

## Special Audit Committee and Special Board Meeting Agenda

**Monday, June 21, 2021**  
**9:30 A.M. or immediately following**  
**the Executive/Finance Committee meeting**

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

### Board Members

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

### Ex-Officio Board Members

Gustavo Dallarda  
Col. Charles B. Dockery  
Gayle Miller

### President/CEO

Kimberly J. Becker

This meeting of the Audit Committee of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Executive Order N-08-21, which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Board & Committee members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Committee Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

### Comment on Agenda Items

Public comment on agenda items may be submitted to the Authority clerk at [clerk@san.org](mailto:clerk@san.org). Comments received no later than 8:00 a.m. on the day of the meeting will be distributed to the Committee and included in the record.

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

- **Step 1:** Fill out the online **Request to Speak Form** to speak during the meeting via teleconference. The form must be submitted by 4 p.m. the day before the meeting or by 4:00 p.m. the Friday before a Monday meeting. After completing the form, you'll get instructions on how to call in to the meeting.
- **Step 2:** Watch the meeting via the Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/Audit-Committee?EntryId=14465>
- **Step 3:** When the Board begins to discuss the agenda item you want to comment on, call in to the conference line, you will be placed in a waiting area. ***Please do not call until the item you want to comment on is being discussed.***
- **Step 4:** When it is time for public comments on the item you want to comment on, Authority Clerk staff will invite you into the meeting and unmute your phone. Staff will then ask you to state your name and begin your comments.

## How to Watch the Meeting

You may also view the meeting online at the following link:

<https://www.san.org/Airport-Authority/Meetings-Agendas/Audit-Committee?EntryId=14465>

## Requests for Accessibility Modifications or Accommodations

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

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. **Please note that agenda items may be taken out of order.** If comments are made to the 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.

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

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

# Special Audit Committee Agenda

Thursday, June 21, 2021

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## CALL TO ORDER:

## ROLL CALL:

Committee Members: Blakespear, Casillas Salas, Lloyd, Van Sambeek,  
Vann (Chair), Vargas, Wong Nickerson

## NEW BUSINESS:

- 1. AUDIT COMMITTEE TRAINING – AN EFFECTIVE AUDIT COMMITTEE:**  
RECOMMENDATION: Staff recommends that the Audit Committee accept the information.  
Presented by: Lee Parravano, Chief Auditor; and, Danny Martinez, Managing Director, BKD, LLP

## COMMITTEE MEMBER COMMENTS:

## ADJOURNMENT:

Thursday, June 21, 2021

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit an email to the Clerk at [clerk@san.org](mailto:clerk@san.org) prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit an email shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.

After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

## Additional Meeting Information

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 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](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third-floor receptionist for validation.**

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

# An Effective Audit Committee

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June 21, 2021

**BKD**



# Agenda



- Purpose
- Responsibilities
- Importance of an Audit Committee
- Best Practices
- Emerging Trends
- Comprehensive Annual Financial Report Overview

Purpose

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# Purpose

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Provide structured, systematic oversight over governance, risk management, and internal control practices

Serve as a guardian of the public trust

# Purpose

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Assist the Board of Directors and management by providing advice and guidance related to:

- Values and ethics
- Governance structure
- Risk management

Assist the Board of Directors and management by providing advice and guidance related to:

- Internal control framework
- Oversight of Office of the Chief Auditor, external auditors, and other providers of assurance
- Financial statements and public accountability reporting

# Responsibilities

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# Responsibilities

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- Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum:
  - 1) Regularly review the Authority's accounting, audit, and performance monitoring processes;
  - 2) At the time of contract renewal, recommend to the appropriate committee and the Authority Board its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence;
  - 3) Advise the appropriate committee and the Authority Board regarding the selection of the auditor;

# Responsibilities

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- Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum (cont.):
  - 4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures;
  - 5) Be responsible for overseeing the annual audit by the external auditors and any internal audits; and
  - 6) Make recommendations to the full Authority Board regarding the points listed above.

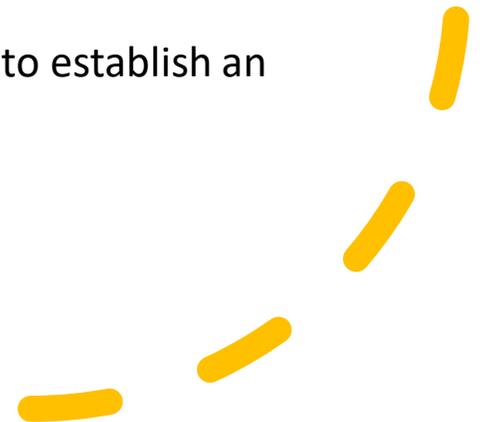
Importance

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# Importance of an Audit Committee

- Provide actionable insights to oversee and improve financial practices and reporting
  - Utilize internal and external audit to review and maintain effectiveness of organizational controls and external financial reporting
  - Audit committees often work in partnership with the finance committee
- Create and maintain effective anti-fraud programs
  - Audit committee members play a proactive role with management and auditors to create an organization-wide fraud prevention and detection program
  - Can also encourage Authority's leadership team to establish an ethics and compliance program



# Importance of an Audit Committee

- **Enhance the internal audit function**
  - Internal audit team can serve as the audit committee’s “eyes and ears” regarding the ability to meet financial and compliance responsibilities
  - Ensures that the Authority adjusts practices and internal controls as needed
- **Oversee the Authority’s external audit**
  - Meet with external auditors to monitor their services and activities to ensure independence between the external auditor and the management team
- **Strengthen credibility with stakeholders**
  - An audit committee communicates a message of independence, reliability, and trust
  - Builds public confidence towards the Authority



# Best Practices

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# Best Practices

1

Remain current with emerging accounting principles and practices

2

Ensure management takes responsibility for the financial statements

3

Attend executive meetings, retreats, etc. periodically and meet with internal auditor at least annually

# Best Practices

## Interact with internal and external audit regularly

- Establishes a clear and direct environment that allows candid communication

## Report to the board of the following:

- Technical issues uncovered
- Legal environment, including any pending lawsuits
- Compliance with regulations and contracts

# Emerging Issues

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# Emerging Issues

- Balancing core responsibilities with emerging priorities
  - The shift from working in the office to WFH has created a new environment for human error and fraud to occur
- Remaining informed through virtual communication
  - Audit committees rely on actionable and timely information to carry out their oversight role, which was more difficult given the current crisis
- Management of additional funding related to COVID-19

# Emerging Issues

- Permanent industry changes and the impact on contractual agreements
- Cybersecurity attacks on the rise
  - Colonial pipeline
  - Federal and State Legislation



# BKD Thoughtware®

- Webinars, seminars & articles
- Many are CPE-eligible

## COVID-19: Response Guidance from BKD Trusted Advisors

Thoughtware Alert Published: Apr 08, 2020

Related Industries: [Multiple Industries](#)

Topics: [COVID-19](#), [Small Business](#)

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The COVID-19 pandemic is causing massive disruptions to businesses, employees and communities across the nation. To help you navigate this unprecedented crisis, **BKD Trusted Advisors™** have compiled guidance on key areas that business leaders should focus on to not only guide their teams through times of difficulty but prepare them to come out stronger on the other side.

Please fill out the below form to download the COVID-19 Response Guidance.

This form collects your information, so we may fulfill your request. You confirm you are over the age of 16 and consent to data processing in accordance to the terms of our [Privacy Policy](#) and [Terms of Use](#), which explain how we protect, manage, and use your data.



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SAN DIEGO, CALIFORNIA

COMPREHENSIVE  
**ANNUAL**  
FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2020 & 2019

Navigating the  
Comprehensive  
Annual Financial  
Report

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## Introductory Section

- Letter of Transmittal
- Authority Organization Chart
- Authority Board Members and Executive Staff
- GFOA Certificate of Achievement

# Independent Auditor's Report

- This will always be the first item in the financial section
- Contains the external auditor's opinion on the financial statements
- Independent Auditor's Report contains:
  - Paragraph on the responsibilities of the auditors and management
  - Paragraph explaining the scope of the audit and audit practices
  - Paragraph with the auditor's opinion on the financial statements



# Management's Discussion and Analysis

- Summary of finances and analysis of changes within the year written by the Authority's management
- Presents the most significant issues, one that usually raises questions
- Written in narrative form with tables, meant to be user friendly
- Section of financial statement we suggest be read in entirety by audit committee

# Basic Financial Statements

- Statement of Net Position
  - Assesses the balances of a government's assets against its liabilities
  - Net position is an indicator of a government's financial position
- Statement of Revenue, Expenses, and Changes in Net Position
  - Displays operating revenues, expenses and income along with nonoperating balances
  - The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year



# Basic Financial Statements

- **Statement of Cash Flows**
  - Summarizes the amount of cash and cash equivalents entering and leaving the Authority. It looks at operating, investing and financing activities



# Notes to the Financial Statements

Provide more detail to better understand the financials

- Summary of significant accounting policies
- Capital asset information
- Debt information
- Commitments and contingencies



## Required Supplementary Information

- Management's Discussion and Analysis
- Information related to pensions
- Unaudited



# Statistical Section

- Provides detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health
  - Financial trends
  - Revenue capacity
  - Operating information
  - Demographic and economic information
  - Debt capacity
  - Unaudited



# Single Audit Report

- Compliance audit of your federal awards
- Displays your schedule of expenditures of federal awards and notes
- Also includes the schedule of findings and questioned costs

# Questions?

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