

## Audit Committee and Special Board Meeting

Monday, February 9, 2026  
10:00 AM

San Diego County Regional Airport Authority  
Administration Building  
First Floor – Boardroom  
2417 McCain Road  
San Diego, CA 92101

**Board Members**  
Gil Cabrera (Chair)  
James Sly (Vice-Chair)  
Whitney Benzian  
Monica Montgomery Steppe  
Rafael Perez  
Esther C. Sanchez  
Steve Vaus  
Marni von Wilpert

**Ex-Officio Board Members**  
Ann Fox  
Col. R. Erik Herrmann  
Michele Perrault

**President/CEO**  
Kimberly J. Becker

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.  
***Please note that Agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in the Office of the Authority Clerk and are available for public inspection.

**\*NOTE:** This Committee Meeting is also noticed as a Special Meeting of the Board to (1) foster communication among board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. This Committee meeting is also noticed as a Special Meeting of the Board to comply with the Brown Act, since sometimes more than a quorum of the Board may be in attendance.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. **PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.**

# Audit Committee Agenda

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## CALL TO ORDER:

## PLEDGE OF ALLEGIANCE:

## ROLL CALL:

Committee Members: Huerta, Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Vaus, Wong Nickerson

## NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

**Note:** Persons wishing to speak on specific items should reserve their comments until the specific item is called by the Committee.

## NEW BUSINESS:

### **1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the Minutes of the November 12, 2025, Special Meeting.

### **2. EXTERNAL AUDITOR'S SINGLE AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025:**

RECOMMENDATION: Staff recommends that the Audit Committee forward this Item to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***

(Presented by: Elizabeth Stewart, Director, Accounting; Pamela Hill, Partner, Plante Moran)

### **3. FISCAL YEAR 2026 SECOND QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

RECOMMENDATION: Staff recommends that the Audit Committee review this Item and forward it to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***

(Presented by: Lee Parravano, Chief Auditor; Maria Dale, Auditor)

# Audit Committee Agenda

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**4. FIRST AMENDMENT TO THE ON-CALL CONSTRUCTION AUDIT SERVICES PROVIDER AGREEMENT WITH BAKER TILLY US, LLP EXTENDING THE TERM FOR ONE YEAR:**

Recommendation: Staff recommends that the Audit Committee forward this Item to the Board for approval. (***Requires five (5) affirmative votes of the Audit Committee.***)

(Presented by: Fred Bolger, Manager Audit Services)

**5. REVISION TO THE FISCAL YEAR 2026 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

Recommendation: Staff recommends that the Audit Committee accept the revised Audit Plan and forward it to the Board with a recommendation for approval. (***Requires five (5) affirmative votes of the Audit Committee.***)

(Presented by: Fred Bolger, Manager Audit Services)

**CLOSED SESSION:**

**6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9  
Number of cases: 1

**REPORT ON CLOSED SESSION:**

**COMMITTEE MEMBER COMMENTS:**

**ADJOURNMENT:**

Monday, February 9, 2026

## **Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)**

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit a "Request to Speak" form prior to the initiation of the portion of the Agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the Agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the Agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is called by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.  
After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

## **Additional Meeting Information**

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the Agenda is also available to you on our website at [www.san.org](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the Airport Administration Building Parking Lot (entrance on the east side of McCain Road).**

**Bring your ticket to the first-floor receptionist for validation.**

**Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.**

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SPECIAL AUDIT COMMITTEE MEETING**  
**MINUTES**  
**MONDAY, NOVEMBER 24, 2025**  
**BOARDROOM**

**CALL TO ORDER:** Vice Chair Sanchez called the Special Audit Committee Meeting to order at 9:32 a.m., on Monday, November 24, 2025, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Vice Chair Sanchez led the Pledge of Allegiance.

**ROLL CALL:**

Present: Committee Members: Huerta, Montgomery Steppe, Perez, Sanchez (Vice Chair), Vaus

Absent: Committee Members: Newsom, Wong Nickerson

Also Present: Kimberly Becker, President/CEO; Amy Gonzalez, General Counsel; Annette Fagan Ortiz, Authority Clerk; Mia Courtney, Deputy Authority Clerk; Sonja Banks, Assistant Authority Clerk II

**NON-AGENDA PUBLIC COMMENT:** None

**NEW BUSINESS:**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the Minutes of the September 8, 2025, Regular Meeting.

**ACTION: Moved by Board Member Vaus and seconded by Board Member Montgomery Steppe to approve staff's recommendation. Motion carried unanimously noting Committee Members Newsom and Wong Nickerson as ABSENT.**

**2. EXTERNAL AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025: A) AUDITED FINANCIAL STATEMENTS, B) PASSENGER FACILITY CHARGES PROGRAM REPORT, C) CUSTOMER FACILITY CHARGE PROGRAM REPORT, AND D) LETTER TO THE AUDIT COMMITTEE:**

Liz Stewart, Director, Accounting, Pamela Hill and Rumzei Abdallah, Partners, Plante Moran, provided a presentation that included an Executive Summary, Required Communications, Summary of Financial Results, and Other Information Items.

**RECOMMENDATION:** Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance. *(Requires five (5) affirmative votes of the Audit Committee.)*

**ACTION: Moved by Board Member Montgomery Steppe and seconded by Board Member Vaus to approve staff's recommendation. Motion carried unanimously noting Committee Members Newsom and Wong Nickerson as ABSENT.**

**3. REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2025:**

Liz Stewart, Director, Accounting, provided an overview of the Annual Comprehensive Financial Report.

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

**ACTION: Moved by Board Member Vaus and seconded by Committee Member Huerta to approve staff's recommendation. Motion carried unanimously noting Committee Members Newsom and Wong Nickerson as ABSENT.**

**4. FISCAL YEAR 2026 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor and Andrea Cook, Sr. Auditor, provided a presentation that included, Fiscal Year 2026 Performance Measures, Performance Measures-Percentage of Engagements Completed, General Audit Activities-Recommendation Follow-Up, General Audit Activity, and Audit Spotlight-Social Security Section 218 Agreement.

**RECOMMENDATION:** Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance. *(Requires five (5) affirmative votes of the Audit Committee.)*

**ACTION: Moved by Board Member Vaus and seconded by Board Member Montgomery Steppe to approve staff's recommendation. Motion carried unanimously noting Committee Members Newsom and Wong Nickerson as ABSENT.**

**COMMITTEE MEMBER COMMENTS:**

**CLOSED SESSION:** The Committee did not recess to Closed Session.

**5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9  
Number of cases: 1

**REPORT ON CLOSED SESSION:**

**ADJOURNMENT:** The meeting adjourned at 10:08 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 9<sup>th</sup> DAY OF FEBRUARY 2026.

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LEE PARRAVANO  
CHIEF AUDITOR

ATTEST:

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MIA COURTNEY  
DEPUTY AUTHORITY CLERK

## Audit Committee Report

Meeting Date: February 9, 2026

Subject:

External Auditor's Single Audit Report for the Fiscal Year Ended June 30, 2025

### Recommendation:

Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance. (**Requires five (5) affirmative votes of the Audit Committee.**)

### Background/Justification:

Government auditing standards and generally accepted auditing standards require that, annually, an independent external auditor perform an audit of the San Diego County Regional Airport Authority (Authority) financial statements.

Pursuant to Section 170018 (f) (5) of the *Public Utilities Code*, the Audit Committee is responsible for overseeing the Authority's annual audit by the external auditor and as well as internal audits performed.

The Charter of the Audit Committee directs the Audit Committee to review the Annual Comprehensive Financial Report (ACFR) and other external annual reports and forward them to the San Diego County Regional Airport Authority Board for approval. The Charter further encompasses the Audit Committee's compliance and regulatory oversight responsibilities related to the engagement of the Authority's external auditor and the disclosure of financial matters.

On April 4, 2024, the Board adopted Resolution No. 2024-0025, approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC, as the Authority's external auditor for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

On November 12, 2025, Plante & Moran, PLLC presented to the Audit Committee the financial statements for the fiscal year ended June 30, 2025, along with the Passenger Facility Charges Compliance Report, Customer Facility Charge Compliance Report, and Letter to the Board to the Audit Committee for review and acceptance.

As part of the same audit engagement, Plante Moran performed the work required for the Authority's Single Audit for federal awards for the year ended June 30, 2025.

# Audit Committee Report

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Meeting Date: February 9, 2026

However, the Single Audit Report could not be finalized and issued concurrently with the financial statements due to the delay in the federal government's issuance of the 2025 OMB Compliance Supplement, which establishes the applicable audit requirements. The 2025 Compliance Supplement was issued on November 25, 2025, and Plante Moran has subsequently completed and issued the Authority's Single Audit Report dated January 12, 2026.

## Fiscal Impact:

Adequate funding for the audit conducted by Plante & Moran, PLLC, is included in the adopted Fiscal Year 2025 and Fiscal Year 2026 Operating Expense Budgets within the Accounting Department, Auditing Services line item.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

### Focus Areas

Advance the Airport Development Plan     Transform the Customer Journey     Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Prepared by:

Elizabeth Stewart  
Director, Accounting

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# San Diego County Regional Airport Authority

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## **Federal Awards Supplementary Information**

**June 30, 2025**

### **Independent Auditor's Reports**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-6
<b>Schedule of Expenditures of Federal Awards</b>	7
<b>Notes to Schedule of Expenditures of Federal Awards</b>	8
<b>Schedule of Findings and Questioned Costs</b>	9-10

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**Independent Auditor's Report**

To the Members of the Board  
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 31, 2025, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2025.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

January 12, 2026

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the Members of the Board  
San Diego County Regional Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Members of the Board  
San Diego County Regional Airport Authority

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 31, 2025

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance

**Independent Auditor's Report**

To the Members of the Board  
San Diego County Regional Airport Authority

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2025. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

To the Members of the Board  
San Diego County Regional Airport Authority

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Members of the Board  
San Diego County Regional Airport Authority

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

January 12, 2026

## San Diego County Regional Airport Authority

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Federal Aviation Administration:				
Airport Improvement Program	20.106	3-06-0214-93	\$ -	\$ 5,396,492
Airport Improvement Program	20.106	3-06-0214-101	-	7,211,703
Bipartisan Infrastructure Law - Airport Improvement Program	20.106	3-06-0214-103	-	2,241,546
Airport Improvement Program	20.106	3-06-0214-105	-	14,288,894
Airport Improvement Program	20.106	3-06-0214-106	-	3,300,000
Airport Improvement Program	20.106	3-06-0214-108	-	9,270
Airport Improvement Program	20.106	3-06-0214-109	-	3,075,195
Total U.S. Department of Transportation - Federal Aviation Administration - Airport Improvement Program			\$ -	\$ <u>35,523,100</u>

# **San Diego County Regional Airport Authority**

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## **Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2025**

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of San Diego County Regional Airport Authority (the “Authority”) under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

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## Schedule of Findings and Questioned Costs

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# San Diego County Regional Airport Authority

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported
Noncompliance material to financial statements noted?			
	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported

#### Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?			
	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.106	Airport Improvement Program	Unmodified
Dollar threshold used to distinguish between type A and type B programs:		\$1,065,693
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None



Item 2

# External Auditor's Single Audit Report for the Fiscal Year Ended June 30, 2025

Presented by: Elizabeth Stewart, Director, Accounting

Audit Committee Meeting  
February 9, 2026

# Single Audit Report - Overview

## Federal Requirement

- Required for government entities expending \$750,000 or more in federal awards

## Timing This Year

- Audit work performed concurrently with the FY 2025 financial statement audit
- Final report delayed due to late issuance of the OMB 2025 Compliance Supplement (released November 2025)

## Audit Results

Unmodified (clean) opinion on compliance for the Authority's major federal program

- Authority complied, in all material respects, with Airport Improvement Program requirements
- No material weaknesses or significant deficiencies in internal controls
- No findings under Government Auditing Standards or Uniform Guidance

“The Authority continues to qualify as a low-risk auditee, reflecting its strong track record of clean federal audits and effective grants compliance controls.” – Plante Moran



# Recommendation

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

# Questions



**Item No. 3**

## **Audit Committee Report**

**Meeting Date: February 9, 2026**

**Subject:**

**Fiscal Year 2026 Second Quarter Report from the Office of the Chief Auditor**

**Recommendation:**

Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance. (***Requires five (5) affirmative votes of the Audit Committee.***)

**Background/Justification:**

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate the results of internal audit services to the Authority's Audit Committee and executive management quarterly.

The Fiscal Year 2026 Second Quarter Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and the results of the OCA during the period October 1, 2025, through December 31, 2025, and includes details on all recommendations completed or in progress during the second quarter of Fiscal Year 2026.

A presentation by the OCA on its second quarter activities will be provided to the Audit Committee on February 9, 2026. Staff requests that the Audit Committee review the Fiscal Year 2026 Second Quarter Report and forward the report to the Board for acceptance.

# Audit Committee Report

Page 2 of 2

Meeting Date: February 9, 2026

## Fiscal Impact:

None

## Authority Strategies/Focus Areas:

This item supports one or more of the following:

### Strategies

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

### Focus Areas

Advance the Airport Development Plan     Transform the Customer Journey     Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Prepared by:

Lee M. Parravano  
Chief Auditor

# Office of the Chief Auditor

## Fiscal Year 2026 Second Quarter Report

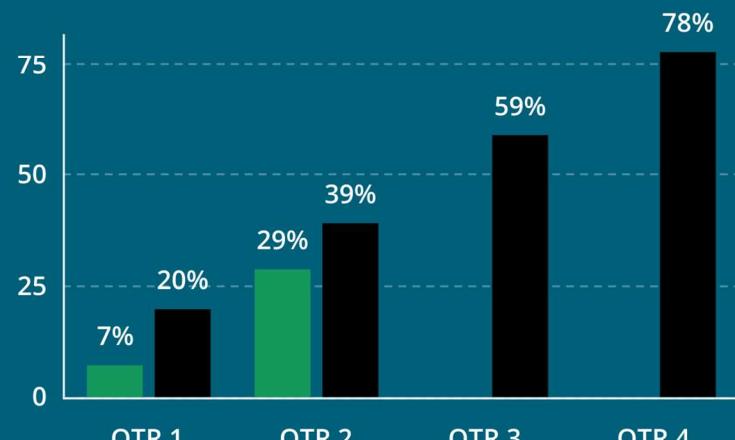


### Audit Engagement Progress



█ Completed (28.57%)   █ In Progress (64.29%)  
█ Not Started (7.14%)

### Audit Engagements Completed vs. Benchmark & Goal



█ Completed   █ Benchmark & Goal

### By The Numbers



5.0  
Auditee Satisfaction Rating



75%  
Engagements Completed Under Budget



76%  
Auditor Utilization Percentage



100%  
Recommendations Accepted By Management

# Office of the Chief Auditor

## Fiscal Year 2026 Second Quarter Report

Issue Date: February 9, 2026



Office of the Chief Auditor

Lee Parravano, Chief Auditor

Fred Bolger, Manager Audit Services

Andrea Cook, Senior Auditor

Marnie Dale, Auditor

Shane Ellis, Senior Auditor

Scott Thein, Senior Auditor

## Second Quarter Summary

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### Executive Summary

During the second quarter, the Office of the Chief Auditor (OCA) advanced the Fiscal Year 2026 Audit Plan. The OCA finalized three complex and lengthy audit reports, and by quarter's end, four audit reports had been issued with nine engagements underway. Additionally, OCA personnel completed continuing professional education courses as mandated by the Institute of Internal Auditors.

### Performance Measures

For Fiscal Year 2026, five major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1.<sup>1</sup>

*Table 1: Status of Performance Measures as of December 31, 2025*

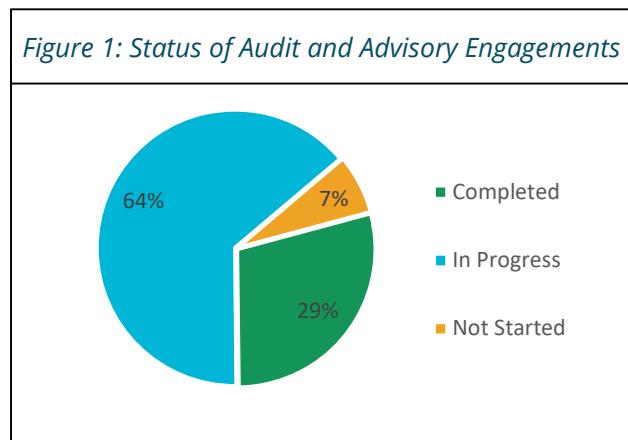
#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	5.0	4.0
2	Percentage of audit and advisory engagements completed	39%	29%	39%
3	Percentage of recommendations accepted	95%	100%	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	71%	76%	71%
5	Percentage of audit and advisory engagements completed within budget	78%	75%	78%

#### *Customer Satisfaction Rating:*

After the completion of an audit or advisory engagement, a survey is sent to the department to obtain customer satisfaction data. The OCAs goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this fiscal year, we have achieved a score of 5.0.

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<sup>1</sup> The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

*Percentage of Audit and Advisory Engagements Completed:*

As of the end of the second quarter, the OCA completed 4 audit engagements, or 29%, of audit and advisory engagements ( $4/14 = 29\%$ ) that are planned to be completed on the Fiscal Year 2026 Audit Plan.<sup>2</sup> In addition to the four engagements completed, the OCA had 9 engagements (64%) in progress as of the end of the second quarter, as shown in Figure 1. The completed engagements are summarized in the upcoming section titled Audit Engagements

Issued.

The status of all activities in the Fiscal Year 2026 Audit Plan is included in Appendix A.

*Percentage of Recommendations Accepted:*

This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations issued. As of the end of the second quarter 100% of all recommendations have been accepted.

*Percentage of Staff Time Spent on Audit & Advisory Engagements and General Audit Activities:*

This measure tracks the time spent on audit and advisory engagements and general audit activities.<sup>3</sup> The OCAs goal is for staff to spend 71% of working hours<sup>4</sup> on audit engagements, advisory engagements, and general audit activities. The OCA is currently exceeding the goal established, spending 76% of time on audit engagements, advisory engagements, and general audit activities.

*Percentage of Audit and Advisory Engagements Completed within Budgeted Time:*

This category monitors the efficiency of audit staff in performing audits and advisory engagements. Specifically, audit staff are responsible for the internally prepared budget hours assigned to each audit or advisory engagement. At the end of the second quarter of Fiscal Year 2026, the OCA completed 75% of its projects within the budgeted time, just below the benchmark and the OCAs goal of 78%.

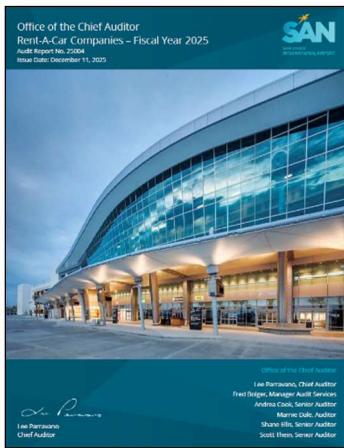
<sup>2</sup> The Fiscal Year 2026 Audit Plan has 13 audits and 2 advisory engagements. However, the audit identified as "Tenant Lease Administration and Management – FY2026 Rental Car Companies" will carry forward into Fiscal Year 2027. This results in 12 audits and 2 advisory engagement (14 total engagements) on the Fiscal Year 2026 Audit Plan to be completed in the fiscal year.

<sup>3</sup> Appendix A details all planned activities in these categories for Fiscal Year 2026.

<sup>4</sup> Excludes Time Off (e.g., Holidays, Paid Time off).

## Audit Engagements Issued

The Office of the Chief Auditor completed three audits during the second quarter. Below is a summary of these engagements.



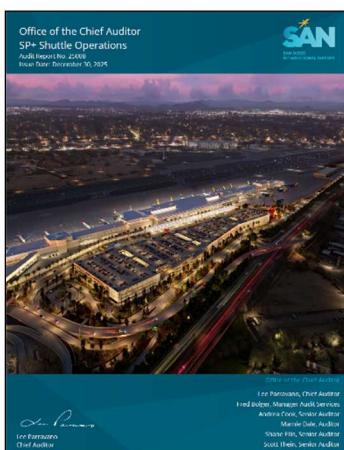
**Rent-A-Car Companies – Fiscal Year 2025:** The objectives of this audit were to determine if the Rent-A-Car (RAC) Companies accurately paid, in all material respects, concession fees and Customer Facility Charges (CFCs). We concluded that:

- concession fees were materially accurate for six of the eight tested RACs.
- Two RACs had a variance greater than the materiality range established for concession fees.
- Payments were materially accurate for all eight RACs for CFCs.

The OCA identified two findings and provided four recommendations as part of this audit.



**Facilities Management Department Purchasing and Inventory Management:** The objective of this audit was to evaluate the Facilities Management Department's purchasing and inventory management internal controls. We concluded that some internal controls were not functioning as intended, insufficient, or were ineffective. The OCA recommended implementing formalized procedures, establishing segregation of duties, and enhancing warehouse security. Management reported some recommendations were already implemented by report issuance. The OCA identified two findings and provided 14 recommendations as part of this audit.



**SP+ Shuttle Operations:** The objective of this audit was to determine if SP+ accurately invoiced the Authority for In-Service shuttle service hours. Unfortunately, we were unable to obtain sufficient documentation to conclude on the accuracy of In-Service hours for shuttles. The OCA identified one finding and provided three recommendations as part of this audit.

## General Audit Activities

In addition to performing audit engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required<sup>5</sup> to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.

### Risk Assessment and Audit Plan

The OCA is required to submit a formal risk-based internal Audit Plan to the Audit Committee annually. The Risk Assessment & Audit Plan is the culminating result of data gathering, management discussions, surveys, and data analysis. The annual Risk Assessment and Audit Plan is generally initiated during the third quarter of each Fiscal Year. However, informally, the OCA is constantly assessing risk and adjusting the Audit Plan as needed.



### Construction Activities

Construction audit activity through the second quarter of Fiscal Year 2026 included continued work with Baker Tilly, the on-call construction audit consultant, on the audits of Change Orders, Pay Applications, and Subcontracts. The OCA expects to complete the Change Orders audit in the third quarter of 2026, followed by audits of Pay Applications and Subcontracts in subsequent quarters. The OCA also attended meetings regarding the New T1 terminal and roadways, and the New T1 airside improvements projects. The OCA remains involved with issues identified by ADC and Authority management, providing assistance as requested, and attending meetings specific to all aspects of the Authority's construction activity.

### Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics and to identify where in-depth audits should be initiated. In Fiscal year 2026, the OCA focused on the transition from Tableau to Power BI, Microsoft's business intelligence and data visualization platform, for rental car data. The Rent-A-Car Companies – Fiscal Year 2025 Audit was completed utilizing Data Analytics and Power BI.

<sup>5</sup> Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the Global Internal Audit Standards.

## Fraud, Waste, Abuse, and Ethics Program

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. Through the second quarter of Fiscal Year 2026, the OCA received two (2) tips/reports that were considered FWA&E related and five (5) reports that were not considered FWA&E related<sup>6</sup>. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. Through the second quarter of Fiscal Year 2026, two (2) questions were received. We appreciate the efforts made by individuals aiming to ensure an ethical decision is reached.

A summary of the tips/reports received through the second quarter is shown in Table 2 below.

*Table 2: Hotline Tips/Reports Received through the Second Quarter of Fiscal Year 2026*

Category	Number of Tips / Reports Received	Investigation Initiated by OCA/Others	Tip/Report was Investigated and was Substantiated
<b>Fraud, Waste, Abuse, &amp; Ethics Tips/Reports</b>			
Business Integrity	1	-	-
Workplace Conduct	1	-	-
<b>Total Fraud, Waste, Abuse, &amp; Ethics Tips/Reports</b>	<b>2</b>	-	-
<b>Non - Fraud, Waste, Abuse, &amp; Ethics Tips/Reports</b>			
Business Integrity	1	-	-
Workplace Conduct	2	-	-
Other	2	-	-
<b>Total Non-Fraud, Waste, Abuse, &amp; Ethics Tips/Reports</b>	<b>5</b>	-	-
<b>Total Hotline Tips/Reports</b>	<b>7</b>	-	-

## Recommendation Follow-up

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The

<sup>6</sup> Tips/Reports that are Non-FWA&E related are tracked but are not investigated by the OCA. An example of a non-FWA&E related tip/report is a traveler reporting an issue with a water filling station in the terminal. Generally, these tips/reports are forwarded to management to address.

OCA tracks recommendations through regular inquiries made to the audited departments or to the owner of the specific recommendation(s) (See Appendix B). These inquiries allow the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* as of the second quarter of Fiscal Year 2026, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, seven were implemented within the initial timeframe identified when the recommendations were issued. All In Progress recommendationd are within the initial timeframe identified for implementation.

In general, the OCA is satisfied with the progress that Authority departments are making with the implementation, based upon our inquiries during the tracking process.

*Table 3: Recommendations with Estimated/Actual Implementation Timeframe*

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total <sup>7</sup>
Completed	8	-	-	8
In Progress	10	3	1	14

### Quality Assurance and Improvement Program

The Global Internal Audit Standards require the OCA to maintain a Quality Assurance and Improvement Program (QAIP) that includes:

1. Ongoing monitoring (required annually).
2. Internal assessments (required periodically – Next scheduled for FY 2027).
3. External assessments (required every 5 years - Next scheduled for FY 2028).

The OCA completed ongoing monitoring of its Fiscal Year 2025 activities and operations during the first quarter of Fiscal Year 2026. The OCA found no items that would impact audit report quality. Full results were included in the Fiscal Year 2025 OCA Annual Report as part of the September 8, 2025, Audit Committee Meeting materials.

The OCA continues to monitor its activities and report on performance measures each quarter. Those results are presented in quarterly reports to the Audit Committee.

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<sup>7</sup> Recommendation(s) contained in confidential audit reports are not included in Table 3 or in Appendix B. They are tracked separately by the OCA.

## **Administrative**

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The activities that reside within the administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

### **Tracking Budget and Expenses**

The OCA expenses totaled approximately \$625,000 through the end of the second quarter, which represents 41% of the Fiscal Year 2026 budget. No unexpected or large outlays occurred within the department during the second quarter of Fiscal Year 2026. The OCA expects to remain close to budget through the fiscal year-end.

### **Continuing Professional Development**

OCA staff continues to obtain Continuing Professional Education (CPE) credits as required by their various certifications. The OCAs CPE credits are tracked on a calendar year basis. At the end of calendar year 2025 all OCA staff met their respective CPE requirements. In the second quarter of 2026, staff attended training on topics that included Airport Concessions, Ethics, Forensic Accounting, Continuous Auditing, Artificial Intelligence, Privacy, and Internal Controls.

### **Procedural/Supervisory**

One Audit Committee meeting took place during the second quarter, which occurred on November 12, 2025. The meeting contained all regularly scheduled agenda items, of which the OCA assisted in coordination with the Committee Chair and the Clerk's Office.

### **Use of Report**

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority's (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

President/Chief Executive Officer  
General Counsel  
Vice Presidents  
Director, Authority Clerk  
Director, Government Relations  
Assistants specified by Board Members and SDCRAA

**Appendix A – Fiscal Year 2026 Audit Plan**

#	Activity	Status as of 12/31/2025	Over/ Under Budget
<b>Audit</b>			
1	Purchase Goods and Services	Completed	Under
2	Tenant Lease Admin. & Management – FY 2025 Rental Car Companies	Completed	Over
3	Parking Management Contract Administration	In Progress	
4	Harbor Police Contract Management – Fiscal Year 2021,2022, 2023, and 2024	In Progress	
5	Construction - Change Orders	In Progress	
6	Construction – Subcontracts	In Progress	
7	Construction – Pay Applications	In Progress	
8	Tenant Lease Admin. & Management – ABRM Internal Controls	In Progress	
9	Payroll – Social Security Section 218 Agreement	Completed	Under
10	Tenant Lease Admin. & Management – FY 2026 Rental Car Companies <sup>8</sup>	In Progress	
11	System Security	In Progress	
12	ARFF Management	Not Started	
13	Rental Car Shuttle Service Contract Administration	Completed	Under
<b>Total</b>			
<b>Advisory</b>			
14	Harbor Police Contract Management	In Progress	
15	Tenant Lease Admin. & Management –Rental Car Company Reporting	In Progress	
<b>General Audit</b>			
16	Risk Assessment & Audit Plan	In Progress	
17	Construction Meeting Attendance & Coordination	In Progress	
18	Development of Data Analytics	In Progress	
19	Fraud, Waste, Abuse, and Ethics Program	In Progress	
20	Recommendation Follow-up	In Progress	
21	Quality Assurance & Improvement Program	In Progress	
<b>Administrative</b>			
22	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
23	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

<sup>8</sup> Audit engagement is not anticipated to be completed in Fiscal Year 2026 and will be carried forward to Fiscal Year 2027.

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>Completed</b>						
26-06	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	High	Management should reinforce the requirement for independent third-party verification of goods received and ensuring legible approvals. The use of re-printed packing slips as sole documentation should be prohibited.	11/14/2025	11/14/2025	FMD completed this recommendation prior to the issuance of the final audit report by implementing the requirement for third-party verification.
26-13	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	High	Procurement should enhance warehouse security by implementing physical access controls (e.g., keycard entry, cameras, or check-in systems) and ensure continuous staff presence during business hours when doors are open.	11/14/2025	11/14/2025	Procurement completed this recommendation prior to the issuance of the final audit report by implementing new protocols and security protocols.

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>Completed</b>						
26-02	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	Medium	We recommend that Management strengthen requisition and approval controls by implementing a formal, documented pre-approval process for purchases. This process should require clear documentation of the purpose, justification, and intended use of requested goods or services prior to procurement. Additionally, blanket order amounts should be released at the time of requisition.	11/14/2025	11/14/2025	FMD completed this recommendation prior to the issuance of the final audit report by implementing a preapproval process.
26-03	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	Medium	Management should designate and train back-up requisitioners in each shop. This will help ensure uninterrupted purchasing capabilities and improve overall resilience in maintenance operations.	11/14/2025	11/14/2025	FMD completed this recommendation prior to the issuance of the final audit report by designating and training requisitioners in each shop.

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>Completed</b>						
26-04	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT</p>	Medium	<p>Management should develop clear, written guidance on when to use One-Time Purchase Orders, Blanket Purchase Orders, and On-Call Service agreements. This should include criteria for selecting the appropriate method and instructions for using each type of method or agreement. The guidance should be incorporated into staff training, easily accessible, and regularly reviewed and updated.</p>	3/1/2026	12/31/2025	<p>Procurement has a published Procurement Manual on SharePoint detailing the appropriate use of each solicitation and contract method. Guidance is available through training and Procurement's monthly "Open Office Hours" for personalized support. Facilities Management has developed an internal SOP that aligns with the published Procurement Manual. In addition, ongoing support and collaboration is offered through weekly planning meetings between Facilities Management and Procurement in order to ensure alignment and continuous improvement.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>Completed</b>						
26-14	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management  Department: PROCUREMENT</p>	Medium	Procurement should strengthen controls by securing high-value assets in access-controlled areas and implementing a formal process for managing obsolete or surplus items.	12/30/2025	12/30/2025	<p>Due to physical restrictions, Procurement cannot bring pallets to the only access-controlled area. Most high-valued assets are palletized equipment and physically reconfiguring the access-controlled area is a costly endeavor. Procurement has implemented overall security measures that are more cost effective but still achieve the goal of strengthening security and controls.</p> <p>Additionally, Procurement has implemented a formal process to notify property owners regarding the disposition of items being stored in the procurement warehouse. Procurement has labeled all storage locations in the warehouse and created a master list to improve the tracking of items in inventory or storage. If items are designated as obsolete or surplus, Procurement will continue to adhere to the requirements set forth by SAN Policy 8.21.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>Completed</b>						
26-15	<p>Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025  Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Low	The Landside Business Development should formally request the OCA to launch an audit or advisory engagement of Fox to determine the variance noted by the OCA and Fox's CPA for concession fees due.	1/31/2026	1/20/2026	LBD formally requested the OCA to launch an advisory engagement of Fox on 12/17/2025.
25-32	<p>Audit Report 25001 Issued: June 30, 2025 Title: ABRM Data Integrity  Department: TERMINAL BUSINESS DEVELOPMENT</p>	Low	We recommend that ABRM Users investigate these discrepancies and bring the ABRM entries into alignment with the Agreements or other source data requirements. Further, ABRM Users should evaluate insurance attributes for other nontested Authority partners to ensure their accuracy.	10/30/2025	11/30/2025	TBD reviewed the discrepancies and brought each of the ABRM entries into compliance and this was completed by 11/30/25.

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-10	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT</p>	High	<p>Management should require purchases to be reviewed and approved by an employee who has the expertise or knowledge of the types of materials/supplies that are being purchased. Further, management should establish a formal process for the regular review and reconciliation of expenses charged to all purchase, work, and blanket orders to ensure accuracy, appropriateness, and compliance with finance and procurement policies.</p>	3/1/2026	3/1/2026	<p>All purchases will require FMD supervisor review and authorization, with purchases exceeding \$1,000 requiring FMD manager's authorization. To strengthen oversight, FMD managers will also conduct spot checks of invoice approvals using SCANMAN workflow. Reconciliation of expenses is conducted by the Sr. Cost Analyst &amp; Cost Analyst when invoices are processed for payment. Invoices must be reconciled against the blanket order and must be verified that the E1 contract balance matches the remaining balance of the contract capacity.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-11	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT</p>	High	Management should implement system controls and internal policies to enforce segregation of duties across procurement, receiving, and payment functions; and provide staff training on internal control principles while periodically reviewing workflows for compliance and conflicts of interest.	5/1/2026	5/1/2026	<p>FMD is currently in the process of implementing a Computerized Maintenance Management System (CMMS). This effort will support the segregation of duties for purchase and receiving. A number of unique controls have been developed:</p> <ol style="list-style-type: none"> <li>1) an approved Purchase Request Form is required and,</li> <li>2) Project Analyst must receive and deliver the approved purchase.</li> <li>3) Invoice payments are approved by FMD managers in Scanman. All payment processed by Sr. Cost Analyst and Cost Analyst are routed to an FMD manager for review and approval.</li> </ol>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-01	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT</p>	Medium	<p>Management should implement a centralized inventory management system by leveraging the Computerized Maintenance Management System (CMMS) or other inventory tools across all FMD shops to track maintenance supplies and attic stock and ensure that periodic inventory audits/counts are conducted to ensure accuracy and accountability.</p>	6/1/2027	6/1/2027	<p>FMD is currently in the process of implementing a centralized inventory management system in the Computerized Maintenance Management System (CMMS). FMD has currently conducted inventory of 80% of the maintenance shop supplies and attic stock. This will establish an accurate baseline and support the transition to CMMS based inventory tracking. On track to accomplish 100% supplies inventory count. After completing training and the initial inventory process, the CMMS will be used to monitor inventory throughout all FMD shops and assist with routine inventory checks.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-05	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT</p>	Medium	<p>Management should develop and implement a formal MRO contract management framework that includes: a) documented guidelines (defining eligible materials, restrictions and sourcing protocols, b) step-by-step request procedures (with designated contacts and escalation paths), c) pre-purchase eligibility reviews, d) regular vendor performance evaluations (monitor service quality and adherence to contract terms), and e) staff training (to ensure consistent understanding and application of MRO procedures).</p>	5/1/2026	5/1/2026	<p>Facilities Management and Procurement are working together on a new MRO solicitation and contract which will incorporate additional controls and oversight. Procurement has published a Contract Administration Guide that is available to all Staff and best practices for contract monitoring is also included as part of the published Procurement Manual. The guide and manual can be used as a benchmark for the MRO contract management framework.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-07	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management</p> <p>Department: PROCUREMENT</p>	Medium	Management should revise/update the receiving process to include item-level verification upon receipt and require that packing slips be retained and matched to purchase orders and invoices.	7/15/2026	7/15/2026	<p>Procurement has developed a new delivery confirmation form and revised the Standard Operating Procedures (SOPs) for the receiving, inspection, and delivery process. Procurement is working with I&amp;TS to integrate technology utilizing a tablet for paperless copies of packing slips, delivery confirmation forms, and photos of delivered packages.</p> <p>Once the new tools can be deployed, Procurement will test and finalize the SOPs in anticipation of additional headcount and full integration of procedures as part of the FY 2027 Budget.</p> <p>Packing slips, delivery confirmation forms and photos will be retained in SharePoint for up to one year upon receipt of items.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-09	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT</p>	Medium	<p>Management should establish detailed Standard Operating Procedures (SOPs) for the receiving, inspection, documentation, and distribution of goods across the Authority. These procedures should be easily accessible to staff, integrated into onboarding and ongoing training programs, and reviewed and updated regularly to reflect changes in policy or operational needs.</p>	7/15/2026	7/15/2026	<p>Procurement has drafted detailed SOPs for receiving, inspection, delivery and documentation of goods across the Authority to provide better clarity on the respective roles of Procurement and FMD. Once finalized, Procurement will add the new SOPs to the published Procurement Manual and Contract Administration Guide on SharePoint to be easily accessible. Procurement will continue to provide training, support and meet with FMDs contracting team weekly. FMDs centralized internal receiving team has also strengthened FMDs contract administration and controls.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-19	<p>Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Medium	<p>We recommend that LBD direct SP+ to work with ETA Transit to equip all shuttles with the necessary equipment to enable tracking of all shuttles. This will provide independent verification for the monthly In-Service calculations and the additional reports that are included.</p>	6/30/2026	6/30/2026	<p>LBD will direct SP+ to work with ETA Transit to equip all shuttles with the necessary equipment to enable tracking of all shuttles; subject to approval and timing authorization by the Authority Finance Department.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-20	<p>Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Medium	<p>We recommend that LBD direct SP+ to fully implement the ETA Transit system on all SP+ shuttles and configure, test, and verify ETA accurately tracks data (e.g., In Service hours) which can be used to calculate monthly data for required reports to the Authority. Additionally, SP+ should be trained on the ETA Transit system.</p>	6/30/2026	6/30/2026	<p>LBD will direct SP+ to fully implement the ETA Transit system on SP+ shuttles and configure, test, and verify ETA accurately tracks data (e.g., In Service hours) which can be used to calculate monthly data for required reports to the Authority. LBD will evaluate the systems effectiveness and cost-benefit, and, if warranted, expand deployment to the remaining shuttles. Additionally, LBD will require SP+ to receive comprehensive training on the ETA Transit system's functionality and reconciliation process.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-21	<p>Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Medium	<p>We recommend that LBD require that Supplemental Monthly reports sent to the Authority are accurate and LBD should review all reports for accuracy when received. Additionally, LBD should utilize ETA to confirm the data included in the Monthly billings from SP+.</p>	6/30/2026	6/30/2026	<p>LBD will require that Supplemental Monthly reports sent to the Authority are accurate. LBD will update SOPS and develop checklists and reconciliations to ensure a detailed review of all reports for accuracy. Additionally, LBD will cross-reference invoice data sources to the ETA to system data and reports to confirm the data included in the Monthly billings from SP+ is relevant, accurate, and complete.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-08	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT</p>	Low	<p>The delivery confirmation forms should be updated to include relevant references such as item descriptions, quantities etc. or implement a standardized receiving log or digital tracking system to monitor the receipt and internal distribution of items. Management could also consider integrating the receiving process with existing procurement processes/systems to provide real-time visibility and traceability of goods, if feasible.</p>	7/15/2026	7/15/2026	<p>Procurement has developed a delivery confirmation form containing all pertinent information and references. New SOPs have been drafted to enhance the receiving, inspection, and delivery processes. Currently, Procurement staff document the receipt of items in the Authority's financial system (E-1); however, real-time tracking capabilities are not available in the existing system.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-16	<p>Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025  Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Low	<p>The Landside Business Development Department should request Payless to submit an Annual Report audited by a certified public accountant (CPA) that complies with Article 4.2.2 of the Concession Agreement prior to refunding or billing for any amounts due. Additionally, the Authority should impose a \$500 penalty on Payless for non-compliance with Article 4.2.2, in accordance with Article 5.2.</p>	1/31/2026	1/31/2026	<p>LBD will request Payless to submit an Annual Report Audited by a CPA that complies with Article 4.2.2 of the Concession Agreement on 01/20/2026. No refund or billing will be completed before the audit is completed. The Authority will also impose a \$500 Penalty for non-compliance with Article 4.2.2. on 1/31/2026.</p>
26-17	<p>Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025  Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Low	<p>The Landside Business Development and Accounting Departments should collaborate to complete the annual reconciliations within the period required in the Agreement.</p>	3/31/2026	3/31/2026	<p>LBD and Accounting will collaborate to complete the annual reconciliations within the required time period, as specified by the agreement. LBD will develop a schedule of reconciliation delivery dates for the Accounting Dept.</p>

