

Audit Committee and Special Board Meeting

**Monday, May 4, 2026
10:00 A.M.**

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

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.**

Board Members

James Sly (Vice-Chair)
Lydia Ball
Whitney Benzian
Daniel Kuperschmid
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

Atif Saeed

Monday, May 4, 2026

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 February 9, 2026, Regular Meeting.

2. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2026:

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

(Presented by: John Dillon, Director, Accounting; and Rumzei Abdallah, Partner, Plante Moran)

3. FISCAL YEAR 2026 THIRD 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)

Monday, May 4, 2026

4. RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2027 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Recommendation: Staff recommends that the Audit Committee accept the proposed audit plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***
(Presented by: Lee Parravano, Chief Auditor)

5. FISCAL YEAR 2027 PROPOSED BUDGET FOR THE OFFICE OF THE CHIEF AUDITOR AND FISCAL YEAR 2028 PROPOSED CONCEPTUAL BUDGET EXPENSE SUMMARY:

Recommendation: Staff recommends that the Audit Committee accept the Office of the Chief Auditor's proposed budget and forward it to the Board as part of the Authority's Fiscal Year 2027-2028 Budget process that may include debt issuance or refinancing, with a recommendation for Board approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***
(Presented by: Lee Parravano, Chief Auditor)

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

7. THREAT TO PUBLIC SERVICES OR FACILITIES:

Consultation with Jessica Bishop, Director, Information & Technology Services; Elliott Tanner, Manager, IT Infrastructure Operations, Information & Technology Services; and Clint Welch, Director, Aviation Security and Public Safety.

8. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

(Government Code Section 54957)
Title: Chief Auditor

REPORT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

Monday, May 4, 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.

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.

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

Elizabeth Stewart, Director, Accounting provided a presentation on the External Auditor's Single Audit Report for the Fiscal Year Ended June 30, 2025, that included Single Audit Report Overview.

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 Committee Member Wong Nickerson to approve staff recommendation. Motion carried unanimously, noting Sanchez as Absent

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

Lee Parravano, Chief Auditor and Maria Dale, Auditor provided a presentation on the Fiscal Year 2026 Second Quarter Report from the Office of the Chief Auditor that included Fiscal Year 2026 Performance Measure, General Audit Activities, Audit Spotlight – FMD Purchasing and Inventory Management, and SP+ Shuttle Operations.

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.

Committee Member Wong Nickerson left Meeting at 10:43 a.m.

Board Member Montgomery Steppe asked that the committee receive an update on FMD Purchasing and Inventory Management Audit in the future.

ACTION: Moved by Board Member Vaus and seconded by Board Member Perez to approve staff recommendation. Motion carried unanimously, noting Sanchez and Wong Nickerson as Absent.

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

Fred Bolger, Manager of Audit Services, provided a presentation on the First Amendment to the On-Call Construction Audit Services Agreement with Baker Tilly that included On-Call Construction Audit Services Agreement and Current Projects.

RECOMMENDATION: Staff recommends that the Audit Committee forward this Item to the Board for approval. 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 recommendation. Motion carried unanimously, noting Sanchez and Wong Nickerson as Absent.

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

Fred Bolger, Manager of Audit Services provided a presentation on the Revision to the Fiscal Year 2026 Audit Plan of the Office of the Chief Auditor that included Reasons for Requested Revision.

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.

ACTION: Moved by Board Member Vaus and seconded by Board Member Perez to approve staff recommendation. Motion carried unanimously, noting Sanchez and Wong Nickerson as Absent.

COMMITTEE MEMBER COMMENTS:

CLOSED SESSION: The Committee recessed into Closed Session at 10:50 a.m. to discuss Item 6.

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: The Committee adjourned out of Closed Session at 10:56 a.m. There was no reportable action.

ADJOURNMENT: The Meeting adjourned at 10:56 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY THIS 4th DAY OF MAY 2026.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

MIA COURTNEY
DEPUTY CLERK

Audit Committee Report

Meeting Date: May 4, 2026

Subject:

Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2026

Recommendation:

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

Background/Justification:

On March 25, 2024, staff presented a recommendation to the Audit Committee to enter into an agreement with Plante & Moran, PLLC, for Financial Audit Services. The Audit Committee recommended that the Board adopt a resolution approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC.

The Board adopted Resolution No. 2024-0025 during its April 4, 2024, Board Meeting, approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC, for an amount not to exceed \$1,200,000 for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

The Charter of the Audit Committee, and as specified in the Statement on Auditing Standards (SAS) 114, requires that the Authority's external auditor communicate for review and approval by the Audit Committee its planned scope and timing for conducting the audit of the Authority's financial statements; communicate auditor independence, report on its quality control program and peer review, and other responsibilities under generally accepted auditing standards.

As required, Rumzei Abdallah, CPA, the engagement partner from Plante & Moran, PLLC, will give a presentation during the May 4, 2026, Audit Committee Meeting on matters pertaining to the scope, timeline, planning, and required communications related to their audit of the Authority's financial statements for the fiscal year ending June 30, 2026. In addition, a copy of Plante & Moran, PLLC's most recent Peer Review Letter is provided, as Attachment A.

Fiscal Impact:

Adequate funding for the agreement with Plante & Moran, PLLC for performing the Authority's financial audit services is included in the Fiscal Year 2026 Adopted Budget and Fiscal Year 2027 Conceptual Budget within the Services-Auditing line item. Expenses that will impact budget years not yet adopted by the Board will be included in future year budget requests.

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.

Application of Inclusionary Policies:

Not applicable

Prepared by:

Elizabeth Stewart
Director, Accounting

Attachment A



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Report on the Firm's System of Quality Control

November 3, 2025

To the Partners of Plante & Moran, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "EisnerAmper LLP".

EISNERAMPER LLP
Baton Rouge, Louisiana

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.



San Diego County Regional Airport Authority

Required Pre-Audit Meeting

Year-ended June 30, 2026



Agenda

- Engagement team
- Scope of audit
- Audit timeline
- Required communications
- Audit plan
- Information from You Relevant to Our Audit



Engagement team

- Rumzei Abdallah, Partner - Engagement partner responsible for supervising our services performed as part of this engagement.
- Pam Hill, Partner – Colleague Partner
- Chris Gilbert - Senior Manager
- Alissa Flury - Manager

All team members are part of our national airport practice



Scope of Audit

- **Financial Statement Audit**
 - GASB 103 and GASB 104 required to be implemented by the Authority
- **Federal Single Audit**
- **Passenger Facility Charge (PFC) Compliance Audit**
- **Customer Facility Charge (CFC) Compliance Audit**
- **Management Letter with recommendations, if applicable**



Audit timeline

- Preliminary and information gathering phase – May-August 2026
- Risk assessment phase – May – August 2026
- Audit procedures
 - Interim audit testing – Week of May 11, 2026
 - Fieldwork – August and September 2026
- Goal - Issuance – By October 20, 2026



Required Communications

- Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
- Our audit of the financial statements does not relieve you or management of your responsibilities.



Audit Plan

We have identified the following areas during our initial brainstorming session related to significant risks of misstatement:

- Appropriate accounting for all revenues, including inclusion of federal funding expenditures on the Schedule of Expenditures of Federal Awards (SEFA) and any related revenue diversion.
- Management override of controls.
- Selection of valuation methods and assumptions used in the development of the Authority's net pension liability estimates in accordance with applicable financial reporting requirements.

In response to these identified significant risks, we will perform the following:

- Perform detailed compliance testing in accordance with federal regulations, as well as testing of revenue recognition to ensure amounts are recorded in the proper period.
- Review a sample of invoices paid to related parties or others to ensure expenditures are valid, properly supported, and airport-related.
- Test journal entries recorded in the general ledger and other adjustments made during the preparation of the financial statements.
- Review and test internal controls over significant transaction cycles.
- Review and evaluate the Authority's selection of actuarial assumptions and actuarial methods used to develop its estimate of the net pension liability to ensure the assumptions and methods utilized are reasonable and result in proper financial reporting.



Audit Plan

- We will gain an understanding of accounting processes and key internal controls through a review of the accounting procedures questionnaires and control procedures questionnaires prepared by management.
- We will confirm through observation and inspection procedures that accounting procedures and controls included in the questionnaires have been implemented.
- We will not express an opinion on the effectiveness of internal control over financial reporting; however, we will communicate to you significant deficiencies and material weaknesses identified in connection with our audit.
- The concept of materiality is inherent in our work. We place greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote.



Information from You Relevant to Our Audit

- An important aspect of this communication process is the opportunity for us to obtain from you information that is relevant to our audit.
- We are in the process of meeting with the Chair's of the Board and Audit Committee
- We will discuss their views on:
 - Matters that warrant particular attention during the audit
 - Concerns related to actual or suspected fraud
 - Any particular business risks that may result in material misstatements
 - Any concerns related to related party transactions
 - Effectiveness of internal control and detection of fraud
 - Significant or unusual transactions
 - Any concerns related to fraud



Thank you for the opportunity to serve as auditors for the San Diego County Regional Airport Authority

For more information contact:

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Pamela L. Hill, Partner

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Chris Gilbert, Senior Manager

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Audit Committee Report

Meeting Date: May 4, 2026

Subject:

Fiscal Year 2026 Third 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 Third 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 January 1, 2026, through March 31, 2026, and includes details on all recommendations completed or in progress during the third quarter of Fiscal Year 2026.

A presentation by the OCA on its third quarter activities will be provided to the Audit Committee on May 4, 2026. Staff requests that the Audit Committee review the Fiscal Year 2026 Third Quarter Report and forward the report to the Board for acceptance.

Audit Committee Report

Meeting Date: May 4, 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.

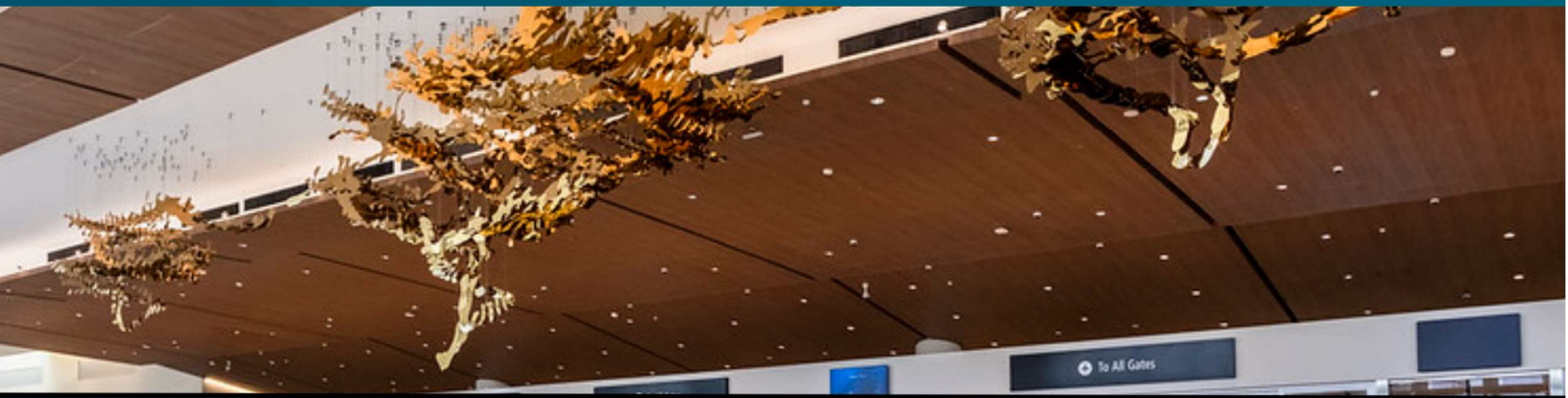
Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

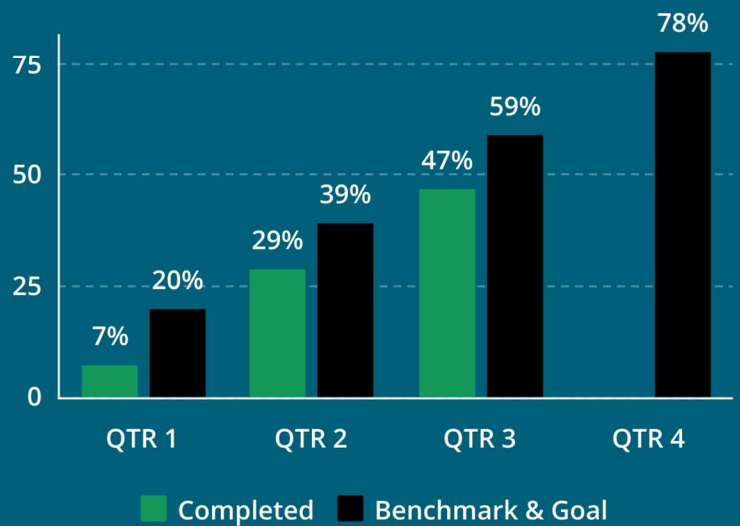
Office of the Chief Auditor Fiscal Year 2026 Third Quarter Report



Audit Engagement Progress



Audit Engagements Completed vs. Benchmark & Goal

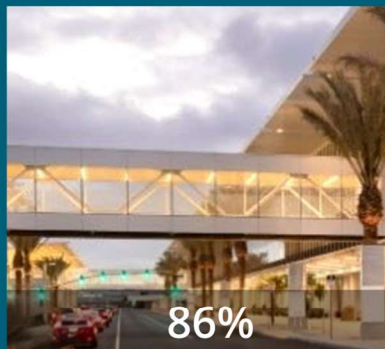


By The Numbers



4.8

Auditee Satisfaction Rating



86%

Engagements Completed Under Budget



75%

Auditor Utilization Percentage



100%

Recommendations Accepted By Management

Office of the Chief Auditor Fiscal Year 2026 Third Quarter Report

Issue Date: May 4, 2026



Lee Parravano, Chief Auditor
Fred Bolger, Manager Audit Services
Andrea Cook, Senior Auditor
Marnie Dale, Auditor
Shane Ellis, Senior Auditor
Scott Thein, Senior Auditor

Third Quarter Summary

Executive Summary

During the third quarter of Fiscal Year 2026, the Office of the Chief Auditor (OCA) continued executing the FY 2026 Audit Plan and issued three audit reports. As of quarter end, seven audit reports were issued and eight engagements were in progress. The OCA also enhanced its data analytics monitoring and identified an incorrect rental car calculation issue that management addressed promptly, correcting the underpayment. In addition, the OCA continued required staff professional development and is finalizing the annual Risk Assessment & Audit Plan for presentation to the Audit Committee at the May meeting.

Performance Measures

For Fiscal Year 2026, five major performance measures were developed to evaluate the OCA. The OCA's performance against the selected performance measures is displayed in Table 1.¹

Table 1: Status of Performance Measures as of March 31, 2026

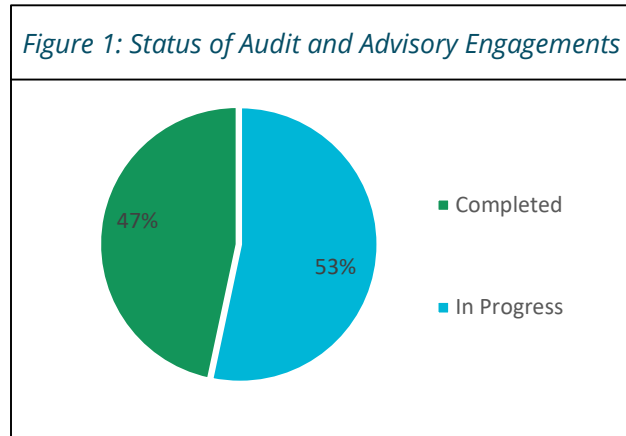
#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	4.8	4.0
2	Percentage of audit and advisory engagements completed	59%	47%	59%
3	Percentage of recommendations accepted	95%	100%	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	71%	75%	71%
5	Percentage of audit and advisory engagements completed within budget	78%	86%	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 OCA's 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 4.8.

¹ 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 third quarter, the OCA completed seven audit engagements, or 47%, of audit and advisory engagements (7/15 = 47%) that are planned to be completed on the Fiscal Year 2026 Audit Plan.² In addition to the seven engagements completed, the OCA had eight engagements (53%) in progress as of the end of the third 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 third 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.³ The OCA’s goal is for staff to spend 71% of working hours⁴ on audit engagements, advisory engagements, and general audit activities. The OCA is currently exceeding the goal established, spending 75% 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 third quarter of Fiscal Year 2026, the OCA completed 86% of its projects within the budgeted time, exceeding the goal established.

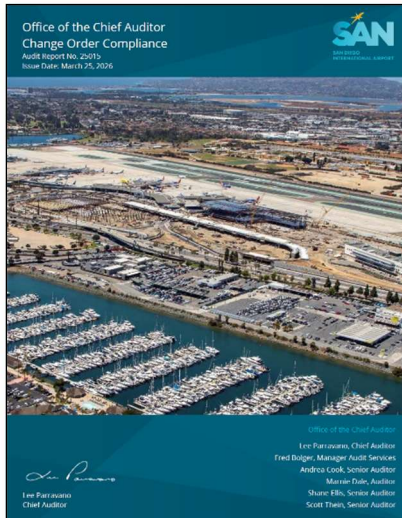
² The Fiscal Year 2026 Audit Plan has 14 audits and 4 advisory engagements. However, the audits identified as “Tenant Lease Administration and Management – FY2026 Rental Car Companies”, “Construction – Subcontracts”, and “ARFF Management” will carry forward into Fiscal Year 2027. This results in 11 audits and 4 advisory engagements (15 total engagements) on the Fiscal Year 2026 Audit Plan to be completed in the fiscal year.

³ Appendix A details all planned activities in these categories for Fiscal Year 2026.

⁴ Excludes Time Off (e.g., Holidays, Paid Time off).

Audit Engagements Issued

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



Change Order Compliance: The objective of this audit was to determine if change orders for the NT1 project are adequately supported, properly approved, meet the terms and conditions of the Contract. We concluded change orders for the NT1 project were, in general, adequately supported, properly approved, met the terms and conditions of the Contract, and mathematically accurate. The OCA identified two findings and provided two recommendations as part of this audit.



Airport Business Revenue Management (ABRM) Application Internal Controls: The objective of this audit was to determine if specific IT General Controls (ITGC) in the Airport Business Revenue Management (ABRM) application are appropriate. The four essential ITGCs assessed included segregation of duties, user access management, administrative access, and tracking critical data changes. We concluded that while foundational IT General Controls related to segregation of duties, user access management, administrative access, and tracking critical data changes are in place within ABRM, they are not yet consistently designed or operating as intended. The Authority is currently operating at an early-to-developing stage maturity level which is consistent with a system that is still progressing through a maturation process. Management reported some recommendations were already implemented by report issuance. The OCA identified three findings and provided 5 recommendations as part of this audit.

System Security: This confidential audit was completed during the quarter and results were communicated.

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 required⁵ 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 each year. The Risk Assessment & Audit Plan is informed by data gathering, management discussions, surveys, and data analysis. The OCA is in the process of finalizing the Risk Assessment & Audit Plan, which is scheduled for presentation to the Audit Committee at the May Audit Committee meeting.

Construction Activities

Construction audit activity through the third quarter of Fiscal Year 2026 included continued work with Baker Tilly, the on-call construction audit consultant. During the quarter the audit of Change Order Compliance was completed (see Section Titled Audit Engagements Issued). Pay Applications and Subcontracts are currently in progress. The OCA expects the audit of Pay Applications to be completed in the fourth quarter and Subcontracts in fiscal year 2027. 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.

During the third quarter of 2026, the OCA identified an anomaly in the data for a rent-a-car company. Staff determined the issue was caused by a rent-a-car company that did not correctly calculate Customer Facility Charges on certain transactions. Through the OCA's continuous monitoring, management was able to promptly contact the company and facilitate correction of the resulting underpayment.

⁵ 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 third quarter of Fiscal Year 2026, the OCA received five (5) tips/reports that were considered FWA&E related and 12 reports that were not considered FWA&E related⁶. As of the end of the third quarter, the OCA was actively investigating three (3) tips/reports. 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 third 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 third quarter is shown in Table 2 below.

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

Category	Number of Tips / Reports Received	Investigation Initiated by the OCA/Others	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Business Integrity	5	3*	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	5	3	-
Non – Fraud, Waste, Abuse, & Ethics Tips/Reports			
Business Integrity	1	-	-
Workplace Conduct	5	-	-
Other	6	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	12	-	-
Total Hotline Tips/Reports	17	3	-

*Investigation of these tips were in process as of the end of the third quarter.

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 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

⁶ 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.

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 third quarter of Fiscal Year 2026, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, eight were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations 10 are within the initial timeframe identified for implementation.

Overall, based on inquiries conducted as part of the recommendation tracking process, the OCA is satisfied with the progress Authority departments are making to implement the recommendations.

Table 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total⁷
Completed	9	-	-	9
In Progress	9	2	1	12

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.

⁷ 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

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 \$957,000 through the end of the third quarter, which represents 63% of the Fiscal Year 2026 budget. No unexpected or large outlays occurred within the department during the third quarter of Fiscal Year 2026. The OCA expects to remain under budget through the fiscal year-end.

Continuing Professional Development

OCA staff continue to obtain Continuing Professional Education (CPE) credits as required by their respective certifications. The OCA's CPE credits are tracked on a calendar-year basis. As of the end of calendar year 2025, all OCA staff met their respective CPE requirements. During the third quarter of 2026, staff attended cybersecurity training. In the fourth quarter, the OCA is scheduled to present at the Association of Airport Internal Auditors' annual conference in April 2026.

Procedural/Supervisory

One Audit Committee meeting took place during the third quarter, which occurred on February 9, 2026. 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 3/31/2026	Over/ Under Budget
Audit			
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	Completed	Under
6	Construction – Subcontracts ⁸	In Progress	
7	Construction – Pay Applications	In Progress	
8	Tenant Lease Admin. & Management – ABRM Internal Controls	Completed	Under
9	Payroll – Social Security Section 218 Agreement	Completed	Under
10	Tenant Lease Admin. & Management – FY 2026 Rental Car Companies ⁸	In Progress	
11	System Security	Completed	Under
12	ARFF Management ⁸	Not Started	
13	Rental Car Shuttle Service Contract Administration	Completed	Under
14	Contract Security Personnel Management	In Progress	
	Total		
Advisory			
15	Harbor Police Contract Management	In Progress	
16	Tenant Lease Admin. & Management –General Rental Car Company Reporting	In Progress	
17	Tenant Lease Admin. & Management –Fox Rental Car Company Reporting	In Progress	
18	Rental Car Shuttle Service Contract Administration	In Progress	
General Audit			
19	Risk Assessment & Audit Plan	In Progress	
20	Construction Meeting Attendance & Coordination	In Progress	
21	Development of Data Analytics	In Progress	
22	Fraud, Waste, Abuse, and Ethics Program	In Progress	
23	Recommendation Follow-up	In Progress	
24	Quality Assurance & Improvement Program	In Progress	
Administrative			
25	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
26	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

⁸ 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 March 31, 2026
Completed						
26-10	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	High	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.	3/1/2026	3/31/2026	All purchases now require FMD supervisor review and authorization, with purchases exceeding \$1,000 requiring FMD manager's authorization. To strengthen oversight, FMD managers also conduct spot checks of invoice approvals using SCANMAN workflow. Reconciliation of expenses is conducted by the Sr. Cost Analyst & 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.

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 March 31, 2026
Completed						
26-11	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	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	3/31/2026	FMD has implemented a Computerized Maintenance Management System (CMMS). This effort supports the segregation of duties for purchase and receiving. A number of unique controls have been developed: 1) An approved Purchase Request Form is required. 2) Project Analyst must receive and deliver the approved purchase. 3) Invoice payments are approved by FMD managers in Scanman. All payments processed by Sr. Cost Analyst and Cost Analyst are routed to an FMD manager for review and approval.

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 March 31, 2026
Completed						
26-26	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: INFORMATION & TECHNOLOGY SERVICES	Medium	During the audit we recommended that I&TS define and document User Access Management procedures that address: <ul style="list-style-type: none"> - Adding, modifying, and removing user access, - Required approvals and IT support requests User access information, - Including role and agreement type assignments 	3/27/2026	3/27/2026	I&TS proactively made these changes during the course of the audit.
26-27	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: INFORMATION & TECHNOLOGY SERVICES	Medium	For the eleven exceptions noted, remove user access and/or update user access. User access should also be periodically reviewed to ensure users only have the minimum access required for their current responsibilities.	4/30/2026	3/31/2026	I&TS updated the 11 identified users' access and will periodically review user access for appropriateness.

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 March 31, 2026
Completed						
26-12	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT	Medium	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.	1/1/2026	2/5/2026	SOP and FMD Purchasing Manuals were completed on 2/5/26.
26-17	Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025 Department: LANDSIDE BUSINESS DEVELOPMENT	Low	The Landside Business Development and Accounting Departments should collaborate to complete the annual reconciliations within the period required in the Agreement.	3/31/2026	3/31/2026	LBD initiated a discussion with Accounting to address the reconciliation schedule for FY26. Accounting and LBD are in agreement and prepared to begin the FY26 reconciliation on schedule.

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 March 31, 2026
Completed						
26-18	Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025 Department: LANDSIDE BUSINESS DEVELOPMENT	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 has communicated with the operators regarding the 25-hour day. The issue is slightly different for each RAC. LBD will survey other airports to determine if SAN policies are contradictory/unique and therefore creating the issue.
26-22	Audit Report 25015 Issued: March 25, 2026 Title: Change Order Compliance Department: AIRPORT DESIGN & CONSTRUCTION	Low	Management should consider requesting reimbursement for audit costs of \$149,079.	3/30/2026	3/30/2026	After discussions with management, Airport Design & Construction does not believe that requesting reimbursement for audit costs would be appropriate in this case as the issue, once discovered, was resolved quickly. ADC is preparing a notification to the JV that, should a similar situation occur in the future, the Authority may pursue reimbursement for audit costs.

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 March 31, 2026
Completed						
26-08	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Low	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.	7/15/2026	3/31/2026	Procurement has updated the delivery confirmation form to contain all pertinent information and references. The updated form has been uploaded on the new tablet recently deployed. Procurement staff document the receipt of items in the Authority's financial system (E-1); however, real-time tracking is not currently supported or practical.

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 March 31, 2026
In Progress						
26-24	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	High	Management should clarify and standardize ABRM permission levels by documenting role purposes, removing unnecessary elevated permissions from user roles, restricting access to modules based on job responsibilities, and eliminating access to unused system functions.	9/30/2026	9/30/2026	This recommendation was issued at the end of the quarter, so no follow-up activity was performed. However, TBD confirmed that IT&S reached out to Tadera, the software company, for guidance.
26-25	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	High	We recommend management configure and implement agreement type restrictions within ABRM to ensure user access is appropriately limited based on job responsibilities. Management should review all existing Agreement assignments and remove access for individuals who do not require full agreement type permissions. Access to all agreements should be granted only to users with a demonstrated business need, such as BI and Accounting staff who support cross functional activities.	9/30/2026	9/30/2026	This recommendation was issued at the end of the quarter, so no follow-up activity was performed. However, TBD confirmed that IT&S reached out to Tadera, the software company, for guidance.

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 March 31, 2026
In Progress						
26-01	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	Medium	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.	6/1/2027	6/1/2027	FMD continues the process of implementing a centralized inventory management system in the Computerized Maintenance Management System (CMMS). To establish a baseline, FMD is conducting an inventory of maintenance shop supplies and attic stock for each shop and area within FMD with the areas at various levels of completion ranging from 100% complete to 25% complete.

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 March 31, 2026
In Progress						
26-05	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT	Medium	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 requestion 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).	5/1/2026	5/1/2026	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. MRO Solicitation is expected to be solicited in April.

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 March 31, 2026
In Progress						
26-09	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Medium	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.	7/15/2026	6/30/2026	Procurement will add the new SOPs to the published Procurement Manual and Contract Administration Guide on SharePoint to be easily accessible. The updated manual and guide will be published by the end of the fiscal year.
26-28	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	Medium	Enhance the existing alert-management framework by prioritizing critical notifications, assigning accountable reviewers, and implementing routine monitoring to ensure timely review and clearance of alerts.	9/30/2026	9/30/2026	A cross functional team was formed from TBD, LBD and Airline Relations and we met on April 9 and moving forward we have will have bi-weekly on this topic.

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 March 31, 2026
In Progress						
26-07	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	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	Procurement, with the support of I&TS, is testing integrated technology utilizing a tablet for paperless copies of packing slips, delivery confirmation forms, and photos of delivered packages. After testing, Procurement will finalize the SOPs in anticipation of additional headcount and full integration of procedures as part of the FY 2027 Budget.
26-19	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	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.	6/30/2026	6/30/2026	LBD has directed SP+ to work with ETA Transit to determine the level of capabilities and investment required to equip all shuttles to enable effective tracking. In addition, LBD & SP+ are also examining other technology providers who may be able provide the same technology and operational solutions at a lower cost. LBD will review and evaluate any potential alternate solutions.

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 March 31, 2026
In Progress						
26-20	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	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.	6/30/2026	6/30/2026	LBD has directed SP+ to obtain quotes 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, LBD will require SP+ to be trained on full functionality and reconciliations of the ETA Transit system. In addition, LBD & SP+ are also examining other technology providers who may be able provide the same technology and operational solutions at a lower cost. LBD will review and evaluate any potential alternate solutions.

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 March 31, 2026
In Progress						
26-21	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	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+.	6/30/2026	6/30/2026	LBD has required that Supplemental Monthly reports sent to the Authority are accurate. LBD is in process of reviewing updated SOPs and developing checklists and reconciliations to ensure a detailed review of all reports for accuracy. Additionally, LBD has directed SP+ to cross-reference invoice data sources to ETA to system data and reports, and dispatch logs to confirm the data included in the Monthly billings from SP+ is relevant, accurate, and complete. LBD has also directed SP+ to provide a detailed Monthly Vehicle Status, Operations, Activity report to be included with the monthly reporting package.

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 March 31, 2026
In Progress						
26-16	Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025 Department: LANDSIDE BUSINESS DEVELOPMENT	Low	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.	1/31/2026	4/30/2026	Payless has submitted a corrected report. OCA advised LBD that further corrections are needed, and those have been forwarded to Payless. Payless confirmed that they have forwarded the corrections to the CPA. Payless has paid the \$500 late reporting penalty for this report. We expect the final report from Payless by 4/30/2026.
26-23	Audit Report 25015 Issued: March 25, 2026 Title: Change Order Compliance Department: AIRPORT DESIGN & CONSTRUCTION	Low	To ensure analyses are completed and that non-allowable or duplicate markups are not included, all analyses and supporting documentation used to justify subcontractor change order markups should be part of the approved change order packages.	3/30/2026	4/30/2026	The Airport Design & Construction team will improve training processes to ensure that all analysis and supporting documentation related to subcontractor change orders are included in the approved change order packages. Training will be delivered in the next few weeks.



Fiscal Year 2026 Third Quarter Report from the Office of the Chief Auditor

January 1, 2026, through March 31, 2026

Audit Committee Meeting May 4, 2026



Fiscal Year 2026 Performance Measures

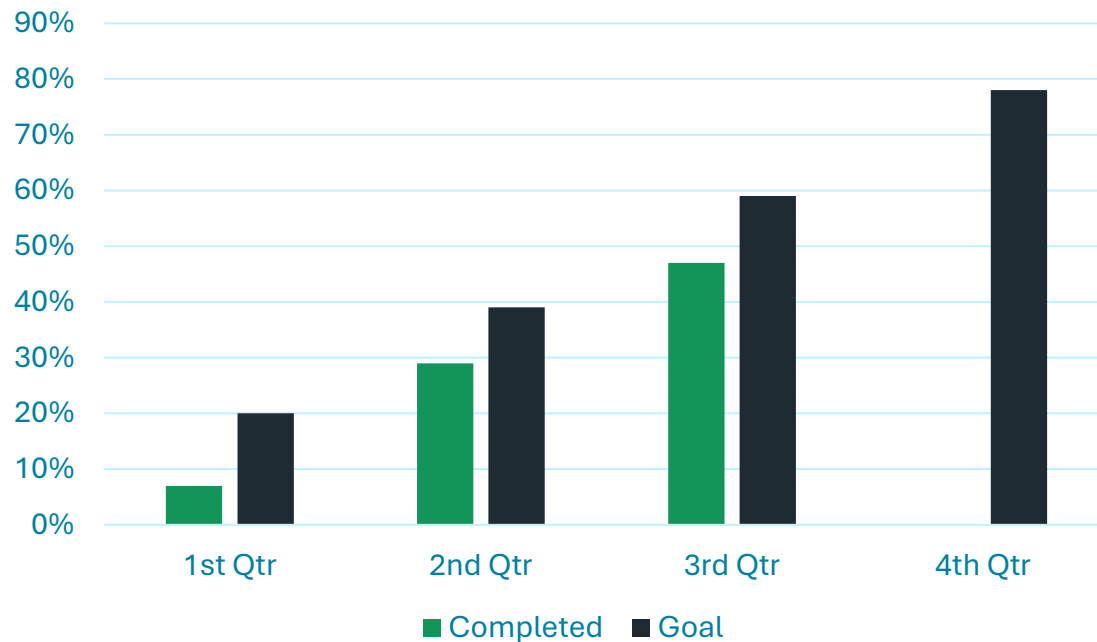


Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	4.8	4.0
Percentage of Audit and Advisory Engagements Completed	59%	47%	59%
Percentage of Recommendations Accepted	95%	100%	95%
Percentage of Staff Time Spent on Audit and Advisory Engagements and General Audit Activities	71%	75%	71%
Percentage of Audits and Advisory Engagements Completed within Budget	78%	86%	78%

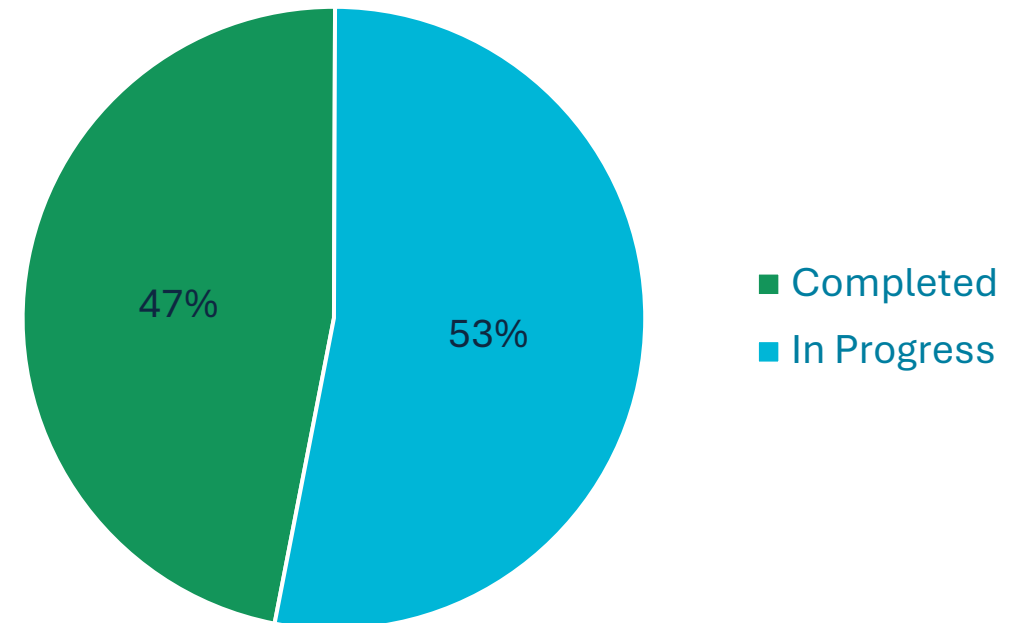
Performance Measures – Percentage of Engagements Completed



Status of Engagements by Quarter



Status of Engagements



General Audit Activities – Recommendation Follow-Up



Recommendation Follow Up

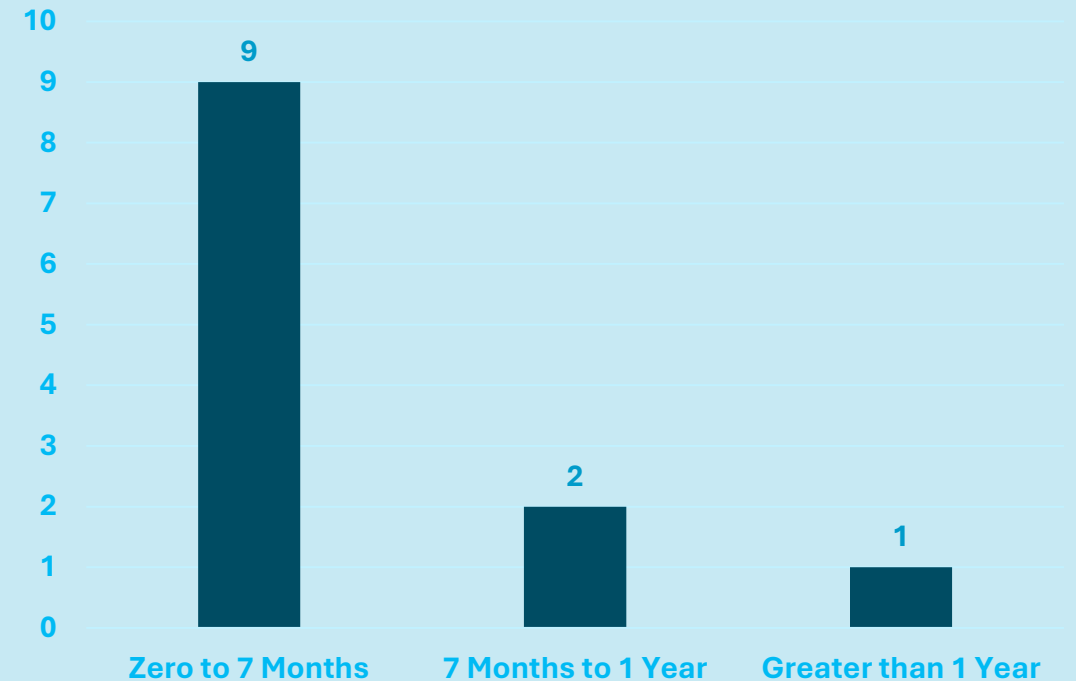
Status as of March 31, 2026

Completed	In Progress	Tracked
9*	12**	21

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

** 10 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	Investigation Initiated by the OCA/Others	Tip/Report was Investigated and Substantiated
Fraud, Waste, Abuse, Ethics Tips / Reports			
Business Integrity	5	3*	-
Total Fraud, Waste, Abuse, & Ethics Tips / Reports	5	3*	-

*Investigation of these tips were in process as of the end of the third quarter.

Questions?



SAN DIEGO
INTERNATIONAL AIRPORT

Audit Committee Report

Meeting Date: May 4, 2026

Subject:

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor

Recommendation:

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

Background/Justification:

As directed by the Charter for the Office of the Chief Auditor (OCA), a risk-based internal Audit Plan must be submitted at least annually to the Audit Committee. After the Committee reviews and accepts the plan, it is sent to the San Diego County Regional Airport Authority Board for approval.

The Fiscal Year 2027 Proposed Audit Plan was prepared by the OCA based on a comprehensive Risk Assessment, input from Board Members and Audit Committee Members, input from Authority management, and a review of available staff resources. Details on the Risk Assessment methodology are included in Attachment A.

The proposed OCA Fiscal Year 2027 Audit Plan (Attachment 1) will be presented during the regularly scheduled meeting of the Audit Committee on May 4, 2026. The Fiscal Year 2027 Audit Plan, and any subsequent revisions, require five (5) affirmative votes from the Audit Committee before Board approval.

A proposed Fiscal Year 2027 Operating Budget for the OCA to execute the Fiscal Year 2027 Audit Plan is \$1,687,000. Additionally, the OCA will continue to augment its staff for audit work related to the New T1 by utilizing the consulting services of a professional on-call construction audit service provider with expertise in large construction projects. The estimated cost for New T1 construction auditing is approximately \$1,500,000 over a seven-year period and is funded from the Airport Development Program capital budget. The proposed budget for New T1 construction auditing is \$400,000 in Fiscal Year 2027.

Audit Committee Report

Meeting Date: May 4, 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.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan



Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

INTRODUCTION

The Global Internal Audit Standards (*Standards*) and the Charter for the Office of the Chief Auditor (OCA) require the OCA to establish a risk-based approach to determine the priorities for internal audit activities.

A risk assessment for audit planning involves systematically scoring the impact of various risk factors, which are indicators of conditions or events that could adversely affect the San Diego County Regional Airport Authority (Authority). This assessment helps identify, measure, and prioritize activities based on their risk level. The results, combined with input from the Authority Board, Audit Committee, and management, were used to prepare the OCA Audit Plan for Fiscal Year 2027. The plan focuses on high-risk activities where the OCA can have the greatest impact, while ensuring the scope of work is achievable within the fiscal year.

AIRPORT AUTHORITY RISK OVERVIEW

The Airport Authority operates in a complex environment where safety, regulatory compliance, financial stewardship, and operational resilience are critical to mission success and public trust. The OCA's risk-based audit planning process is designed to provide the Board and Audit Committee with independent assurance that the Authority's governance, risk management, and internal controls are functioning as intended.

The Fiscal Year 2027 Proposed Audit Plan is informed by an enterprise-level assessment of the Authority's risk environment. These risks are not intended to represent all risks facing the Authority, but rather those that, if not effectively managed, could have the greatest impact on safety, compliance, financial integrity, or reputation.

Examples of enterprise risks informing the Audit Plan include:

- Safety, security, and operational continuity: where disruptions or control failures could materially affect airport operations and public confidence.
- Capital programs and construction: which involve sustained financial, compliance, and contract administration risk due to the scale, complexity, and duration of major projects.
- Financial stewardship: including risks related to revenue collection, expenditures, contract compliance, and the safeguarding of resources.
- Regulatory compliance and external oversight: where noncompliance could result in financial penalties, grant impacts, or reputational harm.
- Information systems and technology: reflecting increasing reliance on interconnected systems critical to operations and data integrity.
- Governance, ethics, and organizational capacity: which underpin effective risk management across all areas of the Authority.

These enterprise risks are intended to provide context for audit planning and do not represent a ranking of risks or a determination of audit priority. Additional context regarding the Authority's risk appetite and assurance framework is provided in Attachment 5.

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

The Proposed Audit Plan translates these enterprise risks into targeted audit and advisory activities. Audit resources are prioritized toward areas where the potential impact of risk is greatest, where controls are most critical, or where independent assurance provides the greatest value to the Airport Authority Board and executive leadership.

Not all enterprise risks are directly auditable in a given fiscal year, and the absence of an audit in a specific area does not indicate that risk is unmanaged. Audit coverage is determined based on a number of factors including, but not limited to, risk severity, timing, available assurance from management controls and external oversight activities.

AUDIT RESOURCES

The Audit Plan relies heavily on the identified risks and the availability of internal audit resources, which are determined through the budgeting process. The Fiscal Year 2027 budget for the OCA includes six full-time auditors and one executive assistant. Currently, the executive assistant position is vacant. The Fiscal Year 2027 Audit Plan provides 12,480 staff hours, as detailed in Table 1 and Attachment 1.

Table 1

Office of the Chief Auditor	Staff	Hours per Staff	Hours Available
Full Time Auditors	6	2,080	12,480
Hours for Fiscal Year 2027 Audit Plan			12,480

The OCA’s Fiscal Year 2027 resources also include funding for external consultants, and the OCA’s ongoing collaboration with the construction auditing firm Baker Tilly. Since fiscal year 2022, the OCA has collaborated with Baker Tilly to perform audits on construction activities related to the New T1 project. The OCA intends to leverage Baker Tilly and other external consultants’¹ expertise to enhance current staff capabilities and to execute the Proposed Audit Plan.² For Fiscal Year 2027, the OCA budgeted approximately \$400,000 in capital and \$100,000 in operating funds for construction and external consultants.

¹ In Fiscal Year 2027 The OCA intends to utilize Baker Tilly and a Cyber Security Provider.

² The OCA believes the resources are adequate and sufficient to achieve the Audit Plan.

Office of the Chief Auditor

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

RISK ASSESSMENT

The risk assessment methodology utilized by the OCA to construct the Fiscal Year 2027 Audit Plan is a five-part process consisting of:

1. Defining the Audit Universe
2. Identifying and Ranking Risks
3. Interpreting the Risk Assessment Results
4. Consideration of Other Risks and Factors
5. Developing the Audit Plan

DEFINING THE AUDIT UNIVERSE

The audit universe is a listing of potential audits that can be performed for the Authority. The list of potential audits is created by surveying Authority management and asking them to provide a list of all the Key Work Activities within their specific departments. Key Work Activities are the major functions/activities carried out by the Authority. An example of an Accounting Department Key Work Activity is Bank Reconciliations. Key Work Activities do not include items like checking email.

In Fiscal Year 2022 the OCA began a multi-year partnership with an on-call construction audit service provider, Baker Tilly, U.S., LLP, to audit the related construction activities For the New Terminal 1 Development (New T1). Baker Tilly has performed individual Risk Assessments on each specific package of the New T1. Internal auditing *Standards* require the OCA to ensure proper coverage and minimize the duplication of effort. Therefore, in compliance with the *Standards*, the OCA is utilizing Baker Tilly's individualized risk assessments to prioritize potential construction audit activities based on the level of risk. Key Work Activities for the Development Division associated with the New T1 were excluded from this assessment.

IDENTIFYING AND RANKING RISKS

The next step is to identify and rank major risks associated with each Key Work Activity. To achieve this, a management questionnaire was developed by the OCA which measures several risk factors examining the Likelihood and Impact each risk factor could have on the Authority. The questionnaire used the seven risk factors shown in Table 2 below.

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

Table 2

Risk Factor	Description
Likelihood	
Complexity of Operations or Regulations	What is the likelihood of something going wrong due to the complexity of this Key Work Activity?
Change / Stability	What is the likelihood of something going wrong due to a change in the process or the personnel carrying out this Key Work Activity?
Controls	How effective are the internal controls in place over this Key Work Activity?
Impact	
Fiscal Impact	What is the dollar impact if something were to go wrong with this Key Work Activity?
Travel Experience Impact	How would a traveler be impacted if something were to go wrong with this Key Work Activity?
Strategic / Operational Impact	How would the Authority's Strategic Objectives be impacted if something were to go wrong with this Key Work Activity?
Reputation	How would the Authority's reputation be impacted if something were to go wrong with this Key Work Activity?

