



SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
**AUDIT COMMITTEE**

Item No.  
**4**

Meeting Date: **MAY 9, 2011**

**Subject:**

**Fiscal Year 2012 Budget of the Office of the Chief Auditor**

**Recommendation:**

Staff recommends that the Audit Committee accept the proposed budget and forward it to the Board as part of the Authority's Fiscal Year 2012 budget for approval.

**Background/Justification:**

In accordance with the Fiscal Year 2012 budget process and timeline for the San Diego County Regional Airport Authority, the Office of the Chief Auditor (OCA) submitted its proposed budget to the Authority's Finance Division. The OCA's proposed budget contains the anticipated expenditures and headcount necessary to carry out its duties in the coming fiscal year (Attachment A).

During the May 9, 2011, Audit Committee Meeting the OCA Fiscal Year 2012 Proposed Budget will be presented to the Committee for review, and subsequently, forwarded to the Board for approval within the Finance Division's scheduled budget process.

**Fiscal Impact:**

The proposed FY12 budget for the Office of the Chief Auditor is \$978,378.

**Environmental Review:**

- A. 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. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Pub. Res. Code Section 30106.

**Equal Opportunity Program:**

Not applicable.

**Prepared by:**

MARK A. BURCHYETT  
CHIEF AUDITOR

Chief Auditor

FY 2012 Proposed – FY 2013 Proposed Conceptual Budget Expense Summary

|  | FY 2010<br>Actuals | FY 2011<br>Amended<br>Budget | FY 2012<br>Conceptual<br>Budget | FY 2012<br>Proposed<br>Budget | Inc/(Dec)<br>FY12 Proposed<br>vs FY11 Amended | % Change     | Inc/(Dec)<br>FY12 Proposed<br>vs FY12 Conceptual | % Change      | FY 2013<br>Proposed<br>Conceptual Budget | Inc/(Dec)<br>FY13 Proposed Concept<br>vs FY12 Proposed | % Change    |
|--|--------------------|------------------------------|---------------------------------|-------------------------------|---|--------------|--|---------------|--|--|-------------|
| <b>Operating Expenses:</b>                   |                    |                              |                                 |                               |   |              |  |               |  |  |             |
| <b>Personnel Expenses</b>                    |                    |                              |                                 |                               |   |              |  |               |  |  |             |
| Salaries and Wages                           | \$ 624,925         | \$ 647,353                   | \$ 660,843                      | \$ 648,962                    | \$ 1,609                                      | 0.2%         | \$ (11,881)                                      | -1.8%         | \$ 670,079                               | \$ 21,117  | 3.3%        |
| Premium Overtime                             | -                  | -                            | -                               | -                             | -   | 0.0%         | -  | 0.0%          | -  | -  | 0.0%        |
| Employee Benefits                            | 247,497            | 295,338                      | 345,445                         | 298,151                       | 2,813   | 1.0%         | (47,295)   | -13.7%        | 362,344                                  | 64,194   | 21.5%       |
| Subtotal                                     | 872,422            | 942,691                      | 1,006,288                       | 947,113                       | 4,422   | 0.5%         | (59,175)   | -5.9%         | 1,032,424                                | 85,311   | 9.0%        |
| <i>Less: Capitalized Labor</i>               | -                  | -                            | -                               | -                             | -   | 0.0%         | -  | 0.0%          | -  | -  | 0.0%        |
| <b>Total Personnel Expenses</b>              | <b>872,422</b>     | <b>942,691</b>               | <b>1,006,288</b>                | <b>947,113</b>                | <b>4,422</b>                                  | <b>0.5%</b>  | <b>(59,175)</b>                                  | <b>-5.9%</b>  | <b>1,032,424</b>                         | <b>85,311</b>  | <b>9.0%</b> |
| <b>Non-Personnel Expenses</b>                |                    |                              |                                 |                               |   |              |  |               |  |  |             |
| Contractual Services                         | 41                 | 200                          | 20,200                          | 100                           | (100)   | -50.0%       | (20,100)   | -99.5%        | 100                                      | -  | 0.0%        |
| Safety and Security                          | -                  | -                            | -                               | -                             | -   | 0.0%         | -  | 0.0%          | -  | -  | 0.0%        |
| Space Rental                                 | -                  | -                            | -                               | -                             | -   | 0.0%         | -  | 0.0%          | -  | -  | 0.0%        |
| Utilities                                    | 180                | 250                          | 250                             | 250                           | -   | 0.0%         | -  | 0.0%          | 250                                      | -  | 0.0%        |
| Maintenance                                  | -                  | 3,660                        | 3,840                           | -                             | (3,660)                                       | -100.0%      | (3,840)  | -100.0%       | -  | -  | 0.0%        |
| Operating Equipment & Systems                | (35)               | 750                          | 1,000                           | 750                           | -   | 0.0%         | (250)  | -25.0%        | 750                                      | -  | 0.0%        |
| Operating Supplies                           | 1,291              | 2,750                        | 2,850                           | 2,850                         | 100   | 3.6%         | -  | 0.0%          | 2,900                                    | 50   | 1.8%        |
| Insurance                                    | -                  | -                            | -                               | -                             | -   | 0.0%         | -  | 0.0%          | -  | -  | 0.0%        |
| Employee Programs                            | 12,043             | 21,300                       | 22,050                          | 20,300                        | (1,000)                                       | -4.7%        | (1,750)  | -7.9%         | 20,850                                   | 550  | 2.7%        |
| Business Development                         | 2,684              | 2,825                        | 3,150                           | 3,175                         | 350   | 12.4%        | 25   | 0.8%          | 3,480                                    | 305  | 9.6%        |
| Equipment Rentals & Repairs                  | 3,480              | -                            | -                               | 3,840                         | 3,840   | 0.0%         | 3,840  | 0.0%          | 4,000                                    | 160  | 4.2%        |
| <b>Total Non-Personnel Expenses</b>          | <b>19,684</b>      | <b>31,735</b>                | <b>53,340</b>                   | <b>31,265</b>                 | <b>(470)</b>                                  | <b>-1.5%</b> | <b>(22,075)</b>                                  | <b>-41.4%</b> | <b>32,330</b>                            | <b>1,065</b>   | <b>3.4%</b> |
| <b>Total Operating Expenses</b>              | <b>892,107</b>     | <b>974,426</b>               | <b>1,059,628</b>                | <b>978,378</b>                | <b>3,952</b>                                  | <b>0.4%</b>  | <b>(81,250)</b>                                  | <b>-7.7%</b>  | <b>1,064,754</b>                         | <b>86,376</b>  | <b>8.8%</b> |
| <b>Total Non-Operating Expenses</b>          | <b>-</b>           | <b>-</b>                     | <b>-</b>                        | <b>-</b>                      | <b>-</b>                                      | <b>0.0%</b>  | <b>-</b>   | <b>0.0%</b>   | <b>-</b>                                 | <b>-</b>   | <b>0.0%</b> |
| <b>Total Expenses</b>                        | <b>892,107</b>     | <b>974,426</b>               | <b>1,059,628</b>                | <b>978,378</b>                | <b>3,952</b>                                  | <b>0.4%</b>  | <b>(81,250)</b>                                  | <b>-7.7%</b>  | <b>1,064,754</b>                         | <b>86,376</b>  | <b>8.8%</b> |
| <b>Equipment Outlay</b>                      | <b>-</b>           | <b>-</b>                     | <b>-</b>                        | <b>-</b>                      | <b>-</b>                                      | <b>0.0%</b>  | <b>-</b>   | <b>0.0%</b>   | <b>-</b>                                 | <b>-</b>   | <b>0.0%</b> |
| <b>Total Dept Expenses incl Equip Outlay</b> | <b>\$ 892,107</b>  | <b>\$ 974,426</b>            | <b>\$ 1,059,628</b>             | <b>\$ 978,378</b>             | <b>\$ 3,952</b>                               | <b>0.4%</b>  | <b>\$ (81,250)</b>                               | <b>-7.7%</b>  | <b>\$ 1,064,754</b>                      | <b>\$ 86,376</b>                                       | <b>8.8%</b> |

## Chief Auditor Goals & Objectives

### FY 2012 – FY 2013 Department Objectives

- 1. Utilize Audit personnel's time performing audit work to achieve an audit time utilization rate equal to the cumulative percentage of the target utilization for all audit staff.**

**Sustainability Goal:** Operational Excellence.

**Authority Goal:** Goal #5: Enhance the financial position of the Authority.
- 2. Confirm revenues obtained from business partners and costs paid to contractors comply with the terms of agreements.**

**Sustainability Goal:** Economic Viability.

**Authority Goal:** Goal #5: Enhance the financial position of the Authority.
- 3. Provide workable audit recommendations that help improve the Authority's operations with a 90% implementation rate.**

**Sustainability Goal:** Operational Excellence.

**Authority Goal:** Goal #7: Be recognized as an aviation industry leader.
- 4. Perform audit work in an efficient manner. Eighty percent (80%) of all audits completed within budget time as established within the annual audit plan approved by the Board.**

**Sustainability Goal:** Operational Excellence.

**Authority Goal:** Goal #7: Be recognized as an aviation industry leader.
- 5. Provide audit engagements in a manner that meet the expectation of the customer. Achieve an internal customer satisfaction ratio of 4.0 on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied.**

**Sustainability Goal:** Operational Excellence.

**Authority Goal:** Goal #2: Anticipate and exceed both internal and external customer service expectations.
- 6. Conduct audits that focus on the key risk areas of the Authority and its business partners.**

**Sustainability Goal:** Operational Excellence.

**Authority Goal:** Goal #2: Anticipate and exceed both internal and external customer service expectations.