SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SPECIAL AUDIT COMMITTEE MINUTES **THURSDAY, MAY 14, 2020 BOARD ROOM**

CALL TO ORDER: Chair Kersey called the Special Audit Committee Meeting to order at 10:01 a.m., on Thursday, May 14, 2020, electronically and via teleconference, pursuant to Executive Order N-29-20, at the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

ROLL CALL:

Present:

Committee Members:

Blakespear, Kersey (Chair), McNamara, Tartre,

Van Sambeek, Vann, West

Board Members:

Robinson, Schiavoni

Absent:

Committee Members:

None

Also Present: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel;

Tony R. Russell, Director, Board Services/Authority Clerk; Dustin Heick,

Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. **Approval of Minutes:**

RECOMMENDATION: Approve the minutes of the February 13, 2020, special meeting.

Committee Member Van Sambeek stated that he would abstain due to not being present at the meeting

ACTION: Moved by Committee Member Kersey and seconded by Board Member McNamara to approve staff's recommendation. Motion carried unanimously, noting Committee Member Tarte as ABSENT and Van Sambeek's ABSTENTION.

Committee Member Tarte joined the meeting at 10:15 a.m.

2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2020:

Danny Martinez, Managing Director, BKD, LLP provided a presentation titled Required Communication to the Audit Committee: Financial and Compliance Audits for the Fiscal Year Ended June 30, 2020 that included Engagement Team, Overview, Approach to Planning, Planned Scope, Consideration for Errors or Fraud, Revisions to Professional Standards, Planned Timing, Remote Work Strategy, and Additional Discussion Pertaining to Covid-19.

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

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

3. FISCAL YEAR 2020 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2020 Third Quarter Report from the Office of the Chief Auditor that included Fiscal Year 2020 Performance Measures, Percentage of Audits Completed, Audits Completed, Number of Recommendations, Auditor Utilization, Audit Budgets, Auditee Satisfaction, General Audit Activities – Recommendations, General Audit Activities – Ethics, General Audit Activities – Construction, General Audit Activities – Data Analytics and Audit Spotlight – Off Airport Rental Car Companies.

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

ACTION: Moved by Committee Member Vann and seconded by Board Member West to approve staff's recommendation. Motion carried unanimously.

4. REVISION TO THE FISCAL YEAR 2020 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor that included Tenant Lease Administration & Management Audit, Harbor Police & Advertisement, COVID-19 and Audit Intern Staffing.

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

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

5. FISCAL YEAR 2021 RISK ASSESSMENT AND PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2021 Risk Assessment and Proposed Audit Plan of the Office of the Chief Auditor that included Defining the Audit Universe, Identify & Rank Risk, Interpreting the Risk Assessment Results, Audit Plan Development, Audit Resources, Proposed Audits & Hours, Proposed General Audit Activities & Hours, Proposed Administrative Hours, Proposed Contingent Audits & Hours and Risk Assessment & Audit Plan Combined.

Board Member Blakespear left the meeting at 11:05 a.m.

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

ACTION: Moved by Board Member West and seconded by Committee Member Van Sambeek to approve staff's recommendation. Motion carried unanimously noting Board Member Blakespear as ABSENT.

6. FISCAL YEAR 2021 PROPOSED BUDGET OF THE CHIEF AUDITOR AND FISCAL YEAR 2022 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:

Lee Parravano, Chief Auditor, provided a presentation titled Fiscal Year 2021 Proposed Budget of the Chief Auditor and Fiscal Year 2022 Proposed Conceptual Budget Expense Summary that included FY 2021 Proposed Budget – FY 2022 Proposed Conceptual Budget Expense Summary, Major Drivers of FY 2021 & FY 2022 Proposed Budgets, Airport Development Plan and The Chief Auditor, Authority Budget and Debt.

Board Member Blakespear returned to the meeting at 11:15 a.m.

In response Board Member West's concern regarding temporarily not using interns for audit activities which is a good source for future talent, Lee Parravano, Chief Auditor, stated that given the current situation, investing in specialized skills, specifically for Information Technology penetration testing, would provide the Authority additional assurance from risk.

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 2021 Budget process that may include dept issuance or refinancing and forward it to the Board with a recommendation for approval.

ACTION: Moved by Committee Member Tartre and seconded by Board Member West to approve staff's recommendation. Motion carried unanimously.

Chairman Kersey announced that this was Committee Member Tarte's last meeting and recognized and thanked him for his dedicated service on the Audit Committee.

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CLOSED SESSION: The Committee recessed into Closed Session at 11:25 a.m. to discuss Item 7.

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

(Government Code Section 54957)

Title: Chief Auditor

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 12:08 p.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 12:08 p.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10th DAY OF SEPTEMBER, 2020.

LEE PARRAVANO CHIEF AUDITOR

ATTEST:

TONY R. RUSSELL

DIRECTOR, BOARD SERVICES/

AUTHORITY CLERK