

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE
MINUTES
MONDAY, MAY 10, 2021
BOARD ROOM**

CALL TO ORDER: Chair Vann called the Audit Committee Meeting to order at 10:02 a.m., on Monday, May 10, 2021, electronically and via teleconference, pursuant to Executive Order N-29-20, at the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

ROLL CALL:

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

Board Members: Schiavoni

Absent: Committee Members: None

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

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 8, 2021, regular meeting and the April 22, 2021, special meeting.

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

Board Member Vargas arrived at the meeting at 10:07 a.m.

2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2021:

Elizabeth Stewart, Acting Director, Accounting and Danny Martinez, Engagement Executive, BKD, LLP provided a presentation titled Required Communication to the Audit Committee Financial and Compliance Audits for the Fiscal Year Ended June 30, 2021 that included the Engagement Team, Planned Scope, Planned Timing, Approach to Planning, Remote Work Strategy, Revisions to Professional Standards and Consideration of Errors or Fraud.

Committee Wong Nickerson requested more information on how the revisions to professional standards will affect the bottom line of the Airport's Income Statement and how it might affect the Debt-Service Coverage Ratio calculation.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information.

ACTION: Moved by Board Member Vargas and seconded by Board Member Blakespear to approve staff's recommendation. Motion carried unanimously.

Committee Member Wong Nickerson left the meeting at 10:30 a.m.

3. FISCAL YEAR 2021 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, and Fred Bolger, Manager, Audit Services provided a presentation titled Fiscal Year 2021 Third Quarter Report from the Office of the Chief Auditor that included Fiscal Year 2021 Performance Measures, Audits & Consulting Engagements Completed, Audits & Consulting Engagements Completed 3rd Quarter, Number of Recommendations, Auditor Utilization, Audits & Consulting Engagement Budgets, General Audit Activity – Recommendations, General Audit Activity – Ethics Hotline, General Audit Activity – Data Analytics and Audit Spotlight – Accounts Payable Process.

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 Blakespear and seconded by Board Member Vargas to approve staff's recommendation. Motion carried unanimously noting Committee Members Van Sambeek and Wong Nickerson as ABSENT.

4. REVISION TO THE FISCAL YEAR 2021 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Revision to the Fiscal Year 2021 Audit Plan of the Office of the Chief Auditor.

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

ACTION: Moved by Board Member Lloyd and seconded by Board Member Casillas Salas to approve staff's recommendation. Motion carried unanimously noting Committee Members Van Sambeek and Wong Nickerson as ABSENT.

5. RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Risk Assessment and Proposed Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor that included Defining the Audit Universe, Identify & Rank Risks, Interpreting the Risk Assessment Results, Top Risks by Division, Audit Plan Development, Audit Resources (Internal), Proposed Audits & Hours, Proposed General Audit Activities & Hours, Proposed Administrative Hours, Proposed Audit Hours by Department and Proposed Contingent Audits & Hours.

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

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

6. SELECTION OF ON-CALL CONSTRUCTION AUDIT SERVICES PROVIDER:

Lee Parravano, Chief Auditor, and Callie Ullman, Senior Auditor, provided a presentation titled Selection of On-Call Construction Audit Services Provider that included Scope of Services, 2021 Construction Audit Services RFP Timeline, Evaluation Panel, Construction Audit Services Proposals Received, Evaluation Criteria, Interviews, Final Evaluation Results, Audit Schedule, and Recommendation.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for approval.

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

7. FISCAL YEAR 2022 PROPOSED BUDGET OF THE CHIEF AUDITOR AND FISCAL YEAR 2023 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2022 Proposed Budget of the Chief Auditor and Fiscal Year 2023 Proposed Conceptual Budget Expense Summary that included FY 2022 Proposed Budget – FY 2023 Proposed Conceptual Budget Expense Summary; Major Drivers of FY 2022 & FY 2023 Proposed Budgets; and Authority Budget & Debt.

RECOMMENDATION: Staff recommends that the Audit Committee accept the Chief Auditor's proposed budget and forward it to the Board as part of the Authority's Fiscal Year 2022 Budget process that may include debt issuance or refinancing, with a recommendation for Board approval.

ACTION: Moved by Committee Member Van Sambeek and seconded by Board Member Casillas Salas to approve staff's recommendation. Motion carried unanimously noting Committee Member Wong Nickerson as **ABSENT**.

COMMITTEE MEMBER COMMENTS:

Chair Vann acknowledged and thanked Committee Member Jack Van Sambeek, whose term ends June 2021, for his years of service on the Audit Committee.

CLOSED SESSION: The Committee recessed into Closed Session at 11:30 a.m. to discuss Item 8.

- 8. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957)
Title: Chief Auditor

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 12:06 p.m. There was no reportable action.

ADJOURNMENT: The meeting adjourned at 12:06 p.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 13th DAY OF SEPTEMBER, 2021.



LEE PARRAVANO
CHIEF AUDITOR

ATTEST:



TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK