

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
AUDIT COMMITTEE MEETING  
MINUTES  
MONDAY, NOVEMBER 4, 2019  
BOARD ROOM**

**CALL TO ORDER:** Chair Robinson called the Audit Committee Meeting to order at 10:00 a.m. on Monday November 4, 2019, in the Board Room of the San Diego International Airport Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Board Member Robinson led the pledge of allegiance.

**ROLL CALL:**

Present: Committee Members: Lloyd, Robinson, Schiavoni, Tartre, Van Sambeek, West

Absent: Committee Members: None

Also Present: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Linda Gehlken, Assistant Authority Clerk I

**NON-AGENDA PUBLIC COMMENT:**

**NEW BUSINESS:**

- 2. FISCAL YEAR 2019 ANNUAL REPORT FROM THE AUDIT COMMITTEE:**  
Chair Robinson provided an overview of the report.

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

**ACTION: Moved by Board Member West, and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried unanimously.**

- 1. APPROVAL OF MINUTES:**  
RECOMMENDATION: Approve the minutes of the May 13, 2019, regular meeting.

**ACTION: Moved by Committee Member Tarte and seconded by Board Member Schiavoni to approve staff's recommendation. Motion carried noting Committee Member VanSambeek's ABSTENTION.**

**3. EXTERNAL AUDITOR'S FISCAL YEAR ENDED JUNE 30, 2019, REPORTS: A) AUDITED FINANCIAL STATEMENTS, B) SINGLE AUDIT REPORTS, C) PASSENGER FACILITY CHARGE COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) LETTER TO THE BOARD:**

David Coleman, CPA, BKD, LLP, and Nikki Kubly, CPA, BKD, LLP, provided a presentation on the external auditor's Fiscal Year-Ended June 30, 2019; reports that included 2019 Highlights; Future Change in Accounting Principles; Internal Control Considerations, Assets and Deferred Outflows Composition for the Year Ended June 30, 2019, Deferred Inflows and Net Position Composition for the Year Ended June 30, 2019; Liabilities, Total Revenues and Capital Contributions Composition for the Year Ended June 30, 2019; Expense Composition for the Year Ended June 30, 2019, and Trends.

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

**ACTION: Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation. Motion carried unanimously.**

**4. REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2019:**

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

In response to Chair Robinson's request to share our good financial results with the public, Kimberly Becker, President/CEO stated that staff would make a plan to share the news.

Board Member West suggested that information on the financial results have a caveat that it is very important news as the Authority moves forward with the Airport Development Plan.

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

**ACTION: Moved by Board Member West and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously.**

**5. FISCAL YEAR 2019 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2019 Annual Report from the Office of the Chief Auditor (OCA) that included Quality Assurance and Improvement Program, Fiscal Year 2019 Performance Measures,

Percentage of Audit Plan Completed, Audit Activities Completed, Activities Not Started & In Progress, Revenue Identified, Auditor Utilization, Project Budgets, Recommendation Acceptance, Customer Satisfaction, General Audit Activities, Summary of Ethics Inquiries, and Required Disclosures.

In regard to the OCA customer satisfaction survey sent to auditees post-audit, Board Member Schiavoni requested a comparison of six months of survey responses, to see if the revised survey brought any increase in the response rate.

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

**ACTION: Moved by Board Member West and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried unanimously.**

6. **ANNUAL REVIEW OF THE CHARTER OF THE AUDIT COMMITTEE:**  
Lee Parravano, Chief Auditor, provided an overview of the staff report. He stated that no revisions were made to the charter at this time.

RECOMMENDATION: Information item only.

7. **ANNUAL REVIEW OF THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**  
Lee Parravano, Chief Auditor, provided an overview of the staff report. He stated that no revisions were made to the charter at this time.

RECOMMENDATION: Information item only.

8. **AMEND AUTHORITY POLICY 1.50 – GOVERNANCE AND COMMITTEES:**  
Lee Parravano, Chief Auditor, provided an overview of the recommendation to establish term limits for public members on the Audit Committee.

In response to Board Member Schiavoni regarding what is being done to enhance the recruitment process, Tony Russell, Director, Board Services/Authority Clerk, provided a status on the various publications and recruitment outreach efforts to date; stating that he will ensure there is a broad spectrum of applicants being notified of the vacant public member position on the Audit Committee.

RECOMMENDATION: Staff recommends that the Audit Committee request the Board to amend Policy 1.50 to specify the number of terms that public members may serve on the Audit Committee to two full terms, and that the current Audit Committee Public Members are allowed to serve out their current terms through to completion.

**ACTION: Moved by Committee Member VanSambeek and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously.**

**9. REVISION TO THE FISCAL YEAR 2020 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor that included Reasons for Revision, Additional Hours to Finish Fiscal Year 2019 Audit Plan, Reduce Audits Hours on Two Audit Activities, and Removal of Three Audits.

RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval.

**ACTION: Moved by Committee Member VanSambeek and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously.**

**10. FISCAL YEAR 2020 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2020 First Quarter Report from the Office of the Chief Auditor that included Fiscal Year 2020 Performance Measures, Percentage of Audits Completed, Audits Completed, Number of Recommendations, Revenue/Cost Savings Identified, Auditor Utilization, Audit Budgets, Auditee Satisfaction, and General Audit Activities.

In response to concern expressed by Committee Member Tartre regarding the progress of performance measure *Percentage of Audits Completed* and how that number could be improved, Mr. Parravano stated that there are several annual administrative activities that need to be completed in the first quarter, which impacts that percentage.

In response to Committee Member Tartre's concern that the benchmark listed was not best of class and whether other sources could be considered to benchmark this category, Mr. Parravano stated that the benchmarks used are set by the Association of Local Government Auditors (ALGA) and that he would explore other sources.

Board Member West suggested considering changes to the presentation for this report to the Committee moving forward, so that any adjustments from the new process can be incorporated.

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

**ACTION: Moved by Committee Member Tartre and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously.**

**COMMITTEE MEMBER COMMENTS:** None.

**ADJOURNMENT:** The meeting adjourned at 10:52 a.m.

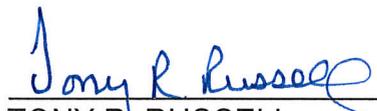
APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY THIS 13<sup>th</sup> DAY OF FEBRUARY, 2020.



---

LEE PARRAVANO  
CHIEF AUDITOR

ATTEST:



---

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK