



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE

Item No.
1

Meeting Date: **MARCH 26, 2012**

Subject:

Approve and Authorize the President/CEO to Execute a First Amendment to the Agreement with McGladrey & Pullen LLP for Professional Financial Audit Services

Recommendation:

Staff Recommends that the Audit Committee forward this item to the Board for approval.

Background/Justification:

On June 1, 2009, the Authority entered into an Agreement with McGladrey & Pullen, LLP to provide professional auditing and consulting services. The term of the Agreement is three years with two one-year options to renew and a total compensation amount of \$450,000. This First Amendment is needed to increase the compensation amount by \$400,000 and to exercise both options to renew the term, resulting in an expiration date of May 31, 2014.

During the initial contract period, the Authority has utilized McGladrey & Pullen to perform the audit of the Authority's financial statements for the Fiscal Years 2009, 2010, 2011, and to provide guidance on accounting treatment related to the Green Build project, and other issues relating to implementing and interpreting accounting standards. In addition McGladrey & Pullen provided auditing services related to Customer Facility Charges (CFC).

The extension of the term, by exercising both one-year extension options, will allow McGladrey & Pullen to continue their work under the original scope of work and to provide services related to the state controller's requirements under California Civil Code section 1936, which governs the CFC. The Authority will need an attestation engagement with McGladrey & Pullen as this is a requirement in order to adjust the CFC related to the new CONRAC facility.

The hourly rates set forth in the Agreement would remain unchanged; however, the total amount of compensation would be increased as follows:

Audit Services for FY2012 and FY 2013	\$ 292,300
CONRAC attestation engagement and additional consulting services.	\$ 107,700
Total	\$ 400,000

The proposed increase for audit services is due to the increased size and complexity of the Authority's financial audit.

Fiscal Impact:

Funds are available in the Auditing Services account of the Authority's FY13 budget and will be included in the proposed FY14 budget, for a total amount of \$400,000.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

Environmental Review:

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. This Board action is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not applicable.

Prepared by:

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VICE PRESIDENT, FINANCE/TREASURER, CFO