

Audit Committee and Special Board Meeting

**Monday, February 10, 2025
10:00 AM**

San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101

Board Members

Gil Cabrera (Chair)
James Sly (Vice-Chair)
Whitney Benzian
Lidia S. Martinez
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
Steve Vaus
Marni von Wilpert

Ex-Officio Board Members

Ann Fox
Col. R. Erik Herrmann
Michele Perrault

President/CEO

Kimberly J. Becker

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. If comments are made to the Committee 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. ***Please note that agenda items may be taken out of order.***

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

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

Board members who are not members of this Committee may attend and participate in Committee discussions. This Committee meeting is also noticed as a Special Meeting of the Board to comply with the Brown Act, since sometimes more than a quorum of the Board may be in attendance.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. **PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.**

Audit Committee Agenda

Monday, February 10, 2025

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CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Committee Members: Huerta, Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Vaus, 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 Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

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

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 18, 2024, regular meeting.

2. REVISION TO THE CHIEF AUDITOR JOB DESCRIPTION:

RECOMMENDATION: Staff recommends that the Audit Committee review this item and accept the changes.

Presented by: Lee Parravano, Chief Auditor

3. FISCAL YEAR 2025 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. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Presented by: Lee Parravano, Chief Auditor

4. CONSTRUCTION AUDIT UPDATE:

RECOMMENDATION: Information item only.

Presented by: Fred Bolger, Manager Audit Services, Tony Ollman, Principal Baker Tilly, Robert Zelmer, Senior Manager Baker Tilly

5. REVISION TO THE FISCAL YEAR 2025 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: Fred Bolger, Manager Audit Services

CLOSED SESSION:

6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of cases: 1

REPORT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is 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 called 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 Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Bring your ticket to the first-floor receptionist for validation.

Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

**DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY, NOVEMBER 18, 2024
BOARD ROOM**

CALL TO ORDER: Chair Newsom called the Audit Committee Meeting to order at 10:01 a.m., on Monday, November 18, 2024, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Newsom led the Pledge of Allegiance.

ROLL CALL:

Present: Committee Members: Huerta, Newsom (Chair), Perez, Vaus,
Wong Nickerson

Absent: Committee Members: Montgomery Steppe and Sanchez

Also Present: Kimberly Becker, President/CEO; Lee Kaminetz, Assistant General
Counsel; Annette Fagan Ortiz, Authority Clerk; Arely Valenzuela,
Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the September 9, 2024, regular meeting.

ACTION: Moved by Board Member Vaus and seconded by Board Member Perez to approve staff's recommendation. Motion carried unanimously noting Board Members Montgomery Steppe and Sanchez as ABSENT.

2. EXTERNAL AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024: 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:

Liz Stewart, Director, Accounting, and Pamela Hill, Partner, Plante Moran, provided a presentation that included an Executive Summary, Required Communications, New Auditing Standards, Summary of Financial Results, and Other Information Items.

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 Board Member Vaus and seconded by Committee Member Wong Nickerson to approve staff's recommendation. Motion carried unanimously noting Board Members Montgomery Steppe and Sanchez as ABSENT.

3. REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2024:

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

ACTION: Moved by Board Member Vaus and seconded by Committee Member Huerta to approve staff's recommendation. Motion carried unanimously noting Board Members Montgomery Steppe and Sanchez as ABSENT.

4. FISCAL YEAR 2025 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor and Scott Thein, Senior Auditor provided a presentation that included, Fiscal Year 2025 Performance Measures, General Audit Activities and Audit Spotlight: High Flying Foods-Package 7.

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

ACTION: Moved by Board Member Vaus and seconded by Board Member Perez to approve staff's recommendation. Motion carried unanimously noting Board Members Montgomery Steppe and Sanchez as ABSENT.

5. REVISION TO THE FISCAL YEAR 2025 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Fred Bolger, Manager, Audit Services, provided a presentation that included Reasons for Revision.

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 Vaus and seconded by Committee Member Wong Nickerson to approve staff's recommendation. Motion carried unanimously noting Board Members Montgomery Steppe and Sanchez as ABSENT.

COMMITTEE MEMBER COMMENTS:

CLOSED SESSION: The Committee recessed into Closed Session at 10:41 a.m. to discuss item 6.

6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of cases: 1

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 10:55 a.m. There was no reportable action.

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

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10th DAY OF FEBRUARY 2025.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

Audit Committee Report

Meeting Date: February 10, 2025

Subject:

Revision to the Chief Auditor Job Description

Recommendation:

Staff recommends that the Audit Committee review this item and accept the changes.

Background/Justification:

The Public Utilities Code states the Audit Committee shall regularly review the Authority's accounting, audit, and performance monitoring process. Additionally, the Public Utilities Code states the Audit Committee shall advise the appropriate committee and the Board regarding the selection of the auditor.

Authority Policy Section 1.50 Governance and Committees states the Audit Committee is responsible for oversight and monitoring of the internal audit function and evaluating the internal auditor.

The Charter of the Audit Committee states the Audit Committee shall advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor.

Global Internal Audit Standards (GIAS) – Standard 7.2 requires the Chief Auditor to provide information related to common and leading qualifications and competencies of the Chief Auditor to the Audit Committee.

In conformance with best practices and requirements of the GIAS the Chief Auditor is providing information related to common and leading qualifications and competencies of the Chief Auditor to the Audit Committee below.

The GIAS states that the desired competencies and qualifications are typically documented in a job description and include:

- A comprehensive understanding of the GIAS and leading internal audit practices.
- Experience building and managing an effective internal audit function by recruiting, hiring, and training internal auditors and helping them develop relevant competencies.
- Certified Internal Auditor designation or other relevant professional education, certifications, and credentials.
- Leadership experience.
- Industry or sector experience.

Per Robert Half the following finance and accounting certifications are desirable by employers:

- Certified internal auditor (CIA)
- Certified fraud examiner (CFE)
- Certified public accountant (CPA)
- Certified information systems auditor (CISA)
- Certified government auditing professional (CGAP)

Further, the Chief Auditor and Human Resources have reviewed the Job Description for the Chief Auditor at the Authority. The review determined that the Job Description should be updated to require the Chief Auditor, amongst other items, to have either a CIA, CPA or CISA certification and have certain other competencies.

A redlined version of the Chief Auditor Job Description is provided in Attachment A. A version with all changes incorporated is provided in Attachment B.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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

San Diego County Regional Airport Authority

Class Code: A301

Approved: ~~09/11/032/10/2025~~

Date Revised: ~~11/2/171/9/2025~~

Job Description Chief Auditor

FLSA Status: Exempt
EEOC Job Category: Officials and Administrators
Classified: No
Union Representation: Unrepresented

Reports To: Board of Directors

Summary/Objective

Accountable to the Board of Directors, and the Audit Committee, oversees and directs the Authority's internal audit activities.

Competencies:

1. **Leadership.** Blends people into teams and creates a strong morale; fosters open dialogue and defines success in terms of the whole team.
2. **Dealing with ambiguity.** Manages risk and uncertainty effectively; able to act and make decisions without the total picture.
3. **Executes Strategy.** Creates a compelling strategic vision that inspires and motivates others to high performance.
4. **Integrity.** Exercise diplomacy and discretion in dealing with highly sensitive, complex, and confidential issues and situations.
5. **Stakeholder Management.** Supports collaboration and relationship building by displaying integrity and cultivating networks within the industry and community.
6. **Business Acumen.** Demonstrates broad understanding of the business, departments' functions, and the supporting work activities across the organization.
7. **Interpersonal & Presentation Skills:** Seeks and proficiently presents information in writing, verbally and digitally, clearly presents information, facilitates and persuades others in a group and one-on-one forum.
- 5-8. **Judgement & Decision Making:** Ability to use appropriate judgement and confidentiality in selecting procedures, conducting transactions with other departments, vendors and the public and solving non-routine problems based on experience-based knowledge.

Essential Functions:

1. Develops and recommends Audit strategies required to achieve organizational vision and goals, including directing the identification of risks requiring audit review and ensuring completion of work papers and audit reports.

2. Aligns and evaluates the work of Audit department and associated staff to ensure that operations and services comply with the policies and strategic direction set by the President/CEO, Board of Directors and all applicable laws and regulations.
3. Provides leadership and coaching necessary to attract, develop and retain a highly competent, diverse, customer-oriented staff.
- ~~4. Directs the preparation and administration of Audit requirements in accordance with Authority policies.~~
4. Analyzes relevant legislation and regulations and participates in industry and inter-governmental activities to influence legislative and regulatory change consistent with the Authority's interests and needs.
5. Oversees the maintenance of audit records to ensure accuracy and compliance with all applicable laws and regulations; manages budget ensuring audits are completed on-time and within the allocated budget.

Other Duties

This job description is not designed to cover a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities and activities may change at any time with or without notice.

Required Education, Training and Experience:

- Graduation from a four-year college or university with a degree in public or business administration, finance, accounting, or a closely related field.
- Eight years of progressively responsible audit experience in public accounting or internal auditing, four of which were in a management capacity.
- ~~Four years of experience in a management capacity.~~ Certified Internal Auditor (CIA), Certified Public Accountant (CPA), or Certified Information Systems Auditor (CISA) designation.
- Or an equivalent combination of experience and education.

Preferred Certification and Licenses:

~~Certified Public Accountant (CPA)~~

~~Certified Internal Auditor (CIA)~~

- Master's degree in public or business administration, finance, accounting, or closely related field.
- Certified Government Auditing Professional (CGAP), Certified Financial Services Auditor (CFSA), Certified Fraud Examiner (CFE), or Internal Audit Practitioner.

