period October 1, 2021, through December 31, 2021, and includes details on all recommendations completed or in progress during the second quarter.

A presentation by the OCA on its second quarter activities will be provided to the Audit Committee on February 7, 2022. Upon review of the Fiscal Year 2022 Second Quarter Report, staff requests that the Audit Committee forward the report to the Board for acceptance.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

Environmental Review:

- A. CEQA: This Board 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.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Office of the Chief Auditor

Fiscal Year 2022 2nd Quarter Report

ATTACHMENT A

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



By The Numbers



Recommendations Issued



Customer Satisfaction Rating



Audit Engagements Completed Under Budget



Auditor Utilization Percentage



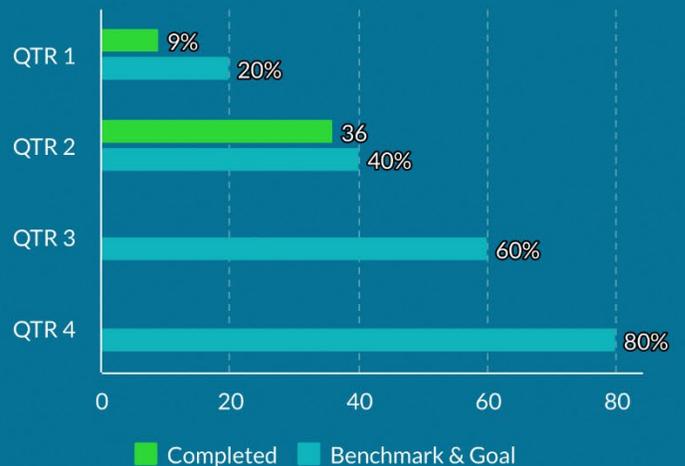
Recommendations Accepted By Management

Audit Engagement Progress



■ Completed (36.36%)
 ■ In Progress (45.45%)
 ■ Not Started (18.18%)

Audit Engagements Completed vs. Benchmark & Goal





Fiscal Year 2022

Second Quarter Report

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Issue Date: February 7, 2022

OFFICE OF THE CHIEF AUDITOR

Second Quarter Summary

Executive Summary

During the second quarter we made significant progress on our Fiscal Year 2022 Audit Plan, partnered with our construction auditor to complete a Risk Assessment for the Validation Phase of the Terminal and Roadways related to the New T1, and we commenced work on a new fraud manual. As of the end of the second quarter we completed 36% of planned audits and have approximately 46% of our planned audits in progress. The Risk Assessment completed for the Validation Phase for Terminals and Roadways will be utilized to initiate new construction audits to be performed by the Office of the Chief Auditor (OCA) and/or the external construction auditor.

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 1.¹

Table 1: Status of Performance Measures as of December 31, 2021

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	4.2	4.0
2	Number of recommendations	13	18	13
3	Percentage of audit engagements completed	40%	36%	40%
4	Percentage of recommendations accepted	95%	100%	83%
5	Percentage of staff time spent on audit engagements and general audit activities	70%	65%	70%
6	Percentage of audit engagements completed within budget	80%	100%	75%

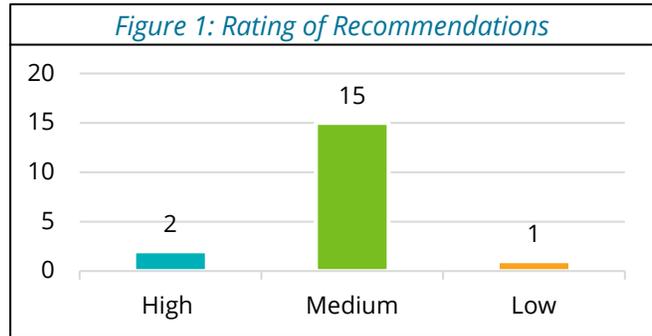
Customer Satisfaction Rating:

After the completion of an audit engagement, a survey is sent to obtain customer satisfaction data. The OCAs goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this Fiscal Year we have achieved a score of 4.2.

¹ The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

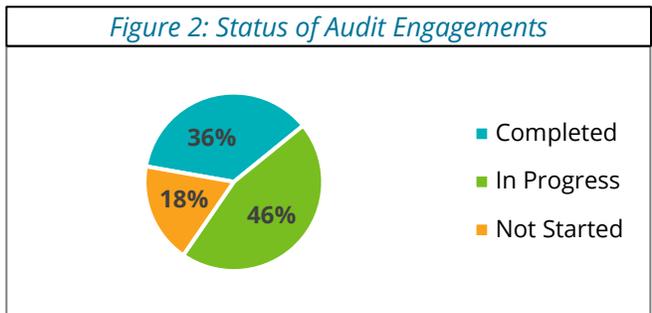
Number of Recommendations:

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. As of December 31, 2021, the OCA provided 18 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 are shown in Figure 1.



Percentage of Audit Engagements Completed:

As of the second quarter, the OCA completed 4 audit engagements, or 36%, of audit engagements (4/11 = 36%) that are planned to be completed on the Fiscal Year 2022 Audit Plan.² In addition to the four engagements completed, the OCA had 46% of engagements in progress as of the end of the second quarter, as shown in Figure 2. The engagements completed in the second quarter are summarized in the upcoming section titled Audit Engagements.



An alternative way to calculate this performance measure is to acknowledge the hours spent on audit engagements completed plus engagements that are in progress, but not yet completed. This calculation results in a completion percentage of 57%.³

The status of all activities in the Fiscal Year 2022 Audit Plan is included in Appendix A.

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. As of the second quarter, management accepted 100% of all audit recommendations.

² The Fiscal Year 2022 Audit Plan has 12 audits. However, the audit identified as “Tenant Lease Administration and Management – Rental Car Companies” on the Fiscal Year 2022 Audit Plan will be carried forward, as anticipated, to Fiscal Year 2023, when required data is captured to complete the audit. This results in 11 audits the OCA plans to complete in the fiscal year.

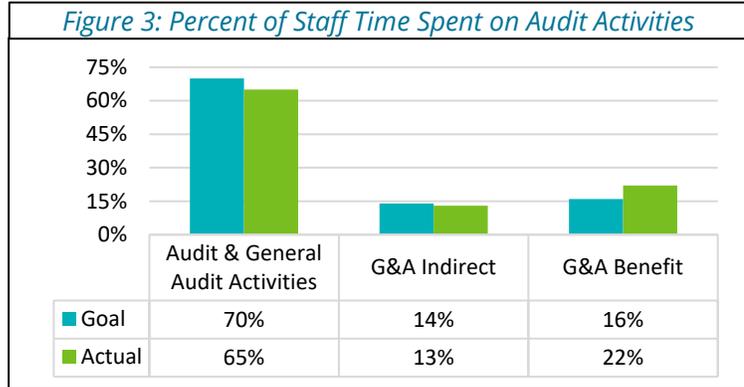
³ The OCA has spent 3,017 hours on audit engagements and estimates 5,281 total hours will be needed to complete all Fiscal Year 2022 planned audits (3,017/5,281=57%). The 57% and total hours of 5,281 exclude the hours for audits that have not been identified yet. These are labeled as “To Be Determined” on Appendix A. To Be Determined Hours total 1,401 (1,203 + 198 = 1,676).

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Percentage of Staff Time Spent on Audit Engagements and General Audit Activities:

This measure tracks the time spent on audit engagements and general audit activities.⁴ The OCAs goal for Fiscal Year 2022 is 70%. The OCA is currently below the established goal, spending 65% of time on audit and general audit activities.

This is largely due to staff using accrued vacation time that was unutilized due to the COVID-19 pandemic. As shown in Figure 3, 22% of staff time was recorded as “G&A Benefit” time, which includes vacation and holiday time used by OCA staff. This is above the amount planned by 6%.



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. As of the second quarter of Fiscal Year 2022, the OCA completed 100% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal.

⁴ Appendix A details all planned activities in these categories for Fiscal Year 2022.

Audit Engagements

Issued

The Office of the Chief Auditor completed three audits during the second quarter. Below is a summary of these engagements.



Terminal Space Management: The objective of this audit was to determine if space within the terminals is managed appropriately. Specifically, we wanted to determine if the physical space was accurately reflected in the Authority's E1 software systems. The audit concluded that in general, terminal space is managed appropriately and happens through the efforts of multiple Authority departments. The audit provided five recommendations to improve program effectiveness.



Fire Extinguisher Compliance: The objective of this audit was to determine if monthly and annual inspections are performed on the Authority's fire extinguishers. The audit concluded that the Authority complied with inspection requirements for the majority of fire extinguishers tested. However, we found evidence that brings into question the veracity of some inspection records examined. As a result, we recommend changes to the program. The audit provided four recommendations to improve the process.



Rent Forbearance and Abatement Program: The objective of this audit was to determine if the Rent Forbearance and Abatement Program was developed and administered appropriately. Specifically, we wanted to determine if the amount of rental income abated was properly calculated and approved. The audit concluded that, in general, the Program was developed and administered and the rent and fees abated for participating tenants were accurately calculated and applied. The audit identified two recommendations to enhance the procedures in place.

In Progress

At the close of the second quarter there were five audit engagements in progress that are anticipated to be completed in Fiscal Year 2022, representing 46% of the Audit Plan slated to be completed in Fiscal Year 2022. The audits in progress, and anticipated to be completed in Fiscal Year 2022, are listed here:

- Harbor Police Contract Management – Costs and Services, Fiscal Years 2018, 2019
- System Security – AVSEC Penetration Test
- Contractor Monitoring – Engineered Materials Arresting System
- Harbor Police Contract Management – Fiscal Year 2020 True-Up
- Employee Training and Development

FISCAL YEAR 2022 SECOND QUARTER REPORT

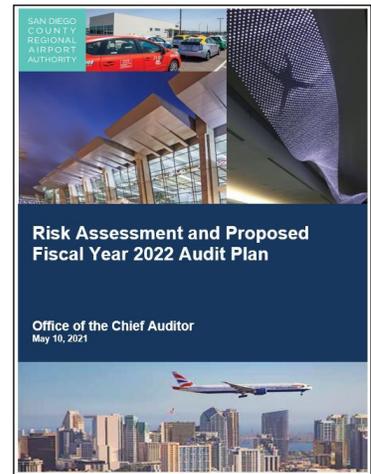
In addition to the audits listed above, the audit of Tenant Lease Administration and Management – Rental Car Companies (RAC) has been started in Fiscal Year 2022, yet will not be completed until next fiscal year. This audit will be carried forward to Fiscal Year 2023 in order to capture data covering the period required to complete the RAC analysis.

General Audit Activities

In addition to performing audit 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 required⁵ 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.

Risk Assessment and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. The Risk Assessment & Audit Plan is the culminating result of data gathering, management discussions, surveys, and data analysis, which is conducted over the course of the year. The Risk Assessment & Audit Plan is presented in May of each year to the Audit Committee for acceptance, and to the Board for approval in June. The Audit Plan commences in July with the following fiscal year.



Construction Activities

Construction audit activity for the second quarter of Fiscal Year 2022 consisted of attending meetings regarding the airport support facilities, the New Terminal 1 (New T1) terminal and roadways, and new administration building projects. The second task authorization was issued to Baker Tilly, U.S., LLP (Baker Tilly) for development of an audit plan for the validation phase of the New T1 terminal and roadways project. The OCA's Construction Auditor has been working with Baker Tilly on the scope and development of the proposed audit plan for these construction activities. The OCA remains involved with issues identified by the Airport Design and Construction team and Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction activity.

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. In Fiscal Year 2022, meetings have been focused on penetration testing that is in progress. The results of these tests will be provided to the Audit Committee when completed.

Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics. Currently, the OCA has a data analytics audit related to Rental Car Companies that was initiated after consultation with various departments at the Authority. The Rental Car Company audit will serve as a foundation to explore other areas where data analytics could benefit the Authority and the OCA.

⁵ 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.

Ethics Program Activities

The OCA manages the Authority's Ethics Program that includes a confidential reporting hotline. During the second quarter of Fiscal Year 2022, one tip/report was received. The tip was evaluated as a Potential Conflict of Interest/ Business Integrity issue. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The OCA also investigated an issue that was the result of an audit conducted on Fire Extinguisher Compliance. The results of the investigation are disclosed in Audit Report #22007 and have been classified in the table below as an Environmental, Health and Safety issue.

A summary of the tips/reports received in Fiscal Year 2022 is shown in Table 2 below.

Table 2: Ethics Hotline 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	13	-	-	-	-
Business Integrity	1	1	-	-	-
Environment, Health and Safety	1	1	1	1	-
Total	15	1	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) (See Appendix B). 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.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* as of the second quarter of Fiscal Year 2022, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, one

FISCAL YEAR 2022 SECOND QUARTER REPORT

was implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, 16 recommendations were still within the initial timeframe identified for implementation.

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 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	2	2	2	6
In Progress	7	11	10	28

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP) that includes internal (self) assessments, ongoing monitoring, and external assessments (required every 5 years). The objective of ongoing monitoring is to provide assurance that the OCAs processes in place are working effectively, to ensure that quality is derived on an audit-by-audit basis.

The OCA completed ongoing monitoring of its activities and operations performed during Fiscal Year 2021 during the first quarter of Fiscal Year 2022. The results were included in the Fiscal Year 2021 OCA Annual Report that was presented during the September 13, 2021, Audit Committee Meeting.

The OCA continues to monitor and report on performance measures each quarter. Those results are presented in quarterly reports to the Audit Committee.

Peer Review Participation

The OCA is required to participate on a peer review team(s) as part of a reciprocal agreement with the Association of Local Government Auditors (ALGA). In this agreement, OCA auditors would participate on a team assigned to assess another organization's compliance with Institute of Internal Auditors' (IIA) *Standards*. The OCA is in contact with the regional coordinator of ALGA to schedule our staff on an appropriate peer review team. Two OCA auditors are anticipated to serve on a peer review in Fiscal Year 2022.

Administrative

The activities that reside within the Administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Tracking Budget and Expenses

The OCA expenses totaled approximately \$587,000 through the end of the second quarter, which represents 47% of the Fiscal Year 2022 budget. No unexpected or large outlays occurred within the department during the first or second quarter of Fiscal Year 2022. The OCA expects to remain on budget through the fiscal year-end.

Continuing Professional Development

OCA staff continues to obtain Continuing Professional Education (CPE) credits as required by their various certifications. The OCAs Quality Assurance and Improvement Program CPE credits are tracked on a calendar year basis. In the second quarter, staff attended training on topics that included revenue diversion, data analytics, analytical procedures, cyber security and social engineering, federal grants, fraud investigation techniques, fraud prevention and deterrence, and audit reporting models. As of the second quarter, all OCA staff met their respective CPE requirements.

The OCA now has a Certified Fraud Examiner (CFE) on staff. The requirement to become a CFE includes a rigorous test on four major disciplines that comprise the associated fraud body of knowledge including: Fraud Prevention and Deterrence, Financial Transaction and Fraud Schemes, Investigation, and Law.

Procedural/Supervisory

One Audit Committee meeting took place during the second quarter, which occurred on November 15, 2021. The meeting contained all of the regularly scheduled November agenda items, of which the OCA assisted in coordination with the Committee Chair and Board Services.

COVID-19

All OCA staff have been working remotely since March 2020. The pandemic has required the OCA to be flexible with the timing of audit engagements due to the resource limitations caused by the pandemic. During the second quarter, OCA staff began a transition back to the office. However, due to the nature of the pandemic, and increasing case counts, the Authority has put this transition on pause until mid-February 2022.

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

Appendix A – Fiscal Year 2022 Audit Plan

#	Activity	Status as of 12/31/2021	Over/Under Budget	No. of Recs.
Audit Engagement				
1	Harbor Police Contract Management – Costs and Services	In Progress		-
2	System Security – AVSEC Penetration Test	In Progress		-
3	Enterprise Content Management System (ECMS)	Completed	Under	7
4	Accounts Receivable / Collections - Abatement Program	Completed	Under	2
5	Contractor Monitoring – Engineered Materials Arresting System	In Progress		-
6	Harbor Police Contract Management – Fiscal Year 2020 True-Up	In Progress		-
7	Tenant Lease Administration and Management – Rental Car Companies ⁶	In Progress		
8	System Security – SAN.org website	Not Started		-
9	Employee Training and Development	In Progress		-
10	Tenant Lease Administration & Management – Terminal Space	Completed	Under	5
11	Airfield Operations - Amadeus	Not Started		-
12	Terminal Maintenance - Fire Extinguisher Compliance	Completed	Under	4
13	To Be Determined – Construction	N/A		-
14	To Be Determined - Discretionary	N/A		-
	Total			18
General Audit				
15	Risk Assessment & Audit Plan	In Progress		
16	Construction Meeting Attendance & Construction Auditor Coordination	In Progress		
17	Information Technology Meeting Attendance	In Progress		
18	Development of Data Analytics	In Progress		
19	Ethics Program	In Progress		
20	Recommendation Follow-up	In Progress		
21	Quality Assurance & Improvement Program	In Progress		
22	Peer Review Participation	In Progress		
Administrative				
23	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress		
24	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress		

⁶ Audit engagement is not anticipated to be completed in Fiscal Year 2022 and will be carried forward to Fiscal Year 2023.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
Completed						
20-25	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should develop and publish a set of universal procedures for lease administration and management, and take active measures to ensure that the manual is updated to remain current.	11/30/20	12/31/2021	RG&PD started the process to develop and publish a set of procedures for lease administration and management. This will be an ongoing process and the procedures will be a living document which be updated annually. This work is in conjunction with researching potential property management software.
21-29	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Medium	GT should analyze the 317 tickets identified that were never received by COSD. GT should either a) resubmit to the COSD for billing, or b) disregard these tickets, considering the length of time elapsed and the impact to cited motorists.	9/30/2021	12/31/2021	(1) GT has confirmed that no payment funds were received for these 371 tickets. (2) These tickets have been voided.
22-5	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Medium	Employee and test/administrative IDs should be reviewed periodically to ensure unneeded user IDs are eliminated timely and that access is removed.	12/31/2021	12/29/2021	Employee and test/administrative IDs were reviewed to ensure unneeded user IDs are eliminated timely and that access is removed.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
Completed						
21-06	Audit Report 18004 Issued: December 8, 2020 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Low	Small Business Development should examine the cost/benefit of expanding its current software system that monitors DBE and SBE requirements to include LBE, VOSB, and SDVOSB.	6/30/2021	12/31/2021	The implementation with B2Gnow has been completed as of 9/30/21. Testing was completed and we are now able to monitor the SBE, DBE, Local, and VOSB and SDVOSB.
21-23	Audit Report 21002 Issued: April 6, 2021 Title: SAN Information Security Program Compliance Department: INFORMATION & TECHNOLOGY SERVICES	Low	We recommend that I&TS update Standard D-08 Computers, Electronic Media & Monitoring to include all of the prohibited actions, and on an annual basis all Authority computer system users be provided with, and acknowledge receipt of, Standard D-08 Computers, Electronic Media & Monitoring.	6/30/2021	12/31/2021	Currently 99% of Authority staff have read and acknowledged the Standard D-08 Computers, Electronic Media & Monitoring form. I&TS will continue to follow up with the 1% remaining to read and acknowledge the form.
21-24	Audit Report 21004 Issued: June 2, 2021 Title: Emergency and Sole Source Procurement Department: PROCUREMENT	Low	The Procurement Department should update the Sole Source Justification Form, modifying the approval process to include Procurement, and maintain a dedicated listing of all sole source purchases made.	9/3/2021	12/31/2021	Procurement has revised the Sole Source Justification Form. The new form can be found in the public folder and is accessible Authority-wide. The new form was rolled out to Senior Staff effective January 2022.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
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	6/30/22	RG&PD has begun a draft of the RFP for the property management software and continues discussion with other departments with regard to integration and other key attributes for the software. With the many departments involved in this integration, the release of the RFP has been delayed which pushed back the implementation of the software.
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	3/31/2022	RG&PD is working with Accounting, Risk Management and Finance Dept. to review and establish a system for review of the security deposits.
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	Partially Completed A) Completed - Accounting had previously removed the AP Accountant role in the Authority's E1 financial system from the Accounting Manager's menu. B) In Progress - Accounting is working with I&TS to determine if E1 has the reasonable ability to require that any changes made to the VMF, be approved by another individual.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
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	3/31/2022	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 received, 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	3/31/2022	1. As part of the monthly reconciliation process defined in the SOP, GT will request detailed support for the gross figures provided monthly by CoSD to reconcile the amounts of citations paid to the amount remitted as citation revenue to the Authority.
22-1	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	High	The ECMS Administrator should coordinate with Department Records Coordinators to conduct, periodic reviews of access rights and group permissions to enforce the practice of least privilege, and maintain documentation to show the review was performed by appropriate individuals.	6/30/2022	6/30/2022	Board Services is currently meeting with Department Records Coordinators individually as they receive request to adjust permissions. They are enforcing the practice of providing the least permissions based on need maintaining the approval documentation. Board Services is confident that they will complete this recommendation by the Initial Estimated Completion Date of 6/30/2022.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
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	Partially Completed A) Completed - The procedure to run the vendor setup verification report has been added to the check run procedures. B) In Progress - Accounting is working with I&TS to determine it is possible to create a report that captures changes to employee and Board Member banking information.
21-18	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Medium	The Accounting Department's A/P Team should perform regular periodic maintenance of the Vendor Master File to identify inactive and duplicate vendors and tag them as inactive.	12/31/2021	3/31/2022	Significant progress has been made to deactivate duplicate and inactive vendors. The revised estimated date of completion of all data is 3/31/22.
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	3/31/2022	GT will develop Standard Operating Procedures (SOP) for all aspects of the citation process: (A) Issuance process, (B) Export/upload process, (C) Monthly reconciliations, (D) Appeals process, and (E) Quarterly management review.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
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	3/31/2022	1. 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.
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	3/31/2022	1. As part of the monthly reconciliation SOP GT will establish a requirement and methodology to 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	4/30/2022	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 in April 2022. 3. Subsequent annual review and benchmarking examinations will occur in April each year thereafter.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
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	1/2/2023	RG&PD staff along with the Airline Services team will work with E1 Plat Management and GIS Space Management to review space management data, reconcile and establish procedures for maintenance of space management data
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 procedures referred to in Recommendation #22-8 should include a procedure for the periodic physical inventory of plats in Terminals 1 and 2.	12/1/2022	12/1/2022	RG&PD will work with Airline Services, GIS Space Management and E1 Plat Management to conduct a physical review of all spaces and correct accordingly. We will also include a regular physical inventory based on the space management systems.
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	10/3/2022	RG&PD will work with the many departments within the Authority who has a stake in the door numbering systems to make sure we have all of the necessary information for the door identifiers.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
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	2/28/2022	This audit report was issued at the end of the 2nd quarter so no follow-up was performed. However, at the time of issuance Facilities Management indicated that it would compile 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. Concurrently FMD will work with the Technical Services Department to try and achieve a layer for fire extinguishers in the Authorities existing GIS application.
22-14	Audit Report 22007 Issued December 29, 2021 Title: Fire Extinguisher Compliance Department: FACILITIES MANAGEMENT	Medium	FMD should remove from service the fire extinguisher that had received no inspection since 2019 and replace it with a reserve. FMD should have All County inspect this unit on the next annual maintenance visit.	2/28/2022	2/28/2022	This audit report was issued at the end of the 2nd quarter so no follow-up was performed. However, at the time of issuance Facilities Management indicated that it would remove the fire extinguisher which hadn't been inspected since 2019 and replace it with an up to date inspected unit. FMD will go through all existing units to ensure all are within compliance and then enlist All County to inspect them on their next maintenance visit.
22-15	Audit Report 22007 Issued December 29, 2021 Title: Fire Extinguisher Compliance Department: FACILITIES MANAGEMENT	Medium	FMD should immediately visit the fire extinguishers lacking up to date monthly inspection records and perform the necessary inspections.	2/28/2022	2/28/2022	This audit report was issued at the end of the 2nd quarter so no follow-up was performed. However, at the time of issuance Facilities Management indicated that all units currently lacking up to date inspection records will be internally inspected by FMD to ensure the Authority is meeting California Code Title 19 Standards. Further, FMD Management will research and take appropriate action with any employees who failed to perform their assigned job.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
22-16	Audit Report 22007 Issued December 29, 2021 Title: Fire Extinguisher Compliance Department: FACILITIES MANAGEMENT	Medium	FMD should require that staff performing fire extinguisher inspections write the full date (day, month, and year) of when the inspection was performed on the maintenance tags. The full date would allow cross checking with staff assignments creating increased confidence in the veracity of FMD attestations. Alternately, management could procure a computer application that could scan barcodes attached to each fire extinguisher, which could record all relevant information, including dates of completed inspections, location of fire extinguishers, and the employee performing the inspection.	2/28/2022	2/28/2022	This audit report was issued at the end of the 2nd quarter so no follow-up was performed. However, at the time of issuance Facilities Management indicated that moving forward when FMD performs inspections on handheld fire extinguisher units, the Month, day, year will be written on the tag to ensure the unit is within California Code Title 19 standards. Utilizing our existing E-1 database application FMD will create a weekly Preventative Maintenance "PM" Work Order for handheld fire extinguisher inspection. The Work Order will have a photo of the extinguishers inspected each week to show location and tag confirmation which will be attached and accessible in the Additional comment section of the Work Order.
22-17	Audit Report 21015 Issued December 30, 2021 Title: Rent Forbearance and Abatement Program Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	In the event the Program is extended to future periods, RG&PD should develop a checklist to address the administration of the Program and ensure that the checklist is updated to encompass any future changes to the Program. The checklist should be shared with other Departments as necessary.	3/25/2022	3/25/2022	This audit report was issued at the end of the 2nd quarter so no follow-up was performed. However, at the time of issuance RG&PD indicated that it would create a checklist to ensure the necessary documents and forms are completed for the proper and timely execution of the abatements as approved by the Board and as required by the FAA for ACRGP funds.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
22-18	Audit Report 21015 Issued December 30, 2021 Title: Rent Forbearance and Abatement Program Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Management should set a standard naming protocol for each of the documents used in the Program and ensure that all documents are filed in ECMS in a timely manner in specific folders for each type of document.	3/25/2022	3/25/2022	This audit report was issued at the end of the 2nd quarter so no follow-up was performed. However, at the time of issuance RG&PD indicated that it would establish a standard naming for all of the documents which support the rent forbearance abatement program along with any documents required by the FAA for ACRGP funding and establish a time line for the filing of all applicable documents in ECMS.
22-6	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Medium	A formal procedure that includes a documented process for granting and changing access rights should be developed. Documentation should be retained for audit purposes.	2/28/2022	2/28/2022	Board Services is currently meeting with Department Records Coordinators individually as they receive request to adjust permissions. They are requiring written approval from department Directors for adding or changing permissions. They are confident that they will complete this recommendation by the Initial Estimated Completion Date of 2/28/2022.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
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	12/1/2022	RG&PD will work with the Five Authority Departments to establish a universal set of procedures for SDIA space management.
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	12/1/2022	RG&PD staff will work with GIS Space Manager, Finance and Accounting to determine steps to determine accuracy between the two systems currently used for space management. Staff will discuss ideas with other departments how to identify space usages.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
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	3/28/2022	The Procurement Department is working with the DEI committee to make some additional revision related to Business Engagement and Supplier Diversity.
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	3/31/2022	Partially Completed (1) As part of the Export/Upload SOP GT will establish a goal to upload all citations within 48 hours of issuance. (2) GT will issue reports on % of citations uploaded daily and within/without 48 hours. (3) GT will issue exception reports for citations processing issues and troubleshooting issues.
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	3/31/2022	1. As part of the Appeals Process SOP GT will establish and implement a formal, documented approval form for all decisions reached within the appeals process. This form will include: a) Date of citation, b) Date of citation appeal, c) Date of appeal review, d) Appeal decision - by party independent of appeal processor, e) Manager review signature and date, and f) Director review signature and date.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2021
In Progress						
22-7	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Low	The ECMS Administrator should consider utilizing a software tool or other methodology to identify confidential or sensitive information within ECMS to determine if the information is properly safeguarded and only accessible to those with the logical need for that information.	6/30/2022	6/30/2022	As part of the annual process of maintaining a catalog of enterprise systems, Board Services began identifying Authority systems that maintain confidential, sensitive and SSI information which includes the ECMS. This review was completed on 12/29/2021. Board Services is confident that they will complete this recommendation by the Initial Estimated Completion Date of 6/30/2022.

Fiscal Year 2022 Second Quarter Report from the Office of the Chief Auditor

October 1, 2021, through December 31, 2021

Audit Committee Meeting February 7, 2022

Agenda

- Performance Measures
- General Audit Activities
 - Recommendation Follow-Up
 - Ethics
- Audit
 - Audits Completed
 - Spotlight: Fire Extinguisher Compliance

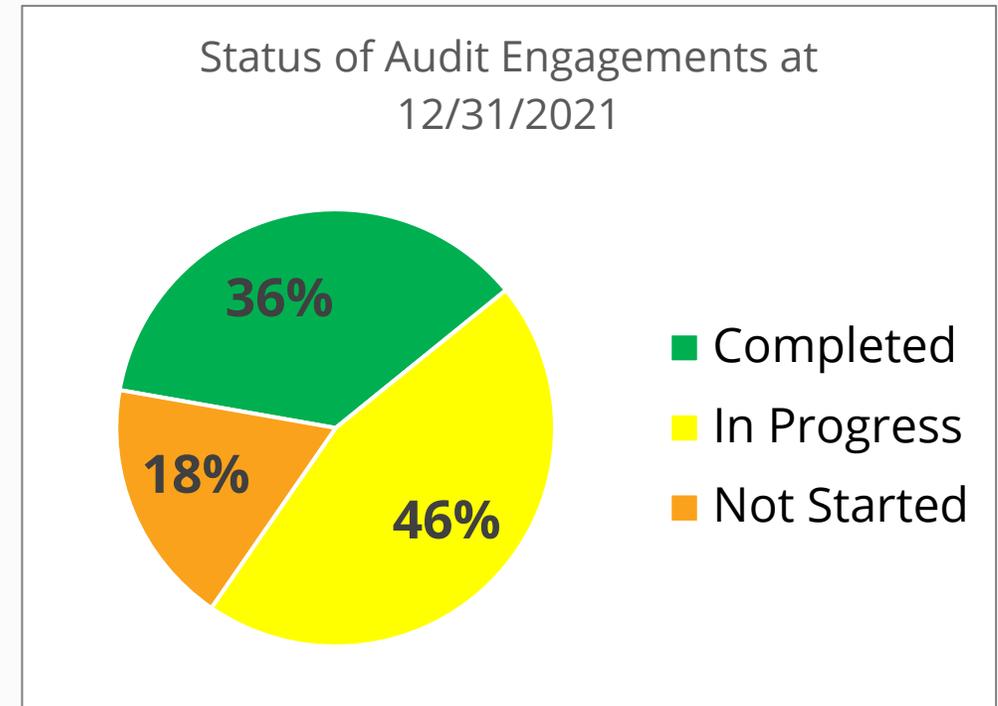
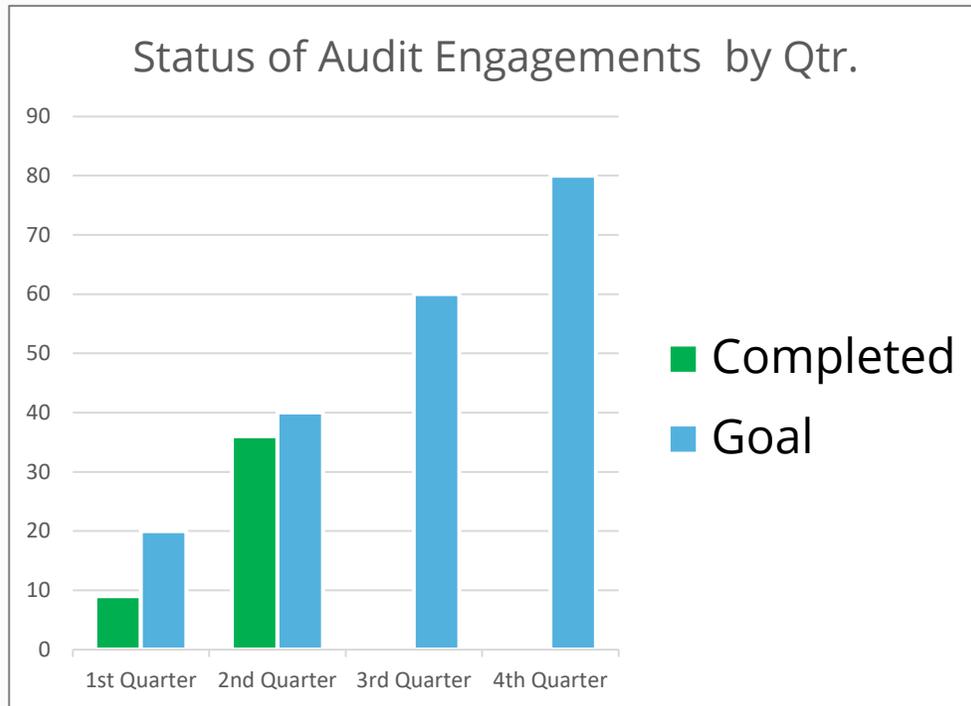


Fiscal Year 2022 Performance Measures

Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	4.2	4.0
Number of Recommendations	13	18	13
Percentage of Audit Engagements Completed	40%	36%	40%
Percentage of Recommendations Accepted	95%	100%	83%
Percentage of Staff Time Spent on Audit Engagements and General Audit Activities	70%	65%	70%
Percentage of Audits Engagements Completed within Budget	80%	100%	75%

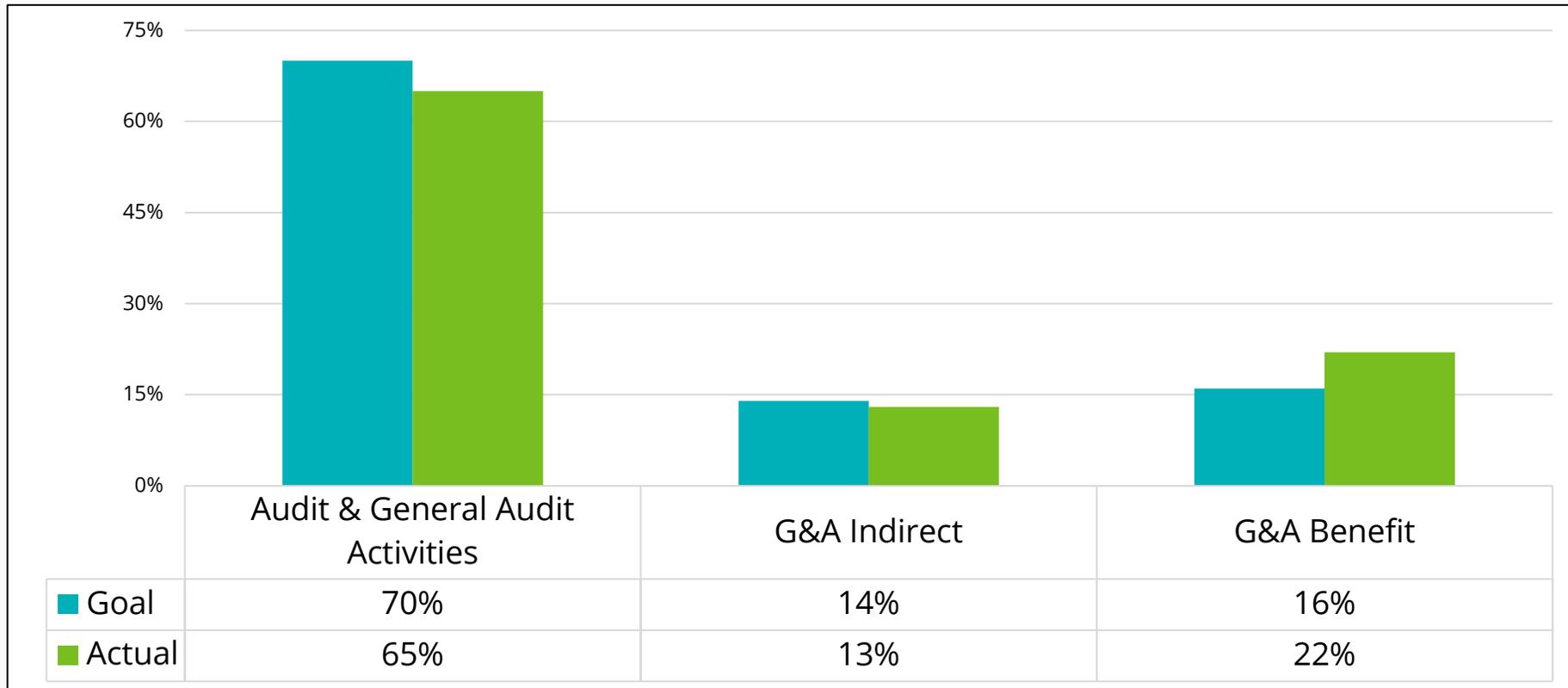
Performance Measures - Additional Details

PERCENTAGE OF AUDIT ENGAGEMENTS COMPLETED



Performance Measures - Additional Details

PERCENTAGE OF STAFF TIME SPENT ON AUDIT ENGAGEMENTS AND GENERAL AUDIT ACTIVITIES



General Audit Activity - Recommendation Follow-Up

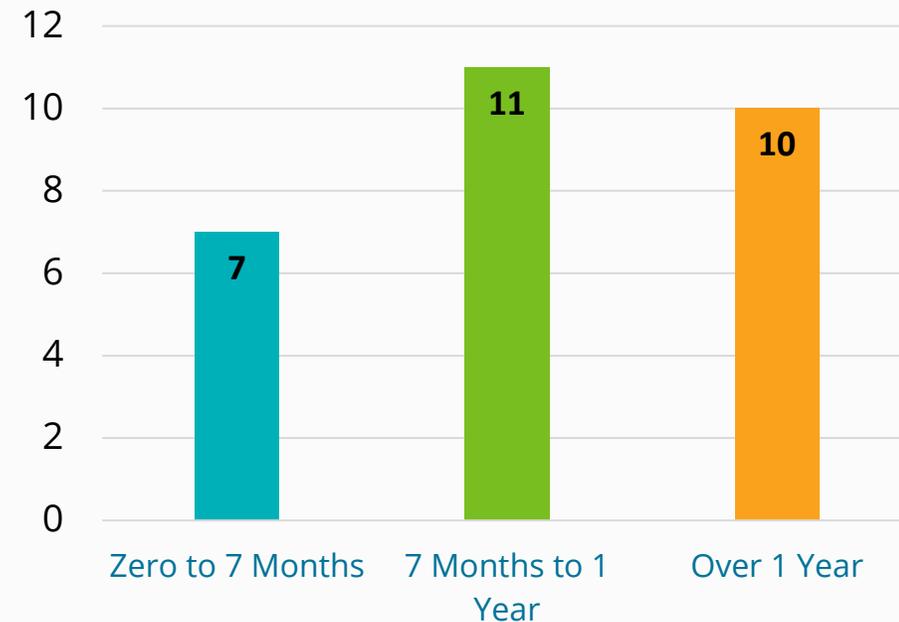
STATUS AS OF DECEMBER 31, 2021

Recommendations			
Completed	In Progress	Not Accepted	Tracked
6*	28**	-	34

* 1 recommendation was completed within the initial timeframe identified for implementation.

** 16 recommendations are still within the initial timeframe identified for implementation.

Estimated Implementation Timeframe for In Progress Recommendations



General Audit Activity - Ethics

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)	Response (to non-anonymous reports)
Category					
Human Resource, Diversity, and Workplace Respect	13	-	-	-	-
Business Integrity	1	1	-	-	-
Environment, Health and Safety	1	1	1	1	-
Total	15	2	1	1	-

Audits Completed

Office of the Chief Auditor
Rent Forbearance and Abatement Program
Audit Report No. 21015
Issue Date: December 30, 2021



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members
Gil Cabrera
Chair
Catherine Blakepear
Mary Carillas Sales
Robert T. Lloyd
Paul McHamara
Paul Robinson
Johanna Schwart
Nora E. Vargas
Marti von Wilpert

In-Office Board Members
Col. Thomas M. Beckel
Gustavo Delarida
Gayle Miller

President / CEO
Kimberly J. Becker

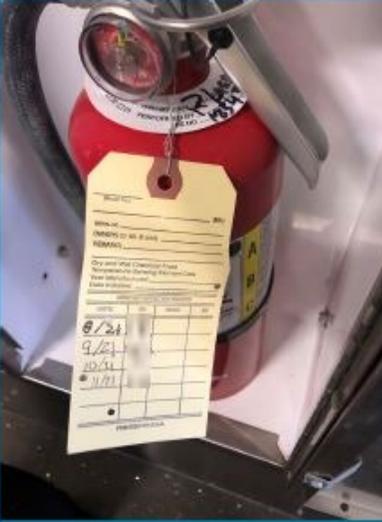
Audit Committee
Carmen D. Vann
Chair
Catherine Blakepear
Mary Carillas Sales
Robert T. Lloyd
Gretchen Newsom
Nora E. Vargas
Agnes Wong Nickerson

Office of the Chief Auditor
Lee Parravano
Chief Auditor

Fred Bolger
Manager,
Audit Services
Marnie Dale
Auditor
Shana Ellis
Senior Auditor
Scott Theln
Senior Auditor
Callie Uffman
Senior Auditor
Suzanne Olaszock
Executive Assistant

Lee Parravano
Lee Parravano
Chief Auditor

Office of the Chief Auditor
Fire Extinguisher Compliance
Audit Report No. 22007
Date: December 29, 2021



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members
Gil Cabrera
Chair
Catherine Blakepear
Mary Carillas Sales
Robert T. Lloyd
Paul McHamara
Paul Robinson
Johanna Schwart
Nora E. Vargas
Marti von Wilpert

In-Office Board Members
Col. Thomas M. Beckel
Gustavo Delarida
Gayle Miller

President / CEO
Kimberly J. Becker

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Suzanne Olaszock
Executive Assistant

Lee Parravano
Lee Parravano
Chief Auditor

Office of the Chief Auditor
Terminal Space Management
Audit Report No. 22005
Issue Date: November 22, 2021



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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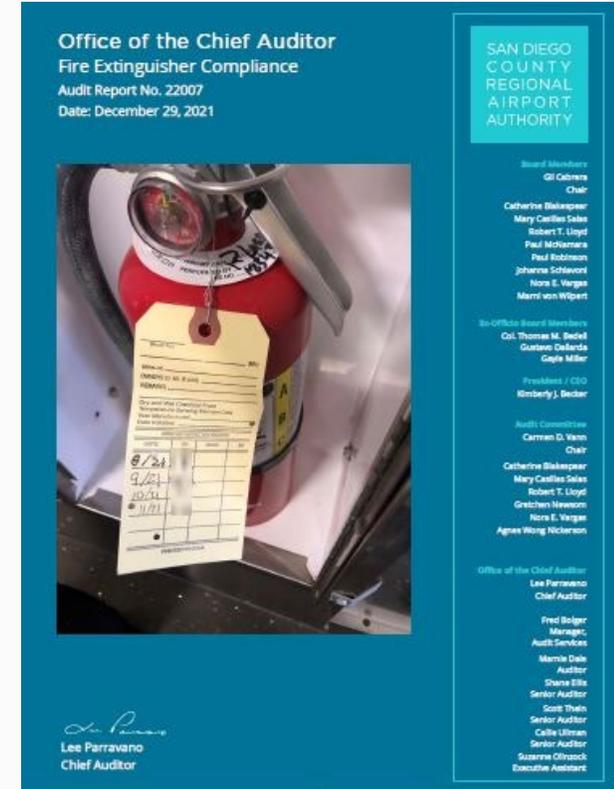
Lee Parravano
Lee Parravano
Chief Auditor

Audit Spotlight Fire Extinguisher Compliance

Audit Spotlight - Fire Extinguisher Compliance

BACKGROUND

- There are approximately 870 hand held fire extinguishers located at the Authority
- Hand held fire extinguishers are required to have monthly and annual inspections
- Annual inspections are performed by *All County Fire*
- Monthly inspections are performed by FMD



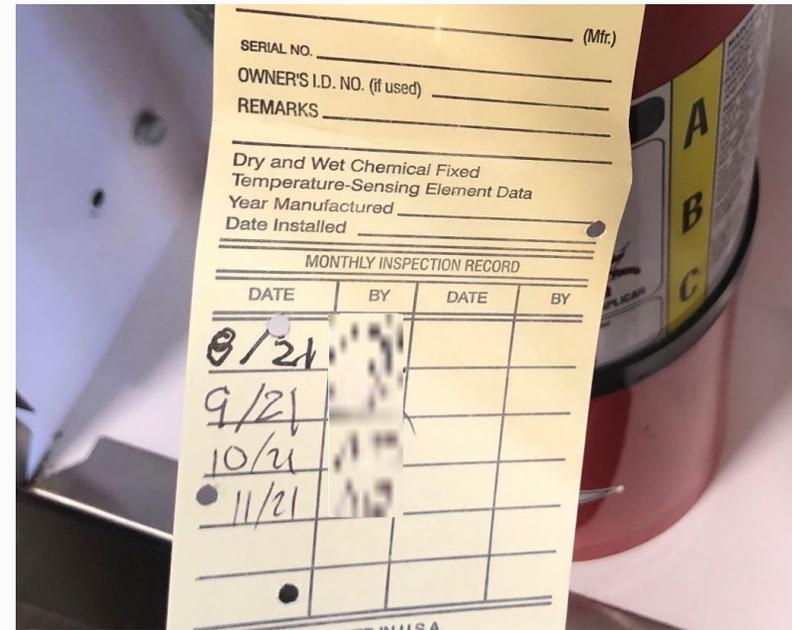
Audit Spotlight - Fire Extinguisher Compliance

BACKGROUND CONTINUED



Annual Inspection

- Front of Standard Tag



Monthly Inspection

- Back of Standard Tag

Audit Spotlight - Fire Extinguisher Compliance

OBJECTIVE, SCOPE, AND METHODOLOGY



Objective

Determine if the monthly and annual inspections were performed.



Scope

Authority Fire Extinguishers (excluding Tenant occupied spaces)



Methodology

Sample 50 Fire Extinguishers to determine if they had

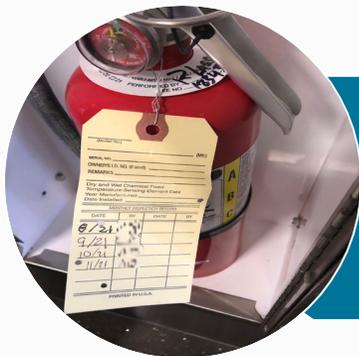
- Annual Inspections
- Monthly Inspections

Audit Spotlight - Fire Extinguisher Compliance

STRENGTHS & FINDINGS



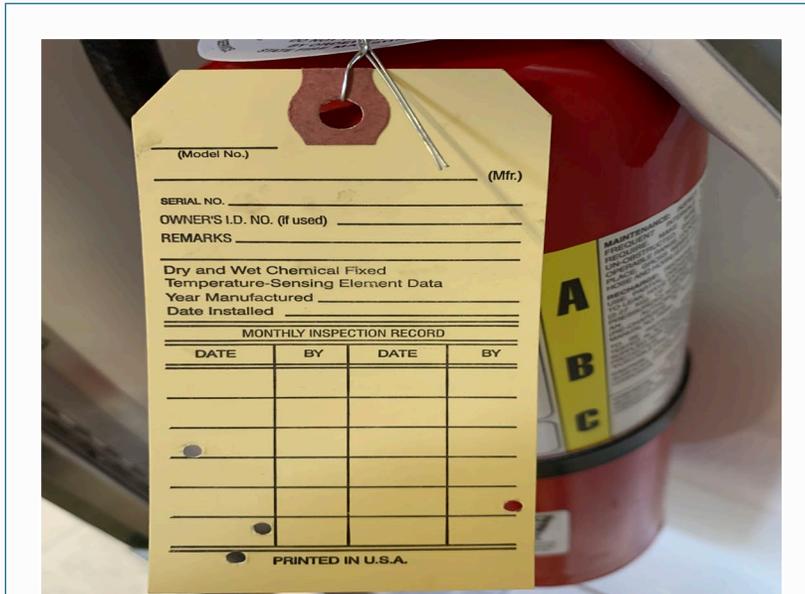
98% of fire extinguishers tested had an *annual* inspection



88% of fire extinguishers tested had *monthly* inspections

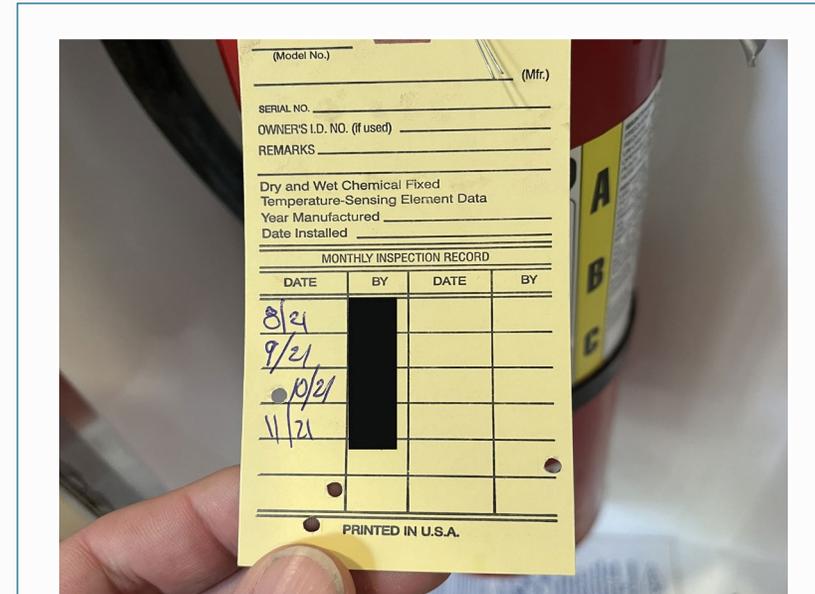
Audit Spotlight - Fire Extinguisher Compliance

MODIFIED INSPECTION RECORDS



Standard Tag Photographed

November 2, 2021



Standard Tag Photographed

November 18, 2021

Audit Spotlight - Fire Extinguisher Compliance

Conclusion

The Authority complied with inspection requirements for the majority of fire extinguishers tested.

1 Finding and 4 Recommendations

All were accepted by Management

#1

FMD should maintain a listing of all fire extinguishers.

#2

FMD should remove the fire extinguisher that has not received an inspection since 2019.

#3

FMD should inspect the fire extinguishers lacking up to date monthly inspections.

#4

FMD should write the full date when inspections are performed.

A large commercial airplane is flying in the upper left quadrant of the frame against a sky filled with soft, pinkish-orange clouds. Below the plane, a city skyline is visible, featuring numerous high-rise buildings. In the foreground, there is a body of water and a line of green trees. The overall scene is captured during the "golden hour" of sunset.

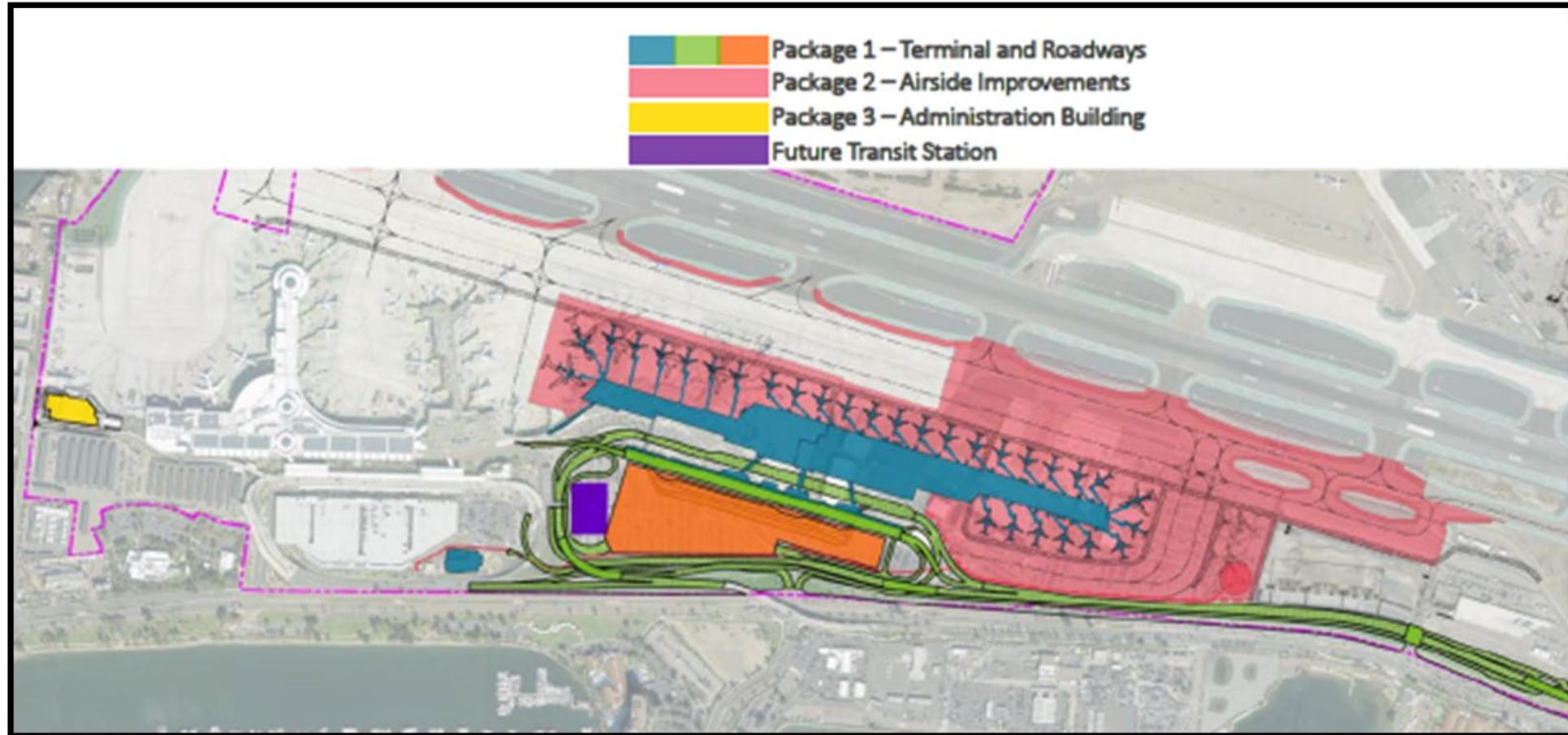
Questions?

CONSTRUCTION AUDIT UPDATE

Audit Committee Meeting February 7, 2022

Background

New T1



Background

CONSTRUCTION AUDIT SERVICES

May 10, 2021



- Audit Committee accepts selecting Baker Tilly for construction audit services.

June 3, 2021



- Authority Board approved Resolution No. 2021-0071 authorizing selection of Baker Tilly for construction audit services.

August 4, 2021



- Agreement between the Airport Authority and Baker Tilly is signed.

October 26, 2021



- Terminal & Roadways Validation Phase Risk Assessment task authorization is issued.

December 3, 2021



- Terminal & Roadways Validation Phase Audit Plan task authorization is issued.

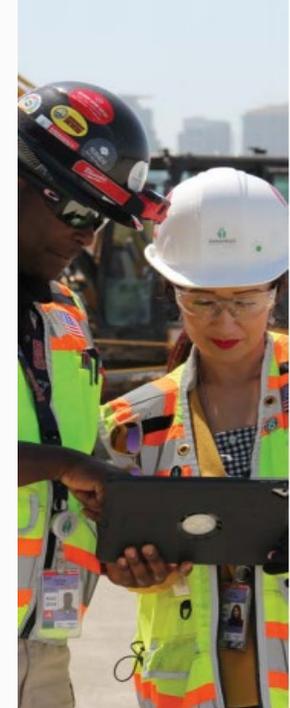
Baker Tilly Completed Tasks

TERMINAL & ROADWAYS VALIDATION PHASE RISK ASSESSMENT

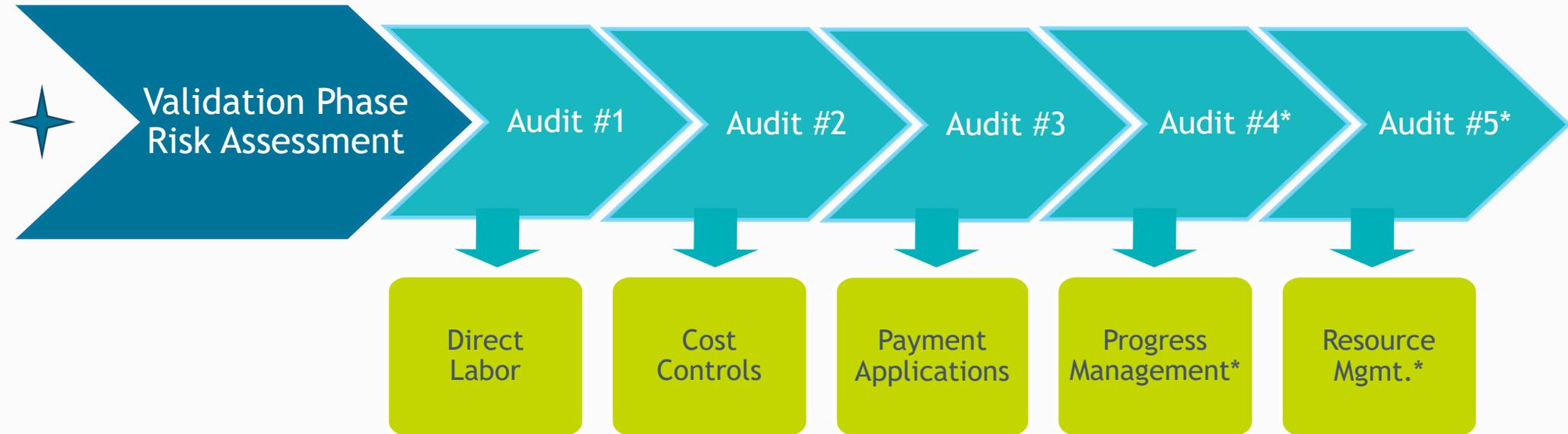
- Identify Risks
 - Analyze Turner-Flatiron agreement documents
 - Review project progress reports
 - Interview project program managers
- Five major risk areas identified

TERMINAL & ROADWAYS VALIDATION PHASE AUDIT PLAN

- Develop audit plan based on analysis of the risks identified



Potential Terminal & Roadways Validation Phase Audits



*Not carried forward to the OCA Fiscal Year 2022 Audit Plan

Proposed Terminal & Roadways Validation Phase Audits

AUDIT #1: DIRECT LABOR

- Baker Tilly Audit
 - Hours*: BT 360; OCA 133
 - Cost: BT \$70,000

AUDIT #2: COST CONTROLS

- Baker Tilly Lead, OCA Staff Audit
 - Hours: BT 208; OCA 350
 - Cost: BT \$36,800

AUDIT #3: PAYMENT APPLICATIONS

- OCA Audit
 - Hours: OCA 300

*Audit work to be performed by Baker Tilley. OCA hours included for review and supervision as required by IIA Standards.

Next Phase Process

Guaranteed Maximum Price (GMP) Development Phase
Risk Assessment

Guaranteed Maximum Price (GMP) Development Phase
Audit Plan

Authorization of Audits

Questions?

Staff Report

Meeting Date: February 7, 2022

Subject:

Revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee accept the revised Audit Plan and forward it to the Board with a recommendation for approval (*Requires five (5) affirmative votes of the Audit Committee*).

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 7, 2021, per Board Resolution No. 2021-0109, defines the role and requirements of the Office of the Chief Auditor (OCA).

As directed in the Charter, the Chief Auditor shall submit, at least annually, a risk-based Audit Plan to the Audit Committee and to Authority executive management, and shall review and adjust the Audit Plan, as necessary, responding to changes in business risks, operations, special requests, programs, systems, and controls. All changes to the Audit Plan shall be communicated to the Audit Committee prior to being submitted to the Board for approval.

Additionally, International Standards for the Professional Practice of Internal Auditing require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs initial Audit Plan for Fiscal Year 2022 was approved by the Audit Committee during its May 10, 2021, meeting, and was subsequently approved on June 3, 2021, by Board Resolution No. 2021-0063.

During the first quarter of Fiscal Year 2022, a review of the Audit Plan was undertaken by the OCA. A revision to adjust the allocation of audit hours to reflect the OCAs operational requirements was approved by the Board on October 7, 2021, by Resolution No. 2021-0110.

Meeting Date: February 7, 2022

During the second quarter of Fiscal Year 2022, a revision to the Fiscal Year 2022 Audit Plan was requested to add an audit of Fire Extinguisher Compliance to the Audit Plan with 275 audit engagement hours. This revision was approved by the Board on December 2, 2021, by Resolution No. 2021-0137.

At this time, a revision to the Fiscal Year 2022 Audit Plan is requested. The revision is comprised of two categories: 1) Harbor Police Contract Management Audits and 2) Construction Audits.

Harbor Police Contract Management Audits

The OCA is requesting to refine the objectives and hours for two Harbor Police audits. The first Harbor Police audit originally had a stated objective to determine if Harbor Police costs and services are appropriate and equitable related to an analysis of costs for the Fiscal Years 2018 and 2019. However, Fiscal Year 2020 costs are also available to be analyzed and will be included in the scope of this audit. The OCA estimates an additional 148 hours of effort is needed to complete the engagement that includes FY 2020 costs.

The second Harbor Police audit originally had a stated objective to determine if Harbor Police costs and services are appropriate related to the Fiscal Year 2020 True-up. The OCA is specifying that its objective is to determine if controls surrounding the Accounting Department's review of the Fiscal Year 2020 True-up of Harbor Police costs and services are appropriate. The OCA estimates an additional 50 hours of effort is needed to complete this engagement.

The 198 total hours needed to complete the Harbor Police Contract Management audits above would be reallocated from the discretionary hours listed on the Fiscal Year 2022 Audit Plan as "To Be Determined".

Construction Audits

The OCA, in partnership with the external construction auditor, Baker Tilly US LLP, identified multiple auditable areas on the New T1 as a result of a risk assessment performed by Baker Tilly. As such, three audits should be initiated for the validation phase related to the terminal and roadways project. The first audit is the Turner-Flatiron Validation Phase Payment Applications audit to be performed by OCA staff. The second audit is the Terminals and Roadway Validation Phase Cost Controls audit. This audit would utilize a collaborative auditing format, whereas both OCA and Baker Tilly staff would work together to achieve the audit's objectives.¹ The third audit is the Turner-Flatiron Validation Phase Direct Labor audit. This audit would be principally performed by Baker Tilly staff.

Additionally, the OCA is requesting further revision to the Audit Plan to add construction hours related to pre-audit activities for the Airside Improvement Project and

¹ The OCA is required by Internal Audit Standards to review and supervise work performed by Baker Tilly. The Fiscal Year 2022 Audit Plan hours includes the review and supervision hours required.

Administration Building. These pre-audit activities would include an examination of the Griffith Company and Sundt contracts and the development of risk assessments. The risk assessments would be utilized to develop a formal plan of construction audits in Fiscal Year 2023.

The OCA anticipated that 1,203 hours would be needed in Fiscal Year 2022 to conduct construction audits and pre-audit activities, which were designated as "To Be Determined" on the Audit Plan. At this point, there are 983 hours needed to be reallocated from the discretionary hours listed on the Fiscal Year 2022 Audit Plan to specify the construction audits and pre-audit activities stated above. This would leave a remaining balance of 220 hours listed "To Be Determined" as specifically set aside for construction audits.

The proposed revision to the Fiscal Year 2022 Audit Plan is provided as Attachment A. The Fiscal Year 2022 Audit Plan with all changes incorporated is provided as Attachment B.

Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2022 and conceptually approved budget for Fiscal Year 2023 meet the allotted budget requirements for the proposed revision to the Fiscal Year 2022 Audit Plan.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board 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.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Harbor Police Contract Management ²	To determine if Harbor Police costs and services are appropriate and equitable for the Fiscal Years 2018, 2019, and 2020.	400	148	548
System Security ²	To evaluate the Authority's security posture by performing penetration testing of the Authority's Aviation Security and Public Safety's system.	120	-	120
Records Management ²	To determine if access rights in the Authority's Enterprise Content Management System (ECMS) are appropriate.	290	-	290
Accounts Receivable / Collections ²	To determine if the rent abatement program was properly administered and in compliance with applicable Federal requirements of the COVID-19 relief acts.	400	-	400
Contractor Monitoring ²	To determine if the Engineered Materials Arresting System (EMAS) project was properly monitored and managed.	140	-	140
Harbor Police Contract Management	To determine if controls surrounding the Accounting Department's review of the Fiscal Year 2020 True-up of Harbor Police costs and services are appropriate related to the Fiscal Year 2020 True-Up.	500	50	550
Tenant Lease Administration & Management ³	To determine if the concessions, CFC/TFCs reported to the Authority are accurate for all Airport Rental Car Companies.	1,140	-	1,140
System Security	To evaluate the Authority's security posture by performing penetration testing of the Authority's website.	325	-	325
Employee Training and Development	To determine if employee trainings are administered appropriately.	525	-	525
Tenant Lease Administration & Management	To determine if terminal airport space is managed and billed appropriately.	525	-	525
Airfield Operations Management	To determine the gate software (Amadeus) matches Airline landing fees reported.	500	-	500
Terminal Maintenance	To determine if fire extinguishers are in compliance with inspection and other requirements.	275	-	275
Turner-Flatiron Validation Phase Payment Applications	To determine if the Validation Phase payment application costs are accurate, properly supported, and in compliance with the agreement requirements.	-	300	300

¹ Objective may change based on the preliminary survey performed by the OCA.

² Audit Activity has been carried forward from Fiscal Year 2021.

³ Audit engagement is not anticipated to be completed in Fiscal Year 2022, and will be carried forward to the Fiscal Year 2023 Audit Plan. The hours budgeted in Fiscal Year 2022 are 1,140. An additional 375 hours will be needed in Fiscal Year 2023 to complete. The total budget for this audit engagement is 1,515.

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
Terminals and Roadway Validation Phase Cost Controls	To determine if the controls surrounding the Validation Phase costs are adequate and operating as designed. ⁴	-	350	350
Turner-Flatiron Direct Labor Validation Phase	To determine if direct labor is properly billed using the correct labor rate calculations and in accordance with the terms of the agreement. ⁴	-	133	133
To Be Determined	To initiate audits related to construction activities based on a Risk Assessment(s) performed by the External Construction Auditor.	1,203	(983)	220
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	198	(198)	-
	Total Audit Hours	6,541	(200)	6,341

⁴This audit is being performed in partnership with the external construction audit firm, Baker Tilly. The hours listed are the hours for OCA staff only and do not include the hours for Baker Tilly.

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT A

Key Work Activity	Objective ⁵	Original Estimated Hours	Change Requested	Revised Hours
General Audit Hours				
Risk Assessment and Audit Plan ⁶	To conduct a Risk Assessment of SDCRAA that will identify the high risk activities to be considered when preparing the annual OCA Audit Plan.	212	-	212
Risk Assessment - The Griffith Company Pre-Audit Activities	To perform the analysis of the Griffith Company agreement to perform the ADP Airside Improvements, and develop the associated risk assessment.		100	100
Risk Assessment - Sundt Construction Pre-Audit Activities	To perform the analysis of the Sundt Construction agreement to build the Administration Building, and develop the associated risk assessment.	-	100	100
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the Construction Auditor.	380	-	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	80	-	80
Development of Data Analytics	Develop a data analytics program for in terminal concessions or other programs.	220	-	220
Ethics Hotline ⁶	To review ethics policies and investigate reported incidents.	210	-	210
Recommendation Follow-up ⁶	To verify that internal and external audit recommendations have been implemented as intended.	140	-	140
Quality Assurance & Improvement Program ⁶	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	320	-	320
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180	-	180
	Total General Audit Hours	1,742	200	1,942

⁵ Objective may change based on the preliminary survey performed by the OCA.

⁶ Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT A

Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,189	-	2,189
Administrative - Benefit	Vacation, Holiday Time and Other Time Off.	2,008	-	2,008
	Total Administrative	4,197	-	4,197
	Total Fiscal Year 2022 Hours	12,480	-	12,480

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT A

Key Work Activity	Objective ⁷	Original Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Airport Ground Transportation Operations Management	To determine if the privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system are adequate.	500	-	500
OCIP	To determine if the Owner Controlled Insurance Program (OCIP) is administered appropriately.	500	-	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450	-	450
Management of ALUC, Board, and Standing Board Committee Meetings	To determine if the processes and technology utilized for Board, Airport Land Use Commission (ALUC), and Committee meetings are efficient and appropriate.	400	-	400
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450	-	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
TNC Contract Administration & Revenue Collection	To determine if the TNC Contract is administered appropriately.	475	-	475
Employee Parking Card and Policy Administration	To determine if Parking Cards are administered appropriately.	550	-	550
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
Innovation Lab Operations	To determine if the Innovation Lab is administered appropriately.	600	-	600
	Total Contingent Audit Hours	5,100	-	5,100

⁷ Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT B

Key Work Activity	Objective ¹	Revised Hours
Audit Hours		
Harbor Police Contract Management ²	To determine if Harbor Police costs and services are appropriate and equitable for the Fiscal Years 2018, 2019, and 2020.	548
System Security ²	To evaluate the Authority's security posture by performing penetration testing of the Authority's Aviation Security and Public Safety's system.	120
Records Management ²	To determine if access rights in the Authority's Enterprise Content Management System (ECMS) are appropriate.	290
Accounts Receivable / Collections ²	To determine if the rent abatement program was properly administered and in compliance with applicable Federal requirements of the COVID-19 relief acts.	400
Contractor Monitoring ²	To determine if the Engineered Materials Arresting System (EMAS) project was properly monitored and managed.	140
Harbor Police Contract Management	To determine if controls surrounding the Accounting Department's review of the Fiscal Year 2020 True-up of Harbor Police costs and services are appropriate.	550
Tenant Lease Administration & Management ³	To determine if the concessions, CFC/TFCs reported to the Authority are accurate for all Airport Rental Car Companies.	1,140
System Security	To evaluate the Authority's security posture by performing penetration testing of the Authority's website.	325
Employee Training and Development	To determine if employee trainings are administered appropriately.	525
Tenant Lease Administration & Management	To determine if terminal airport space is managed and billed appropriately.	525
Airfield Operations Management	To determine the gate software (Amadeus) matches Airline landing fees reported.	500
Terminal Maintenance	To determine if fire extinguishers are in compliance with inspection and other requirements.	275
Turner-Flatiron Validation Phase Payment Applications	To determine if the Validation Phase payment application costs are accurate, properly supported, and in compliance with the agreement requirements.	300
Terminals and Roadway Validation Phase Cost Controls	To determine if the controls surrounding the Validation Phase costs are adequate and operating as designed. ⁴	350

¹ Objective may change based on the preliminary survey performed by the OCA.

² Audit Activity has been carried forward from Fiscal Year 2021.

³ Audit engagement is not anticipated to be completed in Fiscal Year 2022, and will be carried forward to the Fiscal Year 2023 Audit Plan. The hours budgeted in Fiscal Year 2022 are 1,140. An additional 375 hours will be needed in Fiscal Year 2023 to complete. The total budget for this audit engagement is 1,515.

⁴ This audit is being performed in partnership with the external construction audit firm, Baker Tilly. The hours listed are the hours for OCA staff only and do not include the hours for Baker Tilly.

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT B

Key Work Activity	Objective ¹	Revised Hours
Audit Hours Cont.		
Turner-Flatiron Direct Labor Validation Phase	To determine if direct labor is properly billed using the correct labor rate calculations and in accordance with the terms of the agreement. ⁴	133
To Be Determined	To initiate audits related to construction activities based on a Risk Assessment(s) performed by the External Construction Auditor.	220
Total Audit Hours		6,341

Key Work Activity	Objective ⁵	Revised Hours
General Audit Hours		
Risk Assessment and Audit Plan ⁶	To conduct a Risk Assessment of SDCRAA that will identify the high risk activities to be considered when preparing the annual OCA Audit Plan.	212
Risk Assessment - The Griffith Company Pre-Audit Activities	To perform the analysis of the Griffith Company agreement to perform the ADP Airside Improvements and develop the associated risk assessment.	100
Risk Assessment - Sundt Construction Pre-Audit Activities	To perform the analysis of the Sundt Construction agreement to build the Administration Building and develop the associated risk assessment.	100
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the Construction Auditor.	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	80
Development of Data Analytics	Develop a data analytics program for in terminal concessions or other programs.	220
Ethics Hotline ⁶	To review ethics policies and investigate reported incidents.	210
Recommendation Follow-up ⁶	To verify that internal and external audit recommendations have been implemented as intended.	140
Quality Assurance & Improvement Program ⁶	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	320
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180
Total General Audit Hours		1,942
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,189
Administrative - Benefit	Vacation, Holiday Time and Other Time Off.	2,008
Total Administrative		4,197
Total Fiscal Year 2022 Hours		12,480

⁵ Objective may change based on the preliminary survey performed by the OCA.

⁶ Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
Fiscal Year 2022
Proposed Audit Plan February 7, 2022

ATTACHMENT B

Key Work Activity	Objective ⁷	Revised Hours
Contingent Audit Hours		
Airport Ground Transportation Operations Management	To determine if the privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system are adequate.	500
OCIP	To determine if the Owner Controlled Insurance Program (OCIP) is administered appropriately.	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450
Management of ALUC, Board, and Standing Board Committee Meetings	To determine if the processes and technology utilized for Board, Airport Land Use Commission (ALUC), and Committee meetings are efficient and appropriate.	400
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650
TNC Contract Administration & Revenue Collection	To determine if the TNC Contract is administered appropriately.	475
Employee Parking Card and Policy Administration	To determine if Parking Cards are administered appropriately.	550
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525
Innovation Lab Operations	To determine if the Innovation Lab is administered appropriately.	600
	Total Contingent Audit Hours	5,100

⁷ Objective may change based on the preliminary survey performed by the OCA.

Revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting February 7, 2022

Reasons for Revision - Harbor Police Audits

Description	Hours
Harbor Police – Appropriate and equitable costs in FY 2018, 2019, and include FY 2020	148
Harbor Police – Accounting Department’s controls on FY 2020 True-up	50
Total	198

Description	Hours
To Be Determined	(198)
Total	(198)

Reasons for Revision - Construction Audits

Description	Hours
Turner-Flatiron Validation Phase Payment Applications	300
Terminals & Roadways Validation Phase Cost Controls*	350
Turner-Flatiron Direct Labor*	133
The Griffith Company - Pre Audit	100
Sundt Construction - Pre Audit	100
Total	983

Description	Hours
To Be Determined - Construction	(983)
Total	(983)

* Audit is done in Partnership with external construction audit firm, Baker Tilly.

Questions?