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-18	<p>Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025  Department: LANDSIDE BUSINESS DEVELOPMENT</p>	Low	The Landside Business Development Department should continue to communicate with Avis, Budget, and Hertz to ensure CFCs are calculated accurately using a 25-hour Transaction Day.	1/31/2026	1/31/2026	LBD will work with rental car partners to evaluate the feasibility and technological capability of calculating CFCs using a 25-hour Transaction Day.

## Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of December 31, 2025
<b>In Progress</b>						
26-12	<p>Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT</p>	Medium	<p>Management should develop and implement comprehensive, written procurement procedures tailored to FMD's operations. These should cover all relevant purchasing methods, including - but not limited to - purchase order types, pre-approval requirements, requisition protocols, receiving and payment authorization processes, and signature standards (ensuring legibility and verifiability). Roles and responsibilities must be clearly defined to promote accountability and consistency.</p>	1/1/2026	12/31/2025	<p>FMD has developed a comprehensive written SOP aligned with the Authority's Procurement Manual. This SOP defines all relevant purchasing methods—including purchase order types, pre-approval requirements, requisition protocols, receiving processes, payment authorization steps, and signature standards—to ensure consistency, accuracy, and accountability. Roles and responsibilities have been clearly established, and the procedures have been incorporated into staff training and onboarding. The SOP is maintained in the department's SharePoint library for accessibility and will be reviewed regularly to ensure continued alignment with operational needs and policy updates.</p> <p>FMD is currently updating the payment authorization process within the SOP to incorporate the new accounting SCANMAN process.</p>



**Item 3**

# **Fiscal Year 2026 Second Quarter Report from the Office of the Chief Auditor**

October 1, 2025, through December 31, 2025

Audit Committee Meeting February 9, 2026

# Fiscal Year 2026 Performance Measures

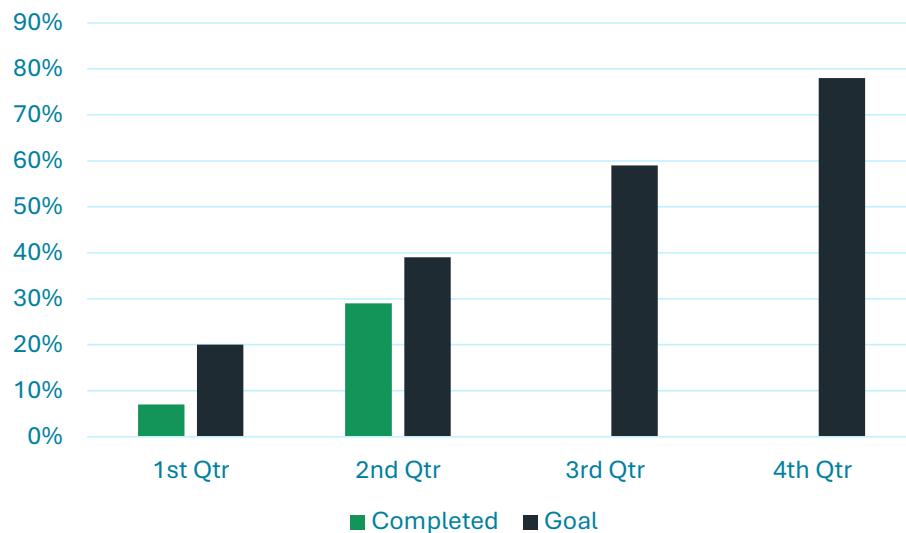


Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	5.0	4.0
Percentage of Audit and Advisory Engagements Completed	39%	29%	39%
Percentage of Recommendations Accepted	95%	100%	95%
Percentage of Staff Time Spent on Audit and Advisory Engagements and General Audit Activities	71%	76%	71%
Percentage of Audits and Advisory Engagements Completed within Budget	78%	75%	78%

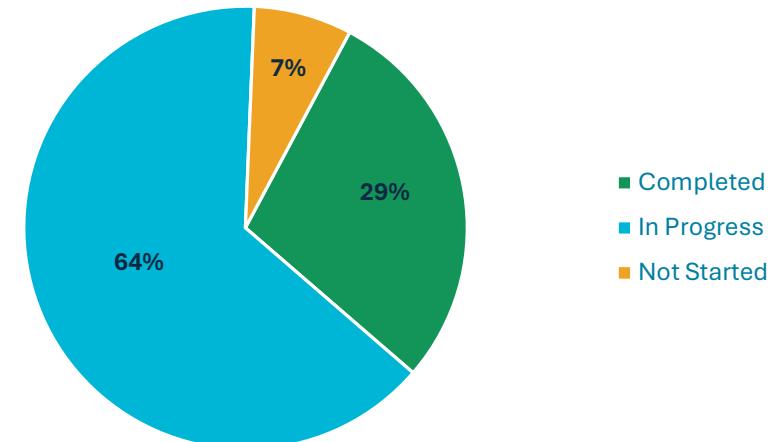
# Performance Measures – Percentage of Engagements Completed



Status of Engagements by Quarter



Status of Engagements



# General Audit Activities – Recommendation Follow-Up



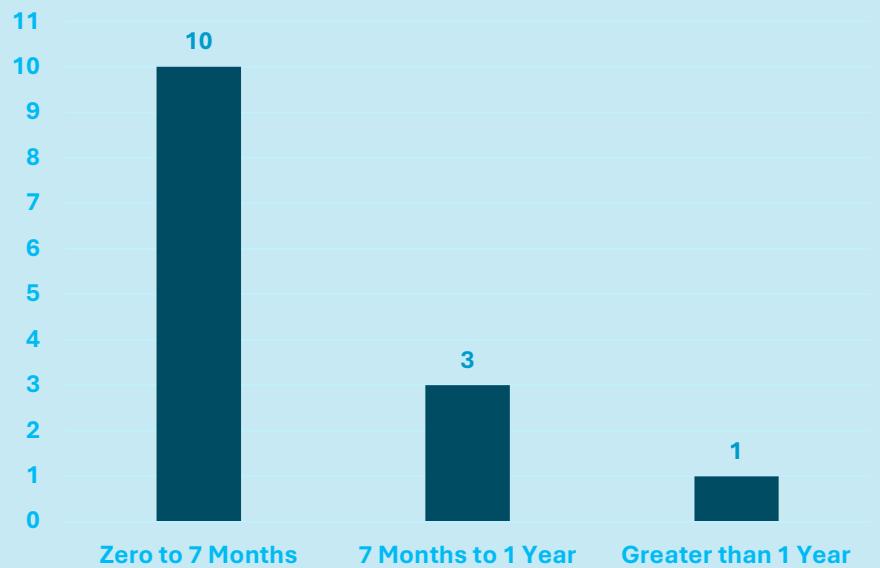
## Recommendation Follow Up

Status as of December 31, 2025		
Completed	In Progress	Tracked
8*	14**	22

\* 7 recommendations were completed within the initial timeframe identified for implementation.

\*\* All 14 recommendations are within the initial timeframe for implementation.

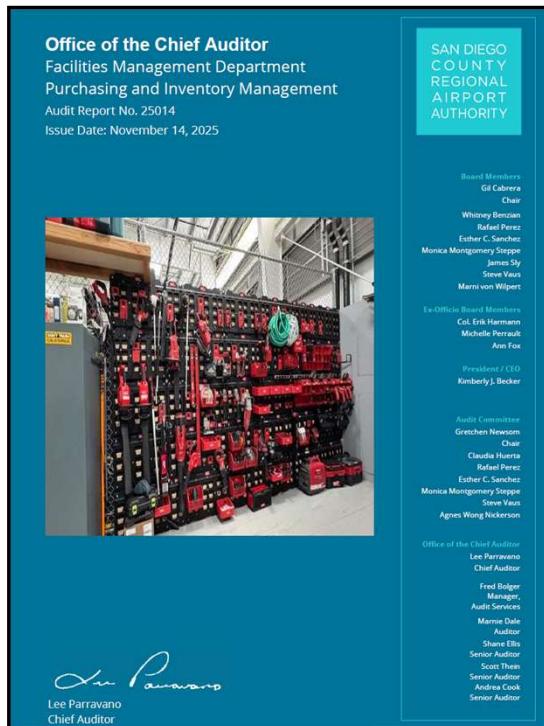
## Estimated Implementation Timeframe for In Progress Recommendations



# General Audit Activity – Fraud, Waste, Abuse, & Ethics

Category	Number of Tips / Reports Received as of December 31, 2025	Investigation Initiated by OCA/Others	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, Ethics Tips / Reports			
Business Integrity	1	-	-
Workplace Conduct	1	-	-
<b>Total Fraud, Waste, Abuse, &amp; Ethics Tips / Reports</b>	<b>2</b>	-	-

# Audit Spotlight – FMD Purchasing and Inventory Management



## Background



8 specialized trades that maintain airport facilities



FMD utilizes an extensive inventory of parts, supplies, and materials



FMD Utilizes

- One Time Purchase Orders for nonrecurring items
- Blanket Purchase Orders for recurring needs



Purchased approximately \$1 Million of materials / supplies annually

# Audit Spotlight – FMD Purchasing and Inventory Management

## Objective

To evaluate the internal controls over FMD's purchasing and inventory management.

## Scope

FMDs procurement and inventory management procedures as of July 2025.

- Purchasing and Inventory Management Cycle



# Audit Spotlight – FMD Purchasing and Inventory Management

## Strengths Identified



FMDs Organization and accountability of attic stock



Staff commitment to continuous improvements



100% of One Time Purchase Orders underwent necessary approval process

# Audit Spotlight – FMD Purchasing and Inventory Management



## 2 Findings 14 Recommendations:

*Note - Audit Report included all issues identified so that management was aware.*

### Control Issues Identified

- Lack of Centralized Inventory System across shops
- Inconsistent Use of Procurement Methods and Approvals
- No Formal Receiving and Inspection Function
- Weak Payment Approvals
- Segregation of Duties
- Unsecured Warehouse

# Audit Spotlight – FMD Purchasing and Inventory Management



## Conclusion:

Some internal controls were not functioning as intended, were insufficient, or ineffective.

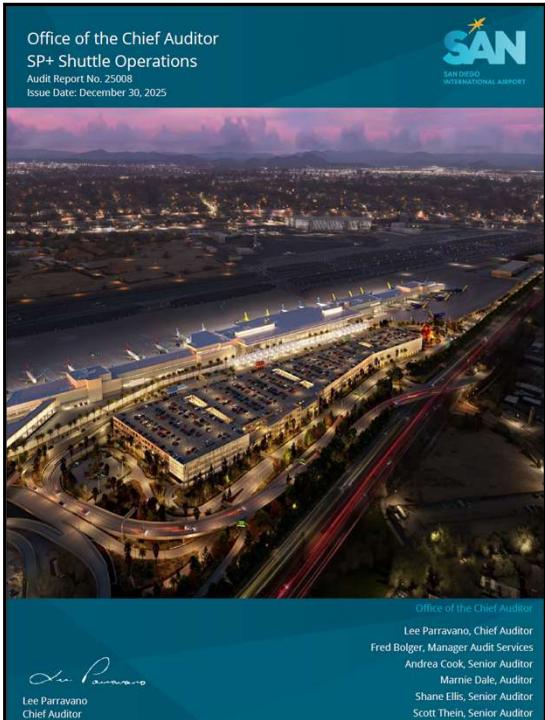


## Management's Response:

All Recommendations Accepted by Management

- ✓ 4 Completed by Report Issuance
- ✓ 1 Completed at 12/30/2025
- 7 to be completed in 2026
- 2 to be completed in 2027

# Audit Spotlight – SP+ Shuttle Operations



## Background

The Authority contracts with SP+ to transport customers between the Airport terminals and the Rental Car Center.

- 35 CNG Shuttle Busses
- SP+ is paid:
  1. Fixed fee for “In-Service Hours”
  2. Reimbursed expenses for items such as fuel, maintenance, repairs, and transit software

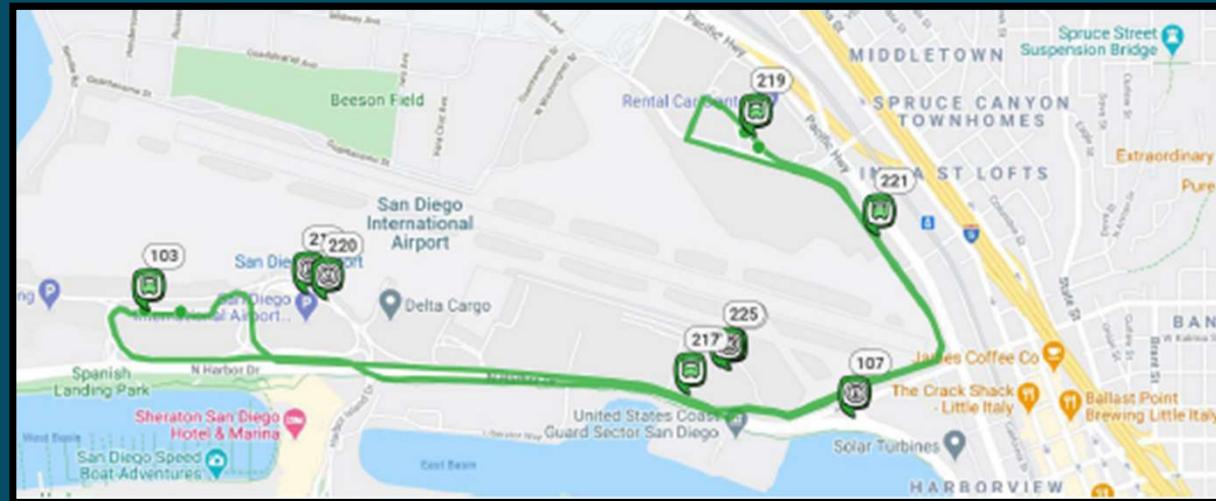


# Audit Spotlight – SP+ Shuttle Operations



## Objective & Scope

Determine if SP+ accurately invoiced In-Service hours from October 2022 – July 2025.



# Audit Spotlight – SP+ Shuttle Operations



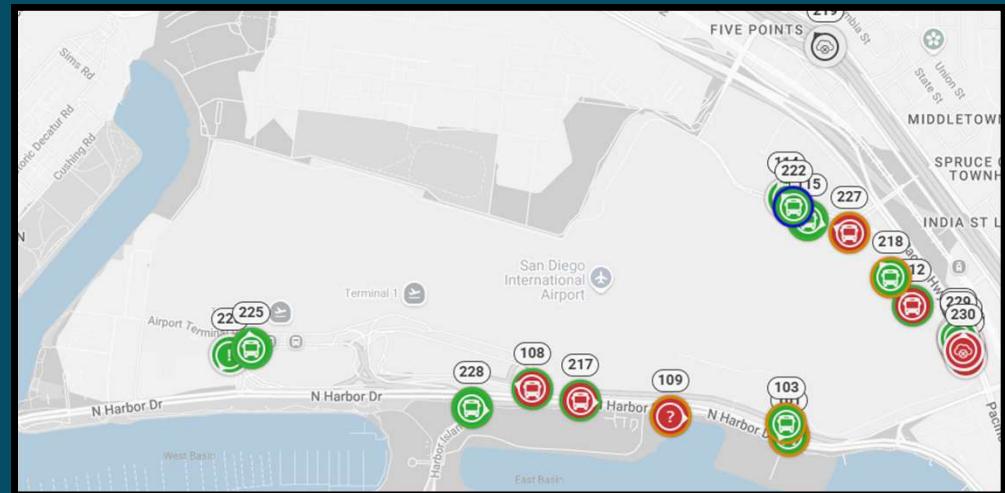
## Conclusion

Unable to obtain sufficient documentation to conclude on the accuracy of In-Service hours.

- Additional evidence was requested, and alternative procedures were performed; however, these did not provide adequate assurance.

## Notes:

1. Staff, SP+, and ETA were all very helpful during the audit process.
2. Going forward, we believe management has a plan that will allow the OCA to verify the hours.



# Audit Spotlight – SP+ Shuttle Operations



## Finding #1 Documentation Errors & Irregularities

### Errors in In-Service Calculation

- 40 Records where In Service Hours > Total Hours
- 7% of fueling trips tested were billed to the Authority

### Inconsistencies and irregularities within SP+ reports

1. Totals on Reports didn't match
2. In Service Miles were 95% of Total Miles
3. Deadhead Miles were the same for every shuttle
4. Fuel Consumption was not reasonable

### Incomplete and unreliable ETA reporting

- 5 shuttles did not have ETA Transit Installed
- Service Hours > Vehicle Hours

### Variances between SP+ and ETA

- In-Service Hours did not match for shuttles with ETA installed

# Audit Spotlight – SP+ Shuttle Operations



## Recommendations

3 Medium Recommendations

## Management's Response:

All Recommendations Accepted by Management

- Management anticipates implementation by June 2026

# Questions?



**Item No. 4**

## **Audit Committee Report**

**Meeting Date: February 9, 2026**

**Subject:**

**First Amendment to the On-Call Construction Audit Services Provider Agreement with Baker Tilly Us, LLP extending the term for one year**

### **Recommendation:**

Staff recommends that the Audit Committee forward this item to the Board for approval. **(Requires five (5) affirmative votes of the Audit Committee.)**

### **Background/Justification:**

On August 4, 2021, the Authority and Baker Tilly US, LLP ("Baker Tilly") entered into an on-call construction audit services agreement for audit services relating to New Terminal 1 ("NT1"). The agreement has a term of three years with two one-year options to renew and a not-to-exceed compensation amount of one million five hundred thousand (\$1,500,000). The Authority has exercised both options resulting in a termination date of July 31, 2026. Baker Tilly is providing construction auditing services regarding construction activity around NT1. Additionally, an audit of subcontracts is currently in process and is expected to extend past the end date of the agreement of July 31, 2026. The Chief Auditor recommends an extension of the term of the agreement by one-year, resulting in a termination date of July 31, 2027, to allow Baker Tilly to continue providing auditing services and complete the in-progress audit. The not-to-exceed compensation amount remains unchanged.

### **Fiscal Impact:**

Adequate funds for the on-call construction audit services have been allocated from the existing capital budget for the ADP.

# Audit Committee Report

Page 2 of 2

Meeting Date: February 9, 2026

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

### Focus Areas

Advance the Airport Development Plan     Transform the Customer Journey     Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Prepared by:

Lee Parravano  
Chief Auditor



**Item 4**

# **First Amendment to the On-Call Construction Audit Services Agreement with Baker Tilly**

Audit Committee Meeting February 9, 2026

# On-Call Construction Audit Services Agreement



August 4, 2021

October 26, 2021

September 6, 2022

November 22, 2024

February 10, 2025



- Agreement between the Airport Authority and Baker Tilly is signed.



- Terminal & Roadways Validation Phase Risk Assessment task authorization is issued.



- GMP Development Phase Risk Assessment task authorization is issued.



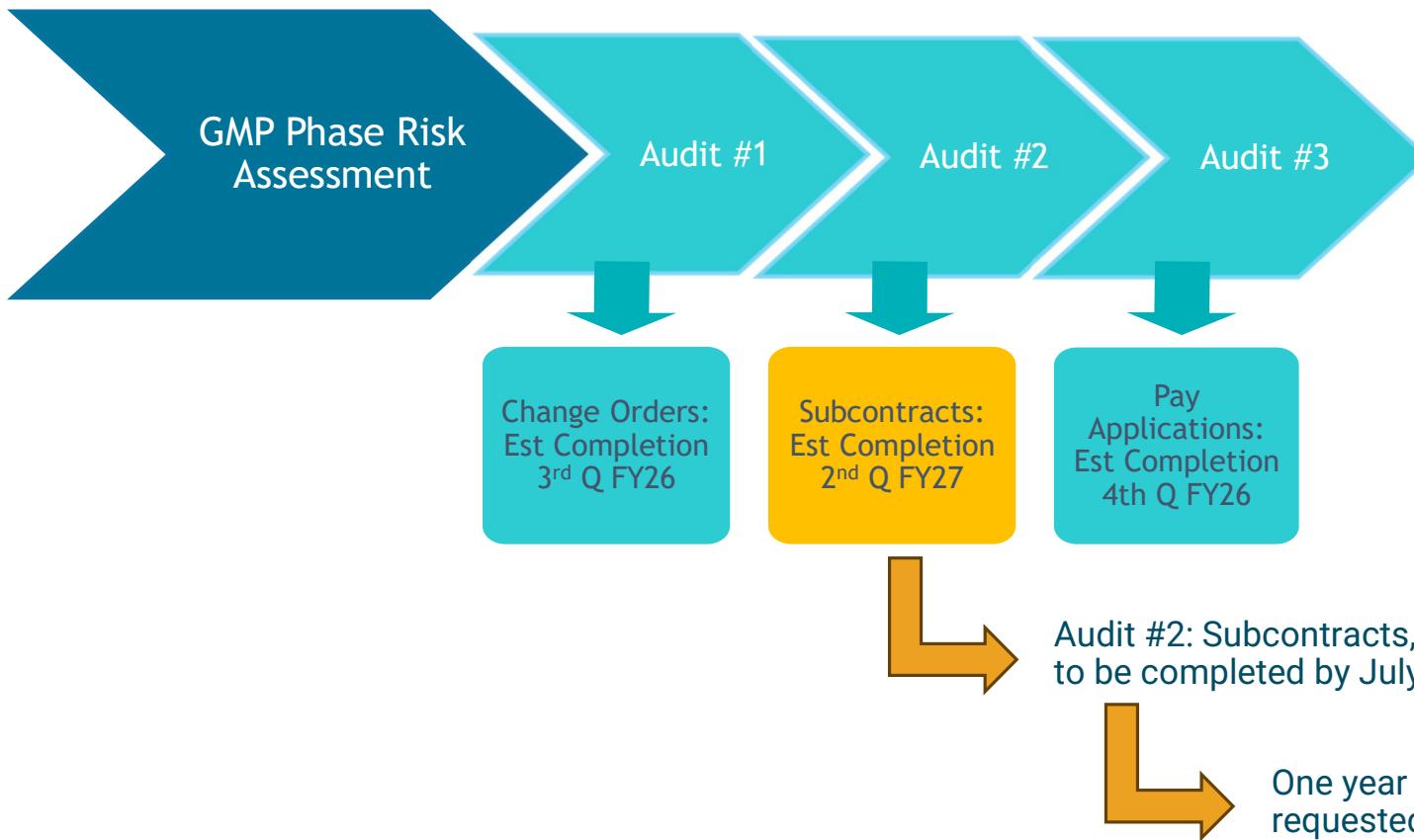
- GMP Phase Risk Assessment task authorization is issued.



- Audit Committee approves addition of 3 Construction Audits.

Agreement is scheduled to terminate on July 31, 2026, following the two, one-year extensions allowed by the Agreement.

# Current Projects



# Questions?



**Item No. 5**

## **Audit Committee Report**

**Meeting Date: February 9, 2026**

**Subject:**

### **Revision to the Fiscal Year 2026 Audit Plan of the Office of the Chief Auditor**

**Recommendation:**

Staff recommends that the Audit Committee accept the revised Audit Plan and forward it to the Board with a recommendation for approval (***Requires five (5) affirmative votes of the Audit Committee.***)

**Background/Justification:**

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 2, 2025, per Board Resolution No. 2025-0065, defines the role and requirements of the Office of the Chief Auditor (OCA).

As directed in the Charter, the Chief Auditor shall submit, at least annually, a risk-based Audit Plan to the Audit Committee and to Authority executive management, and shall review and adjust the Audit Plan, as necessary, responding to changes in business risks, operations, special requests, programs, systems, and controls. All changes to the Audit Plan shall be communicated to the Audit Committee prior to being submitted to the Board for approval.

Additionally, Global Internal Audit Standards require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs Audit Plan for Fiscal Year 2026 was initially accepted by the Audit Committee during its May 5, 2025, meeting, and was subsequently approved on June 5, 2025, by Board Resolution No. 2025-0033. A revision of the Fiscal Year 2026 was subsequently approved by the Board by resolution No. 2025-0067.

During the second quarter of Fiscal Year 2026 a review of the Audit Plan was undertaken by the OCA. At this time, another revision is requested. The proposed revision moves an audit from the Contingent Audit listing to the Audit Plan. Additionally, it adds two advisory service engagements regarding Fox Rent A Car and SP+ Shuttles to the Audit Plan.

# Audit Committee Report

Page 2 of 3

Meeting Date: February 9, 2026

To account for the additional hours added to the Audit Plan, the OCA is proposing to reduce the hours assigned to two projects that are no longer planned to be completed this Fiscal Year.

Staff requests that the Audit Committee accept the proposed revision to the Audit Plan and forward it to the Board for subsequent approval. The proposed revision to the Fiscal Year 2026 Audit Plan is provided as Attachment A. The Fiscal Year 2026 Audit Plan with all changes incorporated is provided as Attachment B.

## Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2026 and conceptually approved budget for Fiscal Year 2027 have been sufficiently funded to meet the allotted budget requirements for the proposed revision to the Fiscal Year 2026 Audit Plan.

## Authority Strategies/Focus Areas:

This item supports one or more of the following:

### Strategies

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

### Focus Areas

Advance the Airport Development Plan     Transform the Customer Journey     Optimize Ongoing Business

# **Audit Committee Report**

Meeting Date: February 9, 2026

Page 3 of 3

## **Environmental Review:**

- A. CEQA: This Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## **Prepared by:**

Lee M. Parravano  
Chief Auditor

**Office of the Chief Auditor**

ATTACHMENT A

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>1</sup>	Prior Estimated Hours	Change Requested	Revised Hours
<b>Audit Hours</b>				
Purchase Goods and Services <sup>2</sup>	To determine if internal controls surrounding the purchase of goods and services are appropriate. <i>Audit Engagement #25014</i>	100	-	100
Tenant Lease Administration and Management <sup>2</sup>	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2025, in all material respects. <i>Audit Engagement #25004</i>	500	-	500
Parking Management Contract Administration <sup>2</sup>	To determine if the parking management contract is administered appropriately. <i>Audit Engagement #25009</i>	650	-	650
Harbor Police Contract Mgmt. <sup>2</sup>	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, and 2024. <i>Audit Engagement #25006</i>	400	-	400
Construction <sup>2</sup>	To determine compliance with the change order process within ADC. <i>Audit Engagement #25015 – Baker Tilly</i>	100	-	100
Construction <sup>2,3</sup>	To evaluate compliance with bid, award, and billing requirements of subcontracts. <i>Audit Engagement #25016 – Baker Tilly</i>	600	(500)	100
Construction <sup>2</sup>	To determine if costs within payment applications are allowable and meet requirements. <i>Audit Engagement #25017 – Baker Tilly</i>	150	-	150
Tenant Lease Administration and Management <sup>2</sup>	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. <i>Audit Engagement #26001</i>	650	-	650

<sup>1</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>2</sup> Audit activity has been carried forward from fiscal year 2025.

<sup>3</sup> Audit activity will continue into fiscal year 2027.

**Office of the Chief Auditor**

ATTACHMENT A

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>1</sup>	Prior Estimated Hours	Change Requested	Revised Hours
Payroll	To determine if the Social Security (Section 218 Agreement) process was administered appropriately. <i>Audit Engagement #26002</i>	450	-	450
Tenant Lease Administration and Management <sup>3</sup>	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2026, in all material respects. <i>Audit Engagement #26003</i>	300	-	300
System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. <i>Audit Engagement #26004</i>	350	-	350
ARFF Management <sup>3</sup>	To determine if costs included in ARFF billings are appropriate. <i>Audit Engagement #26005</i>	600	(400)	200
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately. <i>Audit Engagement #26008</i>	500	-	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately. <i>Audit Engagement #26010</i>	-	550	550
To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	-	-	-
	<b>Total Audit Hours</b>	<b>5,350</b>	<b>(350)</b>	<b>5,000</b>

**Office of the Chief Auditor**

ATTACHMENT A

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective	Prior Estimated Hours	Change Requested	Revised Hours
<b>Advisory Service Hours</b>				
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Advisory Service Engagement #26006-AS</i>	600	-	600
Tenant Lease Administration and Management	To provide management assistance with Rent a Car Companies related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). <i>Advisory Service Engagement #26007-AS</i>	50	-	50
Tenant Lease Administration and Management	To provide management assistance with evaluating audit reports submitted by Fox RAC for Fiscal Year 2025. <i>Advisory Service Engagement #26009-AS</i>	-	150	150
Rental Car Shuttle Service Contract Administration	To provide management assistance with evaluating the billing and review process of SP+ shuttle services. <i>Advisory Service Engagement #26011-AS</i>	-	200	200
	<b>Total Advisory Service Hours</b>	<b>650</b>	<b>350</b>	<b>1,000</b>

**Office of the Chief Auditor**

ATTACHMENT A

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>4</sup>	Prior Estimated Hours	Change Requested	Revised Hours
<b>General Audit Hours</b>				
Risk Assessment and Audit Plan <sup>5</sup>	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252	-	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300	-	300
Development of Data Analytics	Enhance or develop the data analytics program.	200	-	200
Fraud, Waste, Abuse & Ethics Program <sup>4</sup>	To review policies, perform training, and investigate reported incidents.	400	-	400
Recommendation Follow-up <sup>4</sup>	To verify that internal and external audit recommendations have been implemented as intended.	160	-	160
Quality Assurance & Improvement Program <sup>4</sup>	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	400	-	400
	<b>Total General Audit Hours</b>	<b>1,712</b>	-	<b>1,712</b>
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,632	-	2,632
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136	-	2,136
	<b>Total Administrative Hours</b>	<b>4,768</b>	-	<b>4,768</b>
	<b>Total Hours</b>	<b>12,480</b>	-	<b>12,480</b>

<sup>4</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>5</sup> Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

**Office of the Chief Auditor**  
 2026 Audit Plan  
 Proposed Audit Plan February 9, 2026

ATTACHMENT A

Key Work Activity	Objective <sup>6</sup>	Prior Estimated Hours	Change Requested	Revised Hours
<b>Contingent Audit Hours</b>				
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) were accurately paid for a selected Rental Car Company based on Data Analytics or new entity.	400	-	400
Tenant Lease Administration and Management	To determine if a selected in terminal concession contract correctly calculated and remitted concession fees due.	350	-	350
Tenant Lease Administration and Management	To determine if 3MP Rent a Car accurately paid concessions and Transportation Facility Charges (TFC).	350	-	350
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550	-	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475	-	475
Small Business Management	To determine if the Authority complies with applicable Federal Regulations for Small Business.	525	-	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500	-	500
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for citations are adequate and appropriate.	500	-	500

<sup>6</sup> Objective may change based on the preliminary survey performed by the OCA.

**Office of the Chief Auditor**  
 2026 Audit Plan  
 Proposed Audit Plan February 9, 2026

ATTACHMENT A

<b>Key Work Activity</b>	<b>Objective</b>	<b>Prior Estimated Hours</b>	<b>Change Requested</b>	<b>Revised Hours</b>
Curfew Violations	Determine if Curfew Violations are administered appropriately.	500	-	500
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500	-	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550	(550)	-
On Airport Paramedic Services Contract Management	To determine if the EMT contract is administered appropriately.	500	-	500
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500	-	500
<b>Total Contingent Audit Hours</b>		<b>6,200</b>	<b>(550)</b>	<b>5,650</b>

**Office of the Chief Auditor**

ATTACHMENT B

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>1</sup>	Revised Hours
<b>Audit Hours</b>		
Purchase Goods and Services <sup>2</sup>	To determine if internal controls surrounding the purchase of goods and services are appropriate. <i>Audit Engagement #25014</i>	100
Tenant Lease Administration and Management <sup>2</sup>	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2025, in all material respects. <i>Audit Engagement #25004</i>	500
Parking Management Contract Administration <sup>2</sup>	To determine if the parking management contract is administered appropriately. <i>Audit Engagement #25009</i>	650
Harbor Police Contract Mgmt. <sup>2</sup>	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, and 2024. <i>Audit Engagement #25006</i>	400
Construction <sup>2</sup>	To determine compliance with the change order process within ADC. <i>Audit Engagement #25015 – Baker Tilly</i>	100
Construction <sup>2,3</sup>	To evaluate compliance with bid, award, and billing requirements of subcontracts. <i>Audit Engagement #25016 – Baker Tilly</i>	100
Construction <sup>2</sup>	To determine if costs within payment applications are allowable and meet requirements. <i>Audit Engagement #25017 – Baker Tilly</i>	150
Tenant Lease Administration and Management <sup>2</sup>	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. <i>Audit Engagement #26001</i>	650
Payroll	To determine if the Social Security (Section 218 Agreement) process was administered appropriately. <i>Audit Engagement #26002</i>	450

<sup>1</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>2</sup> Audit activity has been carried forward from fiscal year 2025.

<sup>3</sup> Audit activity will continue into fiscal year 2027.

**Office of the Chief Auditor**

ATTACHMENT B

## 2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>1</sup>	Revised Hours
Tenant Lease Administration and Management <sup>3</sup>	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2026, in all material respects. <i>Audit Engagement #26003</i>	300
System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. <i>Audit Engagement #26004</i>	350
ARFF Management <sup>3</sup>	To determine if costs included in ARFF billings are appropriate. <i>Audit Engagement #26005</i>	200
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately. <i>Audit Engagement #26008</i>	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately. <i>Audit Engagement #26010</i>	550
To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	-
	<b>Total Audit Hours</b>	<b>5,000</b>

**Office of the Chief Auditor**

ATTACHMENT B

## 2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective	Revised Hours
<b>Advisory Service Hours</b>		
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Advisory Service Engagement #26006-AS</i>	600
Tenant Lease Administration and Management	To provide management assistance with Rent a Car Companies related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). <i>Advisory Service Engagement #26007-AS</i>	50
Tenant Lease Administration and Management	To provide management assistance with evaluating audit reports submitted by Fox RAC for Fiscal Year 2025. <i>Advisory Service Engagement #26009-AS</i>	150
Rental Car Shuttle Service Contract Administration	To provide management assistance with evaluating the billing and review process of SP+ shuttle services. <i>Advisory Service Engagement #26011-AS</i>	200
	<b>Total Advisory Service Hours</b>	<b>1,000</b>

**Office of the Chief Auditor**

ATTACHMENT B

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>4</sup>	Revised Hours
<b>General Audit Hours</b>		
Risk Assessment and Audit Plan <sup>5</sup>	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300
Development of Data Analytics	Enhance or develop the data analytics program.	200
Fraud, Waste, Abuse & Ethics Program <sup>4</sup>	To review policies, perform training, and investigate reported incidents.	400
Recommendation Follow-up <sup>4</sup>	To verify that internal and external audit recommendations have been implemented as intended.	160
Quality Assurance & Improvement Program <sup>4</sup>	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	400
	<b>Total General Audit Hours</b>	<b>1,712</b>
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,632
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136
	<b>Total Administrative Hours</b>	<b>4,768</b>
	<b>Total Hours</b>	<b>12,480</b>

<sup>4</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>5</sup> Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

**Office of the Chief Auditor**

ATTACHMENT B

2026 Audit Plan

Proposed Audit Plan February 9, 2026

Key Work Activity	Objective <sup>6</sup>	Revised Hours
<b>Contingent Audit Hours</b>		
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) were accurately paid for a selected Rental Car Company based on Data Analytics or new entity.	400
Tenant Lease Administration and Management	To determine if a selected in terminal concession contract correctly calculated and remitted concession fees due.	350
Tenant Lease Administration and Management	To determine if 3MP Rent a Car accurately paid concessions and Transportation Facility Charges (TFC).	350
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Small Business Management	To determine if the Authority complies with applicable Federal Regulations for Small Business.	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for citations are adequate and appropriate.	500
Curfew Violations	Determine if Curfew Violations are administered appropriately.	500
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500
On Airport Paramedic Services Contract Management	To determine if the EMT contract is administered appropriately.	500
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500
<b>Total Contingent Audit Hours</b>		<b>5,650</b>

<sup>6</sup> Objective may change based on the preliminary survey performed by the OCA.



Item 5

# Revision to the Fiscal Year 2026 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting February 9, 2026

# Reasons for Requested Revision



Description	Hours
Global Aviation Management Group	550
Fox RAC - Advisory Service	150
SP+ Shuttles - Advisory Service	200
<b>Total</b>	<b>900</b>

Description	Hours
NT1 Subcontracts (Baker Tilly)	(500)
ARFF	(400)
<b>Total</b>	<b>(900)</b>

# Questions?