Management completed the questionnaire and scored their department's Key Work Activities. The OCA then calculates the total risk score for each Key Work Activity. The Key Work Activities with the highest risk score within each Authority Division is provided in Attachment 3.

INTERPRETING THE RISK ASSESSMENT RESULTS

By sorting, organizing, and ranking the Key Work Activities, the OCA can better understand and interpret the results of the risk assessment. Key Work Activities ranked with a high likelihood or impact indicates that these activities are by nature a high risk, because of such factors as having complex or highly regulated transactions or could have a material impact on the Authority, if a risk event were to occur. A high-risk rank does not mean that an activity is being managed ineffectively.

CONSIDERATION OF OTHER RISKS AND FACTORS

In addition to our risk assessment model, we consider other factors when selecting activities for inclusion in the Audit Plan. For example, the OCA considers:

- Input/Requests from Authority staff, Board, and Audit Committee Members
- Time of last audit engagement,
- Velocity of impact if a risk event were to occur,

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

- Relevant or current events, including emerging risks that may affect future audit priorities,
- Areas where the OCA can have the greatest impact,
- Resource limitations that may exist,
- Opportunities to leverage outsourcing or co-sourcing arrangements

These factors can result in the OCA selecting activities for inclusion in the Audit Plan that may not have the highest likelihood or impact risk scores.

DEVELOPING THE AUDIT PLAN

The Audit Plan is developed by synthesizing the results of the risk assessment and the additional professional judgement considerations described above while ensuring the scope of work is achievable within the fiscal year. The Proposed Audit Plan is designed to support the OCAs strategic objectives by focusing on areas that are critical to the Authority's success. This ensures that the audit activities are relevant and contribute to the overall strategic goals and the OCA's vision. See Attachment 4 for the OCAs Vision and Strategic Objectives. The Audit Plan also considers the OCAs Mandate as described in the Charter for the Office of the Chief Auditor.

The effectiveness of the Audit Plan is assessed through the relevance of assurance provided to the Audit Committee and Board, the timely completion of engagements, and implementation of recommendations.

The activities developed for the Fiscal Year 2027 Proposed Audit Plan can be classified into four categories.

Audit

Audits engagements provide objective analyses, findings, and conclusions to assist management and those charged with governance with strengthening program performance and operations, reducing costs, supporting informed decision making, or contributing to public accountability.

Advisory

Advisory Services allow the OCA to assist management without providing assurance or assuming management responsibilities. The scope and nature of these services are defined in collaboration with management. Examples include advising on new policies or processes, training, or facilitating discussions.

General Audit

General audit activities do not result in a formal audit report or opinion being issued. These activities are either required³ or the OCA believes completion of these activities

³ Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the Global Internal Audit Standards

Office of the Chief Auditor

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

to be in the best interest of the Authority. Examples include performing the annual risk assessment, following up on prior audit recommendations, and administering the Fraud, Waste, Abuse, and Ethics hotline.

Administrative

Administrative activities encompass the general operation of the OCA. These include participation in staff, Board, or Committee meetings; required Authority training; holiday and vacation time; and the fulfillment of Continuing Professional Education (CPE) requirements.

The projected hours for each activity are determined through an analysis of historical averages from prior engagements and an evaluation of the complexity inherent in each selected area.

For audit activities, we undertake a comprehensive risk assessment for every engagement to ensure that our audit objectives focus on areas with the highest exposure. Audit objectives, procedures, and resource allocations may be adjusted as warranted by this assessment. The actual hours required may vary based on the final scope of each audit, which is informed by detailed engagement risk assessment and the complexity and extent of issues identified during the audit process.

The proposed Fiscal Year 2027 Audit Plan is provided as Attachment 1.

CONTINGENT AUDIT ACTIVITIES

The OCA has included contingent audit activities in the Proposed Fiscal Year 2027 Audit Plan, which will be initiated if all planned activities for the fiscal year are completed. If these contingent activities are not started in Fiscal Year 2027, they will be considered for the Fiscal Year 2028 Audit Plan. These activities are detailed in Attachment 2.

To ensure flexibility, the Chief Auditor may request to substitute a contingent audit for a planned audit based on professional judgment. Any substitutions will be discussed with the Chair of the Audit Committee and communicated to management and the Audit Committee during scheduled meetings.

AMENDMENTS TO THE AUDIT PLAN

Requests to amend the Audit Plan will be submitted to the Audit Committee. Any amendment must be approved by the Board, requiring five affirmative votes from the Audit Committee before Board approval.

Office of the Chief Auditor
Proposed Fiscal Year 2027 Audit Plan

ATTACHMENT 1

Division	Key Work Activity	Objective ⁴	Estimated Hours
Audit Hours			
Revenue Management and Innovation	Tenant Lease Administration and Management ⁵	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>	500
Operations	Harbor Police Contract Mgmt. ⁵	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, 2024, and 2025. <i>Audit Engagement #25006</i>	400
Development	Construction ⁵	To evaluate compliance with bid, award, and billing requirements of subcontracts. <i>Audit Engagement #25016 - Baker Tilly</i>	400
Operations	ARFF Management ⁵	To determine if costs included in ARFF billings are appropriate. <i>Audit Engagement #26005</i>	400
Revenue Management and Innovation	Tenant Lease Administration and Management	To examine Turo's activity and related concessions and Transportation Facility Charges (TFC) due. <i>Audit Engagement #27001</i>	600
Revenue Management and Innovation	Customer, Employee, and Inter-terminal Shuttle Operations Contract Management	To determine if the Employee Shuttle Service operations are administered appropriately. <i>Audit Engagement #27002</i>	600
Revenue Management and Innovation	Tenant Lease Administration and Management ⁶	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2027, in all material respects. <i>Audit Engagement #27003</i>	300
Finance	System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. <i>Audit Engagement #27004</i>	200
Revenue Management and Innovation	Parking Management Contract Administration	To determine if the expenses related to the parking management contract are administered appropriately. <i>Audit Engagement #27005</i>	600

⁴ Objective may change based on the preliminary survey performed by the OCA.

⁵ Audit activity carried forward from fiscal year 2026.

⁶ Audit activity will continue into fiscal year 2027.

Office of the Chief Auditor
Proposed Fiscal Year 2027 Audit Plan

ATTACHMENT 1

Division	Key Work Activity	Objective ⁴	Estimated Hours
Operations	Maintenance Service Contract Oversight	To determine if the management of Maintenance service contracts is appropriate. <i>Audit Engagement #27006</i>	550
N/A	To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	340
Total Audit Hours			4,890
Advisory Service Hours			
Operations / Finance	Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Advisory Service Engagement #27007-AS</i>	600
Revenue Management and Innovation	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 #27008-AS</i>	50
Revenue Management and Innovation	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 #27009-AS</i>	100
Total Advisory Service Hours			750

Office of the Chief Auditor
Proposed Fiscal Year 2027 Audit Plan

ATTACHMENT 1

Division	Key Work Activity	Objective ⁴	Estimated Hours
General Audit Hours			
N/A	Risk Assessment and Audit Plan ⁷	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Development	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.	160
N/A	Development of Data Analytics	Enhance or develop the data analytics program.	200
N/A	Fraud, Waste, Abuse & Ethics Program ⁷	To review policies, perform training, and investigate reported incidents.	400
N/A	Recommendation Follow-up ⁷	To verify that internal and external audit recommendations have been implemented as intended.	160
N/A	Quality Assurance & Improvement Program ⁷	To conduct Internal Quality Assessments as required by Global Internal Audit Standards 12.1.	400
N/A	Quality Assurance & Improvement Program ⁷	To participate in a Peer Review Reciprocal Program as part an External Quality Assessment as required by Global Internal Audit Standards 8.4.	160
		Total General Audit Hours	1,732
Administrative Hours			
N/A	Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,972
N/A	Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136
		Total Administrative Hours	5,108
		Total Hours	12,480

⁷ Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2027 Contingent Audit Activities

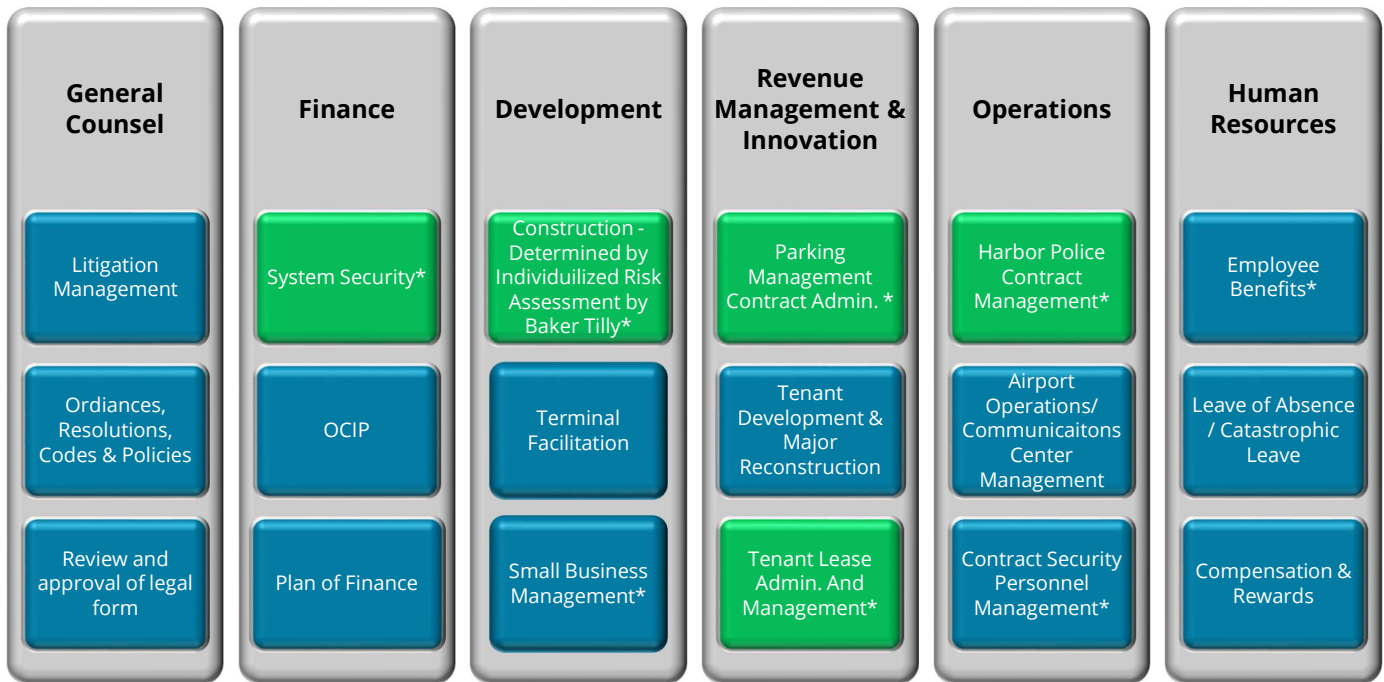
Division	Key Work Activity	Objective ⁸	Estimated Hours
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) were accurately paid for a selected Rental Car Company based on Data Analytics or new entity.	400
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if an in-terminal concessionaire is complying with selected elements of their agreements.	600
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if a cost recovery is correctly calculated and billed to in-terminal tenants.	550
Revenue Management and Innovation	Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550
Revenue Management and Innovation	TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Operations	Terminal Maintenance	To determine if the in-terminal inspections are performed appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if the ABRM Quality Assurance program is managed appropriately.	600
Revenue Management and Innovation	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
Development	Curfew Violations	Determine if curfew violations are administered appropriately.	500
Finance	P Card Administration	To determine if the Authority's P Cards are administered appropriately.	400

⁸ Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor
Fiscal Year 2027 Contingent Audit Activities

ATTACHMENT 2

Division	Key Work Activity	Objective	Estimated Hours
Finance	Formal Bidding and Contracting	To determine if the formal bid process for the Authority's is administered appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if street pricing is administered appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500
Development	Quieter Homes Program	To determine if the development expenses related to the quieter homes program is administered appropriately.	500
Revenue Management and Innovation	Parking Management Contract Administration	To determine if the valet agreement is administered appropriately.	500
Revenue Management and Innovation	Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine if the taxi gatekeeper system is functioning appropriately.	500
		Total Contingent Audit Hours	7,975



* Indicates this Key Work Activity or components of this Key Work Activity have been audited within the last five fiscal years.

Indicates this Key Work Activity or components of this Key Work Activity are included in the Fiscal Year 2027 Audit Plan.

Vision

To be recognized as a leading internal audit function that is trusted and proactive in promoting a culture of accountability, transparency, and continuous improvement across the Authority.

Strategic Objectives

1. Enhance Audit Methodologies
2. Strengthen Stakeholder & Community Relationships
3. Promote Continuous Improvement & Build a Strong Audit Team
4. Leverage Technology, Innovation, and Outside Professionals
5. Enhance Communication and Reporting

Purpose

This attachment is provided to enhance the Audit Committee and Board's understanding of how the Office of the Chief Auditor's (OCA) risk-based Audit Plan aligns with the Airport Authority's overall risk posture and the broader system of assurance activities. It does not modify the OCA's risk assessment methodology, audit universe, or audit prioritization process.

Risk Appetite Context

Risk appetite reflects the amount and type of risk an organization is willing to accept in pursuit of its objectives. The Airport Authority's formal risk appetite is established through governance, policy, and management practices. The OCA considers both formal risk appetite and implicit risk tolerance when determining audit priorities.

Risk appetite establishes the overall boundaries for risk-taking, while risk tolerance categories describe how different types of risks are managed and overseen within those boundaries.

Risk Tolerance Categories

Risk tolerance categories describe how risks are generally managed and overseen across the Authority and do not represent a ranking of risk importance or audit priority. Risk tolerance reflects the immediacy and irreversibility of potential harm, not the importance or criticality of the underlying function.

For purposes of audit planning, enterprise risks are generally viewed through the following risk tolerance framework:

Low Tolerance Risk Domains

These areas typically warrant heightened oversight and lower tolerance for control failures due to their potential impact on safety, compliance, or public trust. Examples may include:

- Safety, Security, operational continuity, and emergency preparedness
- Regulatory compliance and grant assurance
- Ethical conduct and fraud risks

These domains are characterized by risks where control failures may result in immediate or irreversible harm, leaving little opportunity for mitigation once an event occurs.

Moderate Tolerance Risk Domains

These areas involve inherent operational and financial risk that are actively managed, monitored, and controlled. Examples may include:

- Capital program and construction management
- Financial stewardship and revenue integrity
- Contract administration and third-party oversight

Higher Tolerance / Managed Risk Domains

Certain risks are inherent to airport operations and are managed through established processes, performance monitoring, and leadership oversight. Examples may include:

- Technology enablement and system modernization
- Organizational change and workforce transitions
- Process efficiency and innovation initiatives

This risk domain, which includes information systems and technology, are considered higher-tolerance because risks are generally managed through specialized controls, continuous monitoring, external assurance, and recovery mechanisms.

Role of Internal Audit Across Risk Domains

Across all risk tolerance categories, the OCA provides independent assurance and advisory services focused on governance, oversight, and the effectiveness of internal controls, consistent with its Charter and professional standards. The nature and timing of audit involvement vary based on risk severity, available assurance from management and external sources, and overall resource considerations.

Assurance Coverage Model

The Airport Authority utilizes a comprehensive, multi-layered assurance framework to effectively manage risk, reflecting industry best practices. This is commonly referred to as a combined assurance model. The OCAs audit activities form an integral part of this broader assurance system.

Primary Sources of Assurance

- **Management Controls and Oversight**
Authority management is responsible for daily risk management, internal controls, performance monitoring, and compliance functions.
- **Internal Audit (OCA)**
The OCA provides independent and objective assurance and advisory services focusing on governance, risk management, and internal control effectiveness, as established in the Audit Plan.
- **External Assurance Providers**
Independent assurance is provided by external auditors, regulators, inspectors, and specialist consultants in their respective areas of expertise.

The Airport Authority's multi-layered assurance approach assigns direct responsibility for day-to-day risk management and internal controls to management, while the OCA delivers independent oversight of governance processes and control effectiveness. External auditors and regulators furnish additional independent scrutiny and specialized assurance. The OCA's Audit Plan is structured to complement these assurance activities and avoid unnecessary duplication.

Audit coverage is determined by factors such as risk severity, timing, the availability of other assurance mechanisms, and resource allocation.



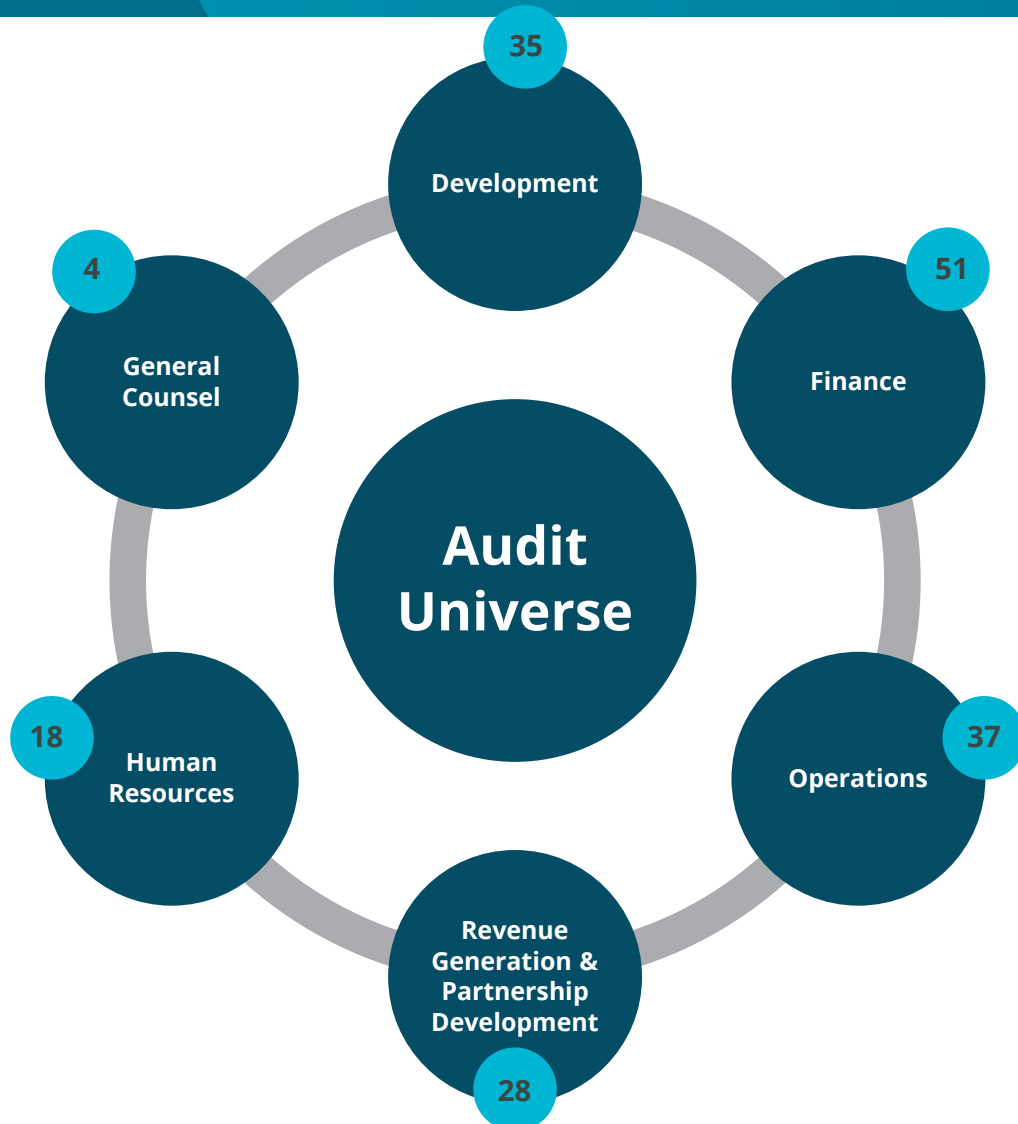
SAN DIEGO
INTERNATIONAL AIRPORT

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting May 4, 2026



Defining the Audit Universe



Defining the Audit Universe



Likelihood

- Complexity
- Change in process
- Controls in place

Impact

- Financial
- Traveler
- Strategic
- Reputation

Interpreting the Results



Sort Results

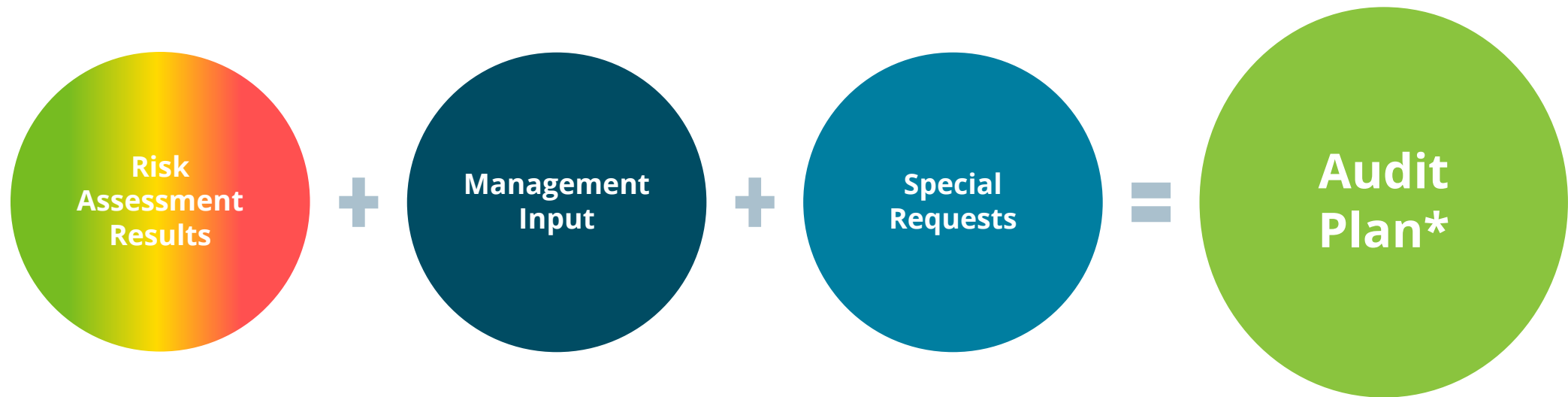


Compare to Expectations



Possibly Re-Rank

Developing the Annual Audit Plan

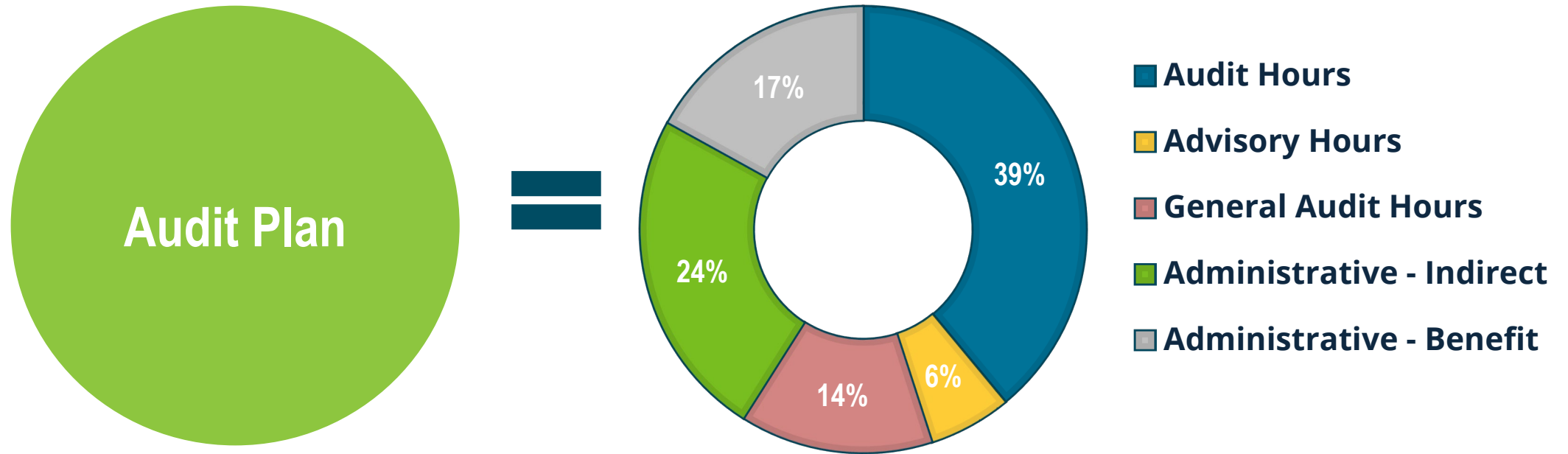


*Supports the OCAs
Vision & Strategic
Objectives

Audit Resources (Internal)



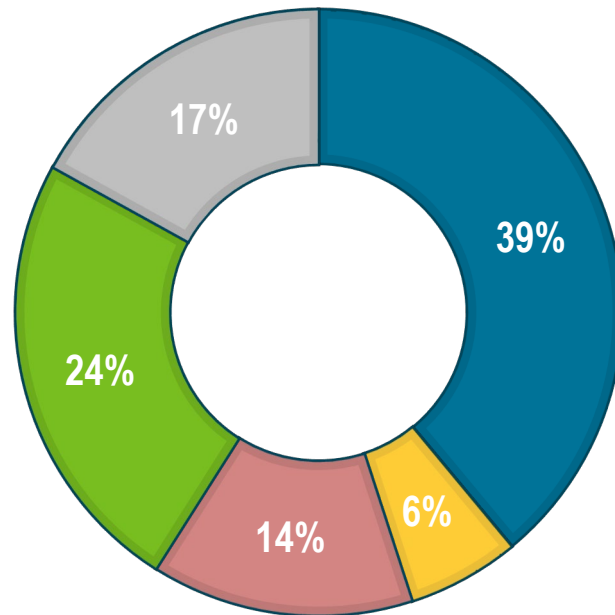
6 Full Time Auditors = 12,480 Hours
Excludes On-Call Construction Audit Service Provider



Proposed Audit Plan & Hours



- **Audit Hours**
- **Advisory Hours**
- **General Audit Hours**
- **Administrative - Indirect**
- **Administrative - Benefit**

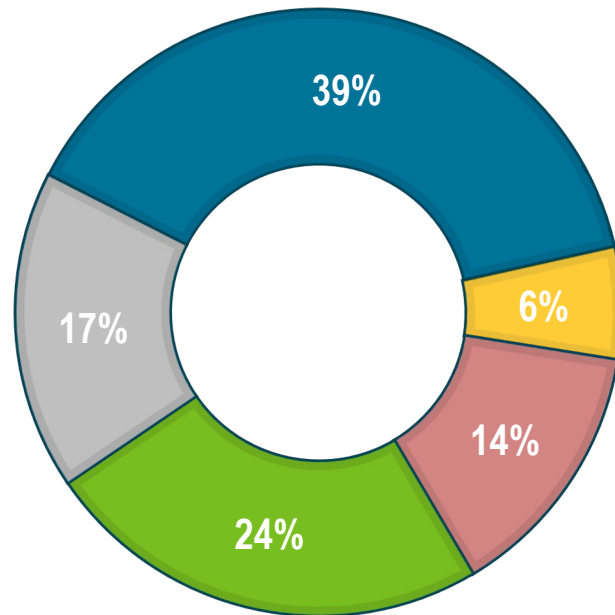


Audits	Hours
Data Analytics – Rent A Car Companies FY 2026	500
Harbor Police 2021-2025	400
Subcontracts	400
Aircraft Rescue and Firefighting (ARFF)	400
Turo	600
Employee Shuttle	600
Data Analytics - Rent A Car Companies FY 2027	300
IT Security	200
Parking Management Expenses	600
Maintenance Service Contracts	550
To Be Determined	340
Total Audit Hours	4,890

Proposed Audit Plan & Hours



- **Audit Hours**
- **Advisory Hours**
- **General Audit Hours**
- **Administrative - Indirect**
- **Administrative - Benefit**

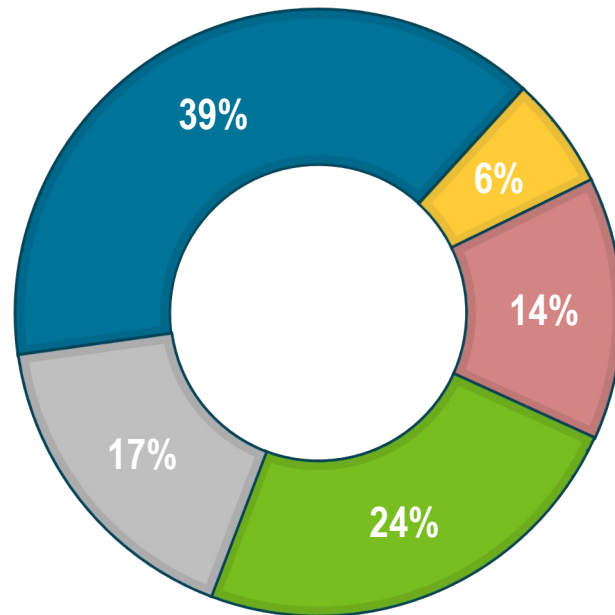


Advisory	Hours
Harbor Police	600
Rent A Car Companies	50
Rental Car Shuttle	100
Total Advisory Hours	750

Proposed Audit Plan & Hours



- **Audit Hours**
- **Advisory Hours**
- **General Audit Hours**
- **Administrative - Indirect**
- **Administrative - Benefit**

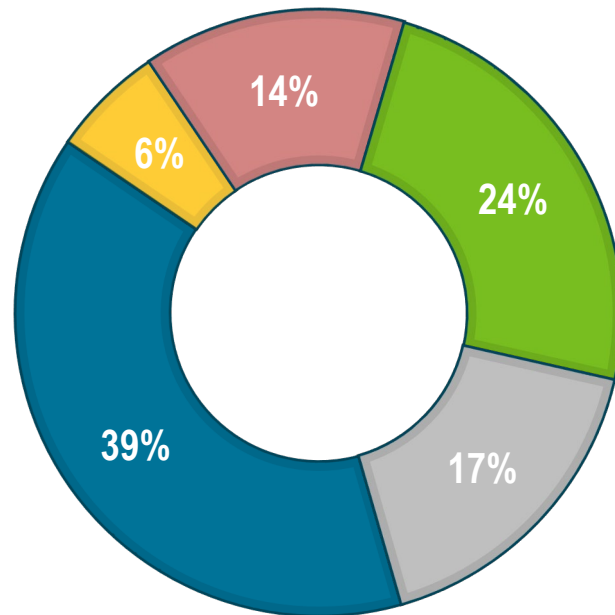


General Audit Hours	Hours
Risk Assessment & Proposed Audit Plan*	252
Construction Activities	160
Development of Data Analytics	200
Ethics Program*	400
Recommendation Follow-up*	160
Internal Quality Assessment Program*	400
Peer Review Participation for External Quality Assessment Program*	160
Total General Audit Hours	1,732

Proposed Audit Plan & Hours



- **Audit Hours**
- **Advisory Hours**
- **General Audit Hours**
- **Administrative - Indirect**
- **Administrative - Benefit**



General & Administrative		Hours
Administrative - Indirect (Meetings, CPE, Volunteering)		2,972
Administrative - Benefit (Vacation & Holiday)		2,136
Total General & Administrative Hours		5,108

Proposed Contingent Audits & Hours



Audit	Hours
Rent A Car Co. To Be Determined Based on Data Analytics or a New Entity	400
In-Terminal Concessionaire	500
Cost Recovery	550
Parking Management Contract Administration - Dynamic Pricing	550
TNC Contract Administration & Revenue Collection	475
In-Terminal Inspections	500
ABRM Quality Assurance	600
Citations	500
Curfew Violations	500
P Card Administration	400
Formal Bidding	500
Street Pricing	500
Tenant Lease Administration and Management – Advertising Contract	500
Quiter Homes Program Development Expenses	500
Valet	500
Gatekeeper	500
Total Contingent Hours	7,975

OCA Vision & Strategic Objectives



Vision

To be recognized as a leading internal audit function that is trusted and proactive in promoting a culture of accountability, transparency, and continuous improvement across the Authority.

Strategic Objectives

1. Enhance Audit Methodologies
2. Strengthen Stakeholder & Community Relationships
3. Promote Continuous Improvement & Build a Strong Audit Team
4. Leverage Technology, Innovation, and Outside Professionals
5. Enhance Communication and Reporting

Questions?



SAN DIEGO
INTERNATIONAL AIRPORT

Audit Committee Report

Meeting Date: May 4, 2026

Subject:

Fiscal Year 2027 Proposed Budget for the Office of the Chief Auditor and Fiscal Year 2028 Proposed Conceptual Budget Expense Summary

Recommendation:

Staff recommends that the Audit Committee accept the Office of the Chief Auditor's proposed budget and forward it to the Board as part of the Authority's Fiscal Year 2027-2028 Budget process that may include debt issuance or refinancing, with a recommendation for Board approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Background/Justification:

In accordance with the San Diego County Regional Airport Authority's Fiscal Year 2027-2028 Budget process, which was initiated by the Authority's Finance Division on January 28, 2026, the Chief Auditor created a Proposed 2027 Budget and a Proposed 2028 Conceptual Budget for the Office of the Chief Auditor (OCA). The OCAs proposed budgets contain the anticipated expenditures and headcount necessary to carry out its duties in the coming fiscal years.

The Fiscal Year 2027 Proposed Budget and 2028 Proposed Conceptual Budget will be presented to the Audit Committee for review on May 4, 2026. The accompanying presentation provides the budgets in detail by line item.

Subsequent to the May 4th Audit Committee Meeting, the OCA's proposed budgets will be forwarded for inclusion with the Authority's overall budget to the Budget Workshop scheduled for May 14, 2026. Formal adoption is expected to occur by the Board on June 4, 2026.

The Authority does not anticipate issuing new debt in Fiscal Year 2027 for the New T1-related construction projects, other capital projects. However, new debt may be issued, or refinanced, depending on economic conditions or Authority needs. Any new debt is approved by the Board.

Fiscal Impact:

The proposed Fiscal Year 2027 Operating Budget for the OCA to execute the Fiscal Year 2026 Audit Plan is \$1,687,000. In addition, the OCA will continue to augment its staff for audit work pertaining to the New T1 by utilizing the consulting services of a professional on-call construction audit service provider with expertise in large construction projects. The estimated cost for New T1 construction auditing is approximately \$1,500,000 over a seven-year period and is funded from the ADP capital budget. The proposed budget for New T1 construction auditing is \$400,000 in Fiscal Year 2027.

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.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor



SAN DIEGO
INTERNATIONAL AIRPORT

Fiscal Year 2027 Proposed Budget for the Office of the Chief Auditor and Fiscal year 2028 Proposed Conceptual Budget Expense Summary

Audit Committee Meeting May 4, 2026



FY 2027 Proposed Budget – FY2028 Conceptual Budget Expense Summary



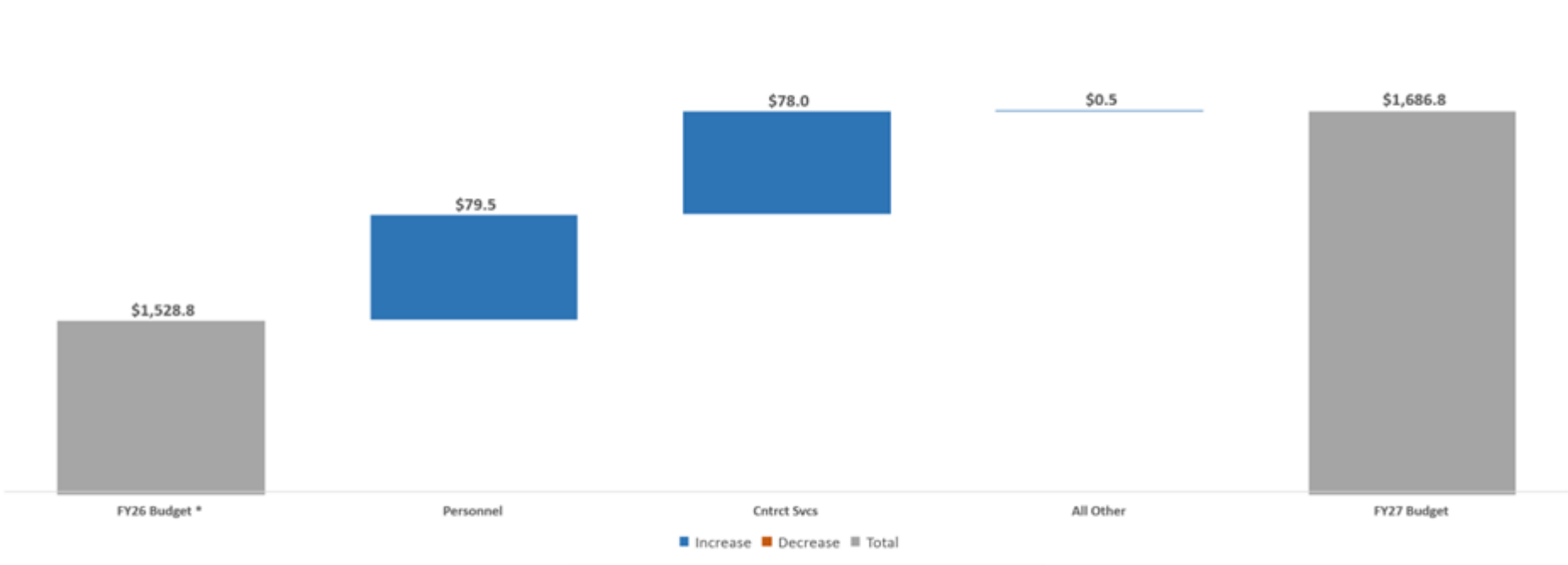
(in thousands)

	FY 2025 Actuals	FY 2026 Budget	FY 2027 Proposed Budget	Inc / (Dec) FY27 Proposed vs FY26 Budget	% Change	FY 2028 Conceptual Budget	Inc / (Dec) FY28 Conceptual vs FY27 Budget	% Change
Operating Expenses								
Salaries & Wages	\$ 881	\$ 998	\$ 1,106	\$ 108	10.8%	\$ 1,148	\$ 41	3.7%
Benefits	340	442	413	(28)	-6.4%	492	78	18.9%
Total Personnel Costs	1,221	1,440	1,520	80	5.5%	1,639	120	7.9%
Contractual Services	46	35	113	78	222.9%	113	-	0.0%
Operating Equipment & Systems	9	-	-	-	0.0%	-	-	0.0%
Operating Supplies	-	0	0	-	0.0%	0	-	0.0%
Employee Development	17	30	32	2	5.3%	32	0	1.3%
Business Development	5	6	6	0	1.0%	6	0	5.7%
Equipment Rentals and Repairs	15	18	17	(1)	-6.7%	18	1	7.0%
Total Non-Personnel Costs	92	89	167	78	88.4%	169	2	1.1%
Total Operating Expenses	1,312	1,529	1,687	158	10.3%	1,808	121	7.2%
Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,312	1,529	1,687	158	10.3%	1,808	121	7.2%
Equipment Outlay Expenditures	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses Incl Equip Outlay	\$ 1,312	\$ 1,529	\$ 1,687	\$ 158	10.3%	\$ 1,808	\$ 121	7.2%

***Numbers may not foot due to rounding

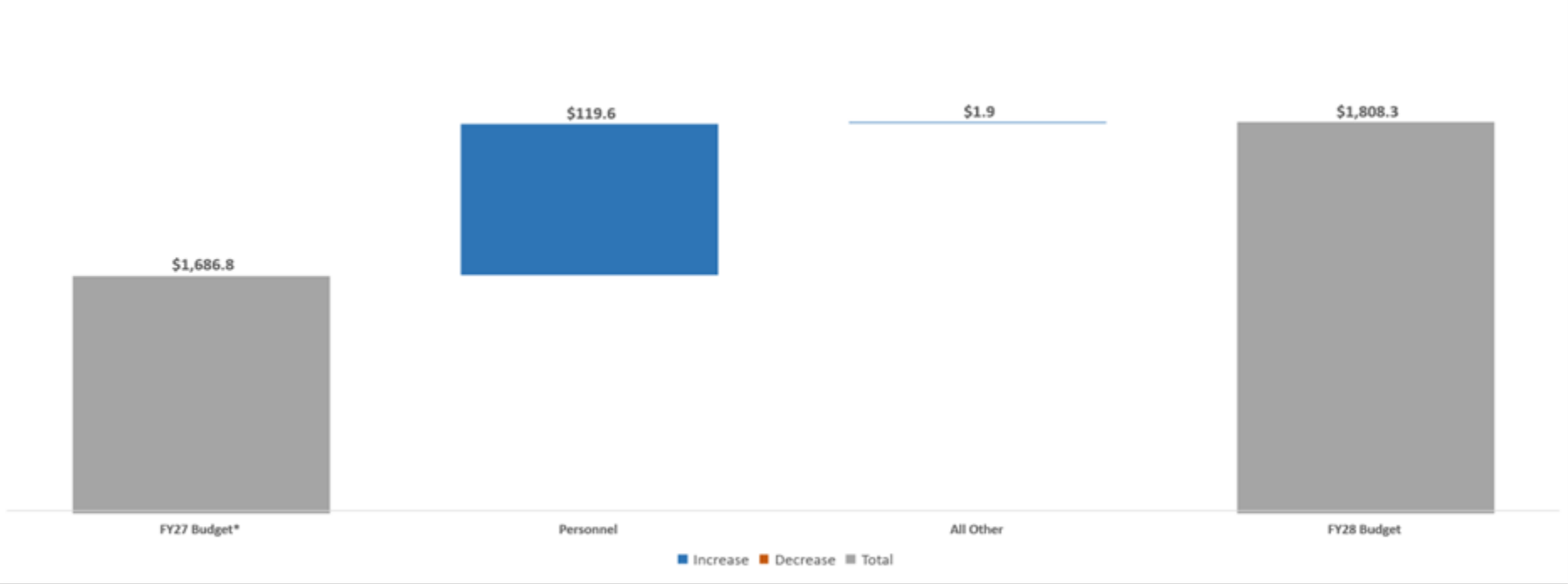
Note - The OCA operating budget does not include the external On-Call Construction Auditor (Baker Tilly) expenditures estimated at \$1,500,000 over a seven-year period. Those expenditures are funded from the capital budget.

Major Drivers of Fiscal Year 2027 Proposed Budget



(in Thousands)
* Budget starting point not indicative of scale

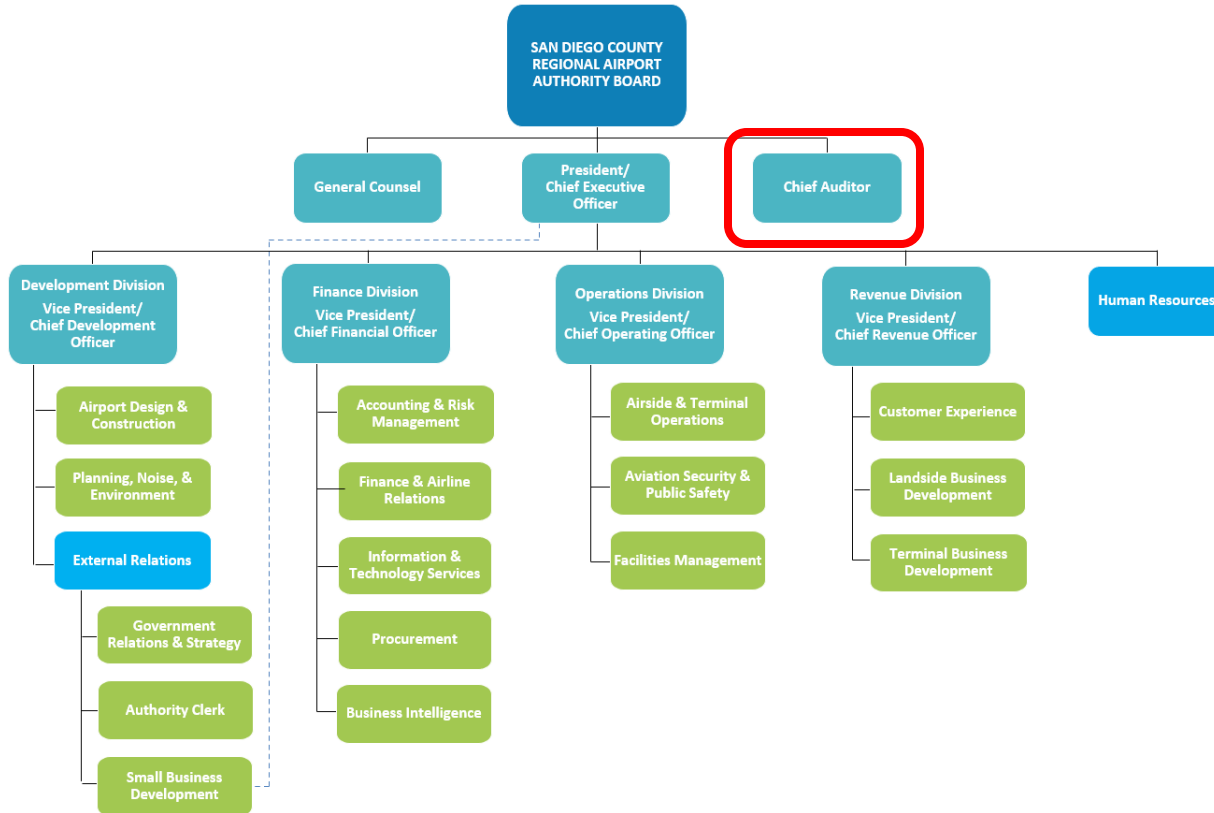
Major Drivers of Fiscal Year 2027 Proposed Budget and FY 2028 Conceptual Budget



■ Increase ■ Decrease ■ Total

(in Thousands)
* Budget starting point not indicative of scale

Chief Auditor, Authority Budget, & Debt



- The Chief Auditor’s budget is part of the Authority’s overall budget.
- The Authority’s budget is approved by the Board.
- The Authority’s budget includes both operating and capital expenses.
- Debt may be issued to finance capital costs.
- Staff does not anticipate issuing new debt in FY 2027
- Potential debt refinancing depending on market conditions.

Questions?

