

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY, MAY 9, 2011
BOARD ROOM

CALL TO ORDER:

Chair Smisek called the regular meeting of the Audit Committee to order at 10:00 a.m., on Monday, May 9, 2011, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Young led the pledge of allegiance.

ROLL CALL:

PRESENT: Committee Members: Gleason, Smisek, Young, Tartre, Van Sambeek

ABSENT: Committee Members: None

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Lisa Wolfson, 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 February 7, 2011, regular meeting.

ACTION: Moved by Committee Member Van Sambeek and seconded by Board Member Gleason to approve staff's recommendation. Motion carried unanimously.

2. UPDATE ON THE GREEN BUILD CONSTRUCTION AUDIT:

Roy Block, President, RW Block Consulting, Inc. provided an update on the Green Build Construction Audit, which included the Green Build Diagnostic Review; an Opportunities for Improvement Overview; and Areas for Further Development, specifically: the Green Build Program Management Office, Program Funding/Financial Compliance, Program Manager, Construction Manager (Design/Build JVs), DBE/Labor Compliance, Program Management System, and LEED; and concluded with the current status on RW Block's Phase 2 – Retroactive Financial Review.

In response to Committee Member Tartre in regard to a possible Green Build Program LEED “Silver” certification designation, and what efforts, if any, could be put forth for achieving a “Gold” level, Thella F. Bowens, President/CEO, stated that this issue has been previously discussed, and that it may not be cost effective to pursue a “Gold” level certification.

Board Member Gleason stated that the Terminal Development Program Committee had provided information to the Board regarding the certifications, and he suggested that providing the same information to the Audit Committee members would be beneficial.

RECOMMENDATION: Information item only.

ACTION: No Action Taken.

3. FISCAL YEAR 2011 THIRD QUARTER AUDIT ACTIVITIES REPORT, AND REPORT ON AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

Mark A. Burchyett, Chief Auditor, provided an overview of the FY 2011 Third Quarter Audit Activities Report, which included: 3rd Quarter Audit Activities; Audits in Progress; Recommendation Follow Up; Performance Measures as of March 31, 2011; Ethics Program; Non-Audit Activities and Ongoing Activities; and Recommendations Not Accepted.

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 Board Member Gleason to accept staff’s recommendation. Motion carried unanimously.

4. FISCAL YEAR 2012 BUDGET OF THE OFFICE OF THE CHIEF AUDITOR:

Mark A. Burchyett, Chief Auditor, provided an overview of the proposed Fiscal Year 2012 Budget of the Office of the Chief Auditor (OCA).

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.

ACTION: Moved by Board Member Young and seconded by Board Member Gleason to approve staff’s recommendation. Motion carried unanimously.

5. FISCAL YEAR 2012 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:
Mark A. Burchyett, Chief Auditor, provided an overview of the Fiscal Year 2012 Audit Plan.

In response to Board Member Young regarding the auditing process involving outside agencies, and whether the contracts with these entities allows the Authority to audit their books, Fred Bolger, Manager, Audit Services, stated that if the company is within a certain radius of San Diego County, the auditors have the option to conduct the audit on site.

Committee Member Tartre suggested indicating in the “risk scoring” section of the report the business process that had undergone an audit in the past.

Thella F. Bowens, President/CEO, expressed concern regarding the OCA’s plan to audit the passenger baggage delivery process.

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

ACTION: Moved by Committee Member Van Sambeek and seconded by Board Member Gleason to approve staff’s recommendation. Motion carried unanimously.

6. EXTERNAL AUDITOR’S FISCAL YEAR ENDED JUNE 30, 2010, CUSTOMER FACILITY CHARGE COMPLIANCE REPORT:

Peter George, Director, McGladrey & Pullen, LLP, provided a presentation on the Customer Facility Charge Compliance Report for Fiscal Year Ended June 30, 2010, which included Engagement Objectives; Overview of the Customer Facility Charge Program; Required Deliverables; and Schedule of CFC Collections and Expenditures for the Year Ended June 30, 2010.

In response to Committee Member Tartre in regard to what the anticipated expense will be to finance, design, and build a consolidated rental car facility, Vernon Evans, Vice President, Finance/Treasurer, stated that the feasibility of the project is still being assessed, and that at this time the cost is anticipated to be around \$200 million.

In response to Committee Member Tartre in regard to whether the proposed \$10 fee per rental car agreement may be revised at some point once the actual cost of the rental car facility is determined, Ms. Bowens stated that current legislation governs in what way and how much rental car agencies can be charged. She stated that there will be a formula that will need to be applied, and it is no longer a straightforward \$10 fee per rental car agreement.

RECOMMENDATION: Direct staff to forward this report to the Board for acceptance.

