

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MINUTES
MONDAY, NOVEMBER 19, 2012
BOARD ROOM**

CALL TO ORDER:

Chair Smisek called the meeting of the Audit Committee to order at 10:05 a.m., on Monday, November 19, 2012, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Committee Member Tartre led the pledge of allegiance.

ROLL CALL:

PRESENT: Committee Members: Hollingworth, Hubbs, Smisek, Tartre, Van Sambeek

ABSENT: Committee Members: Gleason, Young

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Lorraine Bennett, Assistant Authority Clerk II; Linda D. Gehlken, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the August 20, 2012, regular meeting.

ACTION: Moved by Board Member Hubbs and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously, noting Board Members Gleason and Young as ABSENT.

2. EXTERNAL AUDITOR'S FISCAL YEAR ENDED JUNE 30, 2012, REPORTS: A) AUDITED FINANCIAL STATEMENTS, B) COMPLIANCE (SINGLE AUDIT) REPORT, C) PASSENGER FACILITY CHARGE COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) REPORT TO THE AUDIT COMMITTEE:

Peter George, Director, McGladrey & Pullen, LLP, provided a presentation of the external auditor's Fiscal Year Ended June 30, 2012, reports, which included Types of Deficiencies in Internal Control; Specific Findings Applicable to the Authority; Current Assets as of June 30, 2012, and 2011; Current Liabilities as of June 30, 2012, and 2011; 2012 and 2011 Operating Revenue; 2012 and 2011 Operating Expenses; Investments as of June 30, 2012, and 2011; Debt Activity for the Fiscal Year Ended June 30, 2012; 2012 Passenger Facility Charge Activity; and 2012 Customer Facility Charge Activity.

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

ACTION: Moved by Committee Member Tartre and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously, noting Board Members Gleason and Young as ABSENT.

3. REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2012:

Vernon Evans, Vice President, Finance/Treasurer, provided an overview of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2012.

In response to Committee Member Tartre regarding how the terminal rates are billed to airlines for the rent of terminal space per square foot, reflected on page 67 of the CAFR, Mr. Evans stated that the Authority applies a "blended rate" for all space.

In response to Board Member Hubbs regarding how the Authority terminal rate compares to that of other airports, Mr. Evans stated that the last time this was reviewed, the Authority cost charged was the average rate for comparable airports.

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

ACTION: Moved by Committee Member Tartre and seconded by Committee Member Hollingworth to approve staff's recommendation. Motion carried unanimously, noting Board Members Gleason and Young as ABSENT.

4. UPDATE ON THE GREEN BUILD CONSTRUCTION AUDIT:

Callie Ullman, Senior Auditor provided an update on the Green Build Construction Audit, which included a Diagnostic, Look Back, and Focused Review of Activities; and additional Office of the Chief Auditor activities.

RECOMMENDATION: Information item only.

ACTION: No Action Taken.

5. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2013 FIRST QUARTER, AND REPORT ON AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

Mark A. Burchyett, Chief Auditor, provided a presentation, which included Audits in Progress; F Y 2013 Performance Measure Outcomes; Summary of Ethics Inquiries; and Non-Audit Activities, and Ongoing Activities.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information and provide, if necessary, direction to staff on audit recommendations.

ACTION: Moved by Committee Member Van Sambeek and seconded by Committee Member Tartre to forward this item to the Board for information. Motion carried unanimously noting Board Members Gleason and Young as ABSENT.

6. REVISION TO THE FISCAL YEAR 2013 AUDIT PLAN:

Fred Bolger, Manager, Audit Services, provided a report on the revisions made to the Fiscal Year 2013 Audit Plan of the Office of the Chief Auditor.

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

ACTION: Moved by Committee Member Tartre and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously, noting Board Members Gleason and Young as ABSENT.

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT: The meeting was adjourned at 10:59 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 4TH DAY OF FEBRUARY, 2013.


MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:


LORRAINE BENNETT
ASSISTANT AUTHORITY CLERK II