

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY, MAY 6, 2024
BOARD ROOM**

CALL TO ORDER: Chair Newsom called the Audit Committee Meeting to order at 10:00 a.m., on Monday, May 6, 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, Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Vaus, Wong Nickerson
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Absent:	Committee Members:	None
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Also Present:	Scott Brickner, Vice President/Treasurer/CFO; Amy Gonzalez, General Counsel; Shawna Morales, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk I
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NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 5, 2024, regular meeting and March 25, 2024, special meeting.

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

Board Member Sanchez arrived 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, 2024:

Elizabeth Stewart, Director, Accounting, and Blake Roe, Colleague Partner, Plante Moran, provided a presentation that included National Airport Practices by numbers; Engagement Team; Scope of Audit; Audit Timeline; Required Communications; and Audit Plan.

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

ACTION: Moved by Board Member Vaus and seconded by Committee Member Wong Nickerson to approve staff's recommendation. Motion carried unanimously.

3. RESULTS FROM THE QUALITY ASSESSMENT REVIEW OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, and Scott Thein, Senior Auditor, provided a presentation that included Quality Assessment Review Purpose and Review Period, often referred to as a Peer Review. As a result of the review, it was the opinion that the San Diego County Regional Airport Authority Office of the Chief Auditor's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of conformance with the standards, the highest level of performance that an internal audit office can receive.

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

ACTION: Moved by Committee Member Wong Nickerson and seconded by Board Member Perez to approve staff's recommendation. Motion carried unanimously.

4. FISCAL YEAR 2024 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, and Fred Bolger, Manager, Audit Services provided a presentation on the Fiscal Year 2024 Third Quarter Report that included Performance Measures; General Audit Activity-Recommendation Follow-up, Fraud, Waste, Abuse and Ethics; QAIP (Quality Assurance and Improvement Program); and Audit Spotlight – Terminal & Roadways Project Insurance.

Committee Member Wong Nickerson recommended additional controls and training in response to audit findings of funds due to the Authority for duplicate/incorrect billing.

Bob Bolton, Director, Airport Design and Construction, reported that Mike Carmichael, Program Control Manager, has been hired to be responsible for the scope, budget, and schedule of work to efficiently run projects.

Chair Newsom requested status on the return of funds and a follow-up report to the committee.

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

ACTION: Moved by Board Member Sanchez and seconded by Board Member Montgomery Steppe to approve staff's recommendation. Motion carried unanimously.

5. REVISION TO THE FISCAL YEAR 2024 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Fred Bolger, Manager, Audit Services, provided a presentation that included the Reasons for Revision, which is to add one audit of the 2% Surcharge Program as a follow-up audit to a completed audit from 2022.

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 Huerta to approve staff's recommendation. Motion carried unanimously.

6. RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2025 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor provided a presentation on the Risk Assessment and Proposed Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor that included Defining the Audit Universe; Interpreting the Risk Assessment Results; Audit Plan Development; Audit Resources (Internal); Proposed Audit Plan; and Proposed Contingent Audits and Hours.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed 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 Perez and seconded by Board Member Vaus to approve staff's recommendation. Motion carried unanimously.

7. FISCAL YEAR 2025 PROPOSED BUDGET OF THE CHIEF AUDITOR AND FISCAL YEAR 2026 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2025 Proposed Budget of the Chief Auditor and Fiscal Year 2026 Proposed Conceptual Budget Expense Summary that also included the Major Drivers of the Fiscal Year 2025 and 2026 Proposed Budgets.

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 2025-2026 Budget process that may include debt issuance or refinancing, with a recommendation for Board approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***

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

COMMITTEE MEMBER COMMENTS:

CLOSED SESSION: The Committee recessed into Closed Session at 10:53 a.m. to discuss item 8 and 9.

8. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

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

9. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

(Government Code Section 54957)
Title: Chief Auditor

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 11:27 a.m. There was no reportable action.

ADJOURNMENT: The meeting adjourned at 11:27 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY THIS 9th DAY OF SEPTEMBER 2024.



LEE PARRAVANO
CHIEF AUDITOR

ATTEST:



SHAWNA MORALES
ASSISTANT AUTHORITY CLERK II