~~Certified Fraud Examiner (CFE)~~

~~Certified Information Systems Auditor (CISA)~~

EEO Statement

It is the policy of the San Diego County Regional Airport Authority to provide equal employment opportunity (EEO) to all persons regardless of age, color, national origin, citizenship status, physical or mental disability, race, religion, creed, gender, sex, sexual orientation, gender identity and/or expression, genetic information, marital status, status with regard to public assistance, veteran status, or any other characteristic protected by federal, state or local law. In addition, SDCRAA will provide reasonable accommodations for qualified individuals with disabilities.

Physical and Mental Demands

Persons with disabilities may be able to perform the essential duties of this class with reasonable accommodation. Reasonable accommodation will be evaluated on an individual basis and depends, in part, on the specific requirements for the job, the limitations related to disability and the ability of the hiring department to accommodate the limitation.

San Diego County Regional Airport Authority

Class Code: A301

Approved: 2/10/2025

Date Revised: 1/9/2025

Job Description
Chief Auditor

FLSA Status: Exempt
EEOC Job Category: Officials and Administrators
Classified: No
Union Representation: Unrepresented

Reports To: Board of Directors

Summary/Objective

Accountable to the Board of Directors, and the Audit Committee, oversees and directs the Authority's internal audit activities.

Competencies:

1. **Leadership.** Blends people into teams and creates a strong morale; fosters open dialogue and defines success in terms of the whole team.
2. **Dealing with ambiguity.** Manages risk and uncertainty effectively; able to act and make decisions without the total picture.
3. **Executes Strategy.** Creates a compelling strategic vision that inspires and motivates others to high performance.
4. **Integrity.** Exercise diplomacy and discretion in dealing with highly sensitive, complex, and confidential issues and situations.
5. **Stakeholder Management.** Supports collaboration and relationship building by displaying integrity and cultivating networks within the industry and community.
6. **Business Acumen.** Demonstrates broad understanding of the business, departments' functions, and the supporting work activities across the organization.
7. **Interpersonal & Presentation Skills:** Seeks and proficiently presents information in writing, verbally and digitally, clearly presents information, facilitates and persuades others in a group and one-on-one forum.
8. **Judgement & Decision Making:** Ability to use appropriate judgement and confidentiality in selecting procedures, conducting transactions with other departments, vendors and the public and solving non-routine problems based on experience-based knowledge.

Essential Functions:

1. Develops and recommends Audit strategies required to achieve organizational vision and goals, including directing the identification of risks requiring audit review and ensuring completion of work papers and audit reports.

2. Aligns and evaluates the work of Audit department and associated staff to ensure that operations and services comply with the policies and strategic direction set by the President/CEO, Board of Directors and all applicable laws and regulations.
3. Provides leadership and coaching necessary to attract, develop and retain a highly competent, diverse, customer-oriented staff.
4. Analyzes relevant legislation and regulations and participates in industry and inter-governmental activities to influence legislative and regulatory change consistent with the Authority's interests and needs.
5. Oversees the maintenance of audit records to ensure accuracy and compliance with all applicable laws and regulations; manages budget ensuring audits are completed on-time and within the allocated budget.

Other Duties

This job description is not designed to cover a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities and activities may change at any time with or without notice.

Required Education, Training and Experience:

- Graduation from a four-year college or university with a degree in public or business administration, finance, accounting, or a closely related field.
- Eight years of progressively responsible audit experience in public accounting or internal auditing, four of which were in a management capacity.
- Certified Internal Auditor (CIA), Certified Public Accountant (CPA), or Certified Information Systems Auditor (CISA) designation.
- Or an equivalent combination of experience and education.

Preferred Certification and Licenses:

- Master's degree in public or business administration, finance, accounting, or closely related field.
- Certified Government Auditing Professional (CGAP), Certified Financial Services Auditor (CFSA), Certified Fraud Examiner (CFE), or Internal Audit Practitioner.

EEO Statement

It is the policy of the San Diego County Regional Airport Authority to provide equal employment opportunity (EEO) to all persons regardless of age, color, national origin, citizenship status, physical or mental disability, race, religion, creed, gender, sex, sexual orientation, gender identity and/or expression, genetic information, marital status, status with regard to public assistance, veteran status, or any other characteristic protected by federal, state or local law. In addition, SDCRAA will provide reasonable accommodations for qualified individuals with disabilities.

Physical and Mental Demands

Persons with disabilities may be able to perform the essential duties of this class with reasonable accommodation. Reasonable accommodation will be evaluated on an individual basis and depends, in part, on the specific requirements for the job, the limitations related to disability and the ability of the hiring department to accommodate the limitation.

Revision to the Chief Auditor Job Description

Audit Committee Meeting February 10, 2025

Charter & Global Internal Audit Standard 7.2

Audit Committee Charter

The Audit Committee shall advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor.

Global Internal Audit Standard 7.2

Requires the Chief Auditor to provide information related to common and leading qualifications and competencies of the Chief Audit Executive to the Audit Committee.

Example Qualifications & Competencies

Institute of Internal Auditors

- A comprehensive understanding of the Global Internal Audit Standards and leading internal audit practices.
- Experience building and managing an effective internal audit function by recruiting, hiring, and training internal auditors and helping them develop relevant competencies.
- Certified Internal Auditor designation or other relevant professional education, certifications, and credentials.
- Leadership experience.
- Industry or sector experience.

Robert Half - Certifications

- Certified internal auditor (CIA)
- Certified fraud examiner (CFE)
- Certified public accountant (CPA)
- Certified information systems auditor (CISA)
- Certified government auditing professional (CGAP)

Review of Job Description

San Diego County Regional Airport Authority

Class Code: A301
Approved: 09/11/032/10/2025
Date Revised: 11/2/171/9/2025

Job Description
Chief Auditor

FLSA Status: Exempt
EOC Job Category: Officials and Administrators
Classified: No
Union Representation: Unrepresented
Reports To: Board of Directors

Summary/Objective
Accountable to the Board of Directors, and the Audit Committee, oversees and directs the Authority's internal audit activities.

Competencies:

1. Leadership. Blends people into teams and creates a strong morale; fosters open dialogue and defines success in terms of the whole team.
2. Dealing with ambiguity. Manages risk and uncertainty effectively; able to act and make decisions without the total picture.
3. Executes Strategy. Creates a compelling strategic vision that inspires and motivates others to high performance.
4. Integrity. Exercise diplomacy and discretion in dealing with highly sensitive, complex, and confidential issues and situations.
5. Stakeholder Management. Supports collaboration and relationship building by displaying integrity and cultivating networks within the industry and community.
6. Business Acumen. Demonstrates broad understanding of the business, departments' functions, and the supporting work activities across the organization.
7. Interpersonal & Presentation Skills: Seeks and proficiently presents information in writing, verbally and digitally, clearly presents information, facilitates and persuades others in a group and one-on-one forum.
8. Judgement & Decision Making: Ability to use appropriate judgement and confidentiality in selecting procedures, conducting transactions with other departments, vendors and the public and solving non-routine problems based on experience-based knowledge.

Essential Functions:

1. Develops and recommends Audit strategies required to achieve organizational vision and goals, including directing the identification of risks requiring audit review and ensuring completion of work papers and audit reports.

Chief Auditor Page 1

Notable Changes

Updated Competencies

- Business Acumen
- Interpersonal & Presentation Skills
- Judgment & Decision Making

Updated Designations

- Required: Either a CIA, CPA or CISA
- Preferred: CGAP, CFSA, CFE or IAP

Questions?

Audit Committee Report

Meeting Date: February 10, 2025

Subject:

Fiscal Year 2025 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. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate the results of internal audit services to the Authority's Audit Committee and executive management quarterly.

The Fiscal Year 2025 Second Quarter Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and the results of the OCA during the period October 1, 2024, through December 31, 2024, and includes details on all recommendations completed or in progress during the second quarter of Fiscal Year 2025.

A presentation by the OCA on its second quarter activities will be provided to the Audit Committee on February 10, 2025. Staff requests that the Audit Committee review the Fiscal Year 2025 Second Quarter Report and forward the report to the Board for acceptance.

Audit Committee Report

Meeting Date: February 10, 2025

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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 2025 2nd Quarter Report

Audit Engagement Progress

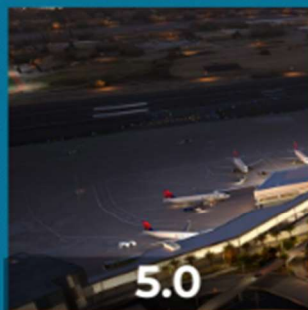


■ Completed (33.33%)
 ■ In Progress (53.33%)
 ■ Not Started (13.33%)

Audit Engagements Completed vs. Benchmark & Goal



By The Numbers



Customer
Satisfaction
Rating



Engagements
Completed Under
Budget



Auditor Utilization
Percentage



Recommendations
Accepted By
Management



Fiscal Year 2025

Second Quarter Report

Issue Date: February 10, 2025

OFFICE OF THE CHIEF AUDITOR

Second Quarter Summary

Executive Summary

During the second quarter the Office of the Chief Auditor (OCA) continued work on the Fiscal Year 2025 Audit Plan. Through of the end of the second quarter, five audit reports were issued, and 8 audits are in process. Additionally, in the second quarter the OCA began transitioning to the new Global Internal Audit Standards (GIAS) that are effective in January 2025 by drafting new Policies and Procedures and by performing a gap analysis to identify areas where changes are needed, or improvements should be made.

Performance Measures

For Fiscal Year 2025, five 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, 2024

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	5.0	4.0
2	Percentage of audit and advisory engagements completed	40%	33%	40%
3	Percentage of recommendations accepted	95%	100%	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	76%	79%	76%
5	Percentage of audit and advisory engagements completed within budget	73%	80%	73%

Customer Satisfaction Rating:

After the completion of an audit or advisory engagement, a survey is sent to the department 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 5.0.

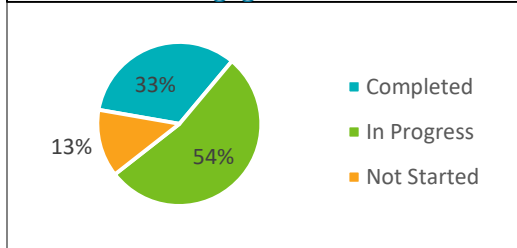
Percentage of Audit and Advisory Engagements Completed:

As of the second quarter, the OCA completed 5 audit engagements, or 33%, of audit and advisory engagements ($5/15 = 33\%$) that are planned to be completed in the Fiscal Year 2025

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

FISCAL YEAR 2025 SECOND QUARTER REPORT

Figure 1: Status of Audit and Advisory Engagements



Audit Plan.² In addition to the five engagements completed, the OCA had 8³ engagements (54%) in progress as of the end of the second quarter, as shown in Figure 1. The engagements completed in the second quarter are summarized in the upcoming section titled Audit Engagements Issued.

The status of all activities in the Fiscal Year 2025 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 end of the second quarter 100% of all recommendations have been accepted.

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

This measure tracks the time spent on audit and advisory engagements and general audit activities.⁴ The OCAs goal is for staff to spend 76% of their working hours⁵ on audit engagements, advisory engagements, and general audit activities. The OCA is currently meeting the goal established, spending 79% of time on audit engagements, advisory engagements, and general audit activities.

Percentage of Audit and Advisory Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audits and advisory engagements. Specifically, audit staff is responsible for the internally prepared budget hours assigned to each audit or advisory engagement. As of the end of the second quarter of Fiscal Year 2025, the OCA completed 80% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal⁶.

² The Fiscal Year 2025 Audit Plan has 14 audits and 2 advisory engagements. However, the audits identified as "Tenant Lease Administration and Management – FY2025 Rental Car Companies" and "Accounts Payable Automation" will carry forward into Fiscal Year 2026. This results in 13 audits and 2 advisory engagement (15 total engagements) on the Fiscal Year 2025 Audit Plan to be completed in the fiscal year.

³ The audits identified as "Tenant Lease Administration and Management – FY2024 Rental Car Companies" and "Accounts Payable Automation" are not counted as they will be carried forward, as anticipated, into Fiscal Year 2026.

⁴ Appendix A details all planned activities in these categories for Fiscal Year 2025.

⁵ Excludes Time Off (e.g., Holidays, Paid Time off).

⁶ The audit "Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs" was a multi-year project. The OCA has increased this budget several times and the original budget was exceeded. However, for this audit we only looked at the number of hours in the FY 2025 budget vs the hours utilized.

Audit Engagements Issued

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



Active Directory Management: The objective of this audit was to determine if management of the Authority's Active Directory (AD) was appropriate. We determined that, for the most part, management of the AD was appropriate regarding internal users. However, we determined that network user account deprovisioning was not performed timely in some instances, and that the documentation related to the provisioning and deprovisioning of user accounts could be improved. The audit identified two findings and provided four recommendations. All recommendations were accepted by management.



Hertz: The objectives of this audit were to determine if Hertz accurately reported Concessionable Revenue and accurately paid concession fees and Customer Facility Charges (CFC). We determined that Hertz accurately reported Concessionable Revenue and paid concession fees. However, we found that Hertz overpaid CFCs by \$86,976. The audit identified one finding and provided one recommendation. This recommendation was accepted by management.



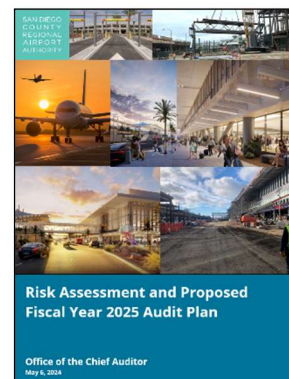
Sixt: The objectives of this audit were to determine if Sixt accurately reported Concessionable Revenue and accurately paid concession fees and Customer Facility Charges (CFC). We determined that Sixt accurately reported Concessionable Revenue and accurately paid concessions fees and Customer Facility Charges (CFC). The audit identified one finding and provided one recommendation related to Sixt charging incorrect sales tax rates. The recommendation to inform Sixt of the incorrect sales tax rate was accepted by management.

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 required⁷ 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 formal 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. The annual Risk Assessment and Audit Plan is generally initiated during the third quarter of each Fiscal Year. However, informally, the OCA is constantly assessing risk and adjusting the Audit Plan as needed.



Construction Activities

Construction audit activity for the second quarter of Fiscal Year 2025 included continued work on the audit of Small Business Management. The OCA is working with Baker Tilly, the on-call construction audit consultant, to develop the construction audit plan going forward related to the New T1 Terminal & Roadways and Airside projects. To accomplish this, Baker Tilly was tasked to conduct an initial risk assessment on the Guaranteed Maximum Price phase which will be completed and presented to the Audit Committee in the third quarter. The OCA also attended meetings regarding the New T1 terminal and roadways, and the New T1 airside improvements projects. The OCA remains involved with issues identified by ADC and Authority management, providing assistance as requested, and attending meetings specific to all aspects of the Authority's construction activity.

Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics and to identify where in-depth audits should be initiated. During the second quarter the OCA completed two rental car audits, one of which was identified from the data analytics audit *Fiscal Year 2023 Car Rental Companies*. The OCA is also adding additional rental car companies to the scope of the *Fiscal Year 2024 Car Rental Companies audit*. Further, the OCA is transitioning to a new data analytics platform called Power BI. Power BI is a Microsoft based product and will allow the OCA to easily connect and visualize data.

The OCA is actively exploring other areas where data analytics could benefit the Authority and the OCA.

⁷ 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.

Fraud, Waste, Abuse, and Ethics Program

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. During the first two quarters of Fiscal Year 2025, the OCA received 2 tips/reports that were considered FWA&E related and 9 reports that were not considered FWA&E related⁸. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. During the first two quarters of Fiscal Year 2025, one (1) question was received. We appreciate the efforts made by any individual aiming to ensure an ethical decision is reached.

A summary of the tips/reports received through the second quarter is shown in Table 2 below.

Table 2: Hotline Tips/Reports Received through the Second Quarter Fiscal Year 2025

Category	Number of Tips / Reports Received	Investigation Initiated by OCA	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Misuse, Misappropriation of Assets	2	2 ⁹	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	2	2	-
Non – Fraud, Waste, Abuse, & Ethics Tips/Reports			
Human Resources	7	-	-
Business Integrity	2	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	9	-	-
Total Hotline Tips/Reports	11	2	-

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

⁸ Tips/Reports that are Non-FWA&E related are tracked but are not investigated by the OCA. An example of a non-FWA&E related tip/report is a traveler reporting an issue with a water filling station in the terminal. Generally, these tips/reports are forwarded to management to address.

⁹ As of the end of the second quarter these tips are still under investigation by the OCA.

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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* through the second quarter of Fiscal Year 2025, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, six were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, two 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 ¹⁰
Completed	7	1	1	9
In Progress	3	-	3	6

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:

1. Ongoing monitoring (required annually).
2. Internal assessments (required periodically – Next scheduled for FY 2027).
3. External assessments (required every 5 years - Next scheduled for FY 2028).

The OCA completed ongoing monitoring of its Fiscal Year 2024 activities and operations during the first quarter of Fiscal Year 2025. The OCA found no items that would impact audit report quality. Full results are included in the Fiscal Year 2024 OCA Annual Report as part of the September 9, 2024, Audit Committee Meeting materials.

The OCA also provided an update on the Global Internal Audit Standards (GIAS) to both executive management and the Audit Committee. The OCA is also transitioning to the new GIAS which are effective January 9, 2025. To prepare for the new GIAS the OCA drafted new Policies and Procedures and performed a gap analysis to identify areas where changes are needed, or improvements should be made.

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

¹⁰ Recommendation(s) contained in confidential audit reports are not included in Table 3 or in Appendix B. They are tracked separately by the OCA.

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 \$610,000 through the end of the second quarter, which represents 41% of the Fiscal Year 2025 budget. No unexpected or large outlays occurred within the department through the end of the second quarter of Fiscal Year 2025. The OCA expects to remain under 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 CPE credits are tracked on a calendar year basis. At the end of calendar year 2024 all OCA staff met their respective CPE requirements. In the second quarter, staff attended training on topics that included internal controls, AI, data analytics, information technology, the new Global Internal Audit Standards, and privacy.

Procedural/Supervisory

One Audit Committee meeting took place during the second quarter, which occurred November 18, 2024. The meeting contained all regularly scheduled agenda items, of which the OCA assisted in coordination with the Committee Chair and the Clerk's Office.

Staffing

During the second quarter we were notified by Senior Auditor, Callie Ullman that she would be leaving the Authority. Callie brought a wealth of experience and will be missed by the OCA and the Authority. The OCA intends to hire a new internal auditor as soon as possible; however, the vacancy will impact the OCA's Audit Plan. The OCA will be addressing the resource impacts at the February Audit Committee meeting.

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

FISCAL YEAR 2025 SECOND QUARTER REPORT

Appendix A – Fiscal Year 2025 Audit Plan

#	Activity	Status as of 12/31/2024	Over/ Under Budget
Audit			
1	Tenant Lease Admin. & Management – FY 2024 Rental Car Companies	In Progress	
2	Tenant Lease Admin. & Management – ABRM Internal Controls	Not Started	
3	Tenant Lease Admin. & Management – ABRM Data Accuracy	In Progress	
4	Tenant Lease Admin. & Management – Sixt	Completed	Under
5	Tenant Lease Admin. & Management – FY 2025 Rental Car Companies ¹¹	In Progress	
6	System Security	In Progress	
7	Accounts Payable Automation ¹¹	In Progress	
8	Parking Management Contract Administration	Not Started	
9	Tenant Lease Admin. & Management – Hertz	Completed	Over
10	Account Provisioning / Deprovisioning	Completed	Under
11	Tenant Lease Admin. & Management – High Flying Foods Package 7	Completed	Under
12	Small Business Management	In Progress	
13	Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs	Completed	Under
14	Harbor Police Contract Management – Fiscal Years 2021, 2022, 2023, 2024	In Progress	
15	Purchase Goods and Services	In Progress	
	To Be Determined – Construction	N/A	
	Total		
Advisory			
16	Harbor Police Contract Management	In Progress	
17	Tenant Lease Admin. & Management – New Rental Car Company Reporting	In Progress	
General Audit			
18	Risk Assessment & Audit Plan	In Progress	
19	Construction Meeting Attendance & Coordination	In Progress	
20	Development of Data Analytics	In Progress	
21	Fraud, Waste, Abuse, and Ethics Program	In Progress	
22	Recommendation Follow-up	In Progress	
23	Quality Assurance & Improvement Program	In Progress	
Administrative			
24	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
25	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

¹¹ Audit engagement is not anticipated to be completed in Fiscal Year 2025 and will be carried forward to Fiscal Year 2026.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
Completed						
25-18	Audit Report 24009 Issued: November 22, 2024 Title: Active Directory Management Department: INFORMATION AND TECHNOLOGY SERVICES	High	Conduct reviews on all internal, external, and VPN user accounts in the AD to determine if access is warranted every 90 days as required in the SAN ISP. Additionally, consider removing all users in the AD that are either disabled, have never logged in, or have not logged in in over a specific period as determined by I&TS.	12/1/2024	12/1/2024	An initial investigation was completed to review all accounts which had not been accessed for more than 90 days and any accounts that were disabled. A clean up was done at that time. Going forward, the systems team developed a script that will run on the first Tue of every month. This will produce a report of any account in AD that has not been accessed in >90 days. I&TS will review that report to determine if any accounts should be disabled/removed.
25-21	Audit Report 24009 Issued: November 22, 2024 Title: Active Directory Management Department: INFORMATION AND TECHNOLOGY SERVICES	Low	I&TS should determine the primary required fields within the NARF Smartsheet and ensure that all required fields are available and completed within the online NARF form and modify the NARFs as appropriate.	1/30/2025	12/1/2024	Several meetings were held to discuss what fields were required, the team made some updates to the onboarding/offboarding template (formerly the NARF form).

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
Completed						
24-23	<p>Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Low	RG&PD should educate CRCs on how to accurately report gross revenues, exclusions to gross revenue, Concessionable Revenues, concession fees due, and CFCs/TFCs on the summary reports.	8/15/2024	10/29/2024	An Industry Meeting was held as scheduled on 10/29/24. Additional training is being offered & made available to the RACs as needed.
24-24	<p>Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Low	RG&PD should educate CRCs on the specific requirements set forth in Section 5.2, including submitting Annual Reports by August 31 of each year, and that the Annual Reports must include an opinion by a CPA.	8/15/2024	10/29/2024	The Industry Meeting was held as scheduled on 10/29/24. Additional training is being offered & made available to the RACs as needed.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
Completed						
25-22	<p>Audit Report 25002 Issued: December 22, 2024 Title: Sixt Rent-A-Car, Inc.</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Low	RG&PD should inform Sixt that it is charging incorrect sales tax rates and take steps to ensure that the correct rates are utilized.	1/31/2025	12/29/2024	Immediately following the issuance of the recommendation, Sixt indicated that they were aware of the improper sales tax and had updated their system to prevent the overcharge.
25-02	<p>Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Low	We recommend that RG&PD request the Accounting Department to invoice High Flying Foods Package 7 the amount of \$1,086 for the underpayment of Percentage Rent.	10/31/2024	10/23/2024	RGPD invoiced HFF for \$1,806. The Accounting Department confirmed that HFF made the payment for this invoice in January 2025

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
Completed						
25-03	<p>Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Low	We recommend that management clarify that discounts provided to Concessionaire employees, Authority employees, military personnel, and others are not included in the calculation of Gross Receipts.	10/31/2024	10/15/2024	In October 2024, the Authority issued a formal letter via email outlining the specific types of discounts excluded from Gross Receipts calculations as detailed in Section 4.01. This initiative aims to ensure a consistent application of these exclusions across all locations.
25-19	<p>Audit Report 24009 Issued: November 22, 2024 Title: Active Directory Management</p> <p>Department: INFORMATION AND TECHNOLOGY SERVICES</p>	Medium	Conduct a review of all VPN user accounts to determine if any user accounts have been classified to “never expire” and modify as necessary.	11/15/2024	11/15/2024	All VPN users were reviewed by I&TS prior to the issuance of the final audit report.
24-12	<p>Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance</p> <p>Department: AIRPORT DESIGN & CONSTRUCTION</p>	Medium	ADC should ensure the JV provides adequate documentation prior to paying costs billed.	9/30/2024	11/28/2024	ADC leadership has met with all ADC project staff and provided direction on how to process all request for insurance related payments.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
In Progress						
24-09	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV, and General Counsel if appropriate, to determine the most appropriate way to receive reimbursement of the \$1,290,000.	9/30/2024	6/30/2025	Authority Finance and the JV are working through the CCIP requirements. Once the requirements are finalized, financial responsibility will be negotiated.
24-11	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV to determine the most appropriate way to receive the credits of \$144,915 for the unapproved administrative fees and \$847,195 for the duplicate coverage.	9/30/2024	6/30/2025	Authority Finance and the JV are working through the CCIP requirements. Once the requirements are finalized, financial responsibility will be negotiated.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
In Progress						
24-10	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend ADC seek reimbursement for the audit costs in the amount of \$82,413 from the JV.	4/30/2024	6/30/2025	Authority Finance and the JV are working through the CCIP requirements. Once the requirements are finalized, financial responsibility will be negotiated.
25-01	Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	We recommend that RG&PD require High Flying Foods to review its accounting or internal control procedures and ensure that Gross Receipts reported by their store/locations are accurate.	10/31/2024	1/24/2025	RGPD has taken action regarding this recommendation. A letter detailing our response was sent to HFF on January 24, 2025. The recommendation requested HFF to conduct a comprehensive review of their current accounting and internal control procedures, specifically concerning Elegant Desserts, which operates under a sublease agreement. To ensure the thoroughness and objectivity of this review, RGPD will oversee the process. Additionally, to facilitate this review, we have scheduled a meeting in January with HFF's controller and our audit team to discuss the recommendation further.
25-20	Audit Report 24009 Issued: November 22, 2024 Title: Active Directory Management Department: INFORMATION AND TECHNOLOGY SERVICES	Medium	I&TS should work with HR and other departments to ensure that I&TS is notified of separated employees, contractors, or VPN users to facilitate the deactivation of AD user accounts in a timely manner.	1/30/2025	1/30/2025	On track for 1/30/2025 completion

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2024
In Progress						
25-23	Audit Report 25010 Issued: December 27, 2024 Title: The Hertz Corporation Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should request that the Accounting Department issue a credit to Hertz for \$86,976 for the overpayment of CFCs. Additionally, RG&PD should recommunicate to Hertz on the correct calculation of a rental day	1/31/2025	1/21/2025	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the recommendations issuance RG&PD indicated that it agreed with the recommendation.

Fiscal Year 2025 Second Quarter Report from the Office of the Chief Auditor

October 1, 2024, through December 31, 2024

Audit Committee Meeting February 10, 2025

Agenda

- Fiscal Year 2025 Performance Measures
- General Audit Activities
 - Recommendation Follow-Up
 - Fraud, Waste, Abuse, & Ethics
- Audit Spotlight: Rental Car Companies Data Analytics Project - Hertz & Sixt

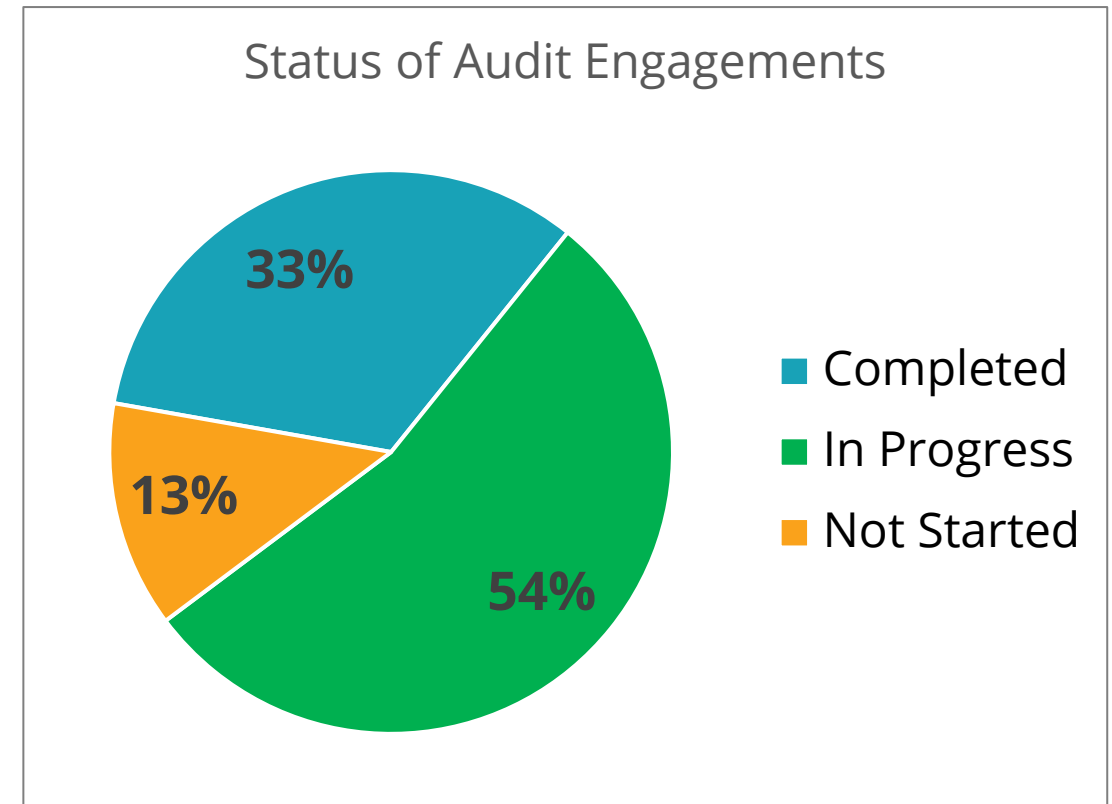
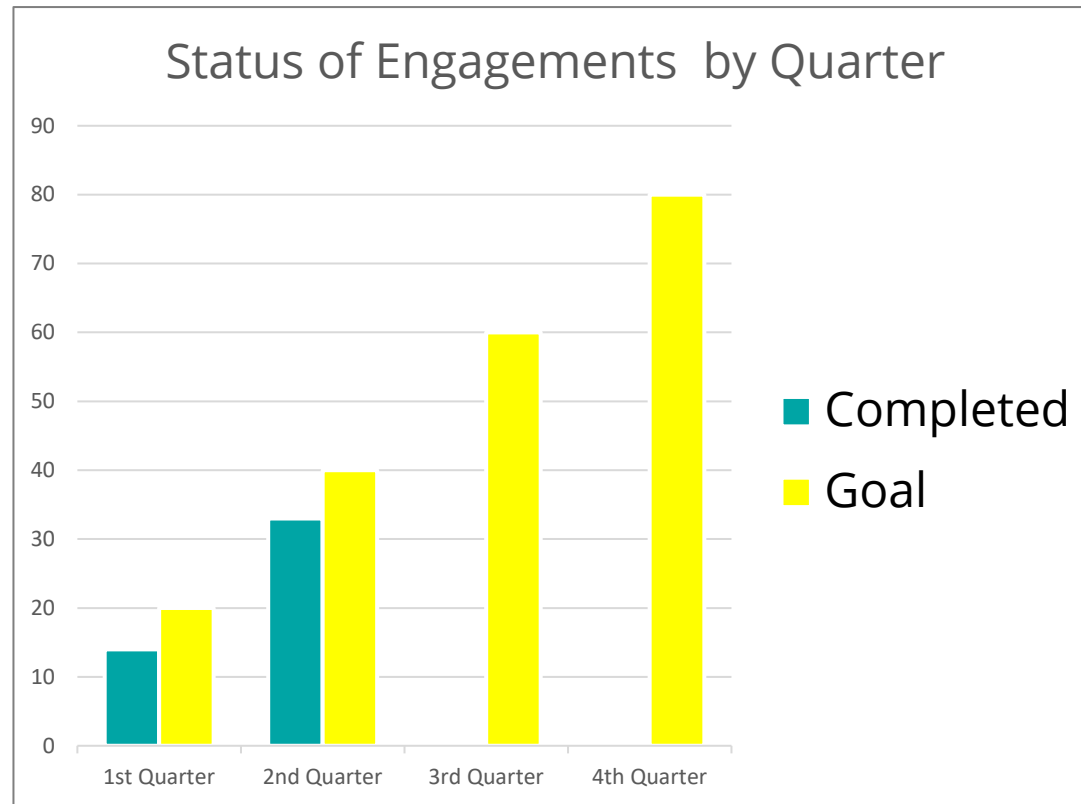


Fiscal Year 2025 Performance Measures

Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	5.0	4.0
Percentage of Audit and Advisory Engagements Completed	40%	33%	40%
Percentage of Recommendations Accepted	95%	100%	95%
Percentage of Staff Time Spent on Audit and Advisory Engagements and General Audit Activities	76%	79%	76%
Percentage of Audits and Advisory Engagements Completed within Budget	73%	80%	73%

Performance Measures - Additional Details

Percentage of Engagements Completed



General Audit Activities - Recommendation Follow-Up

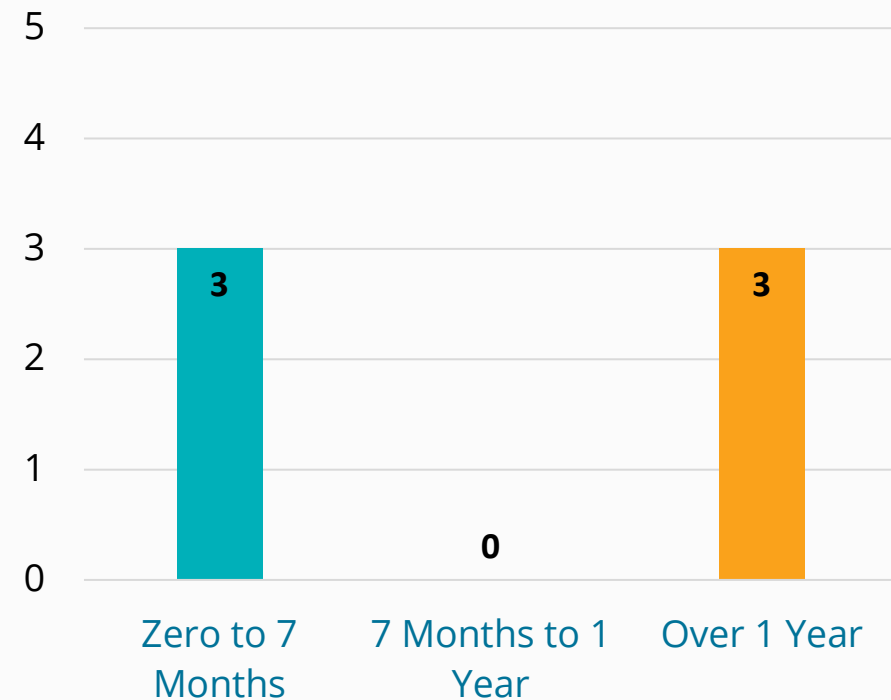
Recommendation Follow Up

Status as of December 31, 2024			
Completed	In Progress	Not Accepted	Tracked
9*	6**	-	15

* 6 recommendations were completed within the initial timeframe identified for implementation.

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

Estimated Implementation Timeframe for In Progress Recommendations



General Audit Activity - Fraud, Waste, Abuse, & Ethics

Category	Number of Tips / Reports Received as of December 31, 2024	Investigation Initiated by OCA	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Misuse or Misappropriation of Assets	2	2*	-*
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	2	2	-

*Under investigation as of December 31, 2024.

Audit Spotlight - Rental Car Companies Data Analytics Project - Hertz and Sixt

Background

Office of the Chief Auditor
Car Rental Companies - Fiscal Year 2023
July 1, 2022 - June 30, 2023

Background

Multiple Car Rental Companies (CRCs) operate at San Diego International Airport (SDIA).

In exchange the CRCs must remit:

- A concession fee equal to 10% of Airport Customer charges.
- A Customer Facility Charge (CFC) or Transportation Facility Charge (TFC) of \$9.00/\$3.41 per day for the first 5 days of each rental transaction.

Objective

To determine if concession fees and CFCs/TFCs were accurately paid in all material respects.

Conclusion

We determined concession fees and CFCs/TFCs were:

- Materially Accurate for 4 of the 7 tested CRCs.
- Outside of the materiality range established for 3 of the 7 tested CRCs.

Next Steps

The OCA is proposing to initiate an audit of Hertz. The remaining 2 CRCs had variances, but were mitigated by other information.

CRCs Audited

Avis, Budget, Enterprise (Enterprise, National, Alamo), Hertz (Hertz, Dollar, Thrifty), Payless, NU Car, & Go Rentals

3 Findings & 3 Recommendations

All recommendations accepted by management

Car Rental Details for Fiscal Year 2023

4.34 Average Car Rental Days
1+ Million Total Rentals
\$425 Average Charge

Total CRC Fees Collected by Authority

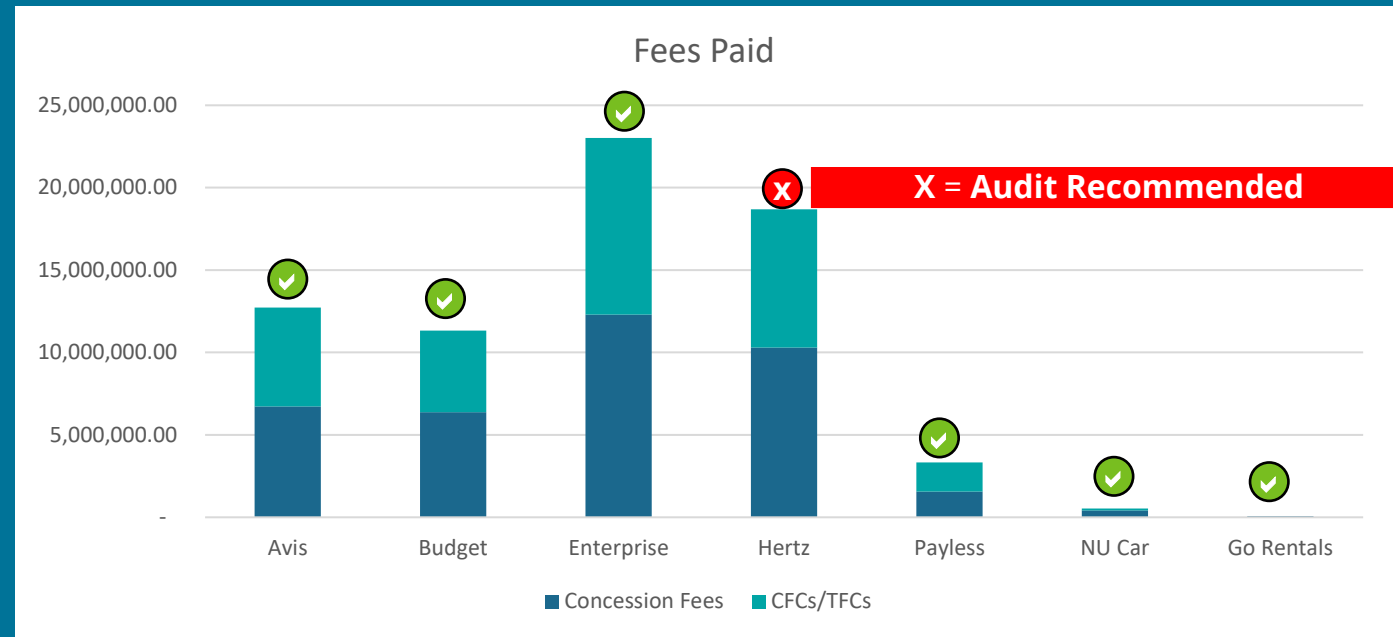
Total Concession Fees, CFCs, & TFCs Collected in Fiscal Year 2023 for the 7 CRCs
\$69,695,312

Data Analytics & Continuous Auditing

Together with the Authority's Business Intelligence Department, the OCA developed a continuous auditing program using data analytics to examine financial data received each month from CRCs. Continuous auditing enables the Authority to detect potential issues earlier, through automated real time reporting on critical information.

Rental Car Companies Audit FY 2023 - Issued June 2024

- Concession Fee = 10%
- CFC/TFC = \$9/\$3.41 per rental day



Audit Spotlight - Rental Car Companies Data Analytics Project - Hertz & Sixt

Hertz



Objective & Scope

Determine if the Authority was correctly paid for FY 2022-2024:

- Concession Fee of 10%
- Customer Facility Charges (CFC) of \$9 per day

Results

- Overpaid CFCs

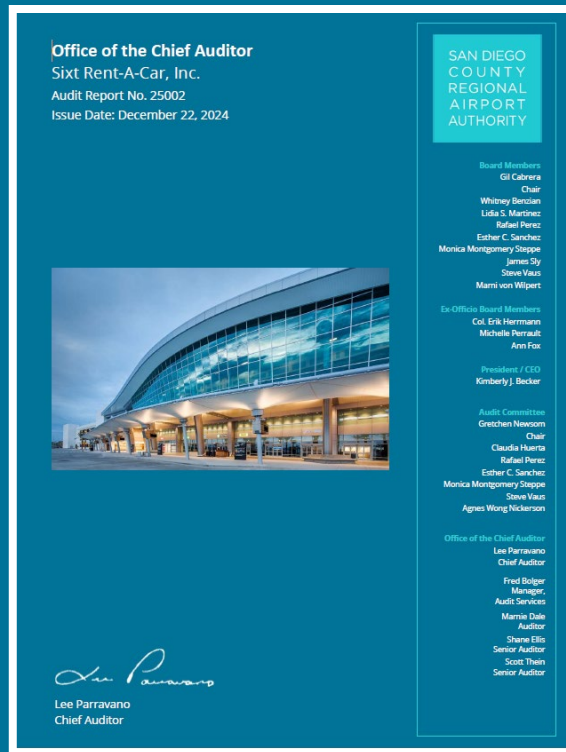
\$86,976



* Overpayment was due to the calculation of a "rental day".

Audit Spotlight - Rental Car Companies Data Analytics Project - Hertz & Sixt

Sixt



Objective & Scope

Determine if the Authority was correctly paid for FY 2022-2024:

- Concession Fee of 10%
- Customer Facility Charges (CFC) of \$9 per day

Results



Sixt Accurately paid Concession Fees and CFCs



Sixt Charged Customers Incorrect Sales Tax Rates



- Sales Tax Rate of 7.87% (should be 7.75%)
- Gasoline Sales Tax Rate of 2.87% (should be 2.25%)

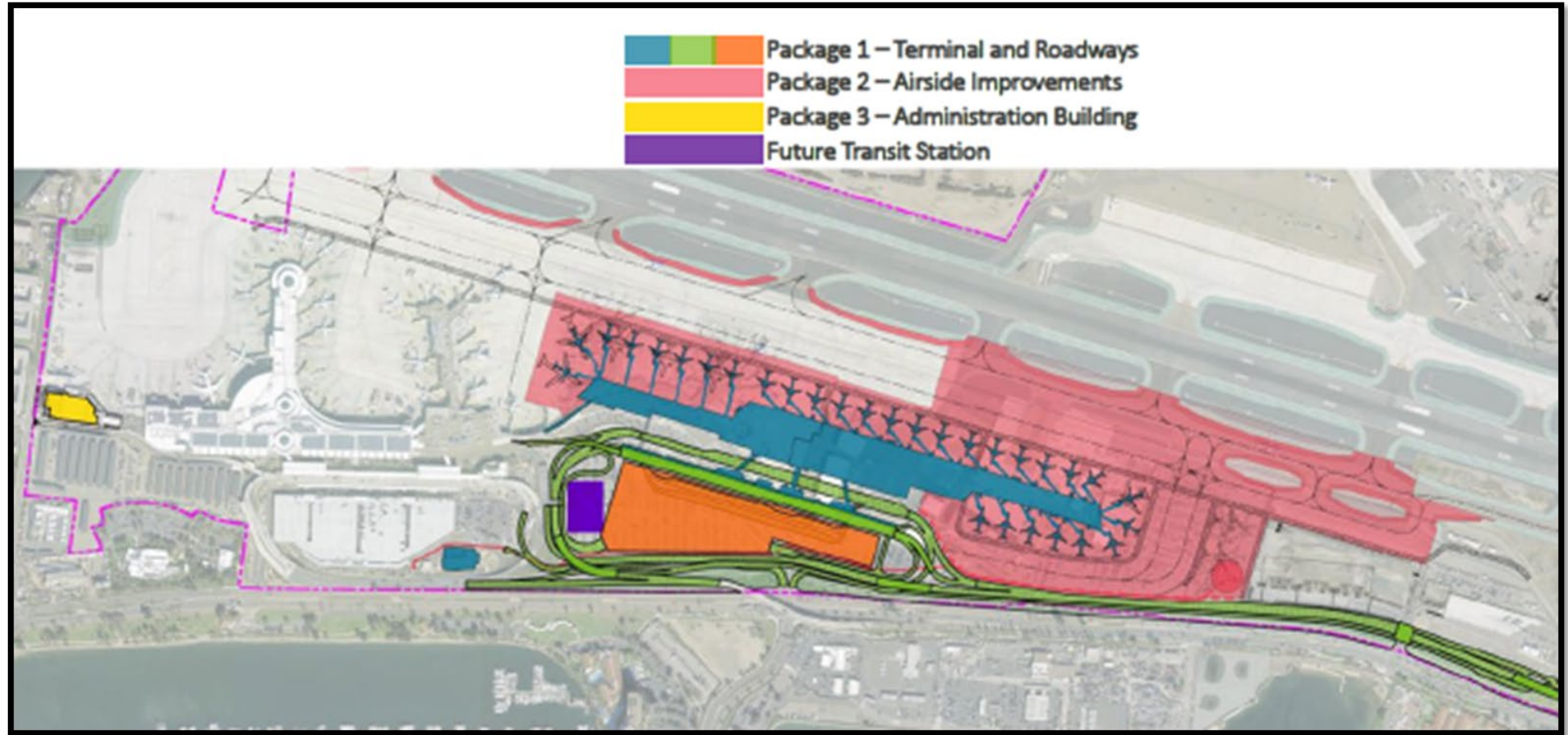
Questions?

Construction Audit Update

Audit Committee Meeting February 10, 2025

Background

New T1



Background

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.

September 6, 2022



- GMP Development Phase Risk Assessment task authorization is issued.

November 22, 2024



- Initial GMP Phase Risk Assessment task authorization is issued.

2022 thru 2024

Nine construction related audits issued by the OCA with Baker Tilly's assistance.

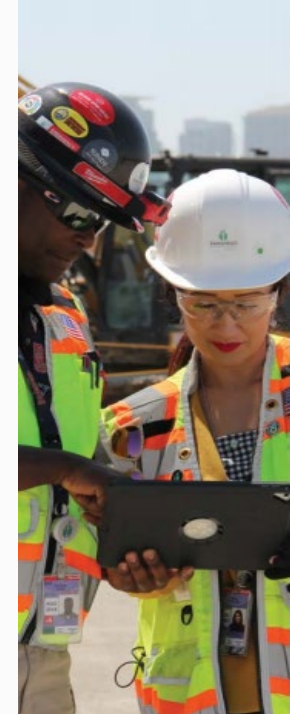
Baker Tilly Completed Tasks

Initial GMP PHASE RISK ASSESSMENT

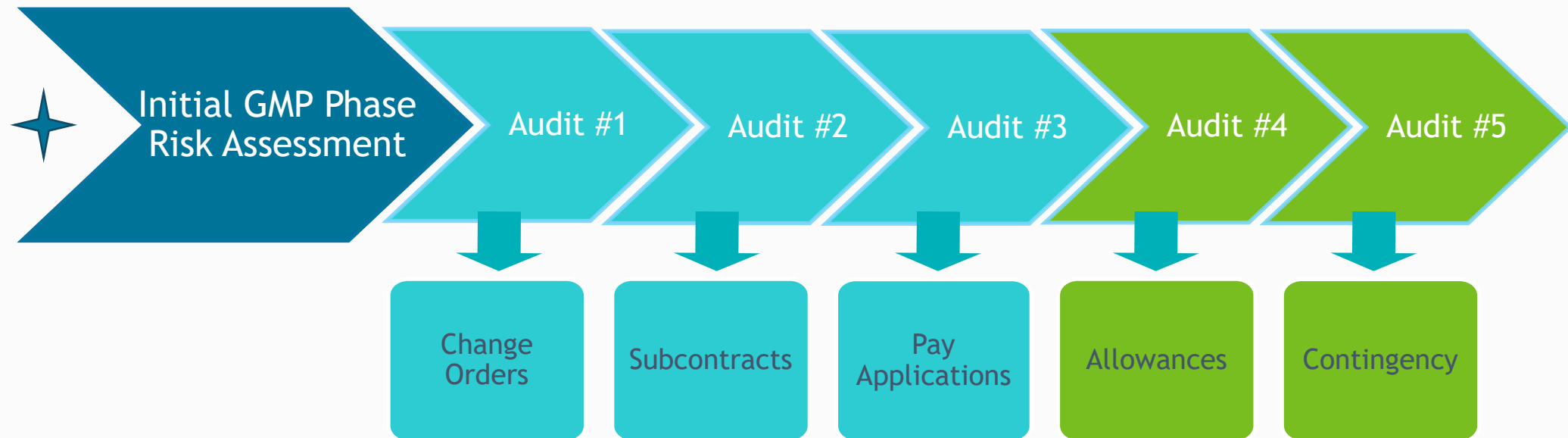
- Identify Risks
 - Analyze Turner-Flatiron agreement documents
 - Review project progress reports
 - Interview project program managers
- 7 major risk areas identified

Initial GMP PHASE AUDIT PLAN

- Develop audit plan based on analysis of the risks identified



Potential Initial GMP Phase Audits



Proposed Terminal & Roadways Initial GMP Phase Audits

AUDIT #1 (FY25/26): Change Order Compliance

- Evaluate Change Orders for duplicate pricing, inconsistent methodology, unsupported items, and rework and to confirm billing compliance and approval procedures.
- Estimated Completion: July 2025
- Baker Tilly Audit
 - Hours*: BT 755; OCA 200 (100 in FY25)
 - Cost: \$136,350

AUDIT #3 (FY26):

XX

*Audit work to be performed by Baker Tilly. OCA hours included for review and supervision as required by Global Internal Audit Standards.

Proposed Terminal & Roadways Initial GMP Phase Audits

AUDIT #2 (FY25/26): Subcontracts

- Assess subcontracts bid and award to determine compliance with Subcontracting plan, DBE requirements, labor rate requirements, and material and equipment rate requirements.
- Verify subcontractor billing compliance, mark-ups, prevailing wages, change orders and OCIP deductions.
- Multiple audit communications will be issued at key milestones or based on sub-processes.
- Estimated Completion: 2026
- Baker Tilly Audit
 - Hours*: BT 3,135; OCA 900 (50 in FY25)
 - Cost: \$562,030

AUDIT #3 (FY26):

XX

*Audit work to be performed by Baker Tilly. OCA hours included for review and supervision as required by Global Internal Audit Standards.

Proposed Terminal & Roadways Initial GMP Phase Audits

AUDIT #3 (FY25/26): Pay Applications

- Verify pay applications and reimbursable costs are contract compliant, accurate, and fully supported. Ensure software and travel costs are vouched and agree to allowable usage requirements. Confirm bond and insurance budgets and billings are to date.
- Estimated Completion: December 2025
- Baker Tilly Audit
 - Hours*: BT 710; OCA 200 (50 in FY25)
 - Cost: \$128,385

AUDIT #3 (FY26):
XX

*Audit work to be performed by Baker Tilly. OCA hours included for review and supervision as required by Global Internal Audit Standards.

Next Phase Process

Final Guaranteed Maximum Price (GMP) Phase
Risk Assessment



Final Guaranteed Maximum Price (GMP) Phase
Audit Plan



Authorization of Audits

Questions?

Audit Committee Report

Meeting Date: February 10, 2025

Subject:

Revision to the Fiscal Year 2025 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 3, 2024, per Board Resolution No. 2024-0083, 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 that considers the input of the Audit Committee/Board and executive management, and shall review and adjust the Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, 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, Global Internal Audit Standards require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs Audit Plan for Fiscal Year 2025 was initially accepted by the Audit Committee during its May 6, 2024, meeting, and was subsequently approved on June 6, 2024, by Board Resolution No. 2024-0042. During the first quarter of Fiscal Year 2025 a review of the Audit Plan was undertaken by the OCA and a revision was requested to precisely account for the audits that carried over from Fiscal Year 2024 and to adjust the allocation of audit hours to reflect the OCAs operational requirements. That revision to the Fiscal Year 2025 Audit Plan was approved by the Board on October 3, 2024, by Resolution No. 2024-0084.

During the second quarter of Fiscal Year 2025 a revision to the Fiscal Year 2025 Audit Plan was requested to add and remove audits due to operational requirements. The second

revision to the Fiscal Year 2025 Audit Plan was approved by the Board on December 5, 2024, by Resolution No. 2024-0104.

Following ongoing evaluations, we are requesting another revision to the Fiscal Year 2025 Audit Plan. This revision is primarily due to a staff vacancy and includes newly identified construction audits and operational requirements. The changes are as follows:

- Allocate the time reserved within the To Be Determined – Construction Contingency budget to three new Construction audits to be completed by our external construction auditor:
 1. Change Order Compliance
 2. Subcontracts
 3. Payment Applications
- Remove one audit:
 1. Tenant Lease Administration and Management (ABRM Internal Controls)
- Transition the planned Accounts Payable audit to an advisory service.
- Revise the budgeted hours to actual hours spent for the six completed audits.
 1. Small Business
 2. Hertz RAC
 3. Harbor Police 2018-2020
 4. High Flying Foods Package 7
 5. Account Provision/Deprovisioning
 6. Sixt RAC
- Revise the budget for the Ethics Program.
- Revise the Administrative time available in the Audit Plan to account for staff vacancies.
- Adjust the budget for two in progress audits:
 1. Tenant Lease Administration and Management (RAC FY24)
 2. Parking Management Contract Administration

Staff requests that the Audit Committee accept the proposed revision to the Audit Plan and forward it to the Board for subsequent approval. The proposed revision to the Fiscal Year 2025 Audit Plan is provided as Attachment A. The Fiscal Year 2025 Audit Plan with all changes incorporated is provided as Attachment B.

Audit Committee Report

Meeting Date: February 10, 2025

Page 3 of 3

Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2025 and conceptually approved budget for Fiscal Year 2026 have been sufficiently funded to meet the allotted budget requirements for the proposed revision to the Fiscal Year 2025 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 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Tenant Lease Administration and Management ²	To determine if fiscal year 2024 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport Rental Car Companies. <i>Audit Engagement #24005</i>	300	200	500
Tenant Lease Administration and Management ²	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. <i>Audit Engagement #24008</i>	500	(500)	-
Tenant Lease Administration and Management	To determine if data is accurate in the property management software (ABRM). <i>Audit Engagement #25001</i>	500	-	500
Tenant Lease Administration and Management	To determine if Sixt Rent a Car accurately paid concessions and Customer Facility Charges (CFC). <i>Audit Engagement #25002</i>	350	(5)	345
Tenant Lease Administration and Management ³	To determine if fiscal year 2025 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport rental car companies. <i>Audit Engagement #25004</i>	350	-	350
System Security	To evaluate the Authority's security posture by performing testing of the Aviation Security and Public Safety's system Authority's Active Directory Configuration. <i>Audit Engagement #25005</i>	300	-	300
Accounts Payable ³	To determine if the controls related to the Accounts Payable automated payment files are appropriate. <i>Audit Engagement #25008</i>	100	(100)	-
Parking Management Contract Administration ³	To determine if the parking management contract is administered appropriately. <i>Audit Engagement #25009</i>	600	(525)	75
Tenant Lease Administration and Management	To determine if Hertz Rent a Car accurately paid concessions and Customer Facility Charges (CFC). <i>Audit Engagement</i>	300	124	424

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

² Audit activity has been carried forward from fiscal year 2024.

³ Audit activity will continue into fiscal year 2026.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
	#25010			
Account Provisioning /De-Provisioning ²	To determine if account provisioning and de-provisioning are performed timely. <i>Audit Engagement #24009</i>	250	(5)	245
Tenant Lease Administration and Management ²	To determine if High Flying Foods accurately paid rent based on Gross Receipts related concessions in Package 7. <i>Audit Engagement #24012</i>	300	(30)	270
Small Business Management ²	To determine if Small Business Management is managed appropriately. <i>Audit Engagement #24001</i>	300	270	570
Harbor Police Contract Mgmt. ²	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020. <i>Audit Engagement #20002</i>	50	(20)	30
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2021, 2022, and 2023. <i>Audit Engagement #25013</i>	451	-	451
Purchase Goods and Services	To determine if internal controls surrounding the purchase of goods and services are appropriate. <i>Audit Engagement #25014</i>	500	-	500
Construction ³	To determine compliance to the change order process within ADC. <i>Audit Engagement #25015 – Baker Tilly</i>	-	100	100
Construction ³	To evaluate compliance to bid, award, and billing requirements of subcontracts. <i>Audit Engagement #25016 – Baker Tilly</i>	-	50	50
Construction ³	To determine if costs within payment applications are allowable and meet requirements. <i>Audit Engagement #25017 – Baker Tilly</i>	-	50	50
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	600	(600)	-
	Total Audit Hours	5,751	(991)	4,760

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Advisory Service Hours				
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Advisory Service Engagement #25011-C</i>	200	-	200
Tenant Lease Administration and Management	To provide management assistance with a new Rent a Car Company related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). <i>Advisory Service Engagement #25012-C</i>	50	-	50
Accounts Payable	To determine if the controls related to the Accounts Payable automated payment files are appropriate. <i>Advisory Service Engagement #25008-C</i>	-	100	100
	Total Advisory Service Hours	250	100	350

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

General Audit Hours				
Risk Assessment and Audit Plan ⁴	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252	-	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300	-	300
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200	-	200
Ethics Program ⁴	To review ethics policies, perform training, and investigate reported incidents.	450	225	675
Recommendation Follow-up ⁴	To verify that internal and external audit recommendations have been implemented as intended.	160	-	160
Quality Assurance & Improvement Program ⁴	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	580	-	580
	Total General Audit Hours	1,942	225	2,167
Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,361	(204)	2,157
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,176	(168)	2,008
	Total Administrative Hours	4,537	(372)	4,165
	Total Hours	12,480	(1,038)	11,442

⁴ Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Key Work Activity	Objective ⁵	Prior Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400	-	400
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
Tenant Lease Administration and Management	To determine if the close out process for in terminal concession contracts are administered appropriately.	600	-	600
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550	-	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475	-	475
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500	-	500
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	500	-	500
Tenant Lease Administration and Management	To determine the operations of a new SDIA Rental Car Company Agreement holder.	400	-	400

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

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Key Work Activity	Objective	Prior Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500	-	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550	-	550
Runway Maintenance	To determine if the contract for airfield paving is administered appropriately.	500	-	500
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022 and 2023.	550	-	550
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500	-	500
ARFF Management	To determine if costs included in ARFF billings are appropriate. <i>Audit Engagement #25007</i>	500	-	500
	Total Contingent Audit Hours	7,700	-	7,700

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT B

Key Work Activity	Objective ¹	Revised Hours
Audit Hours		
Tenant Lease Administration and Management ²	To determine if fiscal year 2024 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport Rental Car Companies. <i>Audit Engagement #24005</i>	500
Tenant Lease Administration and Management	To determine if data is accurate in the property management software (ABRM). <i>Audit Engagement #25001</i>	500
Tenant Lease Administration and Management	To determine if Sixt Rent a Car accurately paid concessions and Customer Facility Charges (CFC). <i>Audit Engagement #25002</i>	345
Tenant Lease Administration and Management ³	To determine if fiscal year 2025 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport rental car companies. <i>Audit Engagement #25004</i>	350
System Security	To evaluate the Authority's security posture by performing testing of the Authority's Active Directory Configuration. <i>Audit Engagement #25005</i>	300
Parking Management Contract Administration ³	To determine if the parking management contract is administered appropriately. <i>Audit Engagement #25009</i>	75
Tenant Lease Administration and Management	To determine if Hertz Rent a Car accurately paid concessions and Customer Facility Charges (CFC). <i>Audit Engagement #25010</i>	424
Account Provisioning /De-Provisioning ²	To determine if account provisioning and de-provisioning are performed timely. <i>Audit Engagement #24009</i>	245
Tenant Lease Administration and Management ²	To determine if High Flying Foods accurately paid rent based on Gross Receipts related concessions in Package 7. <i>Audit Engagement #24012</i>	270
Small Business Management ²	To determine if Small Business Management is managed appropriately. <i>Audit Engagement #24001</i>	570
Harbor Police Contract Mgmt. ²	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020. <i>Audit Engagement #20002</i>	30
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2021, 2022, and 2023. <i>Audit Engagement #25013</i>	451

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

² Audit activity has been carried forward from fiscal year 2024.

³ Audit activity will continue into fiscal year 2026.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT B

Key Work Activity	Objective ¹	Revised Hours
Purchase Goods and Services	To determine if internal controls surrounding the purchase of goods and services are appropriate. <i>Audit Engagement #25014</i>	500
Construction ³	To determine compliance to the change order process within ADC. <i>Audit Engagement #25015 – Baker Tilly</i>	100
Construction ³	To evaluate compliance to bid, award, and billing requirements of subcontracts. <i>Audit Engagement #25016 – Baker Tilly</i>	50
Construction ³	To determine if costs within payment applications are allowable and meet requirements. <i>Audit Engagement #25017 – Baker Tilly</i>	50
	Total Audit Hours	4,760
Advisory Service Hours		
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Advisory Service Engagement #25011-C</i>	200
Tenant Lease Administration and Management	To provide management assistance with a new Rent a Car Company related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). <i>Advisory Service Engagement #25012-C</i>	50
Accounts Payable	To determine if the controls related to the Accounts Payable automated payment files are appropriate. <i>Advisory Service Engagement #25008-C</i>	100
	Total Advisory Service Hours	350

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT B

Key Work Activity	Objective ¹	Revised Hours
General Audit Hours		
Risk Assessment and Audit Plan ⁴	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200
Ethics Program ⁴	To review ethics policies, perform training, and investigate reported incidents.	675
Recommendation Follow-up ⁴	To verify that internal and external audit recommendations have been implemented as intended.	160
Quality Assurance & Improvement Program ⁴	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	580
	Total General Audit Hours	2,167
Administrative Hours		
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,157
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,008
	Total Administrative Hours	4,165
	Total Hours	11,442

⁴ Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Key Work Activity	Objective ⁵	Revised Hours
Contingent Audit Hours		
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650
Tenant Lease Administration and Management	To determine if the close out process for in terminal concession contracts are administered appropriately.	600
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	500
Tenant Lease Administration and Management	To determine the operations of a new SDIA Rental Car Company Agreement holder.	400

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

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan February 10, 2025

ATTACHMENT A

Key Work Activity	Objective	Revised Hours
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550
Runway Maintenance	To determine if the contract for airfield paving is administered appropriately.	500
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022 and 2023.	550
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500
ARFF Management	To determine if costs included in ARFF billings are appropriate.	500
	Total Contingent Audit Hours	7,700

Revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting February 10, 2025

Reasons for Revision

Description	Hours
Accounts Payable - Advisory Service	100
Small Business ¹	270
Hertz RAC ¹	124
Ethics	225
Tenant Lease Administration and Management (RAC FY24)	200
Change Order Compliance - Baker Tilly	100 ²
Subcontracts - Baker Tilly	50 ²
Payment Applications - Baker Tilly	50 ²
Total	1,119³

¹Previously Issued

² Internal FY25 hours only. Project not scheduled to be completed this fiscal year.

³ Difference results in net reduction of total hours available of 1,038 due to staff size reduction.

Description	Hours
Accounts Payable	100
Completed Audits Under Budget ¹	60
Tenant Lease Administration and Management (ABRM Internal Controls)	500
Parking Management Contract Administration	525
Construction Contingency	600
Administrative-Indirect	204
Administrative-Benefit	168
Total	2,157³

Reasons for Revision

Description	Hours
Accounts Payable - Advisory Service	100
Small Business ¹	270
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Reasons for Revision

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Description	Hours
Accounts Payable	100
Completed Audits Under Budget ¹	60
Tenant Lease Administration and Management (ABRM Internal Controls)	500
Parking Management Contract Administration	525
Construction Contingency	600
Administrative-Indirect	204
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Total	2,157³

Reasons for Revision

Description	Hours
Accounts Payable - Advisory Service	100
Small Business ¹	270
Hertz RAC ¹	124
Ethics	225
Tenant Lease Administration and Management (RAC FY24)	200
Change Order Compliance - Baker Tilly	100 ²
Subcontracts - Baker Tilly	50 ²
Payment Applications - Baker Tilly	50 ²
Total	1,119³

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³ Difference results in net reduction of total hours available of 1,038 due to staff size reduction.

Description	Hours
Accounts Payable	100
Completed Audits Under Budget ¹	60
Tenant Lease Administration and Management (ABRM Internal Controls)	500
Parking Management Contract Administration	525
Construction Contingency	600
Administrative-Indirect	204
Administrative-Benefit	168
Total	2,157³

Questions?