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

7. REQUIRED COMMUNICATIONS FROM THE EXTERNAL AUDITOR TO THE AUDIT COMMITTEE ON THE FISCAL YEAR ENDED JUNE 30, 2011, FINANCIAL AND COMPLIANCE AUDIT:

Peter George, Director, and Christie Kubicek, Partner, McGladrey & Pullen, LLP, provided a presentation on required communications from the external auditor, which included Engagement Objectives; Audit Planning Process; Audit Focus Areas; Required Deliverables; the Auditor's Communication with those Charged with Governance; and Communications with Audit Committee Members.

In response to Committee Member Tartre regarding ensuring that the process for monitoring of key attributes is the same for both the Authority's auditors and the external auditors, Ms. Kubicek stated that there is ongoing communication with management and concerns are thoroughly discussed.

RECOMMENDATION: Direct staff to 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.

8. FINANCIAL OVERVIEW OF THE GREEN BUILD COSTS AND FUNDING SOURCES:

Vernon Evans, Vice President, Finance/Treasurer, provided an overview of the Green Build Costs and Funding Sources, which included details of: Terminal Development Program by Contract; Terminal Development Program by Location; Terminal Development Program Grant Summary; Terminal Development Program Passenger Facility Charge (PFC) Summary; and the Terminal Development Program by Funding Source.

RECOMMENDATION: Information item only.

ACTION: No Action Taken.

CLOSED SESSION: The Committee recessed into Closed Session at 11:15 a.m. to discuss Item 9.

9. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
(Government Code Section 54957)
Title: Chief Auditor

REPORT ON CLOSED SESSION: The Committee reconvened into Open Session at 11:37 a.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None

ADJOURNMENT: The meeting was adjourned at 11:38 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 29TH DAY OF AUGUST, 2011.

MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:

LISA WOLFSON
ASSISTANT AUTHORITY CLERK II

Item 1 – DRAFT MINUTES

June 20, 2011 Special Audit Committee Meeting

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL AUDIT COMMITTEE MEETING
AND
SPECIAL BOARD MEETING
MINUTES
MONDAY, JUNE 20, 2011
BOARD ROOM

CALL TO ORDER:

Chair Smisek called the special meeting of the Audit Committee to order at 9:01 a.m., on Monday, June 20, 2011, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Hubbs led the pledge of allegiance.

ROLL CALL:

PRESENT: Committee Members: Gleason, Smisek, Tartre, Van Sambeek, Young
 Board Members: Hubbs

ABSENT: Committee Members: None

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel;
 Tony R. Russell, Director, Corporate Services/Authority Clerk;
 Lisa Wolfson, Assistant Authority Clerk II

NEW BUSINESS

1. INTERVIEW OF PUBLIC MEMBER CANDIDATES FOR THE AUDIT COMMITTEE:

The Committee interviewed applicants Chandra Srivastava (via telephone) and Donald Pieper.

Tony R. Russell, Director, Corporate Services/Authority Clerk, reported that applicant Tony Pauker would not be available for a telephone interview until later in the afternoon.

Chair Smisek directed that a special meeting be scheduled to conduct interviews for the remaining applicants (Tony Pauker and Andy Hollingworth).

RECOMMENDATION: Direct staff to forward an appointment to the Board for approval.

ACTION: No action taken.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting was adjourned at 10:15 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY THIS 29TH DAY OF AUGUST, 2011.

MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

Item 1 - DRAFT Minutes

August 5, 2011 Special Audit Committee Meeting

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL AUDIT COMMITTEE MEETING
AND
SPECIAL BOARD MEETING
MINUTES
FRIDAY, AUGUST 5, 2011
TUSKEGEE CONFERENCE ROOM

CALL TO ORDER:

Chair Smisek called the special meeting of the Audit Committee to order at 1:06 p.m., on Friday, August 5, 2011, in the Tuskegee Conference Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENT: Committee Members: Gleason, Smisek, Tartre, Van Sambeek, Young

ABSENT: Committee Members: None

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel;
Tony R. Russell, Director, Corporate Services/Authority Clerk;
Lisa Wolfson, Assistant Authority Clerk II

NEW BUSINESS

1. INTERVIEW OF PUBLIC MEMBER CANDIDATES FOR THE AUDIT COMMITTEE:

The Committee interviewed applicants Andrew Hollingworth and Tony Pauker.

RECOMMENDATION: Direct staff to forward an appointment to the Board for approval.

ACTION: Moved by Committee Member Van Sambeek and seconded by Committee Member Tarte to recommend to the Board the appointment of Andrew Hollingworth to the Audit Committee. Motion carried unanimously.

The Committee also concurred to recommend Tony Pauker as an alternate to be appointed if the Board does not select Mr. Hollingworth.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting was adjourned at 2:06 p.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY THIS 29TH DAY OF AUGUST, 2011.

MARK A. BURCHYETT
CHIEF AUDITOR